



TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

Risk and Assurance Committee

Open Agenda

Date: Thursday 22nd October 2026

Time: 10.00am

Location: Council Chambers, 17 Maniapoto Street, Ōtorohanga

Meeting type: Ordinary

Public access: Open to the public

This meeting is scheduled to be Livestreamed on YouTube.

A recording will be available after the meeting.

An ordinary meeting of Ōtorohanga District Council's Risk and Assurance Committee will be held in Waikōwhitiwhiti (Council Chambers), 17 Maniapoto Street, Ōtorohanga, on Monday, 22nd October 2026 commencing at 10.00am.

Tanya Winter, Chief Executive

19th October 2026

Committee membership

Independent Chairperson	Peter Stubbs
Deputy Chairperson	Kit Jeffries
Councillor	Andrew Barker
Councillor	Jo Butcher
Councillor	Shane Carr
Ex-officio member	Mayor Rodney Dow

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There are no reports.		198

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Workshops	Hui awheawhe	
There are no workshop items.		

Commencement of meeting**Te tīmatanga o te hui**

The Chairperson will confirm the meeting is quorate, advise whether the meeting is being livestreamed/recorded, and declare the meeting open.

Apologies**Ngā hōnea**

Members may submit apologies for absence. The meeting will resolve whether to accept them.

That the Risk and Assurance Committee receive and accept the apology from xxx for late arrival, early departure, non-attendance and grant leave of absence where required under standing orders.

Late items**Ngā take tōmuri**

Late items may only be considered in accordance with section 46A of the Local Government Official Information and Meetings Act 1987. A resolution is required, and the Chairperson must explain why the item was not included and why it cannot be delayed.

If a late item is raised, staff recommend that: *That the Risk and Assurance Committee consider the late item titled [item title] pursuant to section 46A(7) of the Local Government Official Information and Meetings Act 1987 because [reason item was not on agenda] and because the item cannot be delayed until a subsequent meeting because [reason].*

Declaration of conflict of interest**Te whakapuakanga pānga taharua**

Members must declare any actual, potential, or perceived conflicts of interest. A member with a conflict must not participate in the item unless permitted under law or standing orders.

If a conflict is declared, use wording such as: *That the Risk and Assurance Committee receive the declaration of interest from [member name] in relation to item [x], note that [member name] [will remain / will not participate / will leave the table] for that item, and record the declaration in the conflicts register.*

Confirmation of minutes**Te whakaū i ngā meneti**

The unconfirmed open minutes of the previous ordinary meeting are attached for confirmation.

Staff recommendation

That the Risk and Assurance Committee confirm the open minutes of the ordinary meeting held on 17th August 2026 as a true and correct record, subject to any amendments resolved by the meeting.

Note: The confirmed minutes will be kept as the official record of the meeting in accordance with the Public Records Act 2005.



Risk and Assurance Committee

Open Minutes

Date: 17 August 2026

Time: 10.00am

Location: Council Chambers, 17 Maniapoto Street, Ōtorohanga

Meeting type: Ordinary

Public access: Open to the public

This meeting is scheduled to be Livestreamed on YouTube.

A recording will be available after the meeting.

Open Minutes of an ordinary meeting of Ōtorohanga District Council's Risk and Assurance Committee held in Waikōwhitiwhiti (Council Chambers), 17 Maniapoto Street, Ōtorohanga, on Monday, 17 August 2026 commencing at 10.00am.

Tanya Winter, Chief Executive

20 August 2026

Committee attendance

Independent Chairperson	Peter Stubbs	Attended
Deputy Chairperson	Kit Jeffries	Attended
Councillor	Andrew Barker	Attended
Councillor	Jo Butcher	Apology
Councillor	Shane Carr	Apology
Ex-officio member	Mayor Rodney Dow	Attended

ŌDC senior staff attendance

Chief Executive	Tanya Winter	Apology
Group Manager Business Enablement	Graham Bunn	Attended
Group Manager Engineering & Assets	Mark Lewis	Attended
Group Manager Regulatory & Growth	Tony Quickfall	Attended
Group Manager Strategy & Community	Nardia Gower	Attended

Chairperson's Certification

These minutes of the meeting of the Risk and Assurance Committee held on 17 August 2026 are confirmed as a true and correct record of the proceedings of that meeting.

_____ Chairperson _____ Date:

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There are no reports	

Information only reports		Ngā pūrongo mōhiohio anake
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Public excluded	Take matatapu
There are no reports.	

Closing formalities	Ngā tikanga whakakapi	
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Workshops

Hui awheawhe

There are no workshops

Commencement of meeting**Te tīmatanga o te hui**

Chairperson Stubbs declared the meeting open at 10.00am

Apologies**Ngā hōnea**

Resolved R13: That the Risk and Assurance Committee receive and accept the apologies Councillors Jo Butcher and Shane Carr, and Chief Executive Tanya Winter, for non-attendance, and grant leave of absence where required under standing orders.

Councillor Jeffries | Chairperson Stubbs

Late items**Ngā take tōmuri**

There were no late items.

Declaration of conflict of interest**Te whakapuakanga pānga taharua**

There were no declarations made.

Confirmation of minutes**Te whakaū i ngā meneti**

Resolved R14: That the Risk and Assurance Committee confirm the open minutes of the ordinary meeting held on 18 May 2026 as a true and correct record, subject to any amendments resolved by the meeting.

Chairperson Stubbs | Mayor Dow

Note: The confirmed minutes will be kept as the official record of the meeting in accordance with the Public Records Act 2005.

Decision reports**Ngā pūrongo whakatau**

There were no decision reports presented for consideration.

Information only reports**Ngā pūrongo mōhiohio anake****Item 15: Health, Safety and Wellbeing quarterly report**

In answer to a question from Councillor Jeffries, ŌDC's Noah Lockett-Turton said work on improving the management of threatening and abusive behaviour is being undertaken to make ŌDC's processes more robust.

In relation to a question from Councillor Jeffries on reforms to the Health and Safety at Work Act 2015, Chairperson Stubbs said ŌDC is well positioned for those changes and has already made a clear separation between operational and strategic risks.

Chairperson Stubbs asked if anything significant had come out of the last Health and Safety meeting. Mr Lockett-Turton said staff fatigue had been particularly noted and Mr Stubbs said ŌDC's capacity issue has been identified as one of its emerging risks.

Resolved R15: That the Risk and Assurance Committee receive the report titled 'Health, Safety and Wellbeing quarterly report' from Noah Lockett-Turton, Manager People and Capability.

Chairperson Stubbs | Mayor Dow

Item 16: Mayoral Disaster Relief Fund

ŌDC's Rebecca Griffin said the Mayoral Disaster Relief Fund closed on 7 August, and the panel did a fantastic job in making sure the fund was well administered. She said that wasn't an easy task particularly due to the emotion involved with the event. She said she was proud of how the fund had made such a difference in our community.

In answer to a question from Councillor Jeffries, ŌDC's Brendan O'Callaghan said all funds have now been distributed. He said it hadn't always been possible to acknowledge donations as personal information wasn't always provided. He said a general thank you had been posted on the ŌDC website early in the response to the weather event. He said the donations were not tax deductible as that would have required pre-registration with the IRD.

In answer to a question from Chairperson Stubbs, Ms Griffin said the panel were all members of the community and decisions were based on local knowledge.

Resolved R16: That the Risk and Assurance Committee receive the report titled 'Mayoral Disaster Relief Fund update'.

Chairperson Stubbs | Councillor Barker

Item 17: Outstanding Debtors

ŌDC's Theresa Goulding noted that rates rebate applications were slightly down on the previous year. She said there had been an increase in mortgagee sales which was reflective of the district's economy. Two rating sales are coming up which, if they go ahead, would clear \$96,000. She said notices of sales have not slowed down and there has been an increase in LGOIMA requests for property files. There have also been a lot of queries on Māori land.

Ms Goulding said staff will be focusing on water debt as they work on transitioning to Waikato Waters Ltd (WWL) on 1 July 2027. In answer to a question from Chairperson Stubbs, it was confirmed ŌDC will retain stormwater and WWL will take wastewater and drinking water. ŌDC's Brendan O'Callaghan said any existing debt would stay with ŌDC after the transition, but anything new would be WWL's responsibility to chase up.

Chairperson Stubbs asked whether ŌDC staff felt the pace of recovery on penalties and arrears was fast enough. He questioned whether an additional fixed cost resource was justified to try and reduce the amount people owe to the community through penalties and arrears (approx. \$1m). He asked staff to give this some thought and provide a response to the next meeting on 9 November. Mr O'Callaghan said he expected to see an improvement on those figures by the end of October and that more information would be available for the next meeting.

Mayor Dow asked if there was an industry standard or benchmark for debt collection in local government. Mr O'Callaghan said there was no local government standard as every council has different circumstances in their district.

Councillor Jeffries asked if it was possible for a council to on-sell its debt. ŌDC's Graham Bunn said councils had immense powers to collect funds under the Rating Act which wouldn't be possible if the debt was sold on. Chairperson Stubbs said it was a minimal opportunity.

Chairperson Stubbs thanked ŌDC staff for an inciteful report and for all their work. He also welcomed new Rates Officer, Yvonne Joost.

Resolved R17: That the Risk and Assurance Committee receive the report titled 'Outstanding Debtors Report' by Brendan O'Callaghan, Project Accountant.

Chairperson Stubbs | Mayor Dow

Item 18: Outstanding Management Letter Points

ŌDC's Brendan O'Callaghan said there had been no issues with the interim audit and preparation of the Annual Report is going well aside from a few minor fishhooks relating to the weather event.

ŌDC's Graham Bunn said Council is actively trying to recruit a Manager Finance to ensure there is capacity for a significant piece of work over the next year and with Mr O'Callaghan now working as Project Accountant.

Resolved R18: That the Risk and Assurance Committee receive the report titled 'Outstanding Management Letter Points from 2024/25 Annual Report' from Brendan O'Callaghan, Project Accountant.

Chairperson Stubbs | Councillor Barker

Item 19: Capital Projects Quarterly Report

ŌDC's Mark Lewis said Council's last three waters projects had been priced up but a decision is yet to be made on whether these will be undertaken or deferred to WWL. Deferral would have implications in terms of delivering LTP obligations and would add another level of complexity to the transition into WWL. He said the Waters team had been tasked with identifying the projects on Council's list that could be delivered without a lot of design work. Three projects have been identified, and Mr Lewis will be reviewing them this week.

Chairperson Stubbs asked if any thought had been given to combining work programmes with Waitomo District Council to deliver contracts in the current season given the head start proposal. Mr Lewis that hadn't been considered at this stage. ŌDC has already engaged with a contractor who is fully aware of the work programme.

Chairperson Stubbs asked for a summary of the discussion on the Aotea Seawall at a Council Workshop the previous week. Mr Lewis said two pathways had been presented with two completely different financial outcomes. He said Council had not arrived at an absolute decision and there would be further discussion around that decision.

Chairperson Stubbs said IAG has signalled it may have to start withdrawing cover for certain areas of the country that are subject to flooding. He said that reflected the fact they are not happy with the government's speed on moving to climate adaptation in high-risk areas. Mr Stubbs said he would send members and staff a link to more information on this after the meeting.

In answer to a request from Councillor Jeffries, Mr Lewis said he would send all elected members a copy of the renewed Resource Consent for the Aotea seawall. Mr Lewis said the risk with the seawall is that it currently sits around a small rating base that has to pay for a significant investment. The question for Council is how it intends to fund that investment.

Resolved R19: That the Risk and Assurance Committee receive the report titled 'Capital Projects Report for the Year Ending 30 June 2026' from Mark Lewis, Group Manager Engineering and Assets.

Chairperson Stubbs | Councillor Jeffries

Item 20: Quarterly Risk Report

ŌDC's Rebecca Griffin said the report had identified a change in emerging risks over the last six months, namely; local government reform and Head Start reorganisation, local water transition, RMA reforms and ŌDC's delivery capacity. ŌDC's Graham Bunn said the report had been provided to provoke discussion.

Ms Griffin said it was timely to review the Strategic Risk Register with those changes to emerging risks. She said staff would be able to provide an update on emerging and strategic risks for the next meeting on 9 November. She said that would be very timely given a decision from Cabinet on the Head Start proposal is due by end-September. MCERT (Ministry for Cities, Environment, Regions and Transport) has 18 Head Start proposals to work through encompassing 48 councils. She said this was the biggest moving target that Council currently has to consider; if the proposal isn't accepted, or ŌDC gets included in another proposal that gets approved, everything would change again.

Mayor Dow said the proposal had been handed to the Rural Communities Minister in Wellington, which had mostly received a positive reception. He said it was a good proposal, given it's well known both councils are happy to join up, but there have still been comments made about economies of scale. In answer to a question from Chairperson Stubbs, Mayor Dow said ŌDC and Waitomo District Council were very keen to stay a rural local authority but would be prepared to look at extending their boundaries if required.

Referring to item 2.4 in the report, Councillor Jeffries asked how much ŌDC partners with NZTA in terms of roads of significance and particularly on State Highways that connect to the coast. Mayor Dow said the Regional Land Transport Committee has oversight over this through its work on climate adaptation network resilience.

Responding to a query from Chairperson Stubbs, Ms Griffin explained that the "four Rs" is a term used in civil defence (SIMS structure). She said following the February severe weather event, ŌDC is going through several reviews on its response and shared service arrangements to ensure we are "Ready" and properly resourced. Chairperson Stubbs said it was likely those costs will go beyond the capacity of local communities and he asked if central government has spoken about making a national contribution towards local civil defence resourcing. It was suggested ŌDC's Tony Quickfall provide a response to that query at the next meeting.

In answer to a question from Chairperson Stubbs on water services viability and transition, Ms Griffin said ŌDC has the advantage of being in the second tranche of councils joining WWL, and its Risk Register can be informed by the performance of WWL over the next 12 months. She said those risks would be operational but would feed into ŌDC's strategic risks in terms of delivery and capability. Chairperson Stubbs asked that any material risks requiring the visibility of the committee be brought to the next meeting as part of the Emerging and Strategic Risks Report.

Chairperson Stubbs asked which AI platform ŌDC has chosen. ŌDC's Rebecca Griffin said Council is about to launch learning modules for staff on Marvin AI so they can be licensed to use that platform. She said ŌDC hasn't ringfenced the use of one single AI and staff will have the opportunity to make an informed decision about which platform best suits their role. Currently ŌDC has some active Copilot licenses and a few staff have a licence to use Claude. Rebecca said ŌDC uses a third-party contractor who maintains safeguards for data security. She said capability is ŌDC's biggest emerging risk and to help mitigate that a joint launch with Waitomo and ŌDC of Marvin AI is planned across both councils this week.

In answer to a question from Councillor Barker, ŌDC’s Rebecca Griffin said all work produced by AI is validated and checked by humans before it is released.

Resolved R20: That the Risk and Assurance Committee receive the report titled ‘Quarterly Risk Report August 2026’ by Rebecca Griffin, Business Improvement Analyst.

Chairperson Stubbs | Councillor Barker

Public excluded

Take matatapu

There were no public excluded reports.

Meeting closure

Katinga o te hui

Chairperson Stubbs declared the meeting closed at 11.18am.

Workshops

Hui awheawhe

There were no workshops.

Adoption of Minutes

Te whakaūnga o ngā meneti

Resolution to be added following confirmation.

Version control

Version	Status	Date	Description
1.0	Draft	19 August 2026	Initial draft prepared following the meeting
2.0	Confirmed	[insert adoption date]	Minutes adopted by the Risk and Assurance Committee

Decision reports

Ngā pūrongo whakatau

DISCLAIMER: The reports attached to this Open Agenda set out recommendations and suggested resolutions only. Those recommendations and suggested resolutions DO NOT represent Ōtorohanga District Council policy until such time as they might be adopted by formal resolution. This Open Agenda may be subject to amendment either by the addition or withdrawal of items contained therein.

Item 3 Waters Valuation Adoption

To Risk and Assurance Committee

From Brendan O’Callaghan, Project Accountant

Type **DECISION REPORT**

Date 22 October 2026



1. Purpose | Te kaupapa

- 1.1. To adopt the 3 Waters asset revaluation

2. Executive summary | Whakarāpopoto matua

- 2.1. This report provides the final valuation report for the water, wastewater and stormwater assets for review and adoption.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receives the report *3 Waters Valuation Adoption* (22nd October 2026) and;

Adopts the 3 Waters valuation as provided.

4. Context | Horopaki

- 4.1. The Ōtorohanga District Council (ŌDC) undertook a revaluation of the 3 Waters assets as part of the year end processes. This revaluation was undertaken during June to August 2026, valuing the assets as at 30 June 2026.
- 4.2. AON was engaged by Council staff to undertake the valuation work on behalf of the Council. A copy of their valuation report is attached to this report.
- 4.3. Deloitte, as ŌDC appointed auditor, has undertaken an audit of the revaluation and are happy with the final results.

5. Discussion | He kōrerorero

- 5.1. Council has engaged AON to undertake a valuation of our water, wastewater and stormwater assets.
- 5.2. The valuation has been undertaken as identified in the attached report from AON in the appendix. The replacement costs of the assets were determined through a combination of standard unit rates where appropriate, particularly for meter, line and point assets, and plant assets were assessed individually.

- 5.3. Rates were also compared to recently tendered contracts, to determine if the rates used were reasonable compared to the actual rates being paid.
- 5.4. AON undertook physical inspection of some assets, including the water treatment plants in Ōtorohanga, Kāwhia and Tihiroa, as well as the wastewater treatment ponds in Ōtorohanga and various water, wastewater and stormwater pump stations.
- 5.5. The revaluation has been run and the results are below. The comparison figures represent the results of the 2023 revaluation.

Asset Type	2026			2023		
	Replacement Cost	Depreciated Replacement Cost	Annual Depreciation	Replacement Cost	Depreciated Replacement Cost	Annual Depreciation
Meter	\$2,231,444	\$986,683	\$88,713	\$1,855,228	\$1,080,918	\$120,772
Water Supply Line	\$49,592,554	\$28,556,113	\$533,225	\$28,940,039	\$19,360,701	\$392,216
Water Supply Point	\$3,057,594	\$1,663,937	\$73,457	\$2,160,212	\$1,131,824	\$55,834
Water Supply Plant	\$11,199,938	\$4,445,299	\$251,316	\$8,472,199	\$2,774,617	\$181,925
Wastewater Line	\$33,729,376	\$17,298,155	\$450,717	\$12,925,476	\$6,242,947	\$174,279
Wastewater Point	\$5,820,986	\$3,220,094	\$73,346	\$4,010,333	\$2,021,868	\$50,318
Wastewater Plant	\$5,473,156	\$2,656,117	\$140,952	\$4,320,739	\$1,897,735	\$103,538
Stormwater Line	\$22,343,177	\$14,981,221	\$262,857	\$14,382,390	\$9,489,673	\$158,601
Stormwater Point	\$3,580,059	\$2,797,634	\$37,292	\$2,266,638	\$1,690,329	\$22,467
Stormwater Plant	\$3,649,357	\$1,811,955	\$57,623	\$2,094,852	\$474,385	\$32,812
Total	\$140,677,642	\$78,417,208	\$1,969,498	\$81,428,106	\$46,164,997	\$1,295,762

- 5.6. Overall, the movement in the replacement cost is an increase of \$59.25m, which is an increase of 72.7%, and depreciated replacement cost (which is the value recorded in the balance sheet) has increased by \$32.25m, which is 69.9%.
- 5.7. A part of this movement relates to additions in the 3 years since the last valuation, which is either from capital projects, such as the Water and Wastewater mains renewals projects, or from found assets. The total of the valuation of these additions is \$27.0 for replacement cost, and \$23.0m of depreciated replacement costs.
- 5.8. Removing these new items gives an increase in the replacement cost of \$32.3m, or 39.6%, and \$9.3, or 20% for depreciated replacement cost.

6. Strategic Considerations | Ngā whai whakaarotanga

Significance and engagement

- 6.1. This item has been assessed as of low significance in accordance with our significance and engagement policy, and so therefore no engagement is required.

Mana whenua / Māori

- 6.2. Staff consider the matters set out in this report do not have a direct impact on cultural wellbeing, sites of significance or waterways.

Strategic alignment

- 6.3. Staff confirm that the recommendation in this report complies with Council's Policies and Plans.

Legal

- 6.4. There are no legal considerations around this matter.

Financial

- 6.5. As this is a financial decision, all the financial considerations are included in the discussion in the report.

Risk analysis

- 6.6. The risk associated with this decision is deemed to be low.

7. Options analysis | Tātari Kōwhiringa

Options summary of considerations

	Option 1	Option 2
Summary	Adopt the asset valuations	Do not adopt the asset valuations
Advantages	The 3 waters asset values will be adjusted to reflect the new valuation figures.	Means that the increase in values is not recorded.
Disadvantages		Will require further work on a valuation being done to enable us to adopt the valuation.

Recommended option and rationale

- 7.1. The recommended option is Option 1, adopt the asset valuations. This accurately reflects the values of Council's fixed assets.

8. Appendices | Ngā āpitihanga

Number	Title
1	AON 3 Waters Valuation Report

Otorohanga District Council

Valuation of Three Waters Assets for Financial
Reporting Purposes

10 September 2026



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Executive Summary

Otorohanga District Council (ODC) engaged Aon Valuation Services to provide a fair value valuation of its three waters infrastructure assets as at 30 June 2026 for financial reporting purposes. The valuation is to assist ODC in completing its financial statements and has been prepared in accordance with the following standard:

- NZ Public Benefit Entity International Public Sector Accounting Standard 17 Property, Plant and Equipment (PBE IPSAS 17).

In addition to the accounting standards identified above, the valuation also adheres to the following requirements:

- International Valuation Standards (effective January 2025)
- Australia and New Zealand Valuation Standards and Guidance Papers
- Apopo infrastructure valuation and depreciation guidelines 2025

The valuation process included a selection of assets inspected by a qualified and experienced valuer. Within this process the verification, identification and collation of technical data and information of all tangible assets was undertaken.

In accordance with our instructions, assumptions and qualifications noted in this report, we have assessed the value of the assets detailed herein as, and recommend the adoption of, the Fair Value for Financial Reporting Purposes shown below, as of 30 June 2026:

Asset Group	Optimised Replacement Cost (\$NZD ex GST)	Depreciated Optimised Replacement Cost (\$NZD ex GST)	Annual Depreciation (\$NZD ex GST)
Water Supply	\$66,081,530	\$35,652,033	\$946,711
Wastewater	\$45,023,518	\$23,174,366	\$665,015
Stormwater	\$29,572,593	\$19,590,810	\$357,773
Total	\$140,677,642	\$78,417,208	\$1,969,498

Declaration

For and on behalf of
Aon Valuation Services



.....
Esther Teng
Plant and Machinery Valuer



.....
Roger Khoo
Registered Plant and Machinery Valuer (PMVI)

10 September 2026

Scope of Work

Otorohanga District Council (ODC) engaged Aon Valuation Services to provide a fair value valuation of its three waters infrastructure assets as at 30 June 2026 for financial reporting purposes.

Exclusions and Exemptions

The following has been excluded from our valuation assessment:

- Software and software related assets
- Land
- Works in progress
- Intangible assets
- Assets not owned by ODC
- Assets not disclosed to us

Asset information

The valuation asset register was established from the Univerus asset management (Univerus) exports provided by ODC. The extract was provided in multiple spreadsheets and tabs. Microsoft Copilot was used as a processing aid to assist with consolidating the individual spreadsheets and tabs into a single valuation asset register. Copilot was not used to determine valuation assumptions, replacement costs, base lives, depreciation values or final valuation outputs. The consolidated valuation asset register was reconciled by Aon back to the source exports by asset count, asset class, service status, ownership, key valuation attributes and calculated valuation totals prior to use in the valuation.

The valuation asset register was further screened to exclude records that did not represent ODC owned three waters infrastructure assets within the scope of this valuation. Excluded records included asset types classified as Abandoned, Dummy Node, Test Point, Build Over Location or Location Information; assets recorded as owned by Community Facilities, Crown, Private, Roding or Waipa District Council; and assets with service status recorded as Abandoned, Private or Roding Asset.

Refer to Appendix 1 for the details and count of entries.

Basis of Value

In accordance with your instructions, we have valued the three waters infrastructure assets owned by ODC on the basis of Fair Value for financial reporting purposes in accordance with NZ Public Benefit Entity International Public Sector Accounting Standard 17 *Property, Plant and Equipment* (PBE IPSAS 17).

The objective of this standard is to prescribe the accounting treatment for property, plant and equipment so that users of the financial report can discern information about an entity's investment in its property, plant and equipment and the changes in such investment. The principal issues in accounting for property, plant and equipment are the recognition of the assets, the determination of their carrying amounts and the depreciation charges and impairment losses to be recognised in relation to them.

As stated within the standard, the fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. The fair value of items of plant and equipment is usually their fair value determined by appraisal.

'Fair Value' is defined within PBE IPSAS 17 and International Valuation Standard 2025 (IVS). We provide an extract of the relevant definition as follows:

“The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.

Underlying the definition of ‘Fair Value’ is a presumption that the asset is exchanged after an adequate period of marketing to obtain its best price. An asset’s Fair Value is measured having regard to the highest and best use of the asset for which market participants would be prepared to pay.

Where a quoted market price in an active and liquid market is available for an asset, that price represents the best evidence of the asset’s Fair Value (Quoted Market Price).

When a quoted market price for an asset in an active and liquid market is not available, its Fair Value is estimated by reference to the best available market evidence of the price at which the asset could be exchanged (Comparable Sales Evidence).

In some circumstances the market buying price and market selling price of an asset differ materially because the asset usually is bought separately in the new asset market but if sold separately, could only be sold for its residual value. This is often the case for specialised assets.

In the circumstances described the assets Fair Value is measured at its market buying price. The best indicator of an assets market buying price is the replacement cost of the assets remaining future economic benefits, which is not necessarily the cost of replicating the asset, that is, its reproduction cost (Depreciated Replacement Cost).

In the majority of instances in relation to property, Fair Value will be equivalent to market value, where Market Value is defined as:

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

In terms of asset valuations, two main categories of assets are to be considered when valuing ODC assets:

- Non-Specialised assets are valued at their ‘current market price’ based on compared market evidence. Assets include land and building that have a current market.
- Specialised property assets are valued on the basis of Depreciated Optimised Replacement Cost. It is assumed the majority of ODC’s assets are considered to be specialised in nature.

In determining the Fair Value of the assets noted within this report we have utilised the varying valuation inputs and methods as defined below:

Replacement with New Value

The Replacement with New Value has been determined at the date of the valuation to allow for replacement by similar property, in a condition equal to but not better, nor more extensive, than its condition when new.

When appropriate, due allowance has been made for land or sea cartage and freight, insurance, duty, delivery, installation, commissioning, design, engineering costs and the like.

The replacement cost is determined by assessing a unit cost / rate for each asset type, which includes Preliminary and General costs (on-site overheads) and an allowance for off-site overheads. This rate is subsequently applied to the asset quantity.

Modern Equivalent Replacement Asset (MERA)

The MERA replacement cost is determined by reference to the current market buying price, current reproduction cost or replacement cost of modern equivalent assets. In respect of specialised assets,

such as infrastructure, the appropriate cost is the lower of the current replacement cost and the current reproduction cost of the gross service potential of the existing asset.

Depreciated Replacement Cost (DRC)

This method of valuation is used as a surrogate for fair value, of specialised and limited market properties and assets, for which market evidence is not available. The DRC methodology is based on the current gross replacement or reproduction cost of the asset reduced by factors providing for age, physical depreciation; technical and functional obsolescence and market factors, considering the total estimated base life and anticipated residual value of the assets.

Depreciated Optimised Replacement Cost (DORC)

The DORC is calculated based on the current replacement cost of modern equivalent replacement assets (MERA) that is adjusted for over-design, over-capacity and/or redundant assets, less an allowance for depreciation.

Optimisation

In determining optimisation, the valuer attempted to assess value by referring to the concept of substitution. It is logical to assume that the maximum amount a potential purchaser would be prepared to pay for an asset is represented by the purchaser's lowest alternative cost to replicate the asset. In assessing what represents the lowest alternative cost, consideration was be given to the optimum set of assets that would be required to provide the reasonably foreseeable services required to be delivered by the assets.

Operational Assets

Operational assets are those, which are utilised in the operation of the entity and are held for the continued use or service potential for the foreseeable future.

Non-Operational Assets

Non-operational assets are assets, which are not integral to the operation of the entity and are valued based on Fair Value only. There are no non-operational assets identified in this valuation.

Specialised or Non-Specialised Assets

Operational assets may be non-specialised or specialised in whole or part. The valuer assessed the degree of specialisation, having regard to the following:

- The use to which the asset is put
- The degree of special adaptation
- The location
- Whether the category of asset has a readily definable market
- Guidance by the Directors and/or Technical Staff of the entity

Surplus Assets

Surplus assets are non-integral assets that are not currently utilised or are held for the continuing use for the foreseeable future and are therefore surplus to operational requirements. These assets have been valued at fair value. Surplus assets have not been identified in this valuation.

Valuation Methodology

The intent of establishing the Fair Value for Financial Reporting Purposes is to recognise the intrinsic value of an asset to the ongoing operation of ODC. This is achieved by reference to the marketplace for the assets to ascertain the price which a purchaser would reasonably pay for an in-situ operational asset and assuming the continuation of its existing use and same configuration.

The valuation approaches used within this report refers to generally accepted methodologies that are in common use within the valuation industry. The methods commonly utilised can be described as:

- Cost Approach
- Sales Comparison Approach
- Income Capitalisation Approach

Market based valuations normally employ one or more of the above valuation approaches by applying the principle of substitution, using market derived data. This principle holds that a reasonable buyer would not pay more for a good or service than the cost of acquiring an equally satisfactory substitute, the lowest cost of the best alternative tends to establish the Fair Value.

Where comparable market evidence is available the Sales Comparison Approach should be adopted as the base for valuation. The values derived from the marketplace are applied to the subject assets with allowance for variances between the subject asset and the comparable (marketplace transaction) asset.

In the absence of market evidence, cost approach is adopted. This method considers the possibility that, as a substitute for the purchase of a given asset or network of assets, one could construct another asset that is either a replica of the original or one that could furnish equal utility. In practice, this approach is an estimate of depreciation for older and/or less functional where an estimate of cost new unreasonably exceeds the likely price that would be paid.

Where Operational Assets are considered Specialised (as defined under 'Basis of Value' within this report) and where the Cost Approach is being adopted, the Depreciated Replacement Cost and/or the Depreciated Optimised Replacement Cost (DORC) methods are commonly applied.

The DORC is calculated based on the current replacement cost of modern equivalent replacement assets (MERA) that is adjusted for over-design, over-capacity and/or redundant assets, less an allowance for depreciation. It is used to determine a hypothetical value of the assets by reference to the replacement cost of the industry assessed lowest cost alternative.

The DORC method can be described as representing the minimum cost of replacing or replicating the service potential embodied in the relevant assets with modern equivalent assets in the most efficient way possible from an engineering perspective, given the service requirements, the age and condition of the existing assets and replacement in the normal course of business.

Aon has considered that the DORC method of valuation is the most appropriate approach to the valuation of the infrastructure assets, as most of the assets are considered specialised.

The DORC approach involves three main steps:

- Establishing the MERA of the gross service potential embodied in the existing assets.
- Adjusting the gross current replacement cost determined above for over-design, over-capacity and/or redundant assets (Optimisation); and
- Depreciating this value to reflect the anticipated effective working life of the asset from new, the age of the asset and the estimated residual value at the end of the existing asset's working life.

Establishment of MERA Replacement Costs

The MERA replacement cost is determined by reference to the current market buying price, current reproduction cost or replacement cost of modern equivalent assets. In respect of specialised assets, such as three waters infrastructure assets, the appropriate cost is the lower of the current replacement cost and the current reproduction cost of the gross service potential of the existing asset.

Financing costs are excluded in the assessment.

The MERA cost can be established by:

- Comparison with recent costs of similar assets.
- Reference to historical costs, adjusted for inflationary increases since construction.
- Contacting suppliers, manufacturers or their agents; or
- Reference to recently published prices.
- Modern Equivalent Replacement Asset
- Internal data bases and information

Expected Capacity in Use

When determining the replacement costs of individual assets, the “expected capacity in use” of the existing assets must be considered. “Expected capacity in use” is the required level of service potential or output consistent with both the future growth in demand and the objective of minimising the whole of life cost of assets under “total asset management” concepts and business planning horizons. As systems expand and change, a degree of sub-optimality at any one time is inevitable and is part of the total cost of output.

Where the modern equivalent asset has a different capacity, a pro-rata adjustment is necessary to value the expected capacity in use of the existing asset. This determination of the modern equivalent asset that would replace existing individual components of the network should not be confused with the process of optimisation.

Cost Basis (Greenfield / Brownfield)

Current costs can be determined on a “Greenfields” or “brownfields” basis. The “Greenfields” cost basis assumes construction occurs in an area free of development and that the most efficient set of assets, given current usage, is established. The “brownfields” cost basis assumes construction occurs around all existing infrastructure and development and that the assets are fundamentally replaced in the same location. Accordingly, costs relating to land and associated issues have not been included in the DORC valuation.

The “brownfields” cost basis is considered appropriate because it is consistent with the concept of establishing the potential purchaser’s lowest alternative cost to replicate the assets (i.e., a duplicate site would need to be built in the existing environment) in the ordinary course of business (as opposed to complete re-design). The current cost estimates should reflect the current state of land use development.

The “brownfields” cost structure is widely used for DORC valuations including piping systems, roading, electricity, and gas and water infrastructure assets.

Scale and Nature of Replacement

In calculating the replacement cost of an asset, the assumed size of the replacement project has a significant impact on the overall cost determination. Most regulators and industry participants in New Zealand discount the wholesale asset replacement approach (the “Greenfields” principle) based on its lack of feasibility and inconsistency with regulatory principles (such principles including accurate price signalling and price consistency over time) and general purchasing practices.

However, in assessing replacement on a part-by-part basis, it is open to interpretation as to how large or small each part should be when calculating a replacement value.

The relative size of the replacement project for infrastructure components has the potential to materially impact the value of the asset base. For example, a large-scale replacement project which involves a significant component of an asset network will often have lower unit labour and materials costs than replacement by smaller sections (due to the contract discounts and bulk material purchases that are likely to occur with a larger scale project as well as the impact of mobilisation costs). Additionally, large scale replacement may infer some reconfiguration of the network, rather than replacing assets according to the current network configuration and actual component ages. Larger scale replacement is likely to involve lower materials and labour costs, on a unit cost basis.

Efficient schemes will aim to minimise the overall cost of asset management (comprising operations, maintenance and replacement), therefore replacement in “the ordinary course of business” is considered by most regulators and industry participants to be the appropriate, cost-effective replacement project size for asset valuation purposes.

Totally Installed and Further Engineering Costs

An integral part of establishing a complete replacement cost is the concept that it must be that of a totally installed cost and includes the following on costs.

- Design Costs
- Preliminary Costs
- Freight and Transport Costs
- Erection Costs
- Installation and Commissioning Costs
- Engineering Procurement Construction Management (EPCM) Costs
- Civil Works Costs
- Location Costs
- Owner’s Cost Allowances
- Contingencies

It is assumed that the construction of the infrastructure assets would be undertaken under a ‘turnkey’ contract with the owner providing engineering experience and project management.

Unit Rates and Cost Inputs

The overall cost of installing the MERA has been established using present-day labour charges, current technology and modern efficient practices, reflecting market conditions at the valuation date. The replacement cost inputs include, where applicable, the costs of planning, design, procurement, construction, installation and commissioning.

Unit rates were adopted for meter, line and point assets where the asset quantity, length or count could be assessed consistently across the valuation asset register. These rates include the relevant costs

required to replace the asset with a modern equivalent asset as at the valuation date. The rates for each asset type were developed at a component level using a combination of unit rates supplied by ODC, ODC project cost data, QV CostBuilder and Aon internal benchmark data.

Plant assets were not valued solely by reference to standardised unit rates. Where available, plant replacement costs were based on actual purchase cost, supplier information or recent comparable cost evidence. Where direct cost evidence was unavailable, replacement costs were established using ODC project cost data, QV CostBuilder and Aon internal benchmark data.

The adopted unit costs / rates have been reviewed for overall reasonableness and benchmarked against comparable asset evidence where available.

For rural assets, a unit rate factor of 0.5 was applied, consistent with the methodology adopted in the previous valuation and confirmed by ODC valuation. This reflects the lower assessed replacement cost of rural network assets relative to standard network unit rates, having regard to the nature, location and expected replacement requirements of those assets.

Owner's Cost Allowances

In assessing current replacement cost, it is normal practice to allow for costs that would be incurred by ODC in replacing its assets and bringing them to the location and condition required for operation. In this regard, allowance has been made for owner side overheads associated with asset replacement capital expenditure. Such overheads are generally incurred in three areas:

- Overhead costs incurred by the engineering function, including Engineering, Procurement and Construction Management costs, preliminaries, design and professional fees.
- Overhead costs incurred by the finance and administration function, including the costs of administering the financial aspects of the capital expenditure programme, cost control, budgeting, reporting and general administration.
- Corporate support costs such as management, information technology and other internal project support costs where directly attributable to asset replacement.

From a management viewpoint, such costs form part of the total cost of replacing the assets and should be recognised where they are necessary to bring the assets to the location and condition required for operation.

From an accounting perspective, such costs are capitalised where they are directly attributable to the replacement asset. This treatment is also consistent with infrastructure valuation practice, where reasonable and efficient owner side overheads are generally recognised as part of the replacement cost of the asset base.

For this valuation, owner's costs have been applied as a separate on-cost percentage of 7% on top of the adopted unit rates and asset specific replacement cost inputs. The rate adopted represents a commercially reasonable allowance for owner side costs attributable to replacing the asset base.

Contingency Costs

Cost overruns in relation to budgeted or estimated costs arise on construction contracts because of many factors such as bad weather, unexpected material cost increases and the inevitable inability to forecast future events with complete accuracy. Allowances for contingency costs are made in asset valuations to account for those unforeseen costs which may be incurred in addition to the budgeted or estimated replacement cost of an asset.

As actual unit costs and rates of assets have been used to form the basis of the average unit costs / rates applied in the MERA costing, no separate allowances for contingency costs need to be applied to

the unit cost / rate base as most cost variations will have been incorporated into the average actual unit costs used.

Optimisation

In establishing the optimisation of the replacement cost the process considers the physical deterioration and functional/technical obsolescence in the subject assets and determines the most economic means to replicate the asset's service potential. The costs of upgrading and remediation are contingent liabilities to be estimated and disclosed in conjunction with this process.

No optimisation adjustments were made as the three waters infrastructure is already appropriately configured for its current use, with no excess capacity or redundant assets identified.

Methods of Depreciation

There are two methods of calculating depreciation, the reducing balance and the straight-line method.

The straight-line method of calculating depreciation assumes that the depreciation incurred by an asset is uniform throughout its effective life, with the annual depreciation charge being calculated by applying the basic rate to the original cost.

Under the reducing balance method, depreciation is assumed to be greatest in the first year and smaller in each succeeding year. Depreciation is calculated in the first year by applying the basic rate to the Optimised MERA, but for the proceeding years the charge is calculated on the written down value.

Valuation Approach

In accordance with the methodology outlined in this report, the fair value for financial reporting purposes has been determined for each asset grouping and component level within the scope of this valuation, using the approach described below.

General Asset Descriptions

Assets included in this valuation are listed in the following table:

Asset Group	Asset Type	Description
Water Supply	Meter	Water supply meters used to measure and record water use across the network, including service connection and flow measurement assets.
Water Supply	ws_line	Water supply line assets comprising reticulation, distribution, rising and transmission mains of varying material, diameter and length.
Water Supply	ws_point	Water supply point assets comprising discrete network components such as valves, hydrants, fittings, meters, offtakes and pressure control assets.
Water Supply	ws_plant	Water supply plant assets comprising treatment plant, pump station and associated mechanical, electrical, building, control and process assets.
Wastewater	ww_line	Wastewater line assets comprising gravity mains, rising mains and associated pipework used for wastewater collection and conveyance.
Wastewater	ww_point	Wastewater point assets comprising discrete network components such as manholes, valves, fittings, chambers and discharge or inlet structures.
Wastewater	ww_plant	Wastewater plant assets comprising pump station, treatment plant, oxidation pond and associated mechanical, electrical, control, civil and process assets.
Stormwater	sw_line	Stormwater line assets comprising gravity mains, open drains and associated pipework used for stormwater collection and conveyance.
Stormwater	sw_point	Stormwater point assets comprising discrete network components such as catchpits, manholes, inlets, outlets, chambers, sumps and discharge structures.
Stormwater	sw_plant	Stormwater plant assets comprising stormwater pump station, control, mechanical, electrical, civil and associated site assets where separately identified.

Physical Inspections

Physical inspections were completed on the 15 and 16 of April 2026 at the following locations:

- Township Water Treatment Plant
- Tihiroa Water Treatment Plant
- Kawhia Water Treatment Plant
- Waste Water Treatment Plant
- Huiputea Flood Station
- Mckenzie Avenue Water Booster Pump Station
- Cedric Smith Wastewater Pump Station
- Rangiatea Road Pump Station
- Thomson Avenue Reservoir
- Harpers Avenue Pump Station

Aon undertook site inspections of a sample of assets across the network to support the valuation and to verify key asset attributes. These inspections were not intended to cover all asset locations but to provide representative coverage of the asset base. Photographs of selected assets observed during site inspections are presented below:

Water Supply Plant		
Township Water Treatment Plant		
	Clarifier Tanks	Sand Filters + Chlorine Room
Tihiroa Water Treatment Plant		
	PAC Tank	Process Treatment
Kawhia Water Treatment Plant		
	Greenfilter	Spring Water tanks

Other Water Plant



Thomson Ave Reservoir



Mckenzie Ave Booster Station

Wastewater Plant



Treatment Process



Discharge Screen



Oxidation pond



Harpers Ave Pump Station



Cedric Smith Pump Station



Rangiatea Pump Station

Stormwater Plant



Huiputea Flood Station

Establishment of Valuation Asset Register

ODC provided Aon valuation services information as follows:

- export_selected_asset_classes.xlsx version received on 21 July 2026
- export_ws_plant (1).xlsx received on 20 July 2026
- Previous 3Waters Peer Review Report and Valuation Review
- NKC claim documentation
- C1125 Waipa Rural Water Supply - Additional Water Storage Contract – Signed
- C1131 - Ōtorohanga Wastewater Upgrade Camex Contract July 2023 - Reduced Size
- Water Mains Renewals Otorohanga Payment Certificate 005 - October 2022
- Claim 7 Final - C1122
- Control System Invoice - Asset ID 2025528114450
- Invoice 1 - Asset ID 20256031822619
- Invoice 2 - Asset ID 202560318822619
- VSD Invoice - Asset ID 202552310317
- VSD Invoice - Asset ID 2025310857991

The valuation asset register was established to contain the key descriptive, dimensional and valuation attributes required for the DORC assessment. These included asset class, asset type, description, material, quantity or length, diameter or capacity, installation date or age, service status, unit rate, base life, residual value, replacement cost, depreciated optimised replacement cost and annual depreciation inputs. Where Univerus extracted data was incomplete, assumptions were made based on ODC provided information, site observations, comparable asset data and Aon's assessment of the available evidence.

Development of Replacement Cost

Replacement costs were developed using a combination of standardised unit rates and asset specific unit cost assessments, depending on the nature of the asset.

For meter, line and point assets, standardised unit rates were adopted where appropriate and applied to the recorded asset quantity, length or count. This provides a practical and consistent basis for valuing large volumes of network assets.

For plant assets, their replacement costs have been assessed individually, using indexed prior costs, actual or project costs and benchmarked approaches where available. Rates for inspected buildings were cross checked against QV CostBuilder.

Refer to Appendix 2 for the standardised unit rates adopted in this valuation for non-plant assets.

Base Lives

Base lives represent the period over which each asset is expected to provide service potential to ODC's three waters network. Standard base lives were determined with reference to the source asset data, industry benchmarks, asset type and expected service potential.

Where available, optional base life inputs provided in the source data were adopted. For plant assets, source base lives were used unless overridden by a specific optional base life. For non-plant network assets, base lives were determined by base life table used in the valuation.

Asset age was calculated from the recorded installation date to the valuation date of 30 June 2026.

Refer to Appendix 2 for the standardised base lives adopted in this valuation for non-plant assets.

Remaining Lives

The asset's remaining life is subject to continual change depending upon the type of asset, its condition, operational hours and maintenance program. The same asset under the control of different operators may result in a varied economic life. Most infrastructure assets and equipment will have some form of residual value at the end of their economic life.

Calculation of Depreciation

Once an appropriate replacement cost, asset age and base life were established, depreciation was calculated on a straight-line basis over the assessed base life of each asset. The depreciated optimised replacement cost reflects the remaining service potential embodied in the asset at the valuation date, subject to the residual value methodology adopted in the valuation workbook. Important factors considered were:

- Base life
- Asset age
- Residual value assumption
- Service status
- Knowledge of best practice construction techniques and materials

Residual Value

Residual value represents the minimum value retained by an asset for depreciation purposes, recognising that some three waters infrastructure assets may continue to provide service potential beyond their assessed base life.

Consistent with ODC's adopted residual value methodology, a residual value of 2.5% of replacement cost was applied. For assets that have not yet reached the end of their assessed base life, depreciation was calculated on a straight-line basis over the depreciable amount, being replacement cost less the residual value. This means the asset depreciates progressively toward, but not below, the residual value.

For assets that have exceeded their assessed base life but remain recorded in service, the residual value is retained as a valuation floor. Depreciation ceases once the asset reaches the end of its assessed base life, with the residual value retained for assets that continue to provide service potential. This residual value does not represent market sale value or recoverable scrap value.

This is a residual value floor only and does not represent a minimum remaining useful life floor. Remaining useful life continues to apply to assets that have not reached the end of their assessed base lives.

Works in Progress (WIP)

Assets identified as WIP at the valuation date have been excluded from the valuation where they are not yet commissioned or capitalised. Once completed and capitalised, it is recommended these assets are incorporated into the Univerus at cost.

Valuation Movement and Changes

The movement in value between the 2023 and 2026 valuation is as follows:

Valuation Date	Optimised Replacement Cost (\$NZD ex GST)	Depreciated Optimised Replacement Cost (\$NZD ex GST)	Annual Depreciation (\$NZD ex GST)	Asset Count
30 June 2026	\$140,677,642	\$78,417,208	\$1,969,498	17,317
30 June 2023	\$80,410,294	\$45,444,545	\$1,293,894	14,988
Movement \$	\$60,267,348	\$32,972,663	\$675,604	2,329
Movement %	74.9%	72.6%	52.2%	15.5%

Replacement Cost increased by \$60.27 million, or 74.9%, from \$80.41 million in 2023 to \$140.68 million in 2026. The movement was primarily driven by additions of \$25.3 million, unit costs / rates input review of \$29.8 million and on-cost of \$9.2 million, partly offset by deletions of \$4.1 million.

The \$29.8 million unit rate / cost input movement reflects a review of adopted replacement cost assumptions using ODC project cost information, QV CostBuilder and Aon internal benchmark data. Project cost information reviewed included the NKC claim documentation, the 2023 Camex wastewater upgrade contract and the 2022 water mains renewal payment certificate. The Camex 2023 cost information was considered relevant to wastewater line replacement costs and supported an increase in the adopted wastewater line unit rates. Other project cost information reviewed, including the NKC claim and water mains renewal information, indicated costs below prior valuation rates or QV CostBuilder benchmarks and was therefore considered but not adopted as the primary basis. The resulting unit rate changes were therefore targeted to asset classes where the available evidence supported a revision, rather than applied uniformly across the asset base.

Depreciated Optimised Replacement Cost increased by \$32.97 million, or 72.6%, from \$45.44 million in 2023 to \$78.42 million in 2026. Positive movements included \$21.6 million from additions, \$14.0 million from unit rate / unit cost input review and on-cost of \$5.1 million. These were partly offset by \$7.2 million from depreciation and \$1.6 million from deletions.

Annual depreciation increased by \$0.68 million, or 52.2%, from \$1.29 million in 2023 to \$1.97 million in 2026. The increase was mainly attributable to additions and higher replacement costs, partly offset by assets reaching the end of their depreciable life under the adopted residual value methodology.

At asset class level, Water Supply recorded the largest Replacement Cost increase at \$25.5 million, followed by Wastewater at \$23.9 million and Stormwater at \$11 million. Water Supply movements were largely driven by ws_line at \$21.1 million, ws_plant at \$3.1 million and ws_point at \$0.9 million. Wastewater movements were mainly driven by ww_line at \$20.9 million, ws_point at \$1.8 million and ws_plant at \$1.2 million, while Stormwater movements were mainly driven by sw_line at \$8 million, sw_plant at \$1.6 million and sw_point at \$1.4 million.

Overall, the movements are considered reasonable having regard to asset additions, deletions and revised asset status, indexation and review of unit rates / cost inputs, on-cost, asset ageing and base life review.

Valuation Reliability

Based on the methodology and approach detailed in this report the valuation is assigned an overall reliability grade of B (Reliable). Refer to the following table for a description of reliabilities.

Grade	Reliability	General Meaning
A	Highly Reliable	Data based on sound record, procedures, investigations, and analysis which is properly documented and recognised as the best method of assessment
B	Reliable	Data based on sound record, procedures, investigations, and analysis which is properly documented with minor shortcomings: e.g. the data is old, documentation is missing, and reliance is placed on unconfirmed reports or some extrapolation
C	Uncertain	Data based on sound record, procedures, investigation, and analysis which is incomplete or unsupported, or extrapolation from a limited sample for which grade A or B is available
D	Very Uncertain	Data based on unconfirmed verbal and / or cursory inspection and analysis

The reliability grade reflects that ODC's asset export provided a sound basis for the valuation. Some asset attribute and cost information required clarification or supplementation, which ODC promptly addressed where available. Remaining gaps were addressed using site observations, benchmark evidence and Aon's assessment of the available information. These factors introduce some estimation and assumptions, but do not materially compromise the overall reliability of the valuation.

Environment, Social and Governance

The valuation assumes a modern equivalent asset that meets current standards, technologies, and regulatory requirements as at the valuation date.

In line with International Valuation Standards (effective January 2025), Environmental, Social, and Governance (ESG) factors may influence asset values either directly or indirectly. While these may present both risks and opportunities, their impacts are uncertain and have not been explicitly quantified in this valuation unless otherwise stated.

Environmental Factors

The full extent of climate change has not been quantified in this valuation, as it is a challenging factor to measure. Climate change introduces a range of uncertainties that can significantly impact asset valuations. Environmental shifts and changes may influence the valuation in several ways:

- **Resource Management Consent Requirements:** As environmental regulations evolve, obtaining consent for resource management may become more stringent. This could lead to increased costs and delays in asset replacement, affecting the overall valuation.
- **Carbon Footprint:** The carbon footprint of an asset is becoming an increasingly important consideration. Assets with higher carbon footprints may face additional costs related to carbon offsetting or compliance with environmental standards, which could impact their replacement cost.
- **Procurement Decisions:** Environmental considerations may influence procurement decisions, such as the selection of materials and suppliers. Sustainable procurement practices may lead to higher initial costs but could offer long-term benefits in terms of resilience and compliance with environmental regulations.
- **Asset Design Modifications:** To meet resilience standards, assets may require design modifications that account for environmental changes. These modifications could include enhanced durability, improved energy efficiency, and the ability to withstand extreme weather events. Such changes may increase the replacement cost and alter the expected base life of the asset.

These factors could affect both the optimised replacement cost and expected base life of the assets.

Social Factors

Social factors relate to the broader impact of the assets on stakeholders, including local communities, employees and customers. For three waters infrastructure, this may include water access, wastewater and stormwater management, community reliance on essential services, health and safety practices, environmental compliance and operational continuity. These have not been separately quantified and are assumed to be reflected through compliance with applicable standards and regulations.

Governance Factors

Governance factors include the systems, processes, and controls that support the management and operation of the assets, such as regulatory compliance, asset management practices, and organisational oversight. The valuation assumes appropriate governance frameworks are in place. No explicit adjustments have been made beyond those reflected in the adopted methodology.

Overall, ESG factors have been considered at a high level, with no material impact on the valuation identified. A more detailed assessment would require specialist input.

Recommended Improvements for Future Valuations

Based on our observations and experiences from this valuation, we recommend that ODC:

- Continue to maintain, develop, and improve the information in Univerus by reviewing all key asset attributes (e.g. dimensions, materials, capacity) are fully populated and maintained within, reducing the need for supplementary data collection during future valuations.
- Continue to develop capability in capturing and recording procurement and original cost information at a component level, supported by a consistent methodology, to improve validation and benchmarking of replacement cost assumptions.

Valuation Results

The summaries of results for each category of asset are shown below, as at 30 June 2026. All Values are in NZD excluding GST.

Asset Class	Optimised Replacement Cost (\$NZD ex GST)	Depreciated Optimised Replacement Cost (\$NZD ex GST)	Annual Depreciation (\$NZD ex GST)
Meter	\$2,231,444	\$986,683	\$88,713
Water Supply Line	\$49,592,554	\$28,556,113	\$533,225
Water Supply Point	\$3,057,594	\$1,663,937	\$73,457
Water Supply Plant	\$11,199,938	\$4,445,299	\$251,316
Wastewater Line	\$33,729,376	\$17,298,155	\$450,717
Wastewater Point	\$5,820,986	\$3,220,094	\$73,346
Wastewater Plant	\$5,473,156	\$2,656,117	\$140,952
Stormwater Line	\$22,343,177	\$14,981,221	\$262,857
Stormwater Point	\$3,580,059	\$2,797,634	\$37,292
Stormwater Plant	\$3,649,357	\$1,811,955	\$57,623
Grand Total	\$140,677,642	\$78,417,208	\$1,969,498

Assumptions, Conditions and Limitations

Full Disclosure

This report has been prepared on the basis that all information and facts which may affect the valuation have been given to us by you or on your behalf.

We do not accept any liability or responsibility whatsoever for the valuation if full disclosure has not been made or for any error or defect in the valuation which has resulted from any error, omission or inaccuracy in information supplied by or on behalf of the client.

General Limitations

- This valuation has been prepared on the assumption that the assets comply with the approvals, conditions and requirements of all appropriate authorities.
- Any mensuration in this report is approximate only and should not be relied upon for any other purpose other than this valuation. If utilised for any other purpose other than this valuation, such details should be verified by a licensed surveyor.
- Our valuation is based on data received from ODC.
- This report is not a structural survey and if required, we recommend the reader seek advice from a suitably qualified expert within this field. No responsibility is accepted by the Valuer in relation to construction or structural issues related to the improvements.
- The values stated in this report are exclusive of GST.
- This valuation excludes the value of land under roads.

Appendix 1 – Asset breakdown

Asset Group	Asset Class	Asset Type	Total Asset Count	In Scope Asset Count
Water Supply	Meters	Residential	5,514	5,513
Water Supply	Meters	Commercial	280	280
Water Supply	Meters	Church	21	21
Water Supply	Meters	Commerical	9	9
Water Supply	ws_line	Lateral	2,143	2,133
Water Supply	ws_line	Main	720	720
Water Supply	ws_line	Abandoned	237	0
Water Supply	ws_line	Rider Main	47	47
Water Supply	ws_line	Rising Main	13	13
Water Supply	ws_line	Rising/Falling Main	9	9
Water Supply	ws_line	Service	6	6
Water Supply	ws_line	Flushing Line	5	5
Water Supply	ws_line	Pressure Main	5	5
Water Supply	ws_line	Falling Main	3	3
Water Supply	ws_point	Toby	1,671	1,671
Water Supply	ws_point	Valve	608	606
Water Supply	ws_point	Hydrant	267	267
Water Supply	ws_point	Dummy Node	34	0
Water Supply	ws_point	Test Point	21	0
Water Supply	ws_point	Thrust Block	5	5
Water Supply	ws_point	Scour Chamber	4	4
Water Supply	ws_point	Control Valve	2	2
Water Supply	ws_point	Joint	2	2
Water Supply	ws_point	Location Information	2	0
Water Supply	ws_point	Sump	1	1
Water Supply	ws_plant	Equipment	365	365
Water Supply	ws_plant	Pipework	73	73
Water Supply	ws_plant	Tank	59	56
Water Supply	ws_plant	Pump	56	56
Water Supply	ws_plant	Building	31	31
Water Supply	ws_plant	Electrical	13	13
Water Supply	ws_plant	Controller	9	9
Water Supply	ws_plant	Meter	9	9
Water Supply	ws_plant	Power	9	9

Asset Group	Asset Class	Asset Type	Total Asset Count	In Scope Asset Count
Water Supply	ws_plant	Analyser	6	6
Water Supply	ws_plant	Valves	6	6
Water Supply	ws_plant	Spring	4	4
Water Supply	ws_plant	Chlorine	2	2
Water Supply	ws_plant	HL pump - centrifugal	2	2
Water Supply	ws_plant	Storage Clear Water	2	2
Water Supply	ws_plant	Culvert meter and probe	1	1
Water Supply	ws_plant	Pump 1	1	1
Water Supply	ws_plant	Pump 2	1	1
Water Supply	ws_plant	Sand Filter media	1	1
Wastewater	ww_line	Lateral	1,124	1,085
Wastewater	ww_line	Gravity Main	697	690
Wastewater	ww_line	Rising Main	30	26
Wastewater	ww_line	Abandoned	25	0
Wastewater	ww_line	Syphon Line	1	1
Wastewater	ww_point	Manhole	714	713
Wastewater	ww_point	Valve	17	17
Wastewater	ww_point	Build Over Location	9	0
Wastewater	ww_point	Manhole - Abandoned	5	0
Wastewater	ww_point	Node	3	3
Wastewater	ww_point	Dump Station	1	0
Wastewater	ww_plant	Equipment	48	48
Wastewater	ww_plant	Civil works	39	35
Wastewater	ww_plant	Pumps	28	26
Wastewater	ww_plant	Electrical	17	17
Wastewater	ww_plant	Treatment	15	15
Wastewater	ww_plant	Telemetry	9	9
Wastewater	ww_plant	Civil	8	8
Stormwater	sw_line	Gravity Main	843	817
Stormwater	sw_line	Lateral	199	194
Stormwater	sw_line	Open Drain	71	69
Stormwater	sw_line	Subsoil Drain	16	2
Stormwater	sw_line	Abandoned	2	0
Stormwater	sw_line	Rising Main	2	2
Stormwater	sw_point	Catch Pit	550	50

Asset Group	Asset Class	Asset Type	Total Asset Count	In Scope Asset Count
Stormwater	sw_point	Manhole	429	428
Stormwater	sw_point	Outlet	36	34
Stormwater	sw_point	Inlet	24	19
Stormwater	sw_point	Inspection Point	8	8
Stormwater	sw_point	Soakage trench	4	4
Stormwater	sw_point	Build Over Location	1	0
Stormwater	sw_plant	Equipment	16	16
Stormwater	sw_plant	Civil	14	11
Stormwater	sw_plant	Building	13	13
Stormwater	sw_plant	Electrical	10	10
Stormwater	sw_plant	Pump	10	10
Grand Total			17,317	16,351

Appendix 2 – Unit Rates and Base Lives – Non-Plant

LookupCode	Unit Rate	UoM	Base Life
MetersChurchManifoldPlastic	\$353.29	Each	40
MetersChurchManifoldNone	\$353.29	Each	40
MetersChurchMeterPlastic	\$541.41	Each	10
MetersChurchMeterN/A	\$541.41	Each	10
MetersChurchMeter boxPolypropylene	\$150.26	Each	40
MetersChurchTobyPlastic	\$150.26	Each	40
MetersCommercialManifoldPlastic	\$353.29	Each	40
MetersCommercialManifoldPolypropylene	\$353.29	Each	40
MetersCommercialMeterPlastic	\$541.41	Each	10
MetersCommercialMeterN/A	\$541.41	Each	10
MetersCommercialMeterNone	\$541.41	Each	10
MetersCommercialMeter boxPlastic	\$150.26	Each	40
MetersCommercialMeter boxPolypropylene	\$150.26	Each	40
MetersCommercialMeter boxNone	\$150.26	Each	40
MetersCommercialTobyPlastic	\$150.26	Each	40
MetersCommericalMeterN/A	\$660.71	Each	10
MetersCommericalMeterNone	\$660.71	Each	10
MetersCommericalMeter BULKPlastic	\$3,306.96	Each	10
MetersCommericalMeter BULKNone	\$3,306.96	Each	10
MetersResidentialManifoldPlastic	\$353.29	Each	40
MetersResidentialManifoldPolypropylene	\$353.29	Each	40
MetersResidentialManifoldNone	\$353.29	Each	40
MetersResidentialManifold	\$353.29	Each	40
MetersResidentialMeterHousing - steel	\$541.41	Each	10
MetersResidentialMeterPlastic	\$541.41	Each	10
MetersResidentialMeterNone	\$541.41	Each	10
MetersResidentialMeterN/A	\$541.41	Each	10
MetersResidentialMeter	\$541.41	Each	10
MetersResidentialMeter (BULK)Plastic	\$3,306.96	Each	10
MetersResidentialMeter (BULK)None	\$3,306.96	Each	10
MetersResidentialMeter (BULK)N/A	\$3,306.96	Each	10
MetersResidentialMeter boxPlastic	\$150.26	Each	40
MetersResidentialMeter boxPolypropylene	\$150.26	Each	40
MetersResidentialMeter boxNone	\$150.26	Each	40
MetersResidentialTobyPlastic	\$150.26	Each	40
MetersResidentialTobyNone	\$150.26	Each	40
sw_lineGravity MainAC450	\$578.11	m	60
sw_lineGravity MainAC600	\$776.56	m	60

sw_lineGravity MainConcrete100	\$242.01	m	100
sw_lineGravity MainConcrete150	\$290.19	m	100
sw_lineGravity MainConcrete200	\$407.19	m	100
sw_lineGravity MainConcrete225	\$436.46	m	100
sw_lineGravity MainConcrete300	\$465.72	m	100
sw_lineGravity MainConcrete325	\$519.62	m	100
sw_lineGravity MainConcrete375	\$524.78	m	100
sw_lineGravity MainConcrete400	\$529.94	m	100
sw_lineGravity MainConcrete450	\$578.11	m	100
sw_lineGravity MainConcrete525	\$660.17	m	100
sw_lineGravity MainConcrete600	\$776.56	m	100
sw_lineGravity MainConcrete675	\$910.73	m	100
sw_lineGravity MainConcrete750	\$1,089.66	m	100
sw_lineGravity MainConcrete900	\$1,467.03	m	100
sw_lineGravity MainConcrete950	\$1,809.00	m	100
sw_lineGravity MainHDPE225	\$436.46	m	90
sw_lineGravity MainMDPE300	\$465.72	m	90
sw_lineGravity MainMDPE600	\$776.56	m	90
sw_lineGravity MainPVC100	\$242.01	m	80
sw_lineGravity MainPVC150	\$290.20	m	80
sw_lineGravity MainPVC200	\$407.19	m	80
sw_lineGravity MainPVC225	\$436.46	m	80
sw_lineGravity MainPVC300	\$465.72	m	80
sw_lineGravity MainRCRRJ225	\$436.46	m	90
sw_lineGravity MainRCRRJ300	\$465.72	m	90
sw_lineGravity MainRCRRJ375	\$524.78	m	90
sw_lineGravity MainRCRRJ450	\$578.11	m	90
sw_lineGravity MainRCRRJ525	\$660.17	m	90
sw_lineGravity MainRCRRJ600	\$776.56	m	90
sw_lineGravity MainRCRRJ750	\$1,089.66	m	90
sw_lineGravity MainRCRRJ1200	\$3,073.00	m	90
sw_lineGravity MainSpiral300	\$465.72	m	40
sw_lineGravity MainSpiral600	\$776.56	m	40
sw_lineGravity MainSpiral675	\$910.73	m	40
sw_lineGravity MainuPVC100	\$242.02	m	80
sw_lineGravity MainuPVC150	\$290.20	m	80
sw_lineGravity MainuPVC175	\$314.30	m	80
sw_lineGravity MainuPVC225	\$436.46	m	80
sw_lineGravity MainuPVC300	\$465.72	m	80
sw_lineGravity MainuPVC375	\$524.78	m	80
sw_lineLateralConcrete100	\$242.02	m	100
sw_lineLateralConcrete150	\$290.20	m	100

sw_lineLateralConcrete200	\$407.19	m	100
sw_lineLateralConcrete225	\$436.46	m	100
sw_lineLateralPVC90	\$233.00	m	80
sw_lineLateralPVC100	\$242.02	m	80
sw_lineLateralPVC150	\$290.20	m	80
sw_lineLateralPVC200	\$407.19	m	80
sw_lineLateralRCRRJ225	\$436.46	m	90
sw_lineLateralRCRRJ300	\$465.72	m	90
sw_lineLateralRCRRJ450	\$578.11	m	90
sw_lineLateralRCRRJ600	\$776.56	m	90
sw_lineLateralSpiral65	\$196.14	m	40
sw_lineLateraluPVC100	\$242.02	m	80
sw_lineLateraluPVC150	\$290.20	m	80
sw_lineLateraluPVC225	\$436.46	m	80
sw_lineOpen DrainNone0	\$436.00	m	60
sw_lineOpen DrainUnknown0	\$436.00	m	60
sw_lineRising MainConcrete450	\$578.11	m	100
sw_lineRising MainPVC150	\$290.20	m	80
sw_lineSubsoil DrainNovaflo100	\$242.02	m	70
sw_pointCatch PitCatchpit over Manhole65Surface	\$2,680.00	Each	50
sw_pointCatch PitCatchpit over Manhole65< 1m	\$2,680.00	Each	50
sw_pointCatch PitCatchpit over Manhole651m-2m	\$2,680.00	Each	50
sw_pointCatch PitCatchpit over Manhole65Dummy Value -99	\$2,680.00	Each	50
sw_pointCatch PitCatchpit over Manhole1050Surface	\$4,997.73	Each	50
sw_pointCatch PitHeavy Duty Lid0Surface	\$2,498.30	Each	100
sw_pointCatch PitHeavy Duty Lid0< 1m	\$2,498.30	Each	100
sw_pointCatch PitHeavy Duty Lid01m-2m	\$2,498.30	Each	100
sw_pointCatch PitHeavy Duty Lid65Surface	\$2,498.30	Each	100
sw_pointCatch PitHeavy Duty Lid651m-2m	\$2,498.30	Each	100
sw_pointCatch PitLight Duty Lid0Surface	\$2,498.30	Each	100
sw_pointCatch PitN/A0Surface	\$2,498.30	Each	100
sw_pointCatch PitN/A01m-2m	\$2,498.30	Each	100
sw_pointCatch PitNONE0Surface	\$2,498.30	Each	100
sw_pointCatch PitNONE01m-2m	\$2,498.30	Each	100
sw_pointCatch PitOther0Surface	\$2,498.30	Each	100
sw_pointInletConcrete Structure0< 1m	\$3,722.20	Each	100
sw_pointInletConcrete Structure0Surface	\$7,116.34	Each	100
sw_pointInletHeavy Duty Lid0Surface	\$3,722.20	Each	100
sw_pointInletHeavy Duty Lid65Surface	\$3,722.20	Each	100
sw_pointInletHeavy Duty Lid375Surface	\$3,722.20	Each	100
sw_pointInletHeavy Duty Lid6001m-2m	\$6,140.20	Each	100
sw_pointInletHeavy Duty Lid600Surface	\$6,140.20	Each	100

sw_pointInletOther0Surface	\$1,399.41	Each	100
sw_pointInletOther300Surface	\$3,722.20	Each	100
sw_pointInletOther375Surface	\$3,722.20	Each	100
sw_pointInletPipe225Surface	\$3,722.20	Each	100
sw_pointInletPipe300Surface	\$3,722.20	Each	100
sw_pointInletPipe450Surface	\$4,662.79	Each	100
sw_pointInspection PointHeavy Duty Lid65Surface	\$1,241.12	Each	100
sw_pointInspection PointNONE0Surface	\$1,241.12	Each	100
sw_pointManholeCatchpit over Manhole12001m-2m	\$8,161.31	Each	100
sw_pointManholeCatchpit over Manhole12002m-3m	\$9,069.54	Each	100
sw_pointManholeConcrete Structure12002m-3m	\$12,469.41	Each	100
sw_pointManholeConcrete Structure15001m-2m	\$11,415.52	Each	100
sw_pointManholeConcrete Structure15002m-3m	\$12,420.00	Each	100
sw_pointManholeConcrete Structure1500Surface	\$11,415.52	Each	100
sw_pointManholeHeavy Duty Lid600Surface	\$4,588.23	Each	100
sw_pointManholeHeavy Duty Lid1050Dummy Value -99	\$5,330.37	Each	100
sw_pointManholeHeavy Duty Lid1050Surface	\$5,330.37	Each	100
sw_pointManholeHeavy Duty Lid1050< 1m	\$5,330.37	Each	100
sw_pointManholeHeavy Duty Lid10501m-2m	\$7,328.55	Each	100
sw_pointManholeHeavy Duty Lid10502m-3m	\$8,144.11	Each	100
sw_pointManholeHeavy Duty Lid10503m-4m	\$12,346.93	Each	100
sw_pointManholeHeavy Duty Lid1050> 4m	\$12,617.64	Each	100
sw_pointManholeHeavy Duty Lid1200Surface	\$8,161.31	Each	100
sw_pointManholeHeavy Duty Lid12001m-2m	\$8,161.31	Each	100
sw_pointManholeHeavy Duty Lid12002m-3m	\$9,069.54	Each	100
sw_pointManholeHeavy Duty Lid12003m-4m	\$9,268.39	Each	100
sw_pointManholeHeavy Duty Lid1500Surface	\$11,415.52	Each	100
sw_pointManholeHeavy Duty Lid15001m-2m	\$11,415.52	Each	100
sw_pointManholeHeavy Duty Lid15002m-3m	\$14,298.42	Each	100
sw_pointManholeHeavy Duty Lid1800< 1m	\$12,594.70	Each	100
sw_pointManholeHeavy Duty Lid1800Surface	\$12,594.70	Each	100
sw_pointManholeHeavy Duty Lid18001m-2m	\$12,594.70	Each	100
sw_pointManholeHeavy Duty Lid2050Surface	\$15,270.78	Each	100
sw_pointManholeHeavy Duty Lid20501m-2m	\$15,270.78	Each	100
sw_pointManholeHeavy Duty Lid20502m-3m	\$16,563.51	Each	100
sw_pointManholeN/A1050Surface	\$5,330.37	Each	100
sw_pointManholeN/A1050< 1m	\$5,330.37	Each	100
sw_pointManholeN/A10501m-2m	\$7,328.55	Each	100
sw_pointManholeN/A10502m-3m	\$8,144.11	Each	100
sw_pointManholeN/A10503m-4m	\$12,346.93	Each	100
sw_pointManholeNONE1050Surface	\$5,330.37	Each	100
sw_pointManholeNONE10501m-2m	\$7,328.55	Each	100

sw_pointManholeNONE10502m-3m	\$8,144.11	Each	100
sw_pointManholeScruffy Dome1500Surface	\$9,132.41	Each	100
sw_pointManholeShallow1050Surface	\$5,330.37	Each	100
sw_pointOutletConcrete Structure0Surface	\$4,245.27	Each	100
sw_pointOutletConcrete Structure300Surface	\$4,245.27	Each	100
sw_pointOutletConcrete Structure450Surface	\$4,662.79	Each	100
sw_pointOutletConcrete Structure500Surface	\$5,571.26	Each	100
sw_pointOutletHeavy Duty Lid65Surface	\$2,665.76	Each	100
sw_pointOutletHeavy Duty Lid225Surface	\$4,216.59	Each	100
sw_pointOutletHeavy Duty Lid450Surface	\$4,342.76	Each	100
sw_pointOutletHeavy Duty Lid900Surface	\$7,494.88	Each	100
sw_pointOutletNONE0Surface	\$3,664.85	Each	100
sw_pointOutletNon-return Valve0Surface	\$2,368.17	Each	50
sw_pointOutletOther0Surface	\$3,664.85	Each	100
sw_pointOutletOther150Surface	\$4,164.96	Each	100
sw_pointOutletOther300Surface	\$4,245.27	Each	100
sw_pointOutletOther375Surface	\$4,342.76	Each	100
sw_pointOutletOther900Surface	\$7,494.88	Each	100
sw_pointOutletPipe65Surface	\$2,481.08	Each	100
sw_pointOutletPipe375Surface	\$4,342.76	Each	100
sw_pointSoakage trenchConcrete Structure02m-3m	\$139.94	Each	50
sw_pointSoakage trenchConcrete Structure0Surface	\$139.94	Each	50
ws_lineFalling MainAC150	\$668.23	m	60
ws_lineFalling MainAC200	\$795.44	m	60
ws_lineFlushing LineAC25	\$97.50	m	60
ws_lineFlushing LineMDPE20	\$94.06	m	90
ws_lineFlushing LineMDPE25	\$97.50	m	90
ws_lineFlushing LinePVC65	\$196.14	m	80
ws_lineLateralAC15	\$84.87	m	60
ws_lineLateralAC20	\$94.06	m	60
ws_lineLateralAC25	\$97.50	m	60
ws_lineLateralAC32	\$106.67	m	60
ws_lineLateralAC40	\$146.82	m	60
ws_lineLateralAC50	\$160.58	m	60
ws_lineLateralAC150	\$668.23	m	60
ws_lineLateralALK15	\$84.87	m	65
ws_lineLateralALK20	\$94.06	m	65
ws_lineLateralALK25	\$97.50	m	65
ws_lineLateralConcrete100	\$283.00	m	80
ws_lineLateralCopper15	\$84.87	m	50
ws_lineLateralCopper20	\$94.06	m	50
ws_lineLateralGI15	\$84.87	m	60

ws_lineLateralHDPE40	\$146.82	m	90
ws_lineLateralMDPE15	\$84.87	m	90
ws_lineLateralMDPE20	\$94.06	m	90
ws_lineLateralMDPE25	\$97.50	m	90
ws_lineLateralMDPE32	\$106.67	m	90
ws_lineLateralMDPE40	\$146.82	m	90
ws_lineLateralMDPE50	\$160.58	m	90
ws_lineLateralMDPE63	\$194.99	m	90
ws_lineLateralMDPE180	\$674.51	m	90
ws_lineLateralPVC15	\$84.87	m	80
ws_lineLateralPVC20	\$94.06	m	80
ws_lineLateralPVC25	\$97.50	m	80
ws_lineLateralPVC32	\$106.67	m	80
ws_lineLateralPVC40	\$146.82	m	80
ws_lineLateralPVC50	\$160.58	m	80
ws_lineLateralPVC65	\$196.14	m	80
ws_lineLateralPVC100	\$283.00	m	80
ws_lineLateralSTEEL20	\$94.06	m	60
ws_lineLateralUnknown0	\$84.87	m	70
ws_lineLateralUnknown15	\$84.87	m	70
ws_lineLateralUnknown20	\$94.06	m	70
ws_lineMainAC15	\$84.87	m	60
ws_lineMainAC20	\$94.06	m	60
ws_lineMainAC25	\$97.50	m	60
ws_lineMainAC32	\$106.67	m	60
ws_lineMainAC50	\$160.58	m	60
ws_lineMainAC80	\$230.55	m	60
ws_lineMainAC100	\$283.00	m	60
ws_lineMainAC150	\$668.23	m	60
ws_lineMainAC200	\$795.44	m	60
ws_lineMainALK20	\$94.06	m	65
ws_lineMainALK32	\$106.67	m	65
ws_lineMainConcrete100	\$283.00	m	80
ws_lineMainConcrete150	\$668.23	m	80
ws_lineMainGalv50	\$160.58	m	60
ws_lineMainGalv100	\$344.10	m	60
ws_lineMainGalv150	\$668.23	m	60
ws_lineMainHDPE180	\$674.51	m	90
ws_lineMainMDPE15	\$84.87	m	90
ws_lineMainMDPE20	\$94.06	m	90
ws_lineMainMDPE25	\$97.50	m	90
ws_lineMainMDPE32	\$106.67	m	90

ws_lineMainMDPE40	\$146.82	m	90
ws_lineMainMDPE50	\$160.58	m	90
ws_lineMainMDPE63	\$194.99	m	90
ws_lineMainMDPE90	\$253.51	m	90
ws_lineMainMDPE100	\$283.00	m	90
ws_lineMainMDPE125	\$512.00	m	90
ws_lineMainMDPE150	\$668.23	m	90
ws_lineMainMDPE180	\$674.51	m	90
ws_lineMainPVC20	\$94.06	m	80
ws_lineMainPVC25	\$97.50	m	80
ws_lineMainPVC32	\$106.67	m	80
ws_lineMainPVC40	\$146.82	m	80
ws_lineMainPVC50	\$160.58	m	80
ws_lineMainPVC63	\$194.99	m	80
ws_lineMainPVC65	\$196.14	m	80
ws_lineMainPVC80	\$230.55	m	80
ws_lineMainPVC100	\$283.00	m	80
ws_lineMainPVC110	\$325.74	m	80
ws_lineMainPVC125	\$512.00	m	80
ws_lineMainPVC150	\$668.23	m	80
ws_lineMainUnknown100	\$283.00	m	70
ws_linePressure MainGalv100	\$344.10	m	60
ws_linePressure MainMDPE125	\$512.00	m	90
ws_linePressure MainPVC100	\$283.00	m	80
ws_lineRider MainAC40	\$146.82	m	60
ws_lineRider MainCopper20	\$94.06	m	50
ws_lineRider MainMDPE32	\$106.67	m	90
ws_lineRider MainMDPE50	\$160.58	m	90
ws_lineRider MainMDPE63	\$194.99	m	90
ws_lineRider MainMDPE125	\$512.00	m	90
ws_lineRider MainPVC20	\$94.06	m	80
ws_lineRider MainPVC40	\$146.82	m	80
ws_lineRider MainPVC50	\$160.58	m	80
ws_lineRider MainPVC63	\$194.99	m	80
ws_lineRider MainPVC100	\$283.00	m	80
ws_lineRising MainAC100	\$283.00	m	60
ws_lineRising MainAC200	\$795.44	m	60
ws_lineRising MainAC225	\$937.44	m	60
ws_lineRising MainMDPE150	\$668.23	m	90
ws_lineRising MainMDPE315	\$1,345.92	m	90
ws_lineRising MainPVC100	\$283.00	m	80
ws_lineRising MainPVC125	\$512.00	m	80

ws_lineRising/Falling MainHDPE180	\$674.51	m	90
ws_lineRising/Falling MainMDPE125	\$512.00	m	90
ws_lineRising/Falling MainPVC125	\$512.00	m	80
ws_lineServicePVC80	\$230.55	m	80
ws_lineServicePVC100	\$283.00	m	80
ws_lineServicePVC150	\$668.23	m	80
ws_pointControl ValvePressure Relief Valve0Surface	\$538.22	Each	25
ws_pointHydrantGate0Surface	\$3,500.00	Each	50
ws_pointHydrantGate50Surface	\$3,500.00	Each	50
ws_pointHydrantGate80Surface	\$3,500.00	Each	50
ws_pointHydrantGate100Surface	\$3,500.00	Each	50
ws_pointHydrantGate150Surface	\$3,500.00	Each	50
ws_pointJointGate15Surface	\$252.35	Each	20
ws_pointScour ChamberSCOUR0Surface	\$7,116.34	Each	80
ws_pointSumpN/A0Surface	\$1,076.44	Each	80
ws_pointThrust BlockNONE0Surface	\$419.82	Each	60
ws_pointTobyN/A20Surface	\$503.56	Each	40
ws_pointTobyNONE0Surface	\$451.94	Each	20
ws_pointTobyNONE15Surface	\$451.94	Each	20
ws_pointTobyNONE20Surface	\$503.56	Each	20
ws_pointTobyNONE25Surface	\$557.47	Each	20
ws_pointTobyNONE32Surface	\$632.03	Each	20
ws_pointTobyNONE40Surface	\$783.44	Each	20
ws_pointTobyNONE50Surface	\$858.00	Each	20
ws_pointTobyNONE80Surface	\$978.44	Each	20
ws_pointTobyNONE100Surface	\$1,054.15	Each	20
ws_pointTobyNONE150Surface	\$1,174.58	Each	20
ws_pointValveAIR0Surface	\$3,549.00	Each	50
ws_pointValveAIR50Surface	\$3,549.00	Each	50
ws_pointValveAIR80Surface	\$4,588.23	Each	50
ws_pointValveCHECK/NON RETURN100Surface	\$2,409.97	Each	50
ws_pointValveFlush0Surface	\$240.89	Each	50
ws_pointValveFlush25Surface	\$699.71	Each	50
ws_pointValveFlush50Surface	\$1,335.18	Each	50
ws_pointValveFlush100Surface	\$1,335.18	Each	50
ws_pointValveGate0Surface	\$240.89	Each	50
ws_pointValveGate15Surface	\$437.03	Each	50
ws_pointValveGate20> 4m	\$437.03	Each	50
ws_pointValveGate20Surface	\$437.03	Each	50
ws_pointValveGate32Surface	\$769.33	Each	50
ws_pointValveGate40Surface	\$979.55	Each	50
ws_pointValveGate50Surface	\$1,400.00	Each	50

ws_pointValveGate63Surface	\$1,400.00	Each	50
ws_pointValveGate65Surface	\$1,400.00	Each	50
ws_pointValveGate100Surface	\$2,409.97	Each	50
ws_pointValveGate150Surface	\$3,011.03	Each	50
ws_pointValvelsolation Valve32Surface	\$451.94	Each	50
ws_pointValvelsolation Valve40Surface	\$527.65	Each	50
ws_pointValvelsolation Valve50Surface	\$872.91	Each	50
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Item Annual Report 30 June 2026 Adoption

To Risk and Assurance Committee

From Brendan O’Callaghan, Project Accountant

Type **DECISION REPORT**

Date 22 October 2026



1. Purpose | Te kaupapa

- 1.1. To recommend the adoption of the 2025/26 Annual Report.

2. Executive summary | Whakarāpopoto matua

- 2.1. The Annual Report 2025/26 audit by Deloitte has been completed. This report gives the Committee the opportunity to review the Annual Report prior to recommending the Council to adopt it.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk & Assurance Committee recommends to the Council that they adopt the 30 June 2026 Annual Report and sign the associated Representation Letter.

4. Context | Horopaki

- 4.1. The audit has now been completed, subject to final clearance processes, and so Council is able to adopt the final 2025/26 Annual Report.
- 4.2. The Annual Report document is provided for the Risk and Assurance Committee to review, so that any questions can be addressed prior to the report going to Council.

5. Discussion | He kōrerorero

- 5.1. The Annual Report document attached is the latest draft document as at the time of sending the agenda, and there may be a few further changes that will be tabled at the meeting.

Fixed Asset Valuations

- 5.2. As adopted in the earlier report, the total movement in the 3 waters valuations was an uptake in the optimised depreciated replacement cost value of these assets of \$46,164,997 over the 30 June 2023 valuation.

New Accounting Standards

- 5.3. During the year there were no new accounting standards that Council were required to apply to this Annual Report document.

Audit Opinion

- 5.4. From a discussion with Deloitte, there was only one issue that has been identified by the Office of the Auditor General as requiring an emphasis of matter within the audit report.
- 5.5. This relates to the uncertainty around the local government reforms that the Government has been undertaking. The wording of the emphasis is included below.

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 xxx, [describe status/circumstances briefly as disclosed by the council, for example “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 council is not yet part of an amalgamation proposal and any future change may be determined through a backstop process following 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.

- 5.6. We have included some information in our subsequent events note within the Annual Report around Ōtorohanga’s specific circumstances and assumptions made.

6. Strategic Considerations | Ngā whai whakaarotanga

Significance and engagement

- 6.1. This item has been assessed as of low significance in accordance with our significance and engagement policy, and so therefore no engagement is required. This is due to the fact that this is the adoption of a public report of what has happened in the past financial year, as opposed to planning which the public may have some influence on.

Mana whenua / Māori

- 6.2. Staff consider the matters set out in this report do not have a direct impact on cultural wellbeing, sites of significance or waterways.

Strategic alignment

- 6.3. Staff confirm that the recommendation in this report complies with Council’s Policies and Plans.

Legal

- 6.4. There are no legal considerations around this matter, outside of the legislative requirements to produce and adopt an Annual Report each financial year.

Financial

6.5. As this is a financial decision, all the financial considerations are included in the discussion in the report.

Risk analysis

6.6. The risks associated with this decision is deemed to be low.

7. Options analysis | Tātari Kōwhiringa

Options summary of considerations

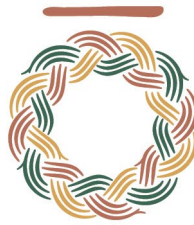
	Option 1	Option 2
Summary	Recommend that Council adopt the Annual Report	Make no recommendation to Council
Advantages	Provides a level of comfort to the Council that the Committee has reviewed the Annual Report and audit process	
Disadvantages		Does not provide Council with any assurance from the Committee on their thoughts on the Annual Report and audit process

Recommended option and rationale

- 7.1. To recommend that the Council adopt the Annual Report and approve the signing of the associated Representation Letter.
- 7.2. No significant issues have been identified as a part of the audit process, and the Annual Report presents a fair and accurate record of the actual results for the 2025/26 financial year.

8. Appendices | Ngā āpitihanga

Number	Title
1	Annual Report 2025/26



TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

2025/26 ANNUAL REPORT

ŌTOROHANGA DISTRICT COUNCIL

OCTOBER 2026

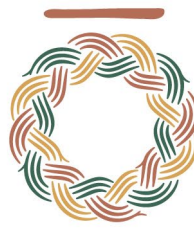


NGĀ RĀRANGI UPOKO

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INTRODUCTION

- MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE
- STATEMENT OF COMPLIANCE
- WHAT WE DID IN 2025/26...
- HOW WELL DID WE DO?
- HIGHLIGHTS FOR THE YEAR
- WHAT ELSE HAPPENED THAT WAS NOT IN THE PLAN?
- OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO DECISION MAKING



MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

E ngā mana, e ngā reo, e ngā hapori o te rohe o Ōtorohanga, tēnā koutou katoa.

The 2025/26 year has been one of significant change, unexpected challenges and important progress for Ōtorohanga District Council. It has tested our resilience, strengthened our partnerships and reminded us of what makes our district special - our people and their willingness to come together when it matters most.

Without question, the most significant event was the severe weather and flooding that struck our district in February 2026. The event caused widespread damage to homes, roads and infrastructure, displaced families and tragically resulted in the loss of life. Our thoughts remain with everyone affected, particularly those facing ongoing disruption.

While the event presented enormous challenges, the response demonstrated the strength of our communities. Neighbours helped neighbours, volunteers gave their time, and iwi, emergency services, community organisations, businesses and government agencies worked alongside Council to support those in need. We are incredibly grateful to everyone who stepped forward.

Recovery remains a priority, with work continuing to repair damaged infrastructure and restore access. The flooding has also reinforced the importance of investing in resilient infrastructure and preparing for more frequent severe weather events.

This year also brought a new chapter in leadership following the October 2025 local elections. We welcomed six new Councillors, as well as new Community Board members. We acknowledge former Mayor Max Baxter, who served our district for 12 years, and the outgoing elected members for their dedication and contribution to our communities.

Alongside these changes, Council has continued delivering the everyday services that keep our district running. There have been encouraging results, with community trust in Council increasing to 82.2%, while all Māori leaders who responded to our survey rated their relationship with Council as good or better. Satisfaction with our libraries remained high at 94.2%, with more than 42,000 people participating in library programmes and activities.

Another major focus has been preparing for the transition of drinking water and wastewater services to Waikato Waters Limited. Following our decision to join five other Waikato councils in establishing the new organisation, considerable work has gone into preparing for the transfer of services in July 2027. Our priority remains ensuring safe, reliable and financially sustainable water services for our communities.

Affordability has remained front of mind. Like households and businesses across our district, Council continues to face rising costs and difficult decisions about where to invest limited resources. The additional costs of responding to severe weather, maintaining ageing infrastructure and meeting changing legislative requirements have added to these pressures. Balancing affordability today with responsible investment for the future remains central to our decision-making.





The wider local government sector is also experiencing significant reform. During the year, we began working alongside Waitomo District Council to explore what the future of local government in the King Country could look like through the Government's Head Start pathway. While there are still important questions to work through, our focus is on understanding the opportunities and challenges, and ensuring our communities have a voice in shaping what comes next.

Throughout the year, our relationships with iwi, hapū, community organisations and neighbouring councils have continued to be essential to the way we work. We know the best outcomes come from working together, drawing on local knowledge and recognising the aspirations of the people and places that make up our district.

However, not everything has gone to plan. For a variety of reasons, we achieved 29 of our 53 performance measures. We know there are areas where improvement is needed, particularly across some infrastructure and regulatory services, and we remain committed to addressing these challenges and improving the services our communities rely on.

We also acknowledge our elected members and Council staff, who have navigated a demanding year with professionalism, care and commitment. From responding to emergencies and supporting recovery to keeping essential services running, their contribution has been significant.

As we look ahead, further challenges and changes are inevitable. But this year has also given us many reasons to be confident in our future. We have strong communities, committed people and a shared determination to make Ōtorohanga District a great place to live, work and visit.

Ehara taku toa i te toa takitahi, engari he toa takitini.

Our strength is not from one warrior, but from many.

Ngā mihi nui,

Rodney Dow
MAYOR

Tanya Winter
CHIEF EXECUTIVE





NGĀ TAKE MATUA

STATEMENT OF COMPLIANCE

Statement of Compliance

The Council and Management of Ōtorohanga District Council confirm that all the statutory requirements of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Statement of Responsibility

The Council and Management of Ōtorohanga District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.

The Council and Management of Ōtorohanga District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

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

Rodney Dow
MAYOR

Tanya Winter
CHIEF EXECUTIVE

27 October 2026

DRAFT



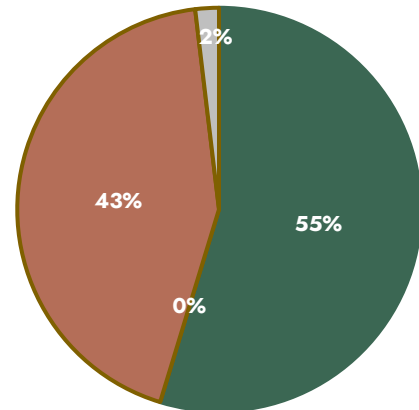


HOW WELL DID WE DO?

We carry out a wide range of activities and services for the community. As we strive to deliver the best for the district, we test our performance against a set of measures.

These non-financial performance and level of service targets are identified in our Long Term Plan 2024/34 along with the measures we use to assess them.

We use a total of 53 measures for our six activity groups. Some of these measures (20) are set for us by the Department of Internal Affairs so that our results can be easily compared with other councils delivering similar services or activities.



■ Achieved ■ Partially Achieved ■ Not Achieved ■ Not Applicable



HIGHLIGHTS FOR THE YEAR

- Ōtorohanga District Council and Waitomo District Council are also in the processing of combining building teams, with the strategic appointment of one Building Manager across both councils. Combining the Council's building teams, once fully implemented, will boost capacity, improve service delivery, and provide cost efficiency.
- In addition, a joint procurement arrangement with the Waitomo District Council for the delivery of kerbside refuse and recycling services was completed and new contracts are in place.
- Council in junction with the Ōtorohanga Community Board completed the installation of a fitness station (Te Papa Whaiora).





WHAT ELSE HAPPENED THAT WAS NOT IN THE PLAN?

- Since the LTP was adopted in June 2024, the local government sector has undergone an inordinate amount of change due to the introduction of new or amended policies by central government. These changes have involved revisiting previous decisions made by Council, new legislative requirements and cuts in anticipated funding. New policy directions that directly impacted Council's work programmes have included the following:
 - A shortfall in the expected funding allocations from New Zealand Land Transport Agency (NZTA) - Waka Kotahi for the next three years (formal advice received August 2024). This shortfall has largely affected walking, cycling, road safety projects/services and low cost/low risk new works.
 - Enactment of the Local Government (Water Services Preliminary Arrangements) Act in September 2024 requiring all councils to have developed water services delivery plan (WSDP) by 3 September 2025 which outlines, amongst other matters, council's intended water services delivery and implementation arrangements for the district. Furthermore, council's must have consulted on their preferred arrangement prior to submitting their WSDP to the Minister of Local Government. Council's WSDP was accepted by the Government on 17th September 2025, and work has been on-going with the establishment of Waikato Waters Limited.
 - The development of a Head Start proposal in response to the Government's announcement of reorganisation of the local government sector. This proposal was a joint reorganisation proposal with Waitomo District Council which would create one unitary authority for the combined area of both councils. This proposal was submitted, and the Government has signalled they will review these proposals in early 2027.
- The changes to date have placed councils and staff under an enormous amount of pressure and there is more to come with substantive legislative reform and changes underway in relation to resource management reform.
- Staff continued to progress work programmes despite the additional load, although in the land transport area adjustments had to be made to the programme to because of funding being lower than anticipated. The main activities to be affected largely relate to the footpath programme and road safety.
- Waikeria Prison stage 2 extension building consent processing is well underway as the stage 2 build continues.
- Ōtorohanga was subject to a significant flood event in February 2026, requiring a Civil Defence emergency declaration, a joint response alongside Waipā District Council who also declared an emergency, and a long recovery relating to several affected houses. This was the first major emergency event for Council which tested our Civil Defence Emergency Management systems, processes, response, and recovery. Council initiated an independent review of our response and is actively implementing recommendations to improve our Civil Defence Emergency Management systems, capacity and capability. With the international scientific consensus being that weather events are going to increase in frequency and severity, boosting our Civil Defence Emergency Management capacity and capability is included in this Long-Term Plan.



OPPORTUNITIES FOR MĀORI TO CONTRIBUTE TO DECISION MAKING

The Local Government Act (2002) places a responsibility on local authorities to develop the capacity of Māori to contribute to the council's decision making. Here in the Ōtorohanga district we recognise the importance of Te Tiriti o Waitangi as the founding document of Aotearoa/New Zealand, which establishes a relationship between the Treaty partners, these being iwi/Māori and the Crown. We also recognise that not only is there an obligation on Council to engage with iwi/Māori, but that it makes good sense to do so. By working in partnership with iwi/Māori we want to ensure that everything we do is aimed at supporting the wellbeing of everyone in our community.

In the past year we have undertaken a range of initiatives to deliver on our commitment and progress our relationships with iwi/Māori and hapū. Examples of what we have done are outlined below:

MĀORI PARTNERSHIP

Council has made considerable strides toward building and strengthening Māori partnership across the district. This has involved formal delegations of Council elected members and staff attending events including: the tangihanga of the Late Kīngi Tūheitia Pōtatau Te Wherowhero VII, and Koroneihana of Te Arikunui Kuini Nga wai hono i te po, Poukai across a number of marae in the district, and meeting with iwi.

Throughout the year, Council has met with post-settlement governance entities, rūnanga, Māori trusts and marae to discuss the strategic direction of Council, and to seek guidance on any alignments between the aspirations of Māori and Council plans. These have led to further opportunities where Council invited Māori to contribute to the development of key strategies and plans such as the Reserves Management Strategy, the Aotea & Kāwhia Concept Plans. In good faith to these relations, Council also hosted a number of hui to inform Māori about the water reforms prior to wider public consultation.

MĀORI ENGAGEMENT FRAMEWORK

The Māori Engagement Framework guides the ways in which Council engages with Māori across the district. The framework is being implemented across the organisation involving the review of internal processes and documents, stakeholder databases and the development of resources and engagement plans.

CULTURAL COMPETENCY

A number of events across the year have contributed to building cultural competency across Council. These include national events and celebrations such as Te Wiki o Te Reo Māori (Māori Language Week), Matariki and Waitangi Day. Celebrations have been marked with the sharing of kai, kōrero about the cultural significance of these events, and opportunities to experience cultural practices through raranga (Māori traditional weaving). Following the local government elections, the new Council and Community Boards were formally welcomed with pōwhiri.

Council continues to host Mihi Whakatau (a cultural welcoming) for new staff members. This has been well attended and warmly received by participants, providing an opportunity to informally connect and welcome new staff. These are complemented by the individual cultural inductions provided by the Kaitakawaenga-Iwi Relations Advisor to new staff as part of their orientation programme.





TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

OUR SERVICES

WHAT OUR ACTIVITIES COST AT A GLANCE

- COMBINED COST OF SERVICE STATEMENT
- WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

GUIDE TO THIS SECTION OF THE ANNUAL REPORT GROUPS OF ACTIVITIES

- TRUSTED LEADERSHIP AND RELATIONSHIPS
- STRONG COMMUNITIES
- VIBRANT PLACES AND SPACES
- SUSTAINABLE DEVELOPMENT AND PUBLIC SAFETY
- RESILIENT INFRASTRUCTURE
- RESPONSIBLE WASTE MANAGEMENT



WHAT OUR ACTIVITIES COST AT A GLANCE

COMBINED COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	COMBINED COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
10,172	Activity Revenue	8,720	13,962
8,729	Targeted Rates	9,488	9,319
26	Development Contributions	265	74
8,522	General Rates	9,673	9,718
12,335	Other General Sources	13,840	13,097
39,784	<i>Total Operating Revenue</i>	41,986	46,170
	Reconciling Items:		
(12,335)	Internal Recoveries	(13,840)	(13,097)
(62)	Gains/(losses) on asset disposal	-	(130)
-	Assets vested in Council	-	675
27,387	<i>Total Operating Revenue Per Statement of Comprehensive Income</i>	28,146	33,618
	OPERATING EXPENDITURE		
15,508	Trusted Leadership and Relationships	16,315	15,837
2,338	Strong Communities	2,278	3,657
3,690	Vibrant Places and Spaces	3,985	3,537
2,370	Sustainable Development and Public Safety	2,648	2,763
11,013	Resilient Infrastructure: Land Transport	11,983	15,031
3,021	Resilient Infrastructure: Water Supply	3,225	3,275
1,496	Resilient Infrastructure: Wastewater	1,440	1,398
397	Resilient Infrastructure: Stormwater	425	453
277	Resilient Infrastructure: Flood Protection	447	269
767	Responsible Waste Management	746	806
40,877	<i>Total Operating Expenditure</i>	43,492	47,024
	Reconciling Items:		
(12,335)	Internal Recoveries	(13,840)	(13,097)
(62)	Doubtful Debt Provision adjustment	-	1,536
(156)	Internal Interest on Balance	328	(130)
28,324	<i>Total Operating Expenditure Per Statement of Comprehensive Income</i>	29,980	35,333
(937)	<i>Net Profit/(Loss)</i>	(1,834)	(1,715)



WHOLE OF COUNCIL FUNDING IMPACT STATEMENT

WHOLE OF COUNCIL FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2024/25 Actual (\$000)	2025/26 Annual Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING				
General Rates, Uniform Annual General Charges, Rates Penalties	8,571	8,523	9,673	9,718
Targeted Rates (other than a targeted rate for water supply)	8,928	8,729	9,488	9,319
Subsidies and Grants for Operating Purposes	4,099	4,010	3,717	8,371
Fees and Charges	1,067	1,482	1,116	969
Interest and Dividends from Investments	25	155	95	121
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	700	673	725	1,242
TOTAL OPERATING FUNDING	23,390	23,572	24,814	29,740
APPLICATION OF OPERATING FUNDING				
Payments to Staff and Suppliers	20,698	18,773	20,521	24,445
Finance Costs	221	535	894	491
Other Operating Funding Applications	1,091	1,010	1,206	1,182
TOTAL APPLICATION OF OPERATING FUNDING	22,010	20,318	22,621	26,118
SURPLUS (DEFICIT) IN OPERATING FUNDING	1,380	3,254	2,193	3,622
SOURCES OF CAPITAL FUNDING				
Subsidies and Grants for Capital Expenditure	4,248	3,851	3,067	3,248
Development and Financial Contributions	10	18	10	16
Increase (Decrease) in Debt	4,033	4,984	1,539	305
Gross Proceeds from Sale of Assets	60	90	204	133
Lump Sum Contribution	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	8,351	8,943	4,820	3,702
APPLICATION OF CAPITAL FUNDING				
Capital Growth	425	186	400	53
Capital Level of Service	300	3,862	234	291
Capital Renewals	10,633	8,344	7,523	7,895
Increase (Decrease) in Reserves	(1,627)	(195)	(1,144)	(915)
Increase (Decrease) of Investment	-	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	9,731	12,197	7,013	7,324
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(1,380)	(3,254)	(2,193)	(3,622)
FUNDING BALANCE	-	-	-	-



GUIDE TO THIS SECTION OF THE ANNUAL REPORT

Councils provide a wide range of services - from roads and footpaths to take you to your destination to libraries giving you access to lifelong learning and leisure. These activities, some of which are prescribed by legislation, are the means by which we deliver outcomes for the community.

The services we provide are divided into the following activity groups.

TRUSTED LEADERSHIP AND RELATIONSHIPS	STRONG COMMUNITIES	VIBRANT PLACES AND SPACES
• Governance • Iwi liaison • Corporate Planning/Projects • Support Services¹	• Community Development and Empowerment • Community Services Providers and Contestable Grants • Economic Development and Wellbeing • Libraries, Learning and Development • Civil Defence and Emergency Management	• Parks and Reserves and Council Owned Properties² • Cemeteries • Swimming Pools • Older Person's Housing
SUSTAINABLE DEVELOPMENT AND PUBLIC SAFETY	RESILIENT INFRASTRUCTURE ³	RESPONSIBLE WASTE MANAGEMENT
• Resource Management • Building Control • Animal Control • Environmental Health, Public Amenity and Safety	• Land Transport • Wastewater • Water Supply • Stormwater • Flood Protection	• Waste Management and Minimisation

In this section we report on how well the services we delivered during the year met the targets and outcomes set for year two of our LTP 2024-34. Reporting on service performance is provided for each activity group and includes the following information.

OVERVIEW:

A high level explanation of the activity group is provided.

HIGHLIGHTS:

Highlights for the year are identified. This can include key initiatives undertaken, projects completed, and milestones achieved for the activity.

PERFORMANCE SUMMARY

Overall performance results for the activity group are summarised in a pie graph form. A second pie graph indicates the group's contribution to the measurement of our community outcomes for People, Place and Partnerships (refer Figure 1).

¹ Support Services include: customer experience, communications and engagement, financial management, people and capability, information services, business enablement and other services which assist with the delivery of activities across Council. The costs of these services are included as indirect costs in each activity.

² Includes public toilets, halls, dog pound and other property Council maintains not specifically listed in this activity.

³ Individually, each of these activities is its own group of activities and defined as mandatory under Schedule 10 of the Local Government Act 2002.



It should be noted that while most activities contribute in some way toward the achievement of all three community outcomes areas, this is not always reflected in the suite of performance measures we apply to specific groups of activities. For example, activities undertaken in the Trusted Leadership and Relationships Group have measures which focus on People and Partnerships while Resilient Infrastructure's measures focus on People and Place. However, both these groups of activities contribute in real terms all of the community outcomes – it is simply that the contribution is not formally measured.

SERVICE PERFORMANCE RESULTS:

Council's LTP identifies performance measures and targets to monitor our achievement of the agreed outcomes and levels of service. Results are reported on in this section and explanations are provided of any significant variances between the target and the results.

In the statements of service performance there are references to an Annual Resident Survey. This survey was undertaken online and the sample included residents within the District with a sample size of 126 and margin of error of +/- 9%, with a confidence level of 95%

Where comparative data is available, a graph is included showing performance or satisfaction over time to show performance trends.

FINANCIAL INFORMATION

Financial information accompanying each activity group includes a cost of service statement and funding impact statement. Where relevant, internal borrowing and capital expenditure are also provided.

FIGURE 1: COMMUNITY OUTCOMES





TRUSTED LEADERSHIP AND RELATIONSHIPS

- GOVERNANCE
- IWI LIAISON
- CORPORATE PLANNING/PROJECTS
- SUPPORT SERVICES



TRUSTED LEADERSHIP AND RELATIONSHIPS

OVERVIEW

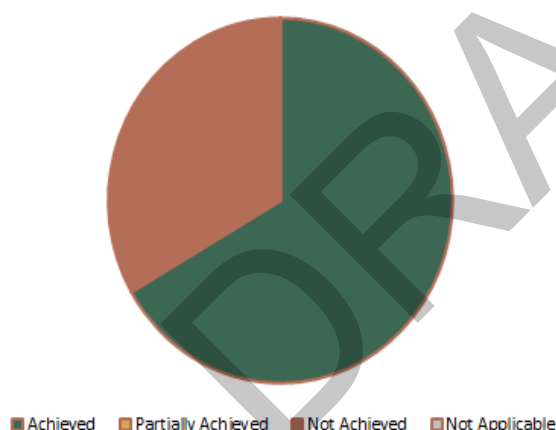
This group of activities focuses on Council's governance leadership and decision-making roles. It also encompasses the work that is done to honour and give effect to Te Tiriti-based partnerships and enhance meaningful and enduring partner relationships with iwi/Māori and stakeholders across Ōtorohanga district. Council's corporate planning activities and support services are also included in this group.

Together these activities are the face and voice of Council and essential for the smooth running of the Council and the district. We aim to be visible and accessible to the communities we serve and to be timely, democratic and transparent in our decision making. We see our role as providing and supporting aspirational, united, responsible leadership. Specific activities are discussed under the following headings:

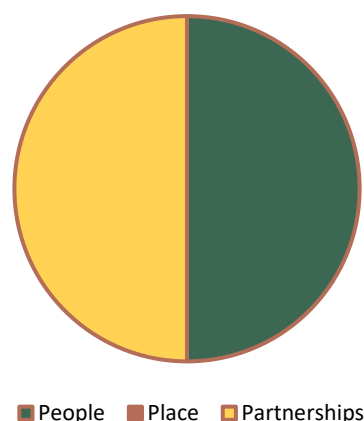
- Governance
- Iwi Liaison
- Corporate Planning/Projects
- Support Services

PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



OUTCOMES MEASURED





GOVERNANCE

This activity covers the work of elected members (Council and two Community Boards) to make decisions and set Council's direction, work programmes and monitor and review organisational performance.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Visible, transparent trusted Council	Overall trust in Council ⁴	77.8%	≥ 70% Average or better	82.2%	Achieved

IWI LIAISON

Our iwi liaison function provides support for Council to develop and enhance meaningful and enduring partnership relations with iwi/Māori across the district. The role also focuses on building the cultural competency of both elected members and staff, and advising culturally appropriate approaches to conducting Council business.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Work with Māori leaders ⁵ to build/maintain strong, productive relationships.	Māori leaders rate their relationship with Council as good or better ⁶ .	72%	≥ 70% Good or better	100%	Achieved

CORPORATE PLANNING/PROJECTS

Corporate planning covers development of our long term plan and annual plans including the analysis and strategy work involved to prepare these documents. This activity also includes any special, corporate-wide projects that Council may undertake.

This function is important for determining not only what we will do to achieve the community outcomes but also what we expect to spend and how we will pay for what we do.

There are no specific performance measures for this activity.

SUPPORT SERVICES

This activity covers the support skills essential for the delivery of quality services and includes:

- Customer experience
- Communications and engagement
- People and capability
- Information services
- Financial management

⁴ As measured by an annual resident's survey.

⁵ Māori leaders includes, but is not limited to, iwi, hapū, marae and hapori Māori.

⁶ As measured by an annual iwi relationships survey.



Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
The Community have access to timely and accurate information.	Residents satisfied with Council communication ⁷ .	76.3% Good or better	≥ 80% Average or better	70.2%	Not achieved

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⁷ As measured by an annual residents' survey.





COST OF SERVICE STATEMENT

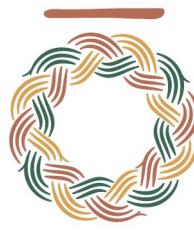
2024/25 Actual (\$000)	TRUSTED LEADERSHIP COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
210	Activity Revenue	141	351
-	- Targeted Rates	-	-
-	- Development Contributions	-	-
2,855	General Rates	2,843	2,416
12,368	Other General Sources	13,244	13,047
15,433	<i>Total Operating Revenue</i>	16,229	15,814
	OPERATING EXPENDITURE		
1,897	Governance	2,280	2,054
127	Iwi Liaison	179	85
752	Corporate Planning/Projects	653	510
12,732	Support Services	13,676	13,189
15,508	<i>Total Operating Expenditure</i>	16,787	15,838
(75)	<i>Net Cost of Service</i>	(559)	(24)

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FUNDING IMPACT STATEMENT

TRUSTED LEADERSHIP FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2025	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	2,616	2,907	2,483
Targeted Rates (other than a targeted rate for water supply)	-	-	-
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	40	41	46
Internal Charges and Overheads Recovered	12,428	13,516	12,434
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	30	31	305
TOTAL OPERATING FUNDING	15,114	16,495	15,268
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	9,125	9,336	9,181
Finance Costs	(228)	(144)	65
Internal Charges and Overheads Applied	5,770	6,505	5,291
Other Operating Funding Applications	166	169	207
TOTAL APPLICATION OF OPERATING FUNDING	14,833	15,866	14,743
SURPLUS (DEFICIT) IN OPERATING FUNDING	281	629	524
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	283	(75)	(27)
Gross Proceeds from Sale of Assets	60	153	133
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	343	78	106
APPLICATION OF CAPITAL FUNDING			
Capital Growth	-	-	-
Capital Level of Service	35	10	55
Capital Renewals	961	616	613
Increase (Decrease) in Reserves	(372)	81	(38)
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	624	707	630
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(281)	(629)	(524)
FUNDING BALANCE	-	-	-



STRONG COMMUNITIES

- COMMUNITY DEVELOPMENT AND EMPOWERMENT
- COMMUNITY SERVICE PROVIDERS AND CONTESTABLE GRANTS
- ECONOMIC WELLBEING AND DEVELOPMENT
- LIBRARIES, LEARNING AND DEVELOPMENT
- CIVIL DEFENCE AND EMERGENCY MANAGEMENT (CDEM)



STRONG COMMUNITIES

OVERVIEW

We work with people, businesses and other organisations to find creative, future-focused solutions to fulfil local needs.

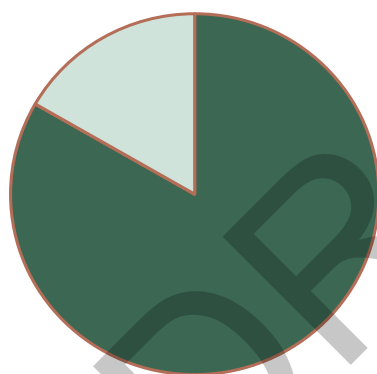
Strong communities covers the following five areas of activity:

- Community Development and Empowerment
- Community Service Providers and Contestable Grants
- Economic Development and Wellbeing
- Libraries, Learning and Development
- Civil Defence and Emergency Management

Creating opportunities and supporting people and groups to come together is an important way Council can help resolve local issues and celebrate who we are to create a stronger, united, resilient and more connected community.

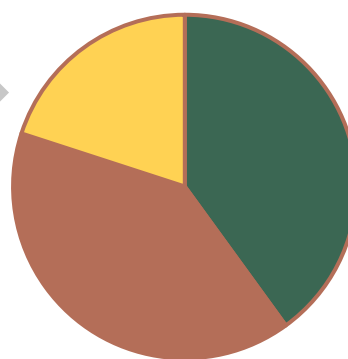
PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



■ Achieved ■ Partially Achieved ■ Not Achieved ■ Not Applicable

OUTCOMES MEASURED



■ People ■ Place ■ Partnerships

COMMUNITY DEVELOPMENT AND EMPOWERMENT

Community development is about finding local solutions to local needs. We work alongside groups and communities to understand what is needed and develop agreed action plans and projects. These are not our plans or projects – they belong to the community. Our role is facilitating opportunities for sharing, growing and creating together thereby empowering communities to take collective action.

There are no specific performance measures for this activity.

COMMUNITY SERVICE PROVIDERS AND CONTESTABLE GRANTS

This activity has three components. These are:

- Funding specific community service providers to deliver social, cultural, and other wellbeing services⁸.
- Managing and distributing contestable funding from Council (\$100k) and government sources totalling approximately \$86k for the following purposes:

⁸ Organisations funded by Council include Ōtorohanga Support House Whare Āwhina, Thrive Youth Trust Ōtorohanga and Sport Waikato.



- social (community focussed initiatives)⁹
- cultural (creative projects)¹⁰
- recreational (travel for youth sport)¹¹
- Providing advice and information to link people and groups to the resources needed to implement their projects.

The projects we fund and the grants distributed give colour to our community – it is what makes us vibrant, connected and united.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Improved community wellbeing through the provision of financial support for social, cultural and recreational purposes.	Community groups/organisation and individuals funded by Council fulfil their funding obligations ¹² .	Obligations fulfilled	Obligations fulfilled	Obligations fulfilled	All Council funded organisations provided the reports required.

ECONOMIC WELLBEING AND DEVELOPMENT

Much of what Council does is about economic wellbeing to support a sustainable future. As well as providing and maintaining infrastructure and community facilities that underpin the local economy, we work to attract and grow businesses, and to promote our district as a welcoming, thriving place to live or visit. We also play our part in ensuring that there are opportunities available for our residents to realise their aspirations and their potential.

This activity focuses on the development component of economic wellbeing. One of the main ways Council does this is through partnerships and collaboration with local, regional and national organisations. This includes:

- Working with other organisations to support the implementation of a community-led Housing Plan and delivering on key actions assigned to Council
- Supporting businesses to progress development and help keep our community growing
- Delivering the Mayor's Task Force for Jobs employment programme
- Growing and strengthening relationships with other anchor institutions¹³ in our district.

Other ways that Council gets involved in economic wellbeing and development includes:

- Co-design (with our community) and implementation of concept plans that identify economic priorities
- Working with or supporting other organisations to address issues which affect the district's ability to thrive such as community safety and health
- Strategic property purchases.

⁹ Funded by Council via rates.

¹⁰ Funded by Creative New Zealand.

¹¹ Funded by Sport Waikato.

¹² As measured by group's/organisation's reports to Council.

¹³ 'Anchor institutions' is used to refer to organisations which: "Have an important presence in a place, usually through a combination of: being largescale employers, the largest purchasers of goods and services in the locality, controlling large areas of land and/or having relatively fixed assets". Source: Centre for Local Economic Strategies



Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Implementation of an economic wellbeing strategy	Economic wellbeing service providers funded by Council fulfil their funding obligations ¹⁴ .	Funding obligations fulfilled	Funding obligations fulfilled	Funding obligations fulfilled	Achieved

LIBRARIES, LEARNING AND DEVELOPMENT

The district has two libraries – one in Ōtorohanga and the other in Kāwhia – providing access to a wide range of knowledge and information as well as opportunities for learning and a space to connect and engage.

Services include:

- Physical and digital collections and resources
- Programmes supporting literacy in all its forms, with an emphasis on children's¹⁵ programmes
- 24/7 wifi access, as well as access to devices, printing and scanning during opening hours.

Public libraries play a key role in wellbeing through improving individual and community outcomes in literacy (language, numeracy, digital). Literate communities are more empowered, resilient, tolerant, and better able to develop and participate in enterprise and growth opportunities and thrive.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Library services and activities meet community needs.	Users satisfied with library services ¹⁶ .	97.2% satisfaction	≥ 90% satisfaction	94.2% satisfaction	Achieved, based on happy and very happy responses
	Increasing participation in Library programmes and activities, and service users.	43,101 participants – 19.6% increase	≥ 40,000 participants	42,199 participants	Achieved

CIVIL DEFENCE AND EMERGENCY MANAGEMENT (CDEM)

This activity focuses on preparedness for emergencies, both internally by having sufficiently trained staff and externally by educating the wider community on the need for being prepared. It is also about responding during the emergency event, and getting our organisation back up and running, through the transition and recovery phases after the emergency.

Council is part of the Waikato CDEM Group, which is a collective approach to managing emergencies in the Waikato Region. The CDEM Group works closely with research institutions, utility operators and central government to reduce risks and improve community resilience. Council is also part of the Western Waikato Emergency Operations Area which provides CDEM services at the local level. This is a shared service arrangement, where we partner with Waipā and Waitomo district councils. Waipā is the “host” council in this arrangement and if an emergency happens in our district, we know that our neighbouring councils are well prepared to help us and vice versa. A new Civil Defence Act is also anticipated in 2026 which is widely expected to confirm and strengthen (increase) the roles and responsibilities of Councils around local emergency reduction, readiness, response and recovery.

¹⁴ As measured by their reporting to Council.

¹⁵ Programmes cater for children from newborns through to the end of primary school age.

¹⁶ As measured by annual customer survey.



Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Council and the community well prepared for a civil defence emergency.	Percentage scored in an emergency response annual evaluation exercise ¹⁷ .	Late developing result	> 60% (advancing)	N/A	Given there was an actual civil defence event, no evaluation exercise was held, therefore no evaluation score was received.
	Community response plans in place for Kāwhia and Ōtorohanga reviewed every 3 years.	Plans in place	Plans in place	Plans in place	Plans are in place. Kāwhia/Aota Community Resource Plans are overdue a review. Ōtorohanga Operational Response Plan is in place and under review.

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¹⁷ Council will be assessed on the capability shown during the exercise and scored a percentage based on the CDEM Capability Scoring Guide & Capability level: Unsatisfactory = 0-20%, Early Developing = 21-40%, Late Developing = 41-60%, Advancing = 61-80%, Mature = 81-100%





COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	STRONG COMMUNITIES COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
738	Activity Revenue	323	1,292
95	Targeted Rates	76	76
-	Development Contributions	-	-
1,494	General Rates	1,898	1,741
11	Other General Sources	-	36
2,338	<i>Total Operating Revenue</i>	2,297	3,145
	OPERATING EXPENDITURE		
523	Community Development and Empowerment	551	442
579	Community Service Providers and Contestable Grants	225	1,021
496	Economic Wellbeing and Development	781	668
559	Libraries, Learning and Development	577	601
175	Civil Defence and Emergency Management	173	925
2,333	<i>Total Operating Expenditure</i>	2,307	3,657
5	<i>Net Cost of Service</i>	(10)	(512)

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FUNDING IMPACT STATEMENT

STRONG COMMUNITIES FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	1,784	1,875	1,741
Targeted Rates (other than a targeted rate for water supply)	95	76	76
Subsidies and Grants for Operating Purposes	294	296	1,016
Fees and Charges	19	27	21
Internal Charges and Overheads Recovered	-	-	36
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	-	-	254
TOTAL OPERATING FUNDING	2,192	2,274	3,144
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	1,025	1,053	2,482
Finance Costs	-	-	-
Internal Charges and Overheads Applied	562	599	537
Other Operating Funding Applications	567	579	580
TOTAL APPLICATION OF OPERATING FUNDING	2,154	2,231	3,599
SURPLUS (DEFICIT) IN OPERATING FUNDING	38	43	(455)
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	-	-	489
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	489
APPLICATION OF CAPITAL FUNDING			
Capital Growth	-	-	-
Capital Level of Service	-	-	-
Capital Renewals	64	65	58
Increase (Decrease) in Reserves	(26)	(22)	(24)
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	38	43	34
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(38)	(43)	455
FUNDING BALANCE	-	-	-



VIBRANT PLACES AND SPACES

- PARKS AND RESERVES AND COUNCIL OWNED PROPERTY
- CEMETERIES
- SWIMMING POOLS
- OLDER PERSON'S HOUSING



VIBRANT PLACES AND SPACES

OVERVIEW

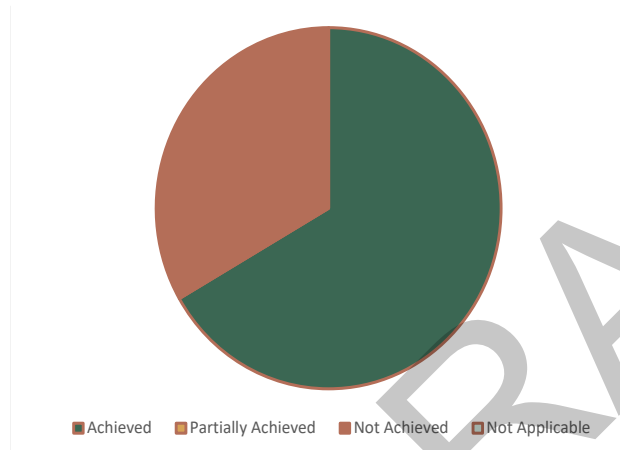
We operate and maintain a range of community facilities for residents and visitors to the district. Collectively valued at an estimated \$30 million, these assets help lay the foundation for creating vibrant, diverse, liveable communities.

The particular facilities we manage are divided into following activities:

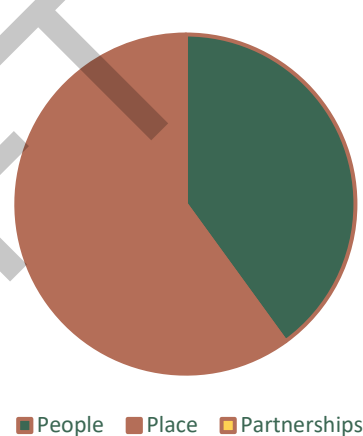
- Parks and Reserves and Council Owned Property¹⁸
- Cemeteries
- Swimming Pools
- Older Person's Housing

PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



OUTCOMES MEASURED



PARKS AND RESERVES AND COUNCIL OWNED PROPERTY

We manage 26 parks and reserves in the district totalling 45 hectares¹⁹ spread between Ōtorohanga and Kāwhia/Aotea. Together these areas provide for the district's active and passive recreation needs while making a significant contribution to the vibrancy and liveability of our communities. Included in the mix are five playgrounds catering for people of all ages and abilities. We also have agreements in place with sporting groups regarding the care and maintenance of playing fields.

Other facilities included in this activity are:

- Public toilets (we have nine)
- The Girl Guide Hall (Ōtorohanga) and the Kāwhia Community Centre
- Library buildings
- Dog pound and other Council owned property not covered under other activities.

¹⁸ This activity also includes public toilets, maintenance of the Girl Guide Hall (Ōtorohanga) and Kāwhia Community Centre, maintenance of library buildings, dog pound and other Council owned property.

¹⁹ These are reserves specifically maintained for active and passive recreation purposes. In total Council owns 178.839 hectares of reserves including flood protection and road reserves.



Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Parks and reserves meet resident's needs.	Residents satisfied with parks/reserves ²⁰ : - Variety - Quality	89.1% Satisfaction combined average ²¹	≥ 90% Satisfaction combined average	91.35% satisfaction combined average	Achieved. Variety of parks and reserves was 91.9%, Quality of parks and reserves was 90.8%
Provision of clean, well maintained public toilets.	Number of complaints per annum in relation to cleanliness and maintenance ²² .	11 complaints	<12 Complaints	15 complaints	Not achieved

CEMETERIES

We manage public cemeteries at Ōtorohanga and Kāwhia, with a combined area of 7.8 ha. This involves:

- Provision of well-managed places for interment
- Online cemetery records

Our commitment is to maintain these cemeteries as respectful, attractive places for people to be able to connect with their loved ones.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Well maintained cemeteries.	Number of complaints per annum in relation to grounds maintenance ²³ .	6 complaints	<5 Complaints	4 Complaints	Achieved

SWIMMING POOLS

The Ōtorohanga pool facility includes a 20 metre heated indoor pool, which operates year-round, a 33.5 metre outdoor pool and separate toddler's pool. This facility is managed by a contractor on Council's behalf and, although not required by the contract, a gym facility is provided at the contractor's discretion.

The provision of a community swimming pool is seen as an important recreational option for the community, and a key public safety initiative through learn to swim. Although aging, recent upgrades have improved the facility so that it complies with New Zealand Building Act and regulations, and Water Safety NZ – Swimming Pool Guidelines. A rigorous maintenance programme is also in place.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Provision of community swimming pool facilities, safe for users and staff.	Swimming pools maintain PoolSafe Accreditation and compliance with pool water quality standard ²⁴ .	86.78% compliance	≥ 95% Compliance	87.5% Compliance	Not achieved. Compliance is low due to a number of different reasons. When a low result is recorded the

²⁰ As measured by annual residents' survey.

²¹ 90.9% variety; 87.3% quality

²² As recorded in service request system.

²³ As recorded in service request system.

²⁴ NZ Standard 5862 (Swimming Pools). As reported in Pool Manager's monthly reports.



					pools are closed until the chemical readings are within guidance. Pools were always balanced before opening.
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OLDER PERSON'S HOUSING

We have 28 residential units for older persons - 22 in Ōtorohanga and six in Kāwhia. A mix of studio and one-bedroom, the units are provided on a user pays basis. Rentals are set at 90% of the market for similar properties, on the basis of covering our costs rather than making a profit. There is strong demand for these properties, with waiting lists.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Housing units that are well maintained, safe and fully utilised.	Tenants satisfied with of their unit ²⁵ : - Comfort - Safety	100% comfort 100% safety	≥ 95% Satisfaction combined average	95.2% average 95.2% comfortable 95.2% safety	Achieved
	Percentage occupancy rate for elder person's housing ²⁶ : - Ōtorohanga - Kāwhia	98% Combined average ²⁷	>95% Combined average	97.75% (96.8% for Ōtorohanga and 98.7% for Kāwhia)	Achieved

²⁵ As measured by the annual tenant satisfaction survey.

²⁶ Expressed as an annualised monthly average.

²⁷ 96% Ōtorohanga; 100% Kāwhia





COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	VIBRANT PLACES AND SPACES COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
518	Activity Revenue	483	502
30	Targeted Rates	26	30
18	Development Contributions	10	16
2,494	General Rates	2,679	2,771
(44)	Other General Sources	-	-
3,016	<i>Total Operating Revenue</i>	3,198	3,319
	OPERATING EXPENDITURE		
2,676	Parks and Reserves and Council Owned Property	2,897	2,505
570	Swimming Pools	598	601
132	Cemeteries	162	119
312	Older Person's Housing	324	312
3,690	<i>Total Operating Expenditure</i>	3,981	3,537
(674)	<i>Net Cost of Service</i>	(783)	(218)

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FUNDING IMPACT STATEMENT

VIBRANT PLACES AND SPACES FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	2,279	2,542	2,838
Targeted Rates (other than a targeted rate for water supply)	26	26	30
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	41	42	41
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	438	428	394
TOTAL OPERATING FUNDING	2,784	3,038	3,303
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	1,617	1,725	1,431
Finance Costs	41	44	50
Internal Charges and Overheads Applied	1,118	1,150	954
Other Operating Funding Applications	207	209	238
TOTAL APPLICATION OF OPERATING FUNDING	2,983	3,128	2,673
SURPLUS (DEFICIT) IN OPERATING FUNDING	(199)	(90)	630
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	10	10	16
Increase (Decrease) in Debt	633	557	(34)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	643	567	(18)
APPLICATION OF CAPITAL FUNDING			
Capital Growth	-	-	-
Capital Level of Service	115	51	114
Capital Renewals	382	297	213
Increase (Decrease) in Reserves	(52)	129	285
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	445	477	612
SURPLUS (DEFICIT) OF CAPITAL FUNDING	199	90	(630)
FUNDING BALANCE	-	-	-



SUSTAINABLE DEVELOPMENT AND PUBLIC SAFETY

- RESOURCE MANAGEMENT
- BUILDING CONTROL
- ANIMAL CONTROL
- ENVIRONMENTAL HEALTH, PUBLIC AMENITY AND SAFETY



SUSTAINABLE DEVELOPMENT AND PUBLIC SAFETY

OVERVIEW

We provide planning and regulatory services to sustainably manage the district's natural and physical resources, and to promote and protect the health, safety and resilience of our communities.

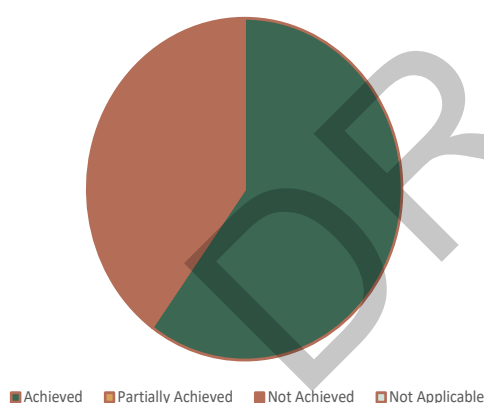
Activities covered include:

- Resource Management
- Building Control
- Animal Control
- Environmental Health, Public Amenity and Safety

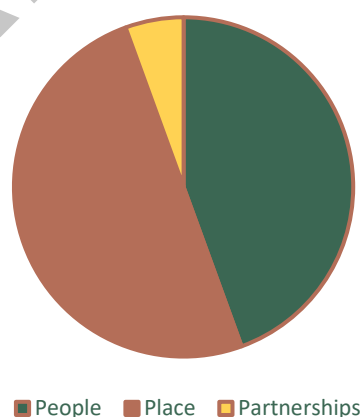
The activities in this group are governed by national legislation and directives as well as regional and local policies and bylaws. Together these laws, rules and policies are intended to be both enabling while safeguarding and protecting people and the environment. Major change is occurring in this area with the replacements to the Resource Management Act (a new Planning Act and Natural Environment Act) anticipated to be in place 2027, along with anticipated reform of regulatory compliance and enforcement.

PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



OUTCOMES MEASURED



RESOURCE MANAGEMENT

This activity covers the planning functions we carry out under the Resource Management Act 1991 (RMA) and includes:

- Preparing and reviewing the District Plan
- Processing planning applications and issuing resource consents
- Processing of private plan changes and designation applications
- Providing development advice
- Compliance and enforcement around District Plan requirements and consent conditions.





Issuing LIMs²⁸ in relation to property transactions and development proposals and administering our Development and Financial Contributions Policy are also a part of this activity.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Maintained and updated District Plan.	Ōtorohanga District Plan is maintained, reviewed, and updated in accordance with legislation.	N/A	100% Compliance	N/A	Not achieved – legislation from September 2025 prohibits Council from changing or reviewing the district plan.
Processing of all applications within agreed timeframes.	Resource consent applications processed and decisions issued within statutory timeframes.	95% Compliance	100% Compliance	65.93% compliance	Not achieved

BUILDING CONTROL

Building control covers:

- Processing and monitoring of building consents
- Issuing of Code of Compliance Certificates, Compliance Schedules and Building Warrants of Fitness under the Building Act 2004
- Monitoring and enforcing earthquake-prone building requirements
- Building inspections
- Inspecting private swimming pools for compliance with safety regulations
- Issuing and monitoring of building warrants of fitness
- Investigating alleged breaches of building regulation.

Another important part of our work is advising builders and the community about what building work requires a consent and other requirements such as using licensed building practitioners.

As a Building Consent Authority (BCA) we are audited every two years by International Accreditation New Zealand (IANZ). To retain our BCA accreditation, it is important that staff knowledge and our systems and processes are up-to-date and accurate. This activity is also on Government's reform programme over the next 3 years, including changes around: remote inspections, accessory buildings, earthquake prone buildings, Council liability settings, removal of legal barriers to combined Building Control Authority, approved products, insulation standards, with further changes anticipated.

²⁸ Land Information Memorandum (LIMs) issued in accordance with the Local Government Official Information and Meetings Act 1987 (LGOIMA).



Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Buildings safe and fit for purpose.	Building consent applications processed within 20 working days ²⁹ .	94.77% Compliance	100% Compliance	82.8% Compliance	Not achieved
Required safety inspections of swimming pools and associated barriers completed.	All registered private swimming pools inspected at least every three years.	33.3% inspected	> 33% Pools inspected ³⁰	33.3% inspected	Achieved
Required standards for processing and issuing building consents met.	Retention of biennial BCA accreditation ³¹ .	Accreditation achieved	Achieved	Accreditation achieved with conditions	Achieved

ANIMAL CONTROL

Animal control is important for ensuring public safety. Our role involves dog registration, impounding wandering stock and roaming dogs, and implementing and enforcing our Dog Control Policy and Bylaw. Dog owner education and promoting animal welfare are also covered by this activity. We operate a successful shared service animal control agreement with Waitomo District Council, with Animal Control Officers effectively working across both districts.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Timely provision of animal control services supporting animal welfare and community safety.	Known dogs in the district are registered ³² .	91.4% registered	≥ 98% Registered	91.8% registered	Not achieved
	Complaints about dog attacks and wandering stock on public roads responded ³³ to within two hours ³⁴ .	100% Compliance	100% Compliance	100% Compliance	Achieved

ENVIRONMENTAL HEALTH, PUBLIC AMENITY AND SAFETY

This activity involves:

- Licensing and monitoring of food premises, alcohol sellers, hairdressers and camping grounds
- Control of health nuisances related to noise, littering and compliance with our bylaws and the freedom camping legislation.

²⁹ As measured by the Building Consent Tracking Database.

³⁰ As an annual average over 3-year period.

³¹ Council's next audit is scheduled for 2025.

³² As recorded in Council's dog registration database.

³³ 'Responded to' means acknowledged and investigated.

³⁴ As reported in contractor's monthly report.



By ensuring that the regulations and standards for these services are met we help protect public health and safeguard the liveability of our communities. Various changes are underway or signalled to the related legislation around noise, littering, hairdresser regulations, and alcohol.

Service delivery for Environmental Health is via a shared service arrangement with our partner Waipā District Council. Responding to noise is provided through the day-time by staff and after hours by a contracted service. Other nuisance complaints and bylaw breaches are investigated on a case-by-case basis.

Liquor licensing is governed by a joint district licensing committee covering Ōtorohanga, Waipā and Waitomo District Councils. While our staff issue and administer licences for the district, we also collaborate with our partner councils on aspects of local administration.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Public sale and supply of alcohol is undertaken safely and responsibly, and a high level of food safety is maintained by food premises.	All venues selling or supplying alcohol and all food premises monitored for compliance with statutory requirements ³⁵ .	100% Compliance	100% Compliance	100% Compliance	Achieved
Timely response to excessive noise complaints.	All excessive noise complaints investigated within two hours of the complaint being received ³⁶ .	100% Compliance	95% Compliance	95% Compliance	Achieved
Respond to public nuisance complaints.	Investigate ³⁷ complaints within five working days of receiving a complaint ³⁸ .	90% Compliance	90% Compliance	90% Compliance	Achieved

³⁵ As measured by inspection records.

³⁶ As recorded in the service request system and outcome reported in contractor's monthly report.

³⁷ "Investigate" means acknowledging the complaint, triaging and assessing if a response and any enforcement is required.

³⁸ Covers complaints made under the following by laws/legislation:

- Dangerous and Insanitary Building Policy 2022
- Keeping of Stock, Poultry and Bees Bylaw 2009
- Liquor Control Bylaw 2007
- Stock Movement Bylaw 2014
- Structures and Works in Public Places Bylaw 2015
- Trade Waste Bylaw 2000
- Freedom camping legislation



COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	SUSTAINABLE DEVELOPMENT AND PUBLIC SAFETY COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
1,158	Activity Revenue	898	705
-	- Targeted Rates	-	-
-	- Development Contributions	-	-
1,144	General Rates	1,492	1,944
-	- Other General Sources	-	15
2,302	<i>Total Operating Revenue</i>	2,390	2,664
	OPERATING EXPENDITURE		
617	Resource Management	643	759
1,074	Building Control	1,129	1,348
253	Environmental Health, Public Amenity and Safety	436	262
426	Animal Control	440	394
2,371	<i>Total Operating Expenditure</i>	2,648	2,763
(69)	<i>Net Cost of Service</i>	(258)	(99)

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FUNDING IMPACT STATEMENT

SUSTAINABLE DEVELOPMENT AND PUBLIC SAFETY FUNDING IMPACT STATEMENT	2024/25	2025/26	2025/26
FOR YEAR ENDED 30 JUNE 2026	Long Term Plan	Long Term Plan	Actual
	(\$000)	(\$000)	(\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	1,452	1,455	1,944
Targeted Rates (other than a targeted rate for water supply)	-	-	-
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	875	892	674
Internal Charges and Overheads Recovered	-	-	15
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	4	4	32
TOTAL OPERATING FUNDING	2,331	2,351	2,665
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	1,169	1,281	1,359
Finance Costs	-	4	-
Internal Charges and Overheads Applied	1,212	1,319	1,392
Other Operating Funding Applications	10	11	12
TOTAL APPLICATION OF OPERATING FUNDING	2,391	2,615	2,763
SURPLUS (DEFICIT) IN OPERATING FUNDING	(60)	(264)	(98)
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	-	204	51
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	204	51
APPLICATION OF CAPITAL FUNDING			
Capital Growth	-	-	-
Capital Level of Service	-	-	-
Capital Renewals	-	-	-
Increase (Decrease) in Reserves	(60)	(60)	(47)
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	(60)	(60)	(47)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	60	264	98
FUNDING BALANCE	-	-	-



RESILIENT INFRASTRUCTURE

FIVE SEPARATE GROUPS OF ACTIVITIES ARE INCLUDED UNDER THE BROAD HEADING OF RESILIENT INFRASTRUCTURE:

- LAND TRANSPORT
- WASTEWATER
- WATER SUPPLY
- STORMWATER
- FLOOD PROTECTION



LAND TRANSPORT

OVERVIEW

Integral to everyday district life, land transport is our biggest area of spending. We look after 805 kilometres of roads³⁹ that link to the national state highway network connecting residents and visitors to their destination, businesses to customers and suppliers and local production to markets. As a rural district with a dispersed population, we are acutely aware of the importance of having a well maintained, resilient roading network – the backbone connecting people and enabling economic activity.

Our land transport work is not only about roads - we also maintain:

- 26.9 kilometres of footpaths
- 134 bridges
- 83 stock underpasses
- 5,918 culverts
- 3,290 signs.

Promoting road safety, kerb and channel management, roadmarking, safety barriers/works and roadside vegetation and litter management are also part of land transport.

CHANGES FROM THE 2024/34 LTP

Post the adoption of our 2024/34 LTP, NZTA advised that funding allocations for 2024/25 to 2026/27 would be below what was needed to deliver on our planned programme of works. Equating to an average annual shortfall of \$3.565M, some activities were allocated manageable reductions (e.g. pothole prevention) while others were reduced by two thirds (e.g. walking and cycling) or completely removed (ie. low cost/low risks new works).

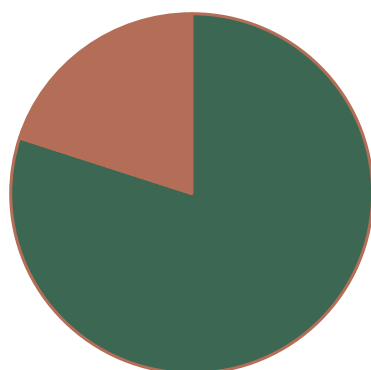
The reduced funding has affected our ability to deliver on aspects of our planned works, and we have adjusted our programmes accordingly, in particular footpaths, road safety promotion and new works (low risk/low cost).

³⁹ Comprised of 529 sealed (66%) and 276 unsealed (34%).



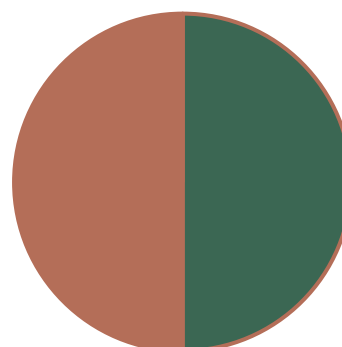
PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



■ Achieved ■ Partially Achieved ■ Not Achieved ■ Not Applicable

OUTCOMES MEASURED



■ People ■ Place ■ Partnerships

LAND TRANSPORT

Our priorities for a cost effective, sustainable, resilient land transport programme are:

- Maintaining existing levels of services, with our road network continuing to be our largest spend area
- Understanding the likely impacts of climate change on district assets and reflecting this in our ongoing work programmes.

Maintenance of our roading network is undertaken under contract on our behalf and funding for the land transport programme is a mixture of district rates (local share) and subsidies from our roading partner NZTA.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Provision of a safe local transport network for users and the community.	Change from the previous financial year in the number of fatalities and serious injury crashes on the local road network (M) ⁴⁰ .	6 severe (2 more than last year). No fatal crashes.	Fatalities/ serious injuries ≤ previous year	0	Achieved
Road and footpath networks which support usability and user comfort.	Percentage of footpaths whose condition meets the standard of 3 or better (minor cracking only) (M) ⁴¹ .	91%	85%	93%	Achieved
	Average quality of ride on a sealed local road network, measured by	96%	97%	97%	Achieved

⁴⁰ (M) Expressed as a number.

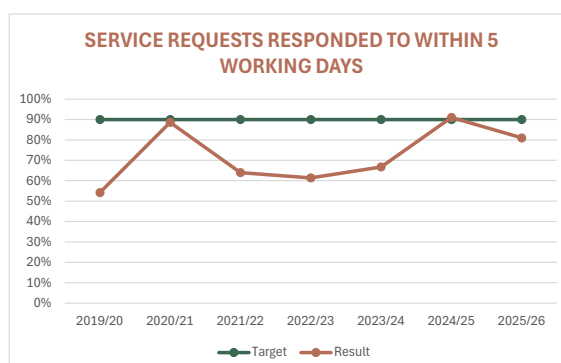
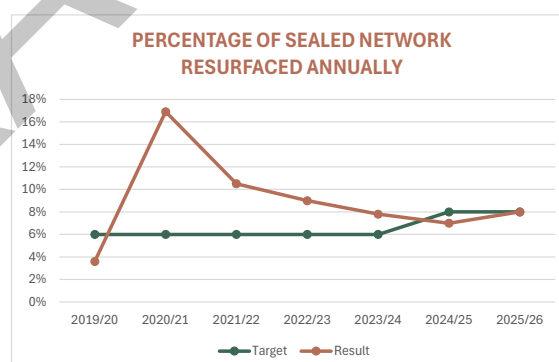
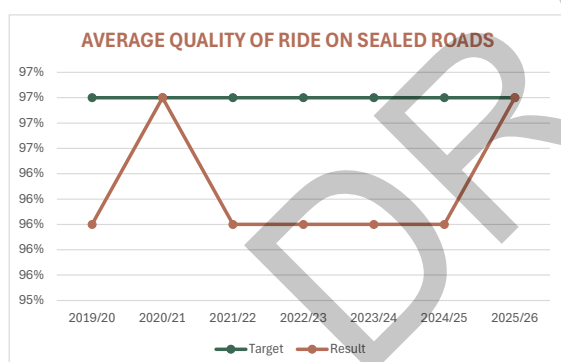
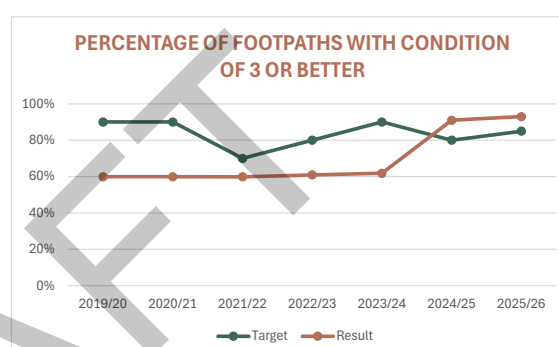
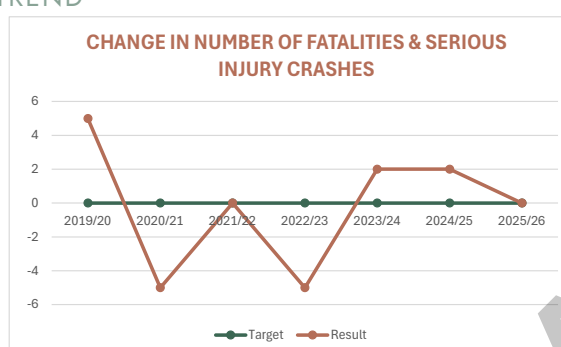
⁴¹ (M) Full wording: The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan). For Council this is based on a five-point scale (excellent, good, average, poor and very poor) the percentage will be the length of footpath recorded as average, good or excellent condition grade.



	smooth travel exposure value of 150 or better (M).				
	Percentage of the sealed local road network that is resurfaced annually (M).	7%	8%	8%	Achieved
Customer service requests dealt with promptly and appropriately.	Percentage of customer service requests for roads and footpaths recorded in the request for service system and responded ⁴² to within 5 working days or less (M) ⁴³ .	91%	90%	81%	Not achieved

M = Mandatory measure

TREND



⁴² Responded to means acknowledgment by the Roding Team.

⁴³ (M) Full wording: The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.



COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	LAND TRANSPORT COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
7,025	Activity Revenue	6,374	10,557
4,791	Targeted Rates	4,780	4,781
-	- Development Contributions	255	58
-	- General Rates	-	-
-	- Other General Sources	-	-
11,815	<i>Total Operating Revenue</i>	11,409	15,396
	OPERATING EXPENDITURE		
11,013	Land Transport	11,983	15,031
11,013	<i>Total Operating Expenditure</i>	11,983	15,031
803	<i>Net Cost of Service</i>	(574)	365

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FUNDING IMPACT STATEMENT

LAND TRANSPORT FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	-	-	-
Targeted Rates (other than a targeted rate for water supply)	4,794	4,971	4,781
Subsidies and Grants for Operating Purposes	3,665	3,738	7,135
Fees and Charges	-	-	-
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	86	78	174
TOTAL OPERATING FUNDING	8,545	8,787	12,090
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	5,358	5,431	7,599
Finance Costs	45	35	36
Internal Charges and Overheads Applied	1,993	2,121	2,017
Other Operating Funding Applications	3	3	2
TOTAL APPLICATION OF OPERATING FUNDING	7,399	7,590	9,654
SURPLUS (DEFICIT) IN OPERATING FUNDING	1,146	1,197	2,436
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	4,248	4,333	3,248
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	(155)	(89)	(301)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	4,093	4,244	2,947
APPLICATION OF CAPITAL FUNDING			
Capital Growth	250	255	53
Capital Level of Service	-	-	-
Capital Renewals	6,882	7,540	6,222
Increase (Decrease) in Reserves	(1,893)	(2,354)	(892)
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	5,238	5,441	5,382
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(1,146)	(1,197)	(2,436)
FUNDING BALANCE	-	-	-



CHANGES FROM THE 2024/34 LTP FOR WATER⁴⁴

In September 2024, the coalition government passed the first of two pieces of legislation for improving how water is managed across the country under its policy approach known as Local Water Done Well (LWDW). LWDW replaces the previous government's Three Waters Reform package.

The LWDW legislation requires all councils to create a Water Services Delivery Plan (WSDP) by September 2025, outlining how they will manage water infrastructure, investments, and finances while meeting regulatory requirements. A key part of developing a WSDP is community consultation on the service delivery model we think will work best for our district.

Of the available models, viable, realistic options for our district were largely limited to either continuing to deliver water services on our own or joining with our neighbours and setting up a regional council controlled organisation (CCO) to deliver services on our behalf.

In April 2025, we consulted with you on our preferred model which was establishing a CCO with six other councils under the banner of Waikato Water Done Well (WWDW) for the delivery of drinking water and wastewater services. Stormwater management and stock water- only schemes would continue to be managed in-house by Council staff in accordance with new legislation.

We have now confirmed our preferred model, signed the shareholders agreement for Waikato Waters Limited (WWL) – the new company CCO - and, along with our partner councils, submitted our WSDP to the Minister of Local Government for approval. Approval of the WSDP has been received from the Secretary for Local Government on 17 September 2025.

ODC have confirmed their transition date to WWL as 1 July 2027. The transition will involve transferring delivery of water and wastewater services to WWL from that date. Stormwater service delivery will remain with the Council, and will be ring-fenced from the rest of the Council activities.

The carrying value of the assets and liabilities that will transfer across, as at 30 June 2026 is as follows:

- Assets - \$55,203,255 carrying value
- Liabilities – Internal loans of \$15,840,982.

There are no contingent liabilities or assets that will be transferring as part of the transition.

Based on the 2025/26 financial year, total revenue that will transfer across to WWL of \$3,705,712, with operating expenses of \$4,088,720 transferring as well.



WASTEWATER

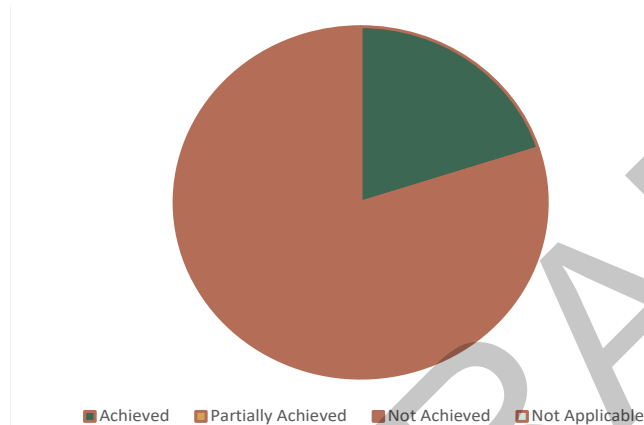
OVERVIEW

Wastewater treatment and disposal includes the network of pipes for the collection of sewage and trade waste and its safe treatment and disposal. We collect and treat wastewater from residential, business and other properties in the Ōtorohanga urban area to maintain public health and sustain and protect land and waterways from contamination.

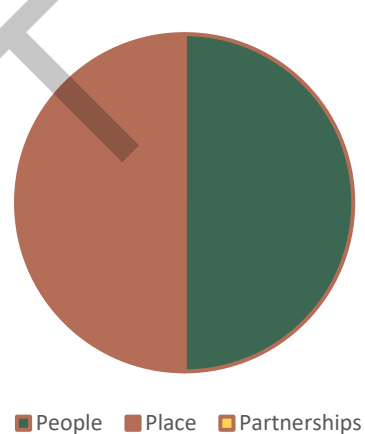
An asset management plan (covering stormwater and wastewater) is in place for this activity. The plan was substantially reviewed in 2020/21 and updated as part of the process for developing the 2024/34 LTP.

PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



OUTCOMES MEASURED



WASTEWATER TREATMENT AND DISPOSAL

Around 1600 properties connect to the Ōtorohanga Wastewater System. Fifty-three kilometres of pipeline and 15 pump stations (plus four private) transport wastewater to the treatment plant (aerated oxidation pond) at the northern end of the town, with the treated water being discharged into the Mangaorongo Stream via tertiary treatment including a wetland.

Commercial and industrial operations that generate larger and/or concentrated quantities of wastewater are subject to trade waste permits, with specific conditions on their wastewater discharges. As at May 2025 there were 53 trade waste permits issued. Provision is available at the treatment plant for taking and treating septic tank waste.



Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Safe, reliable wastewater treatment and disposal system which minimises public health risks and environmental impact. Road and footpath networks which support usability and user comfort. Customer service requests dealt with promptly and appropriately.	Number of dry weather sewerage overflows from the Ōtorohanga sewerage system, per 1000 connections (M) ⁴⁵	9 Overflows	0 Overflows	2 Overflows	Not achieved
	Compliance with consents for discharge from the Ōtorohanga sewerage system (M) ⁴⁶ : - Abatement Notices - Infringement Notices - Enforcement Orders - Convictions	0 Non-compliance actions	0 Non-compliance actions	0 Non-compliance actions	Achieved
	Median response time for sewerage overflow callouts due to a blockage or other fault in the Ōtorohanga sewerage system (M) ⁴⁷ . Time from notification until: - Service personnel arrive on site - Confirmation of resolution of the blockage or fault.	4hrs 20mins 12hrs 36mins	< 50 Mins < 24 Hrs	4hrs 12mins 35hrs 36mins	Not achieved Not achieved
	Number of complaints ⁴⁸ , per 1000 sewage connections, about (M) ⁴⁹ : - Odour - System faults - Blockages.	9 complaints	<10 Complaints	15 complaints	Not achieved

M = Mandatory measure

⁴⁵ (M) Full wording: The number of dry weather sewerage overflows from the territorial authority's sewerage system expressed per 1000 sewerage connections to that sewerage system.

⁴⁶ (M) Full wording: Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices, (b) infringement notices, (c) enforcement orders, (d) convictions received by the territorial authority in relation to those resource consents.

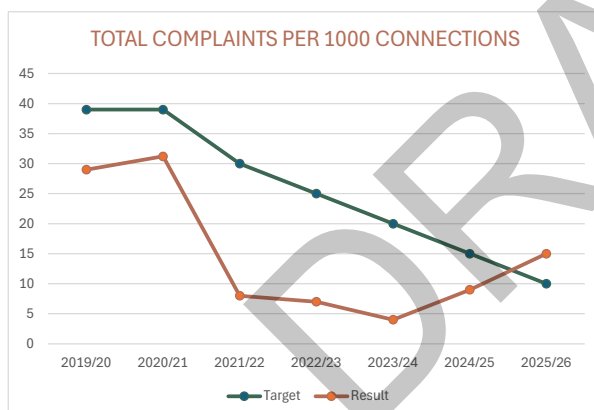
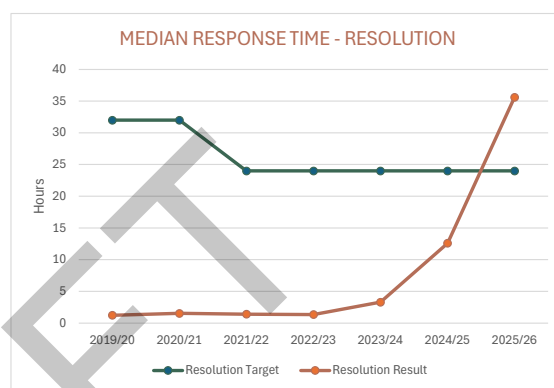
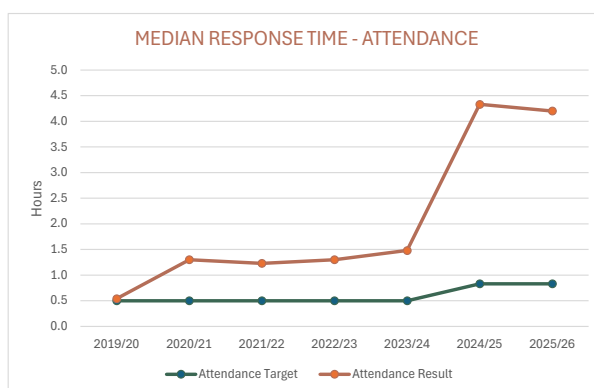
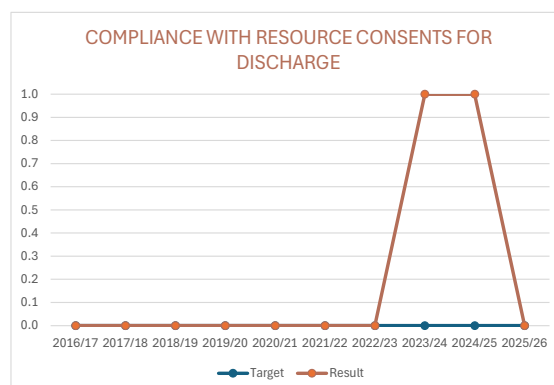
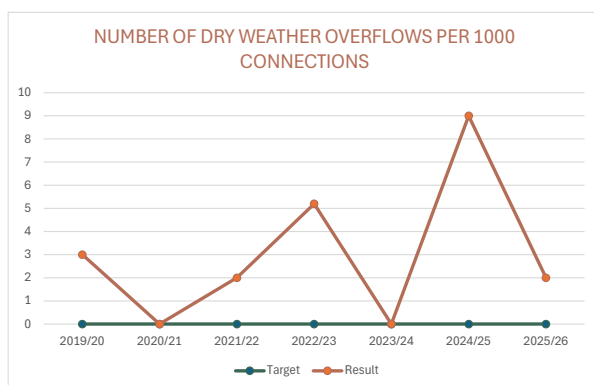
⁴⁷ (M) Full wording: Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: (a) Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, (b) Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.

⁴⁸ As recorded in the request for service system.

⁴⁹ (M) Full wording: The total number of complaints received by the territorial authority about any of the following (expressed per 1000 connections to the territorial authority's sewerage system): Sewerage odour, sewerage system faults, sewerage system blockages, territorial authority's response to issues with its sewerage system.



TREND





COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	WASTEWATER COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
159	Activity Revenue	104	167
902	Targeted Rates	1,191	1,190
4	Development Contributions	-	-
63	General Rates	49	44
-	Other General Sources	-	-
1,128	<i>Total Operating Revenue</i>	1,344	1,401
	OPERATING EXPENDITURE		
1,496	Wastewater	1,440	1,398
1,496	<i>Total Operating Expenditure</i>	1,440	1,398
(368)	<i>Net Cost of Service</i>	(96)	3

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FUNDING IMPACT STATEMENT

WASTEWATER FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	17	47	44
Targeted Rates (other than a targeted rate for water supply)	903	1,069	1,190
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	65	67	156
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	-	-	-
TOTAL OPERATING FUNDING	985	1,183	1,390
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	660	442	429
Finance Costs	138	140	188
Internal Charges and Overheads Applied	278	276	271
Other Operating Funding Applications	31	31	25
TOTAL APPLICATION OF OPERATING FUNDING	1,107	889	913
SURPLUS (DEFICIT) IN OPERATING FUNDING	(122)	294	477
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	1,115	506	150
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	1,115	506	150
APPLICATION OF CAPITAL FUNDING			
Capital Growth	50	51	-
Capital Level of Service	-	-	90
Capital Renewals	749	829	406
Increase (Decrease) in Reserves	194	(80)	132
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	993	800	628
SURPLUS (DEFICIT) OF CAPITAL FUNDING	122	(294)	(477)
FUNDING BALANCE	-	-	-



WATER SUPPLY

OVERVIEW

The supply of safe drinking water is fundamental for the health and wellbeing of residents. An available, reliable water supply is also vital for the health of stock and to support thriving businesses and the rural economy.

We own two urban water supply schemes – Ōtorohanga and Kāwhia – that provide treated water to households and businesses on demand. Four restricted Rural Water Supply (RWS) schemes also deliver treated water to scheme ratepayers, mainly for agricultural purposes. The RWS schemes cover the rural areas of Arohena, Ranginui⁵⁰, Tihiroa and Waipā.

An asset management plan guides the management of all our schemes. This plan was substantially reviewed in 2020/21 and updated as part of the process of developing the 2024/34 LTP.

CHANGES FROM THE 2024/34 LTP

We signalled in the 2024/34 LTP that changes needed to be made to the Arohena RWS (Kahorekau, Huirimu and Taupaki) but details were still being worked through. Following discussions with users and further advice from the regulator - Taumata Arowai – we now have a way forward.

Currently operating as a mixed water supply, Arohena RWS is primarily used for stock watering and agricultural purposes (90 percent) but is also available for drinking water (10 percent) albeit with a permanent boil water notice. Under the Drinking Water Quality Assurance Rules (DWQAR) which came into effect in November 2022, Council must either put in place a protozoa barrier to reduce the possibility of contamination from bacteria or viruses or cease the drinking water component of the RWS.

Instead of expensive upgrades (estimated at \$6M), we have decided to use the provisions of the Local Government Act 2002 to close the drinking water component of the RWS, as was done with Ranginui Rural Water Supply in 2016. There are various legislative processes that we must go through before that change can be affected with the last step being holding a referendum. The referendum to close the Arohena Drinking Water Scheme and enable the three supplies to continue as non-drinking water supplies took place in February 2026. The results of this referendum were that the three supplies will be converted to non-drinking water supplies from 31 March 2027.

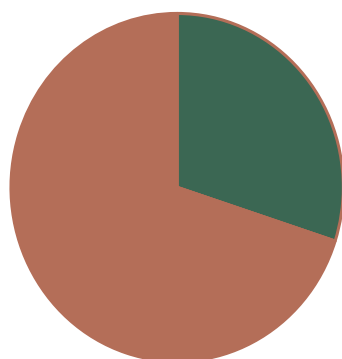
⁵⁰

Note: Ranginui RWS is a non-potable supply.



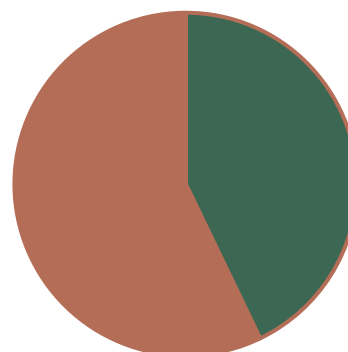
PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



■ Achieved ■ Partially Achieved ■ Not Achieved ■ Not Applicable

OUTCOMES MEASURED



■ People ■ Place ■ Partnerships

WATER SUPPLY

There are around 1614 connections to the Ōtorohanga urban water supply and 443 in Kāwhia – a total of 75.8 km of pipeline and 9 reservoirs (capacity 4,250m³). The Ōtorohanga water supply is drawn from the Waipā River while Kāwhia draws from local springs. Both supplies are treated.

The four rural water schemes – Arohena (3 components)⁵¹, Ranginui, Tihiroa and Waipā - collectively supply 302 properties and are comprised of 129 km of pipeline and 13 reservoirs with a total capacity of 3150m³. Water is supplied on a controlled ('trickle-feed') basis, with on-farm storage required by the property owner. The Waipā Scheme is supplied via the Ōtorohanga town supply, with the other schemes drawing water from local rivers/streams. The schemes are managed by Council on behalf of the owners of properties connected to the schemes, and oversight of each scheme is provided by a local committee.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Provision of potable ⁵² water within specified areas via a safe and reliable treatment and supply system.	The extent to which the Council's drinking water supply complies with ⁵³ (M):				
	- Bacterial Compliance Criteria - Protozoal Compliance Criteria	Partially complies ⁵⁴ Partially complies ⁵⁵	Complies Complies	Complies Partially complies	Achieved – Ōtorohanga 100% compliance, Kāwhia 100% compliance Not achieved – Ōtorohanga 100% compliance, Kāwhia 58.3% compliance

⁵¹ Refer to text box on page 52 for changes to the Arohena scheme

⁵² Note: Ranginui RWS is a non-potable supply.

⁵³ (M) Full wording: The extent to which the local authority's drinking water supply complies with: (a) part 4 of the drinking water standards (bacteria compliance criteria); and (b) part 5 of the drinking water standards (protozoal compliance criteria).

⁵⁴ Measured in accordance with the with Drinking Water Quality Assurance Rules 2022 which differ from the standard used to determine compliance in 2024/25. Refer to text box on page 55 for further information.

⁵⁵ Ibid



	Number of complaints received, per 1000 connections, about (M) ⁵⁶ : • Water clarity • Water taste • Water odour • Water pressure or flow • Continuity of supply	14 Complaints	<5 Complaints	26 complaints	Not achieved
	Median response times for call-outs in response to a fault or unplanned interruption the network (M) ⁵⁷ : Urgent Call-outs: • Attendance⁵⁸ • Resolution⁵⁹ Non-Urgent Call-outs: • Attendance⁶⁰ • Resolution⁶¹	2hrs 59mins 15hrs 29mins 2hrs 28mins 10hrs 16mins	< 1.5 Hours < 18 Hours < 1.5 Hours < 18 Hours	1hrs 42mins 2hrs 48mins 2hrs 54mins 26hrs 18mins	Not achieved Achieved Not achieved Not achieved
Water supply and demand managed to ensure prudent use of water.	The percentage of real water loss from the Council's networked reticulation system (M)				
	• Ōtorohanga	27%	< 25%	28%	Not achieved
	• Kāwhia	27%	< 25%	26%	Not achieved
	Average consumption of drinking water per day per resident within the Ōtorohanga District (M).	290 Litres/person/day	< 300 Litres/person/day	279 litres/person/day	Achieved

M = Mandatory measure

⁵⁶ As recorded in the request for service system.

⁵⁷ (M) Full wording: Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response time measured.

⁵⁸ (M) Full wording: Attendance for urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.

⁵⁹ (M) Full wording: Resolution of urgent call-outs: from the time the local authority receives notification to the time service personnel confirm resolution of the fault or interruption.

⁶⁰ (M) Full wording: Attendance for non-urgent call-outs: from the time the local authority receives notification to the time that service personnel reach the site.

⁶¹ (M) Full wording: Resolution of non-urgent call-outs: from the time the local authority receives notification to the time service personnel confirm resolution of the fault or interruption.



BACTERIAL AND PROTOZOAL COMPLIANCE

From 1 January 2023, new Drinking Water Quality Assurance Rules (DWQAR) introduced by Taumata Arowai took effect. These DWQAR replaced the existing water drinking standards, meaning that Council was unable to measure compliance with the Standards as per the performance measure above. The new rules cover additional items not previously monitored under the old standards.

Council currently measures compliance against the new DWQAR, and partially complies with these new rules. However, as these new rules do not align with the performance measures, we cannot state that we comply with the performance measures as written.

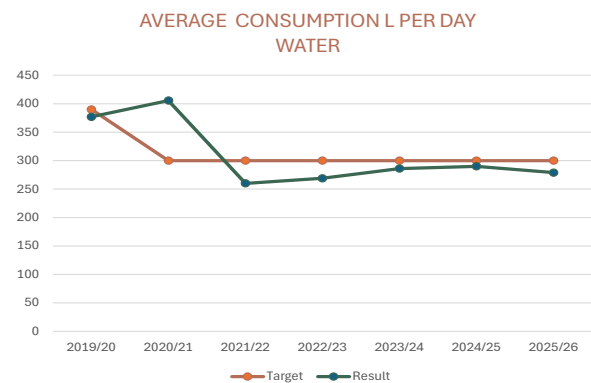
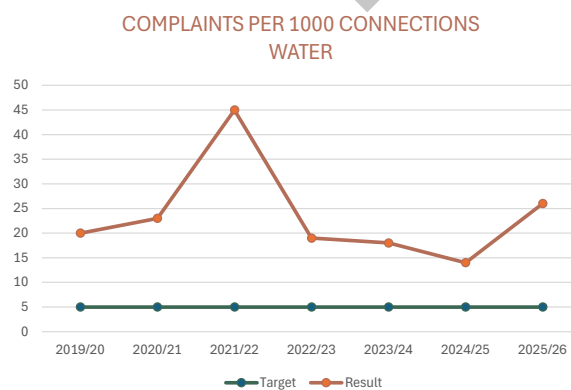
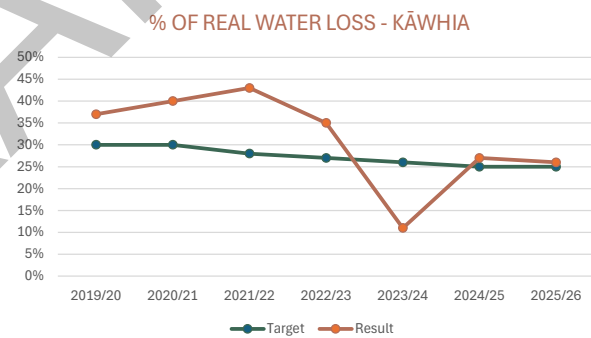
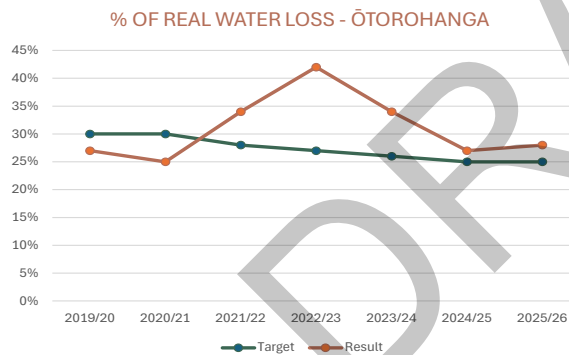
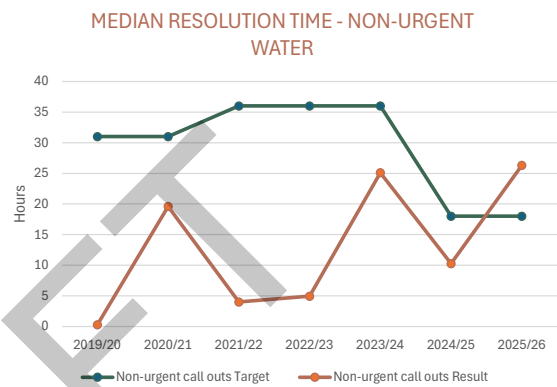
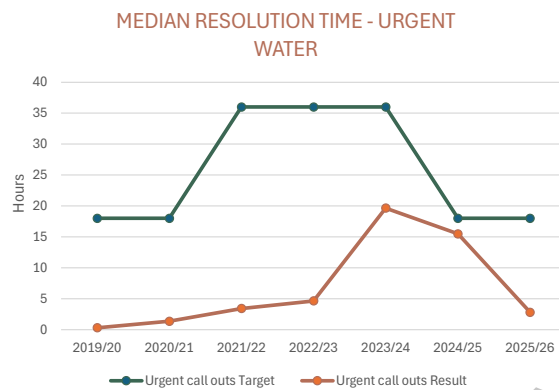
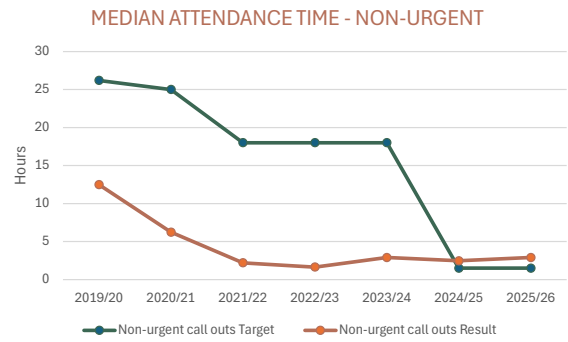
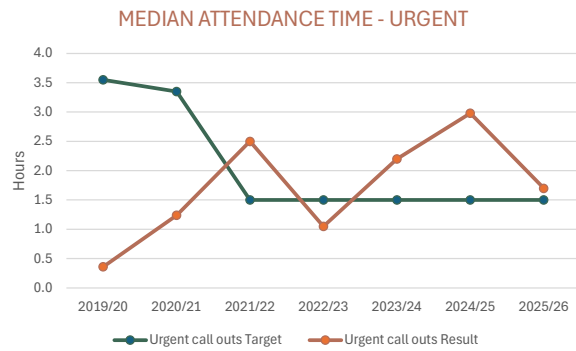
In August 2024, the Department of Internal Affairs adopted updated performance measures to align with the new DWQAR. However, these did not take effect until 21 August 2024, after the adoption of the Long Term Plan, so they have not been applied to the 2025/26 financial year.

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TREND





COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	WATER SUPPLY COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
16	Activity Revenue	2	3
2,437	Targeted Rates	2,844	2,675
4	Development Contributions	-	-
68	General Rates	161	156
-	Other General Sources	-	-
2,525	<i>Total Operating Revenue</i>	3,007	2,834
	OPERATING EXPENDITURE		
1,931	On Demand Supply	2,073	2,067
1,090	Restricted Supply	1,152	1,208
3,021	<i>Total Operating Expenditure</i>	3,225	3,275
(496)	<i>Net Cost of Service</i>	(218)	(441)

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FUNDING IMPACT STATEMENT

WATER SUPPLY FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	30	150	156
Targeted Rates (other than a targeted rate for water supply)	2,636	3,036	2,675
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	2	2	3
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	-	-	-
TOTAL OPERATING FUNDING	2,668	3,188	2,834
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	958	1,003	1,028
Finance Costs	196	215	131
Internal Charges and Overheads Applied	1,246	1,268	1,179
Other Operating Funding Applications	67	68	69
TOTAL APPLICATION OF OPERATING FUNDING	2,467	2,555	2,407
SURPLUS (DEFICIT) IN OPERATING FUNDING	201	633	427
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	2,079	101	29
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	2,079	101	29
APPLICATION OF CAPITAL FUNDING			
Capital Growth	50	51	-
Capital Level of Service	90	56	27
Capital Renewals	1,401	768	326
Increase (Decrease) in Reserves	739	(142)	104
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	2,280	734	456
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(201)	(633)	(427)
FUNDING BALANCE	-	-	-



STORMWATER

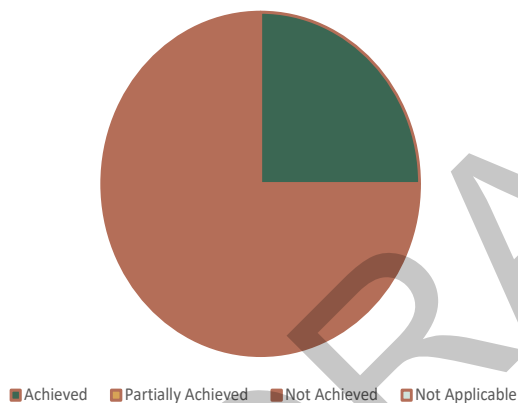
OVERVIEW

Hard surfaces, such as roofs, parking and paved areas, driveways, and roads, all contribute to generating stormwater runoff. In the Ōtorohanga and Kāwhia urban areas we collect and dispose of this runoff to prevent/minimise flooding from heavy or prolonged rainfall events. Effective management of stormwater supports community resilience and when damage from rainfall events is minimised communities can continue to thrive.

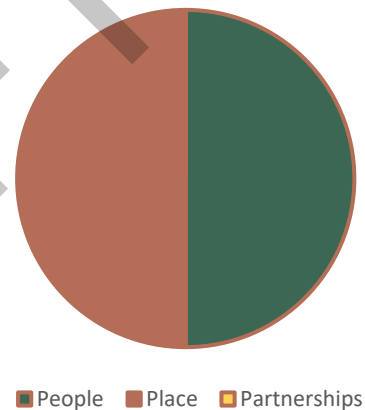
Stormwater management for the district is guided by an asset management plan (covering stormwater and wastewater). The plan was substantially reviewed in 2020/21 and updated as part of the process for developing the 2024/34 LTP.

PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



OUTCOMES MEASURED



FEBRUARY 2026 WEATHER EVENT

On the evening of 13th February 2026, and into the morning of the 14th, a significant weather front came through the Ōtorohanga district. This weather event brought a significant amount of rain, which led to flooding in parts of the district, particularly in Ōtorohanga township and the surrounding areas. There was also damage done to roading assets in the western parts of the district around Mt Pirongia.

A state of emergency was declared on the 14th February, with Waipa District declaring an emergency later that same day. Both Councils, along with help from other Waikato councils, operated an Emergency Operations Centre (EOC) from the Ōtorohanga council offices.

During this event, a number of households were displaced as a result of the flooding, particularly in the lower lying areas of town. These properties that were identified through the EOC have been included in the measures below. This has been determined from the EOC records of properties that were advised to Council but may not represent all flooded habitable floors if people were not home or did not advise us of the damage. Also, only those properties in the town have been used for the measures, as those in the rural areas are not connected to stormwater systems administered by Council.



STORMWATER MANAGEMENT

The Ōtorohanga stormwater network is made up 22.7kms of pipes and 4.5kms of open drains which works in tandem with the Ōtorohanga Flood Protection Scheme's stopbanks and pump stations to protect property and prevent erosion. Recent subdivisions have contributed to an increase in the size of the network. While overall condition and performance of the system is generally good, capacity is limited and, for this reason, new developments are also required to provide for on-site stormwater management, such as retention and ground soakage.

The Kāwhia stormwater system consists of 3.8km of pipes, 0.5km of open drains and one small pump station located in a low-lying area. Network assets are relatively new and in good condition as a major upgrade was undertaken in 1999/00.

Aotea's stormwater assets consist mainly of soakage devices and overland flow soaking through the sand base. Roof water is captured by residents for drinking water.

Across the district, directing stormwater from/under roads is managed as a part our land transport group of activities.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Provision of a safe and reliable stormwater system which minimises flooding and environmental impact.	Number of flooding events in the district and, for each flooding event, the number of habitable floors affected per 1000 properties connected (M) ⁶² .	0 Habitable floors affected by flood events	0 Habitable floors affected by flood events	1 flooding event 12.8 habitable floors	Not achieved. The February 26 flooding event caused a total of 21 habitable floors to be flooded within the Ōtorohanga township, along with a number of properties outside the town which are not connected to the stormwater system and therefore are not included in this calculation.
	Compliance with consents for discharge from the stormwater system (M) ⁶³ : • Abatement Notices • Infringement Notices • Enforcement Orders • Convictions	0 Non-compliance actions	0 Non-compliance actions	0 Non-compliance actions	Achieved
	Median response time ⁶⁴ to attend to a flooding event (M) ⁶⁵ .	1hr 30mins	< 4 hours 30 minutes	Not measured	Not achieved. Given the nature of the weather event and the response, recording of response times was not

⁶² (M) Full wording: (a) The number of flooding events that occur in a territorial authority district. (b) For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)

⁶³ (M) Full wording: Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of: (a) abatement notices, (b) infringement notices, (c) enforcement orders, (d) convictions received by the territorial authority in relation to those resource consents.

⁶⁴ Measured from the time of notification until service personnel arrive on site.

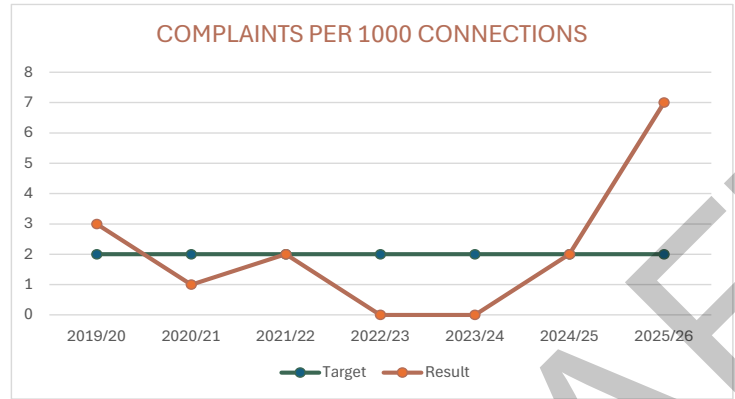
⁶⁵ (M) Full wording: The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.



					undertaken, making it difficult to determine the result of this measure.
	Number of complaints received, per 1000 properties connected, about the performance of the stormwater system (M) ⁶⁶ .	2 Complaints	≤ 2 Complaints	7 Complaints	Not achieved.

M = Mandatory measure

TREND



⁶⁶ As recorded in the request for service system



COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	STORMWATER COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
	- Activity Revenue	-	1
	- Targeted Rates	-	-
	- Development Contributions	-	-
281	General Rates	363	367
	- Other General Sources	-	-
281	<i>Total Operating Revenue</i>	363	368
	OPERATING EXPENDITURE		
397	Stormwater	425	453
397	<i>Total Operating Expenditure</i>	425	453
(116)	<i>Net Cost of Service</i>	(62)	(85)

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FUNDING IMPACT STATEMENT

STORMWATER FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	250	319	367
Targeted Rates (other than a targeted rate for water supply)	-	-	-
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	-	-	1
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	-	-	-
TOTAL OPERATING FUNDING	250	319	368
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	36	42	77
Finance Costs	16	14	9
Internal Charges and Overheads Applied	75	79	101
Other Operating Funding Applications	31	32	32
TOTAL APPLICATION OF OPERATING FUNDING	158	167	219
SURPLUS (DEFICIT) IN OPERATING FUNDING	92	152	149
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	(5)	104	(15)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(5)	104	(15)
APPLICATION OF CAPITAL FUNDING			
Capital Growth	75	50	-
Capital Level of Service	40	113	5
Capital Renewals	61	63	-
Increase (Decrease) in Reserves	(89)	30	129
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	87	256	134
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(92)	(152)	(149)
FUNDING BALANCE	-	-	-



FLOOD PROTECTION

OVERVIEW

The increased frequency and intensity of storm events and rising sea levels expected to affect the district over the medium to long term due to climate change reinforces the importance of this group of activities for community resilience.

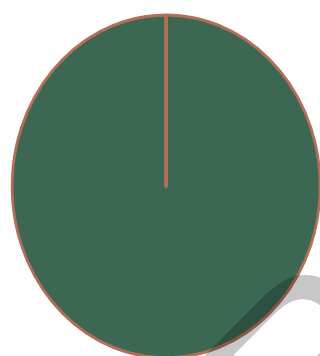
Infrastructure managed under this group of activities include:

- Flood Protection Works
- Coastal Structures

The structures we manage not only sustain and protect homes, businesses and properties, doubling as recreation spaces, they add to the vibrancy and liveability of our communities.

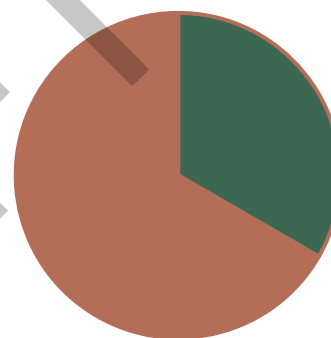
PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



■ Achieved ■ Partially Achieved ■ Not Achieved ■ Not Applicable

OUTCOMES MEASURED



■ People ■ Place ■ Partnerships

FLOOD PROTECTION WORKS

Commissioned in 1966, the Ōtorohanga Flood Protection Scheme (ŌFPS) is part of Project Watershed – a flood protection, soil conservation and river management scheme for the greater Waikato catchment.

ŌFPS assets include 4.6 kilometres of stopbanks⁶⁷ to keep the Waipā River from flooding Ōtorohanga township and three large flood pumps stations to pump surface water back to the river in a flood event. The scheme design is for a 1 in 100-year event.

We own the stopbanks and all the assets that make up the ŌFPS. Maintenance and operation of the scheme is carried out by our staff under a service level agreement with our partner, Waikato Regional Council. This arrangement means we can coordinate this activity with our local stormwater drainage activities. All ŌFPS work is paid for with funding from Project Watershed⁶⁸.

⁶⁷ www.waikatoregion.govt.nz/assets/WRC/Council/Policy-and-Plans/HR/S32/Part-A/WRC-Policy-Series-2011-07.pdf, pages 67 and 142.

⁶⁸ Project Watershed rates are collected by Waikato Regional Council.



Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
The ŌFPS well managed, maintained and operated.	Maintenance, repairs and renewal undertaken to approved standards ⁶⁹ (M) ⁷⁰ .	Achieved	Achieved	Achieved	Achieved

M = Mandatory measure

COASTAL STRUCTURES

This activity focuses on the structures we manage and maintain in coastal areas. These structures are a mix of coastal defences (e.g. seawalls) protecting public and private property from coastal erosion and facilities that provide water access (e.g. boat ramps). In some instances, these assets are multi-functional, providing for protection and as well as for recreation needs.

Key assets are:

- Kāwhia and Aotea Seawalls
- Kāwhia Wharf
- Kāwhia boat ramps (x3)

On behalf of the residents and ratepayers in Aotea, we also hold the resource consent and take overall responsibility for maintaining the Aotea Seawall.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
Coastal structures well managed, maintained and renewed.	Maintenance, repairs and renewals undertaken to approved standards ⁷¹ (M) ⁷² .	Achieved	Achieved	Achieved	Achieved

M = Mandatory measure

⁶⁹ As reported in annual scheme report to Waikato Regional Council.

⁷⁰ (M) Full wording: The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents (such as its activity management plan, asset management plan, annual works program or long term plan).

⁷¹ As reported to Waikato Regional Council.

⁷² (M) Full wording: The major flood protection and control works that are maintained, repaired and renewed to the key standards defined in the local authority's relevant planning documents (such as its activity management plan, asset management plan, annual works programme, long term plan or resource consent).



COST OF SERVICE STATEMENT

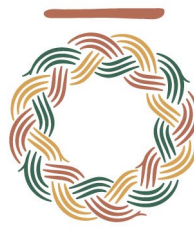
2024/25 Actual (\$000)	FLOOD PROTECTION COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
138	Activity Revenue	217	156
45	Targeted Rates	127	126
-	Development Contributions	-	-
46	General Rates	81	83
-	Other General Sources	-	-
229	<i>Total Operating Revenue</i>	425	365
	OPERATING EXPENDITURE		
162	Flood Protection	194	156
115	Coastal Structures	252	113
277	<i>Total Operating Expenditure</i>	446	269
(48)	<i>Net Cost of Service</i>	(21)	96

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FUNDING IMPACT STATEMENT

FLOOD PROTECTION FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	60	73	83
Targeted Rates (other than a targeted rate for water supply)	45	122	126
Subsidies and Grants for Operating Purposes	-	-	-
Fees and Charges	20	20	20
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	169	189	137
TOTAL OPERATING FUNDING	294	403	366
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	113	206	68
Finance Costs	8	14	11
Internal Charges and Overheads Applied	121	128	76
Other Operating Funding Applications	9	9	16
TOTAL APPLICATION OF OPERATING FUNDING	251	356	171
SURPLUS (DEFICIT) IN OPERATING FUNDING	43	47	195
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	71	49	(23)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	71	49	(23)
APPLICATION OF CAPITAL FUNDING			
Capital Growth	-	-	-
Capital Level of Service	-	-	-
Capital Renewals	118	162	57
Increase (Decrease) in Reserves	(4)	(66)	115
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	114	96	172
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(43)	(47)	(195)
FUNDING BALANCE	-	-	-



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RESPONSIBLE WASTE MANAGEMENT

- WASTE MANAGEMENT AND MINIMISATION



RESPONSIBLE WASTE MANAGEMENT

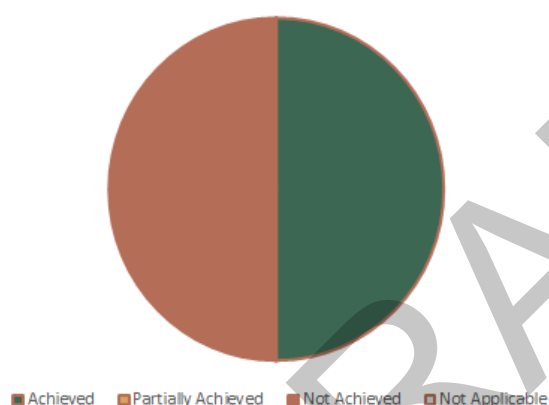
OVERVIEW

In 2025/26 our contractors collected 413 tonnes of refuse and 1,617 tonnes of recycling. As it is for the rest of New Zealand, minimising waste volumes is essential for the long term sustainability of the district and liveable communities. The annual tonnage of waste to landfill in the Waikato Region is continuing to climb and this is despite household recycling reportedly increasing.

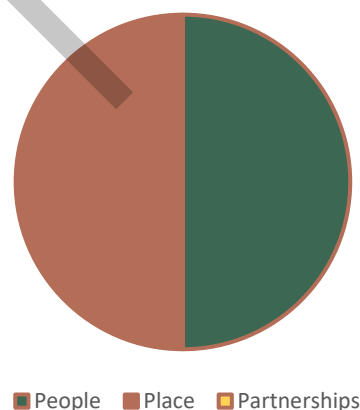
Our waste management responsibilities are to effectively manage waste, reduce waste volumes and minimise the environmental impact of old landfills. We also support waste minimisation education and initiatives such as EnviroSchools⁷³ and Para Kore⁷⁴.

PERFORMANCE SUMMARY

OVERALL PERFORMANCE RESULTS



OUTCOMES MEASURED



WASTE MANAGEMENT AND MINIMISATION

The services we deliver under this activity are:

- Kerbside rubbish and recycling services in Aotea, Kāwhia and Ōtorohanga
- Operation of transfer stations in Kāwhia and Ōtorohanga, and the provision of four rural recycling depots
- Management of closed council landfills
- Waste minimisation education.

Our urban rubbish and recycling collection services, the operation of our transfer stations and the servicing of rural recycling depots are carried out under contract by Envirowaste. Contractors⁷⁵ also monitor the closed landfills on our behalf so that we can report on compliance with resource consents issued by Waikato Regional Council.

The waste minimisation activities we undertake are outlined in our Waste Management and Minimisation Plan (WMMP) and funded from revenue raised by the national landfill waste levy, administered by the

⁷³ An environmental action based programme empowering young people to design and lead sustainability projects in their schools, neighbourhoods and country.

⁷⁴ A te ao Māori based, zero-waste education programme which aims to design out waste and strengthen the connection to Papatūānuku (earth) and Ranginui (sky).

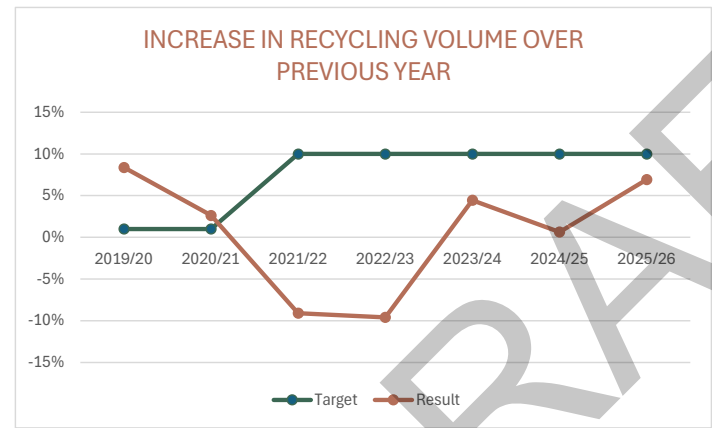
⁷⁵ Co-Lab undertakes monitoring/sampling and AECOM compliance reporting.



Ministry for the Environment (MfE). These activities are important for reducing waste to landfill and are delivered in a range of ways depending on the project.

Level of service	How we measure success	Result for 2024/25	Target 2025/26	Result	Narrative
A reliable weekly household kerbside rubbish and recycling collection service in Aotea, Kāwhia and Ōtorohanga.	Kerbside collection services comply with National Waste Strategy ⁷⁶ .	Achieved	Achieved	Achieved	Achieved
Waste minimisation to be actively promoted.	Increase in recycling volumes over previous year ⁷⁷ .	0.64% increase	10% Increase	6.93% increase	Not achieved

TREND



⁷⁶ As measured through contractor’s monthly report.
⁷⁷ Ibid.



COST OF SERVICE STATEMENT

2024/25 Actual (\$000)	RESPONSIBLE WASTE MANAGEMENT COST OF SERVICE STATEMENT FOR YEAR ENDED 30 JUNE 2026	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	OPERATING REVENUE		
209	Activity Revenue	178	227
429	Targeted Rates	443	442
-	Development Contributions	-	-
79	General Rates	107	129
-	Other General Sources	-	-
717	<i>Total Operating Revenue</i>	728	798
	OPERATING EXPENDITURE		
767	Rubbish & Recycling Services	744	806
767	<i>Total Operating Expenditure</i>	744	806
(50)	<i>Net Cost of Service</i>	(16)	(8)

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FUNDING IMPACT STATEMENT

RESPONSIBLE WASTE MANAGEMENT FUNDING IMPACT STATEMENT FOR YEAR ENDED 30 JUNE 2026	2024/25 Long Term Plan (\$000)	2025/26 Long Term Plan (\$000)	2025/26 Actual (\$000)
SOURCES OF OPERATING FUNDING			
General Rates, Uniform Annual General Charges, Rates Penalties	82	138	129
Targeted Rates (other than a targeted rate for water supply)	430	444	442
Subsidies and Grants for Operating Purposes	140	143	220
Fees and Charges	5	5	8
Internal Charges and Overheads Recovered	-	-	-
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	-	-	-
TOTAL OPERATING FUNDING	657	730	798
APPLICATION OF OPERATING FUNDING			
Payments to Staff and Suppliers	638	551	680
Finance Costs	5	5	2
Internal Charges and Overheads Applied	152	171	96
Other Operating Funding Applications	1	1	1
TOTAL APPLICATION OF OPERATING FUNDING	796	728	779
SURPLUS (DEFICIT) IN OPERATING FUNDING	(139)	2	20
SOURCES OF CAPITAL FUNDING			
Subsidies and Grants for Capital Expenditure	-	-	-
Development and Financial Contributions	-	-	-
Increase (Decrease) in Debt	12	(19)	(14)
Gross Proceeds from Sale of Assets	-	-	-
Lump Sum Contribution	-	-	-
Other Dedicated Capital Funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	12	(19)	(14)
APPLICATION OF CAPITAL FUNDING			
Capital Growth	-	-	-
Capital Level of Service	-	-	-
Capital Renewals	36	1	-
Increase (Decrease) in Reserves	(163)	(18)	6
Increase (Decrease) of Investment	-	-	-
TOTAL APPLICATION OF CAPITAL FUNDING	(127)	(17)	6
SURPLUS (DEFICIT) OF CAPITAL FUNDING	139	(2)	(20)
FUNDING BALANCE	-	-	-



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DISTRICT COUNCIL

THE MONEY IN DETAIL

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

SUPPORTING INFORMATION



FINANCIAL STATEMENTS

- COMPREHENSIVE REVENUE AND EXPENSES
- BALANCE SHEET
- CHANGES IN EQUITY
- CASH FLOWS



STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

2024/25 Actual (\$000)	STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR YEAR ENDED 30 JUNE 2026	NOTE	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	REVENUE			
15,211	Rates Revenue	2	16,782	16,826
26	Contributions		265	74
2,040	Water by volume rates	2	2,379	2,211
7,833	Subsidies	2	6,784	11,619
147	Interest income	2	87	100
2,192	Other income	2	1,849	2,918
(62)	Other gains/(losses) on asset disposal		-	(130)
27,387	<i>Total Revenue</i>		28,146	33,618
	Expenses			
6,618	Employee benefit expenses	3	7,576	7,053
8,157	Depreciation and amortisation	11	7,801	8,515
13,014	Other expenses	4	14,321	19,274
535	Finance costs		281	490
28,324	<i>Total Expenses</i>		29,980	35,332
(937)	<i>Surplus/(deficit) for the year</i>		(1,833)	(1,714)
	OTHER COMPREHENSIVE REVENUE AND EXPENSES			
	<i>Items that will not be reclassified to surplus/(deficit)</i>			
24,114	Gain/(loss) on property revaluation		28,281	21,750
1,245	Fair value movement of unlisted shares		39	906
25,359	<i>Total other comprehensive revenue and expenses</i>		28,319	22,656
24,422	Total Comprehensive Revenue and Expenses for the Year		26,486	20,942
	Total Comprehensive Revenue and Expenses Attributable to:			
24,422	ŌTOROHANGA DISTRICT COUNCIL		26,486	20,942

The accompanying notes on pages 79-117 form part of these financial statements.



BALANCE SHEET

2024/25 Actual (\$000)	BALANCE SHEET AS AT 30 JUNE 2026	NOTE	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	ASSETS			
	Current Assets			
1,217	Cash and cash equivalents	5	1,157	346
4,137	Receivables from non-exchange transactions	6	2,121	6,348
284	Receivables from exchange transactions	6	-	284
-	Loan Receivable	7	250	-
173	Prepayments		-	114
46	Inventory		32	47
5,857	<i>Total Current Assets</i>		3,560	7,139
	Non-Current Assets			
9,020	Investments	8	7,884	9,826
437,393	Property, plant and equipment	9	444,203	460,491
1,501	Loan Receivable	7	1,500	-
136	Intangible assets	10	68	115
448,050	<i>Total Non-Current Assets</i>		453,655	470,432
453,907	TOTAL ASSETS		457,214	477,571
	LIABILITIES			
	Current Liabilities			
3,651	Payables under exchange transactions	12	2,762	3,396
1	Provisions	13	1	1
381	Employee benefit liabilities	14	410	421
586	Development and financial contributions in advance	16	541	530
1,104	Income in Advance	15	757	1,103
7,000	Borrowings	17	9,448	15,000
12,722	<i>Total Current Liabilities</i>		13,919	20,451
	Non-Current Liabilities			
11	Provisions	13	16	9
48	Employee benefit liabilities	14	47	42
5,448	Borrowings	17	-	448
5,506	<i>Total Non-Current Liabilities</i>		63	499
18,228	TOTAL LIABILITIES		13,982	20,950
435,679	Net Assets		443,233	456,621
	EQUITY			
165,960	Accumulated Comprehensive Revenue and Expenses	18	169,239	164,660
4,102	Council Controlled Reserves	18	-	3,665
3,205	Reserve Funds	18	3,001	3,232
262,412	Revaluation Reserves	18	270,993	285,064
435,679	TOTAL EQUITY		443,233	456,621

The accompanying notes on pages 79-117 form part of these financial statements.



STATEMENT OF CHANGES IN EQUITY

2024/25 Actual (\$000)	STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2026	NOTE	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
411,255	Balance at 1 July		416,747	435,679
-	- Adjustments on adoption of PBE IPSAS 41	22	-	-
411,255	Adjusted balance at 1 July		416,747	435,679
24,422	Total comprehensive revenue and expense for the year		26,486	20,942
435,679	BALANCE AT 30 JUNE		443,233	456,622
	<i>Total Comprehensive Revenue and Expenses Attributable to:</i>			
24,422	Ōtorohanga District Council		26,486	20,942
24,422	TOTAL COMPREHENSIVE REVENUE AND EXPENSES		26,486	20,942

The accompanying notes on pages 79-117 form part of these financial statements.

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STATEMENT OF CASH FLOW

2024/25 Actual (\$000)	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2026	NOTE	2025/26 AP Estimate (\$000)	2025/26 Actual (\$000)
	Current Flows From Operating Activities			
17,158	Receipts from rates revenue		19,148	19,021
10,619	Receipts from other revenue		9,094	12,571
147	Interest received		87	100
7	Dividends received		8	21
(21,127)	Payments to suppliers and employees		(21,941)	(26,605)
(535)	Interest paid		(281)	(491)
6,268	Net Cash Provided By Operating Activities		6,114	4,617
	Current Flows From Investing Activities			
(10,249)	Purchase of property, plant and equipment		(11,496)	(9,332)
(31)	Purchase of intangible assets		(71)	(103)
(133)	Purchase of investments		-	813
90	Proceeds from Sale of Property, Plant and Equipment		112	133
(10,323)	Net Cash (Used In) Investing Activities		(11,455)	(8,488)
	Current Flows from Financing Activities			
3,000	Proceeds from borrowings		3,225	3,000
-	Repayment of borrowings		-	-
3,000	Net Cash Provided By/(Used In) Financing Activities		3,225	3,000
(1,055)	Net (Decrease)/Increase In Cash, Cash Equivalents and Bank Overdrafts		(2,016)	(872)
2,272	Cash, cash equivalents and bank overdrafts at the beginning of the year		3,170	1,217
1,217	Cash, Cash Equivalents at the End of the Year		1,154	346

The accompanying notes on pages 79-117 form part of these financial statements.



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NOTES TO THE FINANCIAL STATEMENTS



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1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

REPORTING ENTITY

Ōtorohanga District Council (ŌDC) is a territorial local authority governed by the Local Government Act 2002.

The primary objective of ŌDC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, ŌDC has designated itself as a public benefit entity for the purposes of complying with generally accepted accounting practice (NZGAAP).

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

BASIS OF PREPARATION

These financial statements comply with the PBE standards for tier 2 entities. The measurement base applied is historical cost adjusted for revaluations of certain assets.

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

STATEMENT OF COMPLIANCE

The financial statements of ŌDC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98(i) and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with PBE standards Reduced Disclosure Regime (Tier 2). This classification has been determined as the council does not have public accountability and is not large as total expenses are less than \$33 million. While the Council's total expenses exceeded the \$33 million threshold for the first time during the current reporting period, the Council continues to qualify for Tier 2 reporting in accordance with the tier transition requirements of XRB A1 *Application of the Accounting Standards Framework*.

PRESENTATION CURRENCY AND ROUNDING

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The functional and reporting currency of ŌDC is New Zealand dollars.

BORROWING COSTS

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

GOODS AND SERVICES TAX (GST)

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

Commitment and contingencies are disclosed exclusive of GST.

BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the year in the Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by ŌDC for the preparation of the financial statements.

COST ALLOCATION

The cost of service for each significant activity of ŌDC has been derived using the cost allocation system outlined below.





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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

CHANGES IN ACCOUNTING POLICIES

There were no new standards and amendments issued and effective for this financial year, so no changes in accounting policies required.

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2. REVENUE

ACCOUNTING POLICY

Revenue is measured at the fair value of consideration received or receivable.

The specific accounting policies for significant revenue items are explained below:

REVENUE FROM NON-EXCHANGE TRANSACTIONS

RATES REVENUE

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage.
- Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

NZ TRANSPORT AGENCY ROADING SUBSIDIES

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

OTHER GRANTS RECEIVED

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

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

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

VESTED OR DONATED PHYSICAL ASSETS

Where a physical asset is acquired for nil or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

DIRECT CHARGES – SUBSIDISED

(I) Rendering of Services - Subsidised

Rendering of services at a price that is not approximately equal to the value of the service provided by Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow Council to fully recover the cost of providing the service (such as building consents, water connections, dog licencing, etc.) and where the shortfall is subsidised by income from other activities, such as rates. Generally, there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when Council issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash



2. REVENUE - continued

received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that Council has an obligation to refund the cash received for the service (or the extent that the customer has the right to withhold the payment from Council for the service) if the service is not completed.

(ii) Sale of Goods – Subsidised

A sale of goods at a price that is not approximately equal to the value of the goods provided by Council is considered a non-exchange transaction.

This includes sales of goods where the price does not allow Council to fully recover the cost of producing the goods and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

REVENUE FROM EXCHANGE TRANSACTIONS

DIRECT CHARGES – FULL COST RECOVERY

(i) Rendering of Services - Full Cost Recovery

Revenue from the rendering of services (such as resource consents, etc.) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

(ii) Sale of Goods – Full Cost Recovery

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to Council.

INTEREST AND DIVIDENDS

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.





BREAKDOWN OF RATES AND FURTHER INFORMATION	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
General Rates	8,353	9,478
Targeted rates attributable to activities		
Water	397	464
Sewerage	902	1,190
Refuse	429	442
Land Transport	4,791	4,781
Security	95	76
Erosion Protection	44	126
Halls	30	30
Rates penalties	170	239
Total revenue from rates	15,211	16,826
Metered Water Charges	2,040	2,211
Total water by volume rates	2,040	2,211

BREAKDOWN OF SUBSIDIES AND GRANTS	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Subsidies		
NZTA government grants	6,919	10,383
Other Subsidies	914	1,236
Total subsidies	7,833	11,619

Other subsidies include Better Off Funding, waste minimisation subsidies, Ministry of Social Development subsidies for youth employment initiatives, Sport NZ and Creative Communities funding.

BREAKDOWN OF OTHER INCOME	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Other income		
User charges	939	1,448
Regulatory revenue	1,156	686
Petrol tax	90	88
Vested assets revenue	-	675
Dividend income	7	21
Total other income	2,192	2,918

The vested asset income relates to the gifting of the rural land that will be developed into the rural park.



BREAKDOWN OF INTEREST INCOME	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Interest income		
Interest income for financial assets not at fair value through profit and loss:		
• Cash and cash equivalents	114	74
• Loan receivable interest earned	-	-
• Loan receivable accruals	33	26
	147	100

EXCHANGE AND NON-EXCHANGE REVENUE

Total revenue from non-exchange transactions includes the revenue from rates, government grants, fines and other revenue. Total non-exchange revenue for the 2025/26 financial year is \$32,773,895 (2024/25: 26,083,791).

Total revenue from exchange transactions includes the revenue from interest, rental, royalties and other revenue. Total exchange revenue for the 2025/26 financial year is \$974,063 (2024/25: \$1,365,055).

EXCHANGE AND NON-EXCHANGE REVENUE	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Non-exchange revenue	26,084	32,774
Exchange revenue	1,365	974
Total revenue	27,449	33,748
Total revenue per statement of comprehensive revenue and expenses	27,387	33,618
Add back: Other gains/(losses) on asset disposal	62	130
Classified revenue per statement of comprehensive revenue and expenses	27,449	33,748

OPERATING LEASES AS LESSOR

ŌDC leases some property under operating leases. The majority of these leases have non-cancellable terms of 5 years, with lease terms ranging from 2 years up to 50 years in selected cases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

BREAKDOWN OF OPERATING LEASES AS LESSOR	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Non-cancellable operating leases as lessor:		
• Not later than one year	13	121
• Later than one year and not later than five years	48	331
• Later than five years	205	254
Total non-cancellable operating leases	266	706



3. PERSONNEL COSTS

ACCOUNTING POLICY

DEFINED CONTRIBUTION PLANS

Obligations for contributions to Kiwisaver are recognised as defined contribution plans and are recognised as an expense in the surplus or deficit when incurred.

BREAKDOWN OF PERSONNEL COSTS AND FURTHER INFORMATION	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Salaries and wages	6,657	6,857
Employer contributions to defined contribution plans	152	161
Increase/(decrease) in employee benefit liabilities	(191)	35
Total employee benefit expenses	6,618	7,053

Severance payments as identified later in this note are included in the salaries and wages figure in the above table.

Employer contributions to defined contribution plans include contributions to Kiwisaver and other contribution plans. No additional liability exists to ODC related to the defined contribution plans.

KEY MANAGEMENT PERSONNEL COMPENSATION	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Councillors		
Full-time equivalent members	10	10
Remuneration	401	404
Senior Management Team, including Chief Executive		
Full-time equivalent members	6	5
Remuneration	1,110	981
Total full-time equivalent personnel	16	15
Total key management personnel remuneration	1,521	1,385

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors.

CHIEF EXECUTIVE	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Salary	286	289
Motor Vehicle	10	10
Fringe Benefit Tax	19	9
Total Chief Executive's remuneration	315	308



ELECTED REPRESENTATIVES	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Council to 11 October 2025		
Max Baxter, Mayor	110	34
Roy Johnson	27	8
Annette Williams	40	13
Cathy Prendergast	33	10
Steve Hughes	33	10
Roy Willison	29	9
Council from 12 October 2025		
Rodney Dow, Mayor	29	101
Katrina Christison	33	45
Tayla Barclay	-	22
Andrew Barker	-	20
Jo Butcher	-	22
Shane Carr	-	19
Christopher Jeffries	38	37
Tenille Kete	-	18
Jaimee Tamaki	29	28
Michael Woodward	-	18

Councillor Butcher was on the Ōtorohanga Community Board prior to the election where they received remuneration of \$2,829 (2024: 8,669).

COUNCIL EMPLOYEES	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Total remuneration by band for employees as at 30 June		
< \$60,000	16	13
\$60,000 – \$79,999	15	19
\$80,000 – \$99,999	12	10
\$100,000 – \$119,999	12	13
\$120,000 – \$159,999	7	6
\$160,000 – \$279,999	5	5
Total employees	67	66

Total remuneration includes non-financial benefits provided to employees.

At balance date, the Council employed 48 (2025: 49) full-time employees, with the balance of 18 part-time employees representing 10 (2025: 7.5) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

Severance payments

For the year ended 30 June 2026 ŌDC made a severance payment to one employee of \$10,000 (2025: no severance payments).



4. OTHER EXPENSES

ACCOUNTING POLICY

GRANT EXPENDITURE

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

OPERATING LEASES

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

OTHER EXPENSES	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Fees for financial statement audit - current year	225	232
Fees for long term plan audit	-	-
Fees for trustee reporting	9	9
Minimum lease payments under operating leases	25	25
Activity operation	1,858	2,082
Asset maintenance	747	833
Road maintenance	4,062	7,671
Grants and Subsidies	315	650
Insurance	256	231
Youth Initiatives	348	217
Regional Initiatives	126	138
Other expenses	5,043	7,186
Total other expenses	13,014	19,274

ŌDC is exempt from tax under the Income Tax Act 2007.

OPERATING LEASES AS LESSEE

ŌDC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. These leases are for photocopying equipment and meeting room technology used within the day-to-day running of the council. ŌDC does not have the option to purchase the leased asset at the expiry of the lease period. The future aggregate minimum lease payments to be made under non-cancellable operating leases are as follows.



BREAKDOWN OF OPERATING LEASES AS LESSEE	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Non-cancellable operating leases as lessee:		
• Not later than one year	25	25
• Later than one year and not later than five years	35	12
• Later than five years		
Total non-cancellable operating leases	60	37

5. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

CASH AND CASH EQUIVALENTS

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

Bank overdrafts are shown within borrowing in current liabilities in the balance sheet.

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments and net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cashflow statement are reconciled to the related items in the balance sheet as follows.

CASH AND CASH EQUIVALENTS	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Cash and cash equivalents	1,217	346
Total Cash and cash equivalents	1,217	346

Cash at the bank and in hand includes an amount which has a restriction on what the money can be used for. This is:

Subdivision reserve fund \$506,192 (2025: \$477,922)

The money held in the subdivision reserve fund can only be used to fund capital expenditure related to district parks and reserves.



6. RECEIVABLES

ACCOUNTING POLICY

RECEIVABLES

Short term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

Council has reviewed individual debtor balances to determine the ECL to recognise for short-term receivables.

Rates are “written-off”:

- When remitted in accordance with the Council’s rates remission policy; and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

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

RECEIVABLES	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Rates receivables	1,134	1,251
Other receivables	1,139	1,100
Sundry debtors	2,331	4,471
	4,604	6,822
Less provision for impairment of receivables	(183)	(190)
	4,421	6,632
Represented by:		
Receivables from non-exchange transactions	4,137	6,348
Receivables from exchange transactions	284	284
	4,421	6,632

Rates are struck on the 1st of July each year, and are charged in two instalments. In the year ended 30 June 2026 these instalments were due on 30th August 2024 and 28th February 2025. A charge of 10% is added to all rates levied and due for the 2024/25 year that remains unpaid after 29th August 2025 and 27th February 2026. A further 10% charge is added to all rates that have been levied in any financial year previous to 1st July 2025 which remained unpaid as at that 1st July 2025.

All other receivables have standard terms of 30 days from the date of the invoice. No interest is charged for other receivables that remain unpaid after the completion of the term. There are no impairment issues with other receivables.



Impairment

Movements in the provision for impairment of receivables are as follows.

IMPAIRMENT OF RECEIVABLES	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Balance at beginning of the year	(121)	(183)
Amounts remitted	-	-
(Increase)/decrease in provision	(62)	(7)
Balance at end of the year	(183)	(190)

The impairment relates to rates receivables and sundry debtors.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment is based on an analysis of past collection history and debt write-offs.

7. LOANS RECEIVABLE

ACCOUNTING POLICY

LOANS RECEIVABLE

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted for the current market rate of return for a similar financial instrument.

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less and expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include loans to community groups.

LOANS RECEIVABLE	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Current portion Loan receivable	-	-
Total current portion	-	-
Non-current portion Balance at end of the year	1,501	-
Total non-current portion	1,501	-

The face value of loans receivable is \$2,000,000 (2024/25: \$2,000,000). The term of this loan is 21 years (2024/25: 20 years), and the interest rates range from 2.95%-5.4% (2024/25: 2.95%-5.4%). The loan has an interest free period of 7 years (2024/25: 6 years interest free).

Council has assessed the credit risk of the likelihood of the remaining loan not being repaid. Based on Council's assessment, there is some credit risk for this loan to be repaid. Based on this potential risk of the



loan not being repaid, the provision for doubtful debts has been increased by the amount of the loan. The security Council has on the loan is sufficient to offset any risk of non-payment.

Council loans have been provided to help not-for-profit organisations in the community to develop or improve new or existing facilities and other major projects. Only organisations with the ability to repay are granted loans.

Fair value has been determined using cash flows discounted at a rate based on the loan recipient's financial risk factors of between 2.95% and 5.4% (2024/25: 2.95% and 5.4%).

Movements in the carrying value of loans are as follows.

MOVEMENTS IN CARRYING VALUE OF LOANS	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
At 30 July:		
• Current portion	-	-
• Non-current portion	1,468	1,501
Total at 1 July	1,468	1,501
Amount of new loans granted during the year	-	-
Fair value adjustment on initial recognition	-	-
Loans repaid during the year (principal and interest)	-	-
Provision for doubtful recovery	-	(1,528)
Unwind of discount and interest charged	33	27
At 30 June:		
• Current portion	-	-
• Non-current portion	1,501	-
Total at 30 June	1,501	-

8. INVESTMENTS

ACCOUNTING POLICY

OTHER FINANCIAL ASSETS

Financial assets are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expenses (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD).

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

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

A financial asset is classified and subsequently measured as 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.



A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT AMORTISED COST

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

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT FVTOCRE

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

EXPECTED CREDIT LOSS ALLOWANCE (ECL)

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

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

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

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

INVESTMENT IN OTHER ENTITIES	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Unlisted shares – Waikato Regional Airport Ltd	8,359	9,155
Unlisted shares – Ballance Agri-nutrients	15	16
Unlisted shares – Local Government Funding Agency	541	650
Unlisted shares – Civic Financial Services	5	5
Borrower Note – Local Government Funding Agency	100	-
Total investments	9,020	9,826



Unlisted shares

The fair value of unlisted shares of Ballance Agri-nutrients, Waikato Regional Airport Limited, the Civic Financial Services Ltd and the Local Government Funding Agency are carried at fair value. Fair value is based on Council's share of the assets less liabilities of each of the companies and changes in value are taken to fair value through other comprehensive revenue.

The details are:

UNLISTED SHARES	SHARE OF NET ASSETS
Waikato Regional Airport Ltd	3.125%
Ballance Agri-nutrients	0.003%
Local Government Funding Agency	0.444%
Civic Financial Services	0.044%

9. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

- *Operational Assets* – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.
- *Restricted Assets* – Restricted assets are mainly parks and reserves and related buildings owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- *Infrastructure Assets* – Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

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

REVALUATION

Land and buildings (operational and restricted), and infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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

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

ADDITIONS



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

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

In most instances, an item of property, plant and equipment is recognised at cost. 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.

DISPOSALS

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

SUBSEQUENT COSTS

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

DEPRECIATION

Depreciation is provided on a straight-line basis or diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

ASSET CLASSES	USEFUL LIFE (YEARS)	DEPRECIATION RATE
Buildings		
• Internal Fitout	5-31	3.2-20%
• Structure	5-58	1.7-20%
• Roof	5-55	1.8-20%
• Plant	5-10	10-20%
• Services	5-35	2.8-20%
• Other Site Improvements	80	1.5%
Improvements	20	5%
Vehicles	6.6	15%
Computers	3-4	25-33.33%
Office Equipment	4-10	10-25% DV
Furniture/ Fixture	10	10% DV
Library Books	6.6	15% DV
Plant and Machinery	2.5-3	33.33-40%
WATER TREATMENT		
Piping	20-100	1-5%
Equipment	5-100	1-20%
Other	2-100	1-50%
WASTEWATER		
Piping	50-90	1.11-2%
Equipment	10-81	1.23-10%
Other	20-80	1.25-5%
STORMWATER		
Piping	40-100	1-2.5%
Equipment	15-80	1.25-6.66%
Other	20-100	1-5%
ROADING		
<i>Pavement (Basecourse)</i>		
• Sealed	7-79	1.26-14.3%
• Unsealed	9-80	1.25-11.1%



ASSET CLASSES	USEFUL LIFE (YEARS)	DEPRECIATION RATE
<i>Pavement (Sub-Base)</i>		
• Sealed	7-74	1.35-14.3%
• Unsealed	2-73	1.37-50%
Seal	1-16	6.25-100%
Culverts	1-90	1.11-100%
Bridges	37-76	1.31-2.7%
Kerb & Channel/ Catchpits	2-55	1.81-50%
Footpaths	2-74	1.35-50%
Streetlights	1-57	1.75-100%
Signposting	1-14	7.14-100%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. Items that are fully depreciated are recorded as having a useful life of 1 year.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing its financial statements ŌDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

INFRASTRUCTURAL ASSETS

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

- The physical deterioration and condition of an asset, for example, the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. Council minimises this risk by performing a combination of physical inspections and condition modelling assessments of underground assets
- Estimating an obsolescence or surplus capacity of an asset
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then ŌDC could be over or under estimating the annual depreciation charge recognised as an expense in the profit or loss. To minimise this risk ŌDC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the ŌDC's asset management planning activities, which gives ŌDC further assurance over its useful life estimates.



USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

The useful lives of property, plant and equipment have been determined based on the asset management plans used during the creation of the LTP. For infrastructural assets this has been based on the information provided by the National Asset Management Steering Group (NAMS) regarding the useful life of infrastructural assets. For all other property, plant and equipment, the depreciation schedules included in the Income Tax Act have been used as a basis for setting the useful lives.

CRITICAL JUDGEMENTS IN APPLYING ŌDC'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying the ŌDC's accounting policies for the period ended 30 June 2026:

1. *Classification of property*

ŌDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the ŌDC's social housing policy. These properties are accounted for as property, plant and equipment.

2. *Classification of non-financial assets as cash generating assets or non-cash-generating assets*

For the purpose of assessing impairment indicators and impairment testing, ŌDC classifies non-financial assets as either cash-generating or non-cash-generating assets. The Council classifies non-financial assets as cash-generating assets if the primary objective of the asset is to generate commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets held by ŌDC are classified as non-cash-generating assets. This includes assets that generate fee revenue or other cash flows for the Council, as the cash flows generated are generally not sufficient to represent commercial return on the assets.

3. *Fair value versus carrying value assessment*

Council assessed the carrying value versus fair value of assets during the year, none of the assets apart from those being revalued were found to be materially different from fair value. A fair value market assessment of 3 Waters assets was undertaken by Council staff. A fair value assessment of Land and Building assets was undertaken by Council staff. From these assessments the Council concluded that carrying value is not materially different from its fair value.



COUNCIL ASSETS 2026	Cost /revaluation 1 July 2025 (\$000)	Accumulated depreciation (\$000)	Carrying amount (\$000)	Additions (\$000)	Disposals (cost) (\$000)	Disposals (accumulated depreciation) (\$000)	Transfers out of Fixed Assets (\$000)	Revaluation Movement (\$000)	Depreciation (\$000)	Cost /revaluation 1 July 2026 (\$000)	Accumulated depreciation (\$000)	Carrying amount (\$000)
OPERATIONAL												
Land	12,838	-	12,838	831	-	-		-	-	13,669	-	13,669
Buildings	10,714	622	10,092	437	-	-		-	586	11,151	1,208	9,943
Plant & machinery/ motor vehicles	2,208	1,121	1,087	312	318	220		-	245	2,203	1,146	1,057
Furniture & equipment/ library books	2,123	1,259	864	192	47	47		-	212	2,268	1,424	844
Heritage assets	257	-	257	-	-	-		-	-	257	-	257
Total operational assets	28,140	3,002	25,138	1,772	364	267	-	-	1,043	29,548	3,778	25,770
INFRASTRUCTURAL												
Sewerage system	16,082	770	15,312	312	0	0		6,780	453	23,173	-	23,173
Water system	12,573	853	11,720	74	6	1		4,191	392	16,831	-	16,831
Rural water supply	16,067	796	15,271	300	8	1		2,463	412	18,822	-	18,822
Drainage network	15,725	541	15,184	31	-	-		3,834	266	19,591	-	19,591
Stopbanks	3,617	-	3,617	-	-	-		-	-	3,617	-	3,617
Roading, bridges & culverts	332,811	-	332,811	6,274	158	3		-	5,376	338,927	5,373	333,554
Work in progress	645	-	645	1,393	234	-		-	-	1,805	-	1,805
Total infrastructural assets	397,520	2,960	394,560	8,385	406	6	-	17,269	6,899	422,766	5,373	417,393
RESTRICTED												
Land	9,255	-	9,255	-	-	-		-	-	9,255	-	9,255
Buildings	8,796	505	8,291	77	-	-		-	475	8,873	980	7,893
Work in progress	149	-	149	124	93	-		-	-	180	-	180
Total restricted assets	18,200	505	17,695	201	93	-	-	-	475	18,308	980	17,328
Total property, plant and equipment	443,860	6,467	437,393	10,358	863	273	-	17,269	8,417	470,622	10,131	460,491
Land under roads included in Roothing, Bridges and Culverts totals \$58,503,774												

COUNCIL ASSETS 2025	Cost /revaluation 1 July 2024 (\$000)	Accumulated depreciation (\$000)	Carrying amount (\$000)	Cost /revaluation 1 July 2025 (\$000)	Accumulated depreciation (\$000)	Carrying amount (\$000)
OPERATIONAL						
Land	11,443	-	11,443	12,838	-	12,838
Buildings	10,536	-	10,536	10,714	622	10,092
Plant & machinery/ motor vehicles	2,108	1,013	1,095	2,208	1,121	1,087
Furniture & equipment/ library books	1,995	1,093	902	2,123	1,259	864
Heritage assets	257	-	257	257	-	257
Total operational assets	26,339	2,106	24,233	28,140	3,002	25,138
INFRASTRUCTURAL						
Sewerage system	12,165	356	11,809	16,082	770	15,312
Water system	12,452	443	12,009	12,573	853	11,720
Rural water supply	15,798	390	15,408	16,067	796	15,271
Drainage network	15,635	273	15,362	15,725	541	15,184
Stopbanks	3,617	-	3,617	3,617	-	3,617
Roading, bridges & culverts	317,182	9,091	308,091	332,811	-	332,811
Work in progress	2,849	-	2,849	645	-	645
Total infrastructural assets	379,698	10,553	369,145	397,520	2,960	394,560
RESTRICTED						
Land	9,255	-	9,255	9,255	-	9,255
Buildings	8,645	-	8,645	8,796	505	8,291
Work in progress	57	-	57	149	-	149
Total restricted assets	17,957	-	17,957	18,200	505	17,695
Total property, plant and equipment	423,994	12,659	411,335	443,860	6,467	437,393
Land under roads included in Roding, Bridges and Culverts totals \$58,503,774						

In June 2026, the water, wastewater and stormwater asset valuations were completed by AON Limited. Where possible market values were obtained, and where these couldn't be obtained, depreciated replacement cost was used. The valuation was effective as at 30 June 2026 in which the total fair value of the water, wastewater and stormwater infrastructural assets was \$78,417,208.

An independent valuation of the entity's buildings was performed in 30 June 2024 by Quotable Value, independent registered valuers not related to the entity, to determine the fair value of the buildings. Where possible market values were obtained, and where these couldn't be obtained, depreciated replacement cost was used. The valuation was effective as at 30 June 2024 in which the total fair value of buildings valued by Quotable Value was \$19,181,600.

An independent valuation of the entity's land was performed in 30 June 2024 by Quotable Value, independent registered valuers not related to the entity, to determine the fair value of the land. Where possible market values were obtained and then discounted or adjusted using knowledge of the specific properties being valued. The valuation was effective as at 30 June 2024 in which the total fair value of land valued by Quotable Value was \$20,698,100.

In June 2025, the roading valuations were completed by Council staff and peer reviewed by AON Limited. The total fair value of the roading infrastructural assets at 30 June 2025 was \$332,808,968.

As at balance date no items of property, plant and equipment were temporarily idle. No items of property, plant and equipment were retired from active use and not classified as held for sale.

Rental property held by the Council is held to provide housing for the elderly, and the carrying amount as at 30 June 2026 is \$3,846,070 (2025: \$3,888,178).

INFRASTRUCTURAL ASSETS	Closing book value (\$000)	Additions		Estimated replacement cost (\$000)	Date of estimate (\$000)
		Constructed by Council (\$000)	Assets transferred to Council (\$000)		
2026					
Water treatment plants & facilities	3,352	108	-	11,518	30 June 26
Other water assets	31,138	266	-	54,903	30 June 26
Wastewater treatment plants & facilities	2,462	224	-	5,271	30 June 26
Other wastewater assets	20,911	80	-	39,737	30 June 26
Stormwater drainage	19,090	5	-	25,875	30 June 26
Flood protection and control works	4,156	26	-	5,934	30 June 26
Roads & footpaths	333,553	6,274	-	446,731	30 June 26
Total infrastructural assets 2026	414,662	6,983	-	589,969	
2025					
Water treatment plants & facilities	3,450	270	-	8,163	30 June 25
Other water assets	23,539	121	-	32,467	30 June 25
Wastewater treatment plants & facilities	2,448	133	-	4,321	30 June 25
Other wastewater assets	12,865	3,792	-	16,809	30 June 25
Stormwater drainage	14,733	15	-	16,651	30 June 25
Flood protection and control works	4,069	75	-	5,615	30 June 25
Roads & footpaths	332,812	5,715	-	446,731	30 June 25
Total infrastructural assets 2025	393,916	10,121	-	530,757	

CAPITAL COMMITMENTS	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Capital commitments Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	4,469	4,302
Other expenditure commitments Maintenance contracts	5,874	7,519

10. INTANGIBLE ASSETS - COMPUTER SOFTWARE

ACCOUNTING POLICY

INTANGIBLE ASSETS

Software acquisition

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

Amortisation

The carrying value 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 the profit or loss.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software (finite life)	3 years	33.3%
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IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

INTANGIBLE ASSETS - COMPUTER SOFTWARE	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Balance as at 1 July:		
• Cost	520	601
• Accumulated amortisation	(411)	(465)
Opening carrying amounts	109	136
Year ended 30 June		
Additions	81	77
Disposals – cost	-	-
Disposals – accumulated amortisation	-	-
Amortisation charge	(54)	(98)
Movement	27	(21)
Balance as at 30 June:		
• Cost	601	678
• Accumulated amortisation	(465)	(563)
Closing carrying amounts	136	115

Amortisation of intangibles is included in the depreciation and amortisation line within the Statement of Comprehensive Revenue & Expenses. Refer to note 11 for a breakdown of this item.

Some items of software have been fully amortised but are still in use by the council. These items include operating systems and other key software used in the day-to-day running of council.

Other intangibles

ŌDC has a number of easements over properties, giving Council access to inspect and maintain items of infrastructural importance. These easements hold no commercial value, and therefore no amount has been recorded for these easements.

11. DEPRECIATION AND AMORTISATION

DEPRECIATION AND AMORTISATION	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Depreciation	8,103	8,417
Amortisation	54	98
Total depreciation and amortisation	8,157	8,515

DEPRECIATION AND AMORTISATION BY GROUP OF ACTIVITY	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Trusted Leadership and Relationships	488	518
Strong Communities	57	57
Vibrant Places and Spaces	914	863
Sustainable Development and Public Safety	5	-
Resilient Infrastructure:		
• Land Transport	5,010	5,376
• Wastewater	434	474
• Water Supply	884	867
• Stormwater	236	234
• Flood Protection	103	99
Responsible Waste Management	26	27
Total depreciation and amortisation	8,157	8,515

12. PAYABLES UNDER EXCHANGE TRANSACTIONS

ACCOUNTING POLICY

PAYABLES UNDER EXCHANGE TRANSACTIONS

Payables under exchange transactions are recognised when ŌDC becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, payables under exchange transactions are recorded at amortised cost.

DEPOSITS AND BONDS

Deposits and bonds are recognised at their face value at the time they are received. The refund of deposits and bonds is recognised at the time that all conditions related to that bond are met.

PAYABLES UNDER EXCHANGE TRANSACTIONS	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Trade payables	2,888	2,829
Deposits and bonds	433	173
Accrued expenses	330	394
Total payables under exchange transactions	3,651	3,396

Payables under exchange transactions are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. The entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. PROVISIONS

ACCOUNTING POLICY

PROVISIONS

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

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

Landfill post-closure costs

ŌDC, as operator of the Ōtorohanga and Kāwhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. An allowance for post-closure costs is recognised as a provision within the balance sheet.

The provision 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 the liability.

Financial guarantee contract liabilities

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

Financial guarantee contract liabilities are measured initially at their fair value. If a financial guarantee was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is practicable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

PROVISIONS	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Opening Balance	13	12
Maintenance and Monitoring Costs	(1)	(2)
Closing balance	12	10
Represented by:		
• Current portion	1	1
• Non-current portion	11	9
	12	10

LANDFILL AFTERCARE PROVISION

ŌDC gained resource consents to operate its Ōtorohanga and Kāwhia landfills. ŌDC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the sites are closed.

Both landfills are closed. There are closure and post-closure responsibilities such as the following:

Closure responsibilities

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for water quality monitoring
- Completing facilities for monitoring and recovery of gas.

Post-closure responsibilities

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control of systems.
- Ongoing site maintenance for drainage systems, final cover and vegetation.

Capacity of the Site

The Ōtorohanga and Kāwhia landfills have been capped.

The cash outflows for landfill post-closure responsibilities are expected to occur between 2011 and 2033. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.00% (2025: 7.00%).

14. EMPLOYEE BENEFIT LIABILITIES

ACCOUNTING POLICY

EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

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

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave 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.

EMPLOYEE BENEFIT LIABILITIES	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Accrued pay	26	67
Annual leave	355	353
Long service leave	32	32
Sick leave	15	11
Total employee benefit liabilities	428	463
Comprising:		
• Current portion	381	421
• Non-current	47	42
Total employee benefit liabilities	428	463

15. INCOME IN ADVANCE

ACCOUNTING POLICY

Income in advance is recognised as a current liability until such time as the invoicing for the particular revenue is undertaken, at which time they are recognised as revenue.

INCOME IN ADVANCE	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Rates	661	758
Metered Water Charges	48	38
Debtors	191	186
Government Subsidies	115	(62)
Insurance Proceeds	-	90
Dog Registrations	73	76
Trade Waste	7	6
Health Licences	9	11
Total income in advance	1,104	1,103

16. DEVELOPMENT AND FINANCIAL CONTRIBUTIONS IN ADVANCE

ACCOUNTING POLICY

Development and financial contributions are recognised as a current liability until such time as the project they are collected for is undertaken, at which time they are recognised as non-exchange revenue.

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS IN ADVANCE	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Roading Safety Improvements	387	329
Thomson/Harper Water Main	1	1
Ōtorohanga Stormwater Capacity Upgrade	47	47
Ōtorohanga Community Water Treatment	9	9
Ōtorohanga Community Wastewater	84	85
Ōtorohanga Community Reservoir	58	59
Total development and financial contributions in advance	586	530

17. BORROWINGS

ACCOUNTING POLICY

BORROWINGS

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method net of transaction costs.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

BORROWINGS	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Current: Secured loans	12,000	15,000
Total current borrowings	12,000	15,000
Non-current: Concessionary loan	448	448
Total non-current borrowings	448	448

Fixed-rate debt

ŌDC's secured debt of \$15,000,000 (2025: \$12,000,000) is issued at a fixed rate of 2.83%-3.51% (2025: 3.62%-4.52%). The effective net interest rate charged after discount is 2.83%-3.51% (2025: 3.62%-4.52%).

Total borrowing from the Local Government Funding Agency (LGFA) as at 30 June 2026 is \$15,000,000 (2025: \$12,000,000).

SECURITY

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2025: \$200,000). There are no restrictions on the use of this facility.

ŌDC's loans are secured over either separate or general rates of the district.

REFINANCING

ŌDC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. Council also has the ability to refinance through the Local Government Funding Agency, with the ability to borrow money over both short and long terms as required.

CONCESSIONARY LOAN

This concessionary loan was advanced to the Council by the Government in order to fund repairs on Council social housing in Ōtorohanga. This loan was advanced in two amounts, \$165,000 on 29th June 2007, and \$283,000 on 14th March 2008. The interest rate on this loan is 0% (2025: 0%). This loan is a suspensory loan with a 20 year term. Should ŌDC meet the conditions of the loan, including retaining ownership of the pensioner housing units, the loan will not be required to be repaid at the end of the term.

18. EQUITY

ACCOUNTING POLICY

EQUITY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds
- Restricted reserves
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

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

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land, buildings and infrastructural assets to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

EQUITY	2025/26 Actual (\$000)	2025/26 Actual (\$000)
Accumulated Funds		
Balance at 1 July	171,098	170,060
Transfers to restricted reserves	(101)	(103)
Transfers from property revaluation reserves on disposal	-	4
Transfers to fixed assets	-	2
Transfers from restricted reserves	-	75
Surplus/(deficit) for the year	(937)	(1,714)
Total Accumulated Funds at 30 June	170,060	168,325
<i>Represented by:</i>		
Accumulated comprehensive revenue and expenses	165,960	164,660
Council controlled reserves	4,102	3,665
	170,062	168,325
Restricted Reserves		
Balance at 1 July	3,104	3,205
Transfers to accumulated funds	-	(75)
Transfers from accumulated funds	101	103
Total Restricted Reserves at 30 June	3,205	3,232
Asset Revaluation Reserves		
Balance at 1 July	237,053	262,412
Adjustments on adoption of PBE IPSAS 41	-	-
Net revaluation gains	25,359	22,656
Transfer to accumulated funds on disposal of property	-	(4)
Balance at 30 June	262,412	285,064
Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	8,892	8,897
Buildings	6,181	6,181
<i>Infrastructural assets</i>		
Sewerage system	6,815	14,813
Water system	5,309	10,726
Drainage network	9,219	13,861
Rural Water Supply	9,961	13,645
Roading network	191,695	191,694
Floodbank	2,443	2,443
<i>Restricted assets</i>		
Land	5,606	5,606
Buildings	7,954	7,954
Total Asset Revaluation Reserves	254,075	275,821
Fair Value Through Other Comprehensive Revenue and Expense Reserve		
Balance at 1 July	7,092	8,337
Adjustment on adoption of PBE IPSAS 41	-	-
Net change in fair value	1,245	906
Balance at 30 June	8,337	9,243
Total Asset Revaluation Reserves at 30 June	262,412	285,064

Restricted reserves relate to:

- Subdivision reserves, which are used to record financial contributions on subdivisions. These financial contributions are accepted in lieu of the developer creating a reserve, and the money is used by Council for work on reserves within the area.
- General funds reserve, which is used for specific purposes that Council elects to use it for. Any use of money from this reserve must be designated within the LTP or Annual Plan. This reserve is typically used for one-off non-operational items.

Information about Council controlled reserves is provided below.

COUNCIL CONTROLLED RESERVES	Balance 1 July	Transfer into fund	Transfer out of fund	Balance 30 June
	(\$000)	(\$000)	(\$000)	(\$000)
2026				
Trusted Leadership & Partnerships	160	12,819	(12,838)	141
Strong Communities	39	108	(131)	16
Vibrant Places and Spaces	226	493	(480)	239
Sustainable Development and Public Safety	(126)	309	(357)	(174)
Resilient Infrastructure: Land Transport	(978)	22,023	(21,578)	(533)
Resilient Infrastructure: Water Supply	(2,656)	3,548	(3,772)	(2,880)
Resilient Infrastructure: Wastewater	(870)	2,219	(2,087)	(738)
Resilient Infrastructure: Flood Protection	(10)	348	(180)	158
Responsible Waste Management	113	803	(810)	106
Total Council controlled reserves - 2026	(4,102)	42,670	(42,233)	(3,665)
2025				
Trusted Leadership & Partnerships	(28)	11,429	(11,241)	160
Strong Communities	34	128	(123)	39
Vibrant Places and Spaces	102	501	(377)	226
Sustainable Development and Public Safety	(57)	305	(374)	(126)
Resilient Infrastructure: Land Transport	(1,008)	17,086	(17,056)	(978)
Resilient Infrastructure: Water Supply	(2,467)	3,349	(3,538)	(2,656)
Resilient Infrastructure: Wastewater	(712)	6,817	(6,975)	(870)
Resilient Infrastructure: Flood Protection	-	308	(318)	(10)
Responsible Waste Management	171	750	(808)	113
Total Council controlled reserves - 2025	(3,965)	40,673	(40,810)	(4,102)

PURPOSE OF EACH COUNCIL CONTROLLED RESERVE FUND

All Council Controlled Reserves arise from situations where the income generated from an activity is larger than the expenditure, or expenditure has been higher than income, and these savings or deficits are ring-fenced to the related activity. The reserves are grouped by Group of Activities and can only be spent for those purposes they were collected for.

The overall debit balance is a result of more activities having deficit balances than surplus balances at 30 June 2026.

19. CONTINGENCIES

CONTINGENT LIABILITIES	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
Guarantees	70	70
Uncalled Capital – Local Government Funding Agency	100	100
Uncalled Capital – Waikato Local Authority Shared Services	6	6
	176	176

Guarantees

The value of guarantees disclosed as contingent liabilities reflects ŌDC's assessment of the undiscounted portion of financial guarantees that are not recognised in the Balance Sheet. At the year-end it was not probable that the counterparty to the financial guarantees contract will claim under the contract.

New Zealand Local Government Funding Agency

Ōtorohanga 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.

Riskpool scheme

Ōtorohanga District Council previously obtained public liability and professional indemnity insurance cover as a member of the New Zealand Mutual Liability Riskpool scheme until 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. 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 Council's potential financial exposure and its timing. At this stage, Riskpool cannot quantify the total potential liability associated with these matters.

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 74 local authority guarantors of the NZLGFA. In that regard it has uncalled capital of \$100,000. 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 \$24,130m (2025: \$22,657m).

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

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

Uncalled Capital

The uncalled share capital for Waikato Local Authority Shared Services amounts to \$5,717 as at 30 June 2026 (2025: \$5,717). At present ŌDC is not aware of any plan to call the capital soon.

20. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

KEY MANAGEMENT PERSONNEL

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

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the Council would have adopted in dealing with the party at arm's length in the same circumstances.

No provision has been required, nor any expense recognised for impairment of receivables to related parties (2025: \$nil).

21. EVENTS AFTER BALANCE SHEET DATE

There have been no subsequent events that would impact on these financial statements.

LOCAL GOVERNMENT REFORM

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

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

Head Start Pathway

The reform programme includes a voluntary "Head Start" pathway for councils wishing to pursue reorganisation proposals ahead of the 2028 local elections, and a separate backstop process for councils that do not progress through the Head Start pathway. In 2026, Ōtorohanga District Council participated in the Government's voluntary Head Start pathway, and together with Waitomo District Council, submitted an outline proposal supporting the establishment of a joint unitary model for the King Country. The proposal was developed in response to the Government's invitation for councils to put forward locally led reorganisation arrangements ahead of broader local government reform.

As announced by the Government on 24 September 2026, Cabinet is expected to consider Head Start proposals in early 2027. If a proposal is endorsed, further detailed analysis, consultation, design work, and Government approvals would be required before any legislative changes are considered. The

Government has indicated that any approved Head Start changes are intended to be implemented prior to the 2028 local elections.

Backstop Process

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

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

22. FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS CATEGORIES

The following tables are comparisons of carrying amounts of the Council's financial assets and liabilities in each of the financial instrument categories.

FINANCIAL INSTRUMENTS	ACTUAL 2024/25 (\$000)	ACTUAL 2025/26 (\$000)
FINANCIAL ASSETS		
<i>Amortised cost</i>		
Cash and cash equivalents	1,217	346
Receivables from non-exchange transactions	4,137	5,556
Receivables from exchange transactions	284	284
Borrower Notes	100	-
Loan receivable	1,507	-
Total amortised cost	7,245	6,186
<i>Fair value through other comprehensive revenue (FVTOCRE)</i>		
Listed shares	-	-
Unlisted shares	9,020	9,826
Total FVTOCRE	9,020	9,826
FINANCIAL LIABILITIES		
<i>Financial liabilities at amortised cost</i>		
Payables under exchange transactions	3,651	3,396
Borrowings:		
• secured loans	12,448	15,000
Total financial liabilities at amortised cost	16,099	18,396

ADDITIONAL INFORMATION IN RELATION TO SUBSEQUENT MEASUREMENT CLASSIFICATION ASSESSMENT

PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

Ōtorohanga District Council has a series of policies to manage the risks associated with financial instruments. ŌDC is risk averse and seeks to minimise exposure from its treasury activities. ŌDC 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.

Credit risk

The Council is exposed to credit risk as a guarantor of all of NZLGFA's borrowings. Information about this exposure is explained in note 19.

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 19.

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from the Council estimate figures in the 2024/34 Long Term Plan are as follows:

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

Subsidies were \$4,835,000 over budget. This is due to the additional funding that was provided for repairs as a result of the October storm damage and the damage coming from the February flooding event.

Other income is over budget by \$1,069,000. This relates to vested assets of \$675,000 for land vested as part of the rural park. It also relates to additional income as a result of the weather event, including donations to the Mayoral Relief Fund as well as on-charging of costs associated with the response.

Other expenses is over budget by \$4,953,000. This is mostly related to road maintenance increase due to the weather events, as well as costs associated with responding and recovering from the weather events.

Employee benefit expenses was down on budget by \$523,000. This related to some jobs being budgeted for which were not filled for the entire year, as well as some vacancies that took some time to fill.

Depreciation and amortisation was \$714,000 above budget. This reflects both additional depreciation for new assets acquired in the 2024/25 financial year after the budgets were finalised and 2025/26 financial year additions. There was also additional depreciation due to the revaluation of the roading assets in 2024/25, which was higher than reflected in the budgets.

Other Comprehensive Revenue and Expenses is below budget by \$5,663,000. This is due to the budgeted revaluation of 3 waters assets not being as high as was projected during the budgeting process

BALANCE SHEET

Receivables are \$4,511,000 over budget due to the timing of invoicing and payments of some larger debtors, including subsidy claims for NZTA subsidy. The larger NZTA subsidy relates to claims for the weather event roading damage. There is also an amount owing from Waikato Waters Limited for our share of the establishment costs.

Investments are \$1,942,000 above budget due to an increase in unlisted. The bulk of this increase is in the value of the Waikato Regional Airport Limited shares.

Property, plant and equipment is above budget by \$26,288,000 due to the revaluation of roading assets in the prior year, which was not included in the budget at the level of increase that occurred.

Payables under exchange transactions is \$634,000 above budget. This is due to the timing of payments at year end, particularly as there were some significant capital projects that were on-going at year end.

Borrowings is up on budget by \$6,000,000 due to the loans being taken during the year being for a larger amount than was budgeted. This was a combination of being over budget in the prior year, as well as additional borrowing taken to cover the timing for the weather event repairs, where the work was paid for prior to subsidy or insurance claim revenue being received.

Revaluation reserves were above budget by \$14,071,000 due to the revaluation of roading assets in the prior year being completed after the budgets were done, plus the revaluation of 3 waters assets in the current year.

STATEMENT OF CASH FLOWS

Cash flows from operating activities was below budget by \$1,497,000, mostly because of increased payments to suppliers and employees of \$4,664,000, offset by additional receipts from other revenue of \$3,477,000.

Cash flows from investing activities is below budget by \$2,967,000, mostly due to the timing of capital projects and the decreased work done.

Cash flows from financing activities is \$225,000 below budget. This is due to borrowings not being required to be as much as originally budgeted.

DRAFT

- FINANCIAL INVOLVEMENT IN COUNCIL CONTROLLED ORGANISATIONS (CCO'S)
- ANNUAL REPORT DISCLOSURE STATEMENT
- LOCAL GOVERNMENT ACT DISCLOSURES
- AUDIT REPORT



FINANCIAL INVOLVEMENT IN

COUNCIL CONTROLLED ORGANISATIONS (CCO'S)

WAIKATO REGIONAL AIRPORT LIMITED

Established in 1989, Waikato Regional Airport Limited (WRAL) operates the Airport situated at Rukuhia within Waipā District. The local authority part owners negotiated the purchase of the Crown's former shareholding to secure the retention of the airport as a major infrastructural facility important to the economy of the Waikato.

The objective of the airport company is to operate a successful commercial business, providing safe, appropriate and efficient services for the transportation of people and freight in and out of the airport of Hamilton.

Council holds 3.125% of the airport company's shares. The remaining shares are owned by Hamilton City Council, Matamata-Piako, Waipa and Waikato District Councils.

Waikato Regional Airport Ltd Group reported total comprehensive revenue and expenses of \$14,219,000 surplus for the year ended 30 June 2026 (2025: \$29,614,000 surplus).

A dividend of \$450,000 was paid in 2025/26 (2024/25: no dividend).

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.

A comparison of the company's unaudited financial and performance measures for the year ended 30 June 2026 is summarised below:

KEY PERFORMANCE TARGETS - FINANCIAL	ACTUAL 30 JUNE 26	STATEMENT OF CORPORATE INTENT
CONSOLIDATED COMPANY FORECAST:		
Earnings before interest, taxation & depreciation (EBITDA) excluding land sales	\$7.861M	\$6M
EBITDA including land sales	\$7.861M	\$6M
Net profit before tax (no less than)	\$13.512M	\$3M
Net operating cash flow excluding land sales	\$3.282M	\$4.5M
Net debt a maximum of	\$62.600M	\$70M
PARENT COMPANY OPERATIONS ONLY:		
Percentage of non- landing charges revenue	48%	50%

For non-financial performance measures results for this year please refer to the Annual Report on the WRAL website.

WAIKATO LOCAL AUTHORITIES SHARED SERVICES⁷⁸

Incorporated in December 2005, Waikato Local Authority Shared Service Ltd (WLASS) was developed as a joint initiative between the 13 councils of the Waikato region. Its evolution can be traced from a range of

⁷⁸

Known as Co-LAB.



projects that were implemented between local councils. These projects highlighted the benefits of a jointly owned governance structure to provide an opportunity for collaborative management and development. Central government devolution, closer working relationships between councils and a desire to benefit from cost saving opportunities offered by jointly progressing shared initiatives have fostered more efficient services.

The objective of WLASS is to provide Waikato local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities. Council has a 0.26% ownership interest in WLASS.

WLASS provides an effective structure that can promote such developments to the benefit of those councils that choose to be actively involved in a particular joint service. Each council owns an equal number of shares in WLASS and as such has an equal say in its development.

The WLASS governance structure enables the directors appointed by the shareholders to decide on the future direction of those services that will be promoted under its auspices. Any such services will be operated as a stand-alone business unit with an advisory group appointed by the shareholders participating in that service to provide direction but answerable to the directors.

A comparison of the company's audited financial and performance measures for the year ended 30 June 2026 is summarised below:

KEY PERFORMANCE TARGETS - FINANCIAL	ACTUAL 30 JUNE 26	STATEMENT OF CORPORATE INTENT
Surplus/(deficit) before tax	\$0.354M	\$0.177M
Net operating cash flow	\$2.604M	(\$0.354M)

The contingent liability arising from ŌDC's interest is disclosed in note 19. There are no capital commitments arising from ŌDC's interest in the WLASS.

For non-financial performance measures results for this year please refer to the Annual Report on the WLASS website.

NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY

New Zealand Local Government Funding Agency Limited (LGFA) was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and it has a current rating from Standard and Poor's of AA+.

Council became a shareholder in the LGFA along with 29 other local authorities and the New Zealand Government. Council contributed \$100,000 for its shareholding in LGFA.



Five performance targets are specified for LGFA in the Statement of Intent. Performance against each of these targets for 30 June 2026 is presented below⁷⁹.

PERFORMANCE TARGETS	2025-2026 TARGET	PERFORMANCE TO 30 JUNE 2026
Comply with the Shareholder Foundation Policies and the Board approved Treasury Policy at all times.	No breaches.	No Foundation Policy breaches occurred. A Treasury Policy counterparty settlement limit was marginally exceeded due to NZD/EUR movements increasing the settlement exposure associated with the hedging of a EUR-denominated bond.
Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency.	LGFA credit ratings equivalent to NZ Sovereign.	Achieved. Our credit ratings remain equivalent to those of the New Zealand Government from both S&P Global Ratings and Fitch Ratings. In February 2026, S&P Global Ratings affirmed our domestic currency credit rating at AAA. In March 2026, Fitch Ratings revised LGFA's our rating outlook to Negative following its sovereign rating action, while affirming the AA+ credit rating.
LGFA's total operating income (excluding unrealised gains/(losses) on financial instruments, for the year to 30 June 2026.	>\$44.7 million.	Achieved. \$53.4 million as at 30 June 2026, excluding unrealised gains and losses on hedged foreign currency issuance.
LGFA's total operating expenses (excluding AIL) for the year to 30 June 2026.	<\$12.1 million.	Not achieved. \$13.0 million as at June 2026 (excluding AIL).

For further financial and non-financial performance results for this year please refer to the LGFA' Annual Report on its website.

⁷⁹

Source: <https://api.nzx.com/public/announcement/457720/attachment/450796/457720-450796.pdf> page 39.



ANNUAL REPORT DISCLOSURE STATEMENT

FOR THE YEAR ENDING 30 JUNE 2026

PURPOSE

The purpose of this statement is to disclose council's financial performance in relation to various benchmarks to enable the assessment of whether 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.

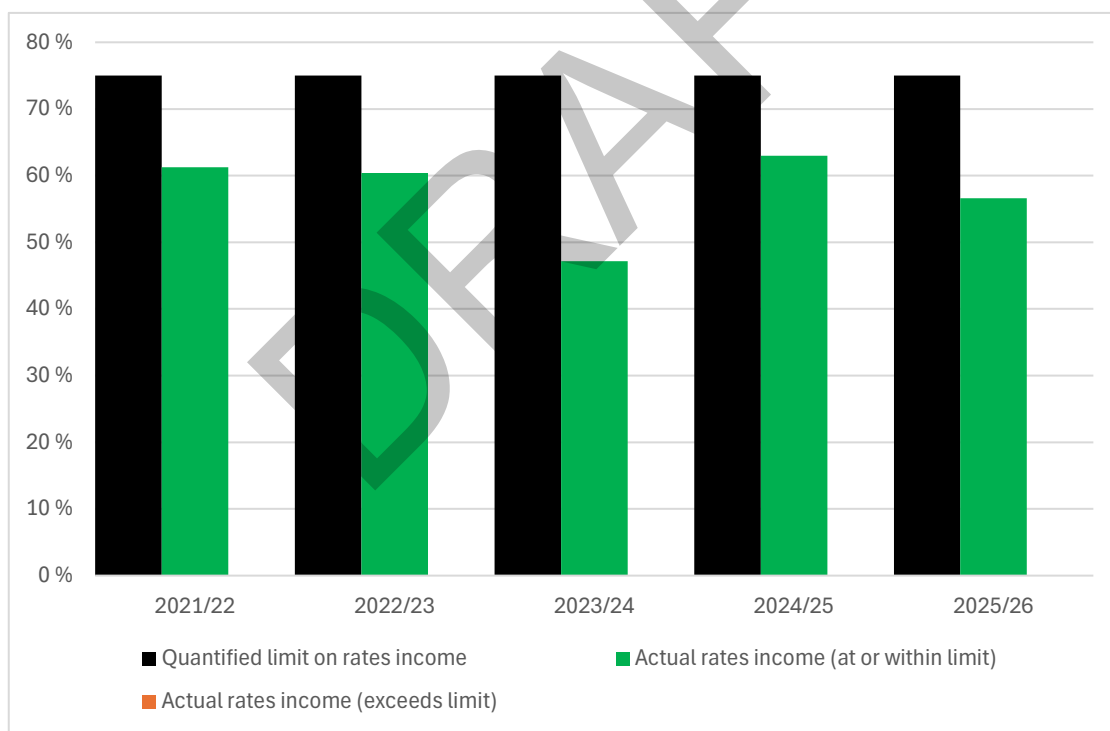
RATES AFFORDABILITY BENCHMARK

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 the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 75% of total council revenue.

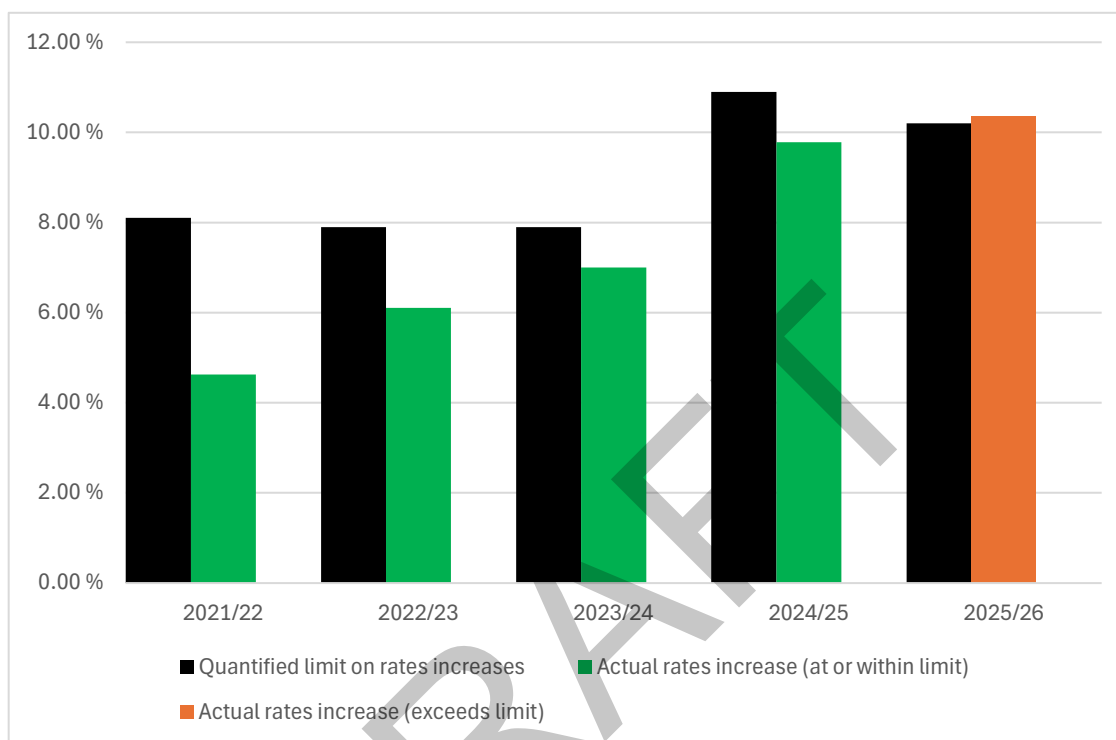




RATES (INCREASES) AFFORDABILITY

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy in the council's long-term plan. The quantified limit is LGCI plus 2%. For the actual figures used refer to the council's long-term plan.

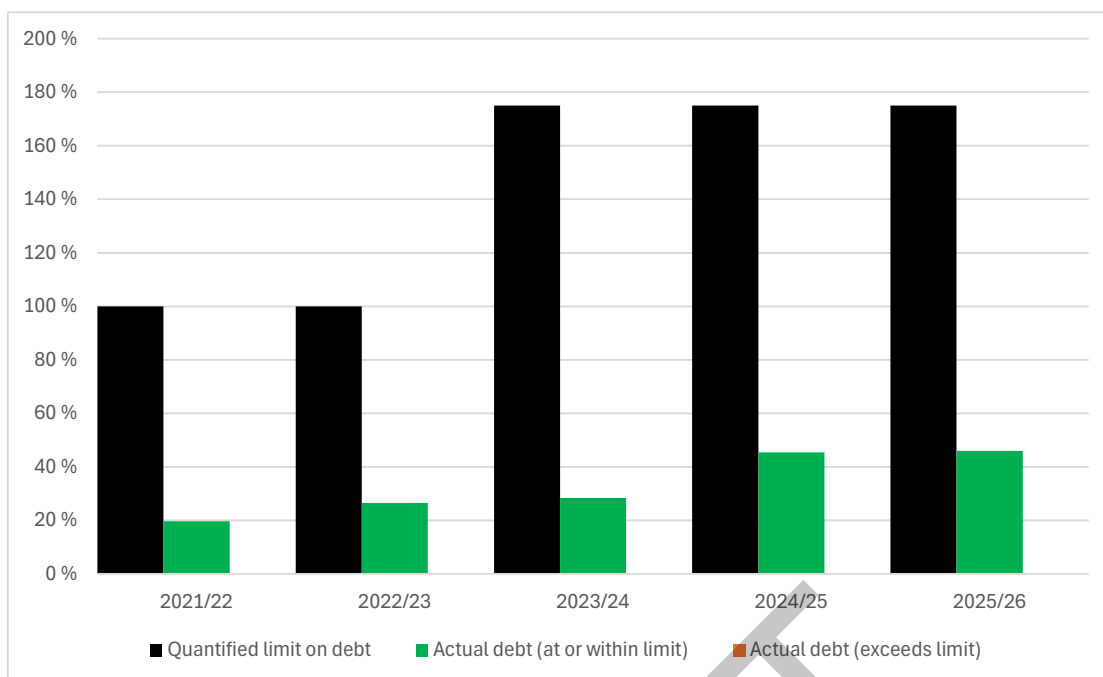
The 2025/26 year increase relates to an increase in metered water revenue over the prior year, which was due to an increase in consumption rather than an increase in the charges.



DEBT AFFORDABILITY BENCHMARK

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

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is borrowing cannot exceed 175% of total revenue.



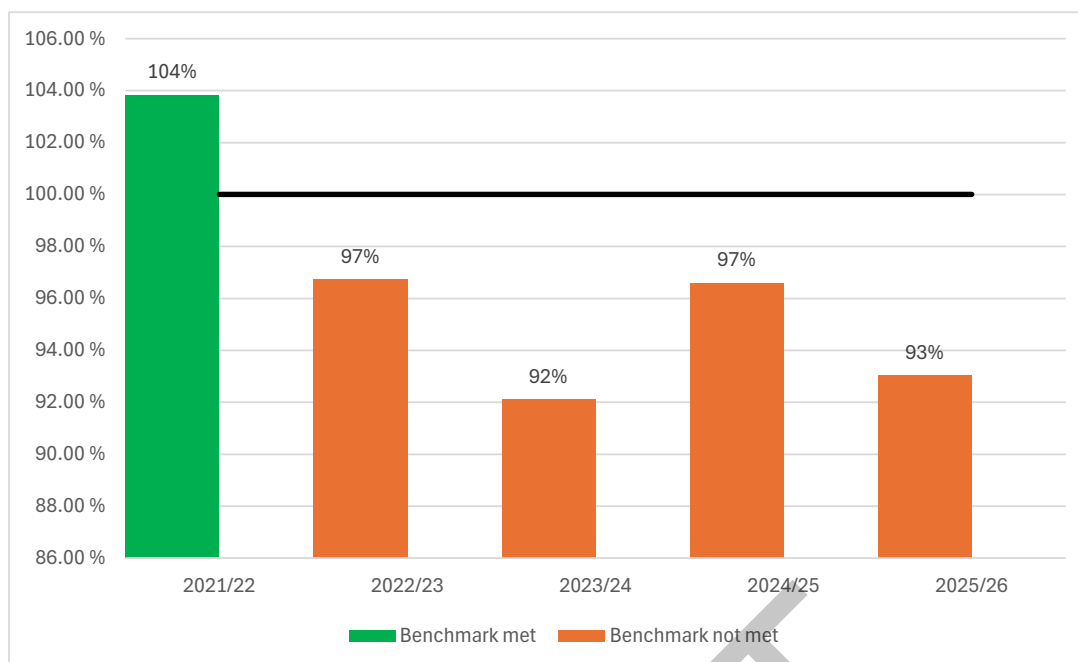
BALANCED BUDGET BENCHMARK

The following graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant and equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant and equipment).

The decrease in the 2022/23 year relates to increased depreciation due to the revaluation of the 3 waters and roading assets in the 2021/22 year, which impacted on the 2022/23 year after the budget was set for the year. The decrease in the 2023/24 year again relates to increased depreciation from the revaluation of 3 waters assets in the 2022/23 year after the budgets were set.

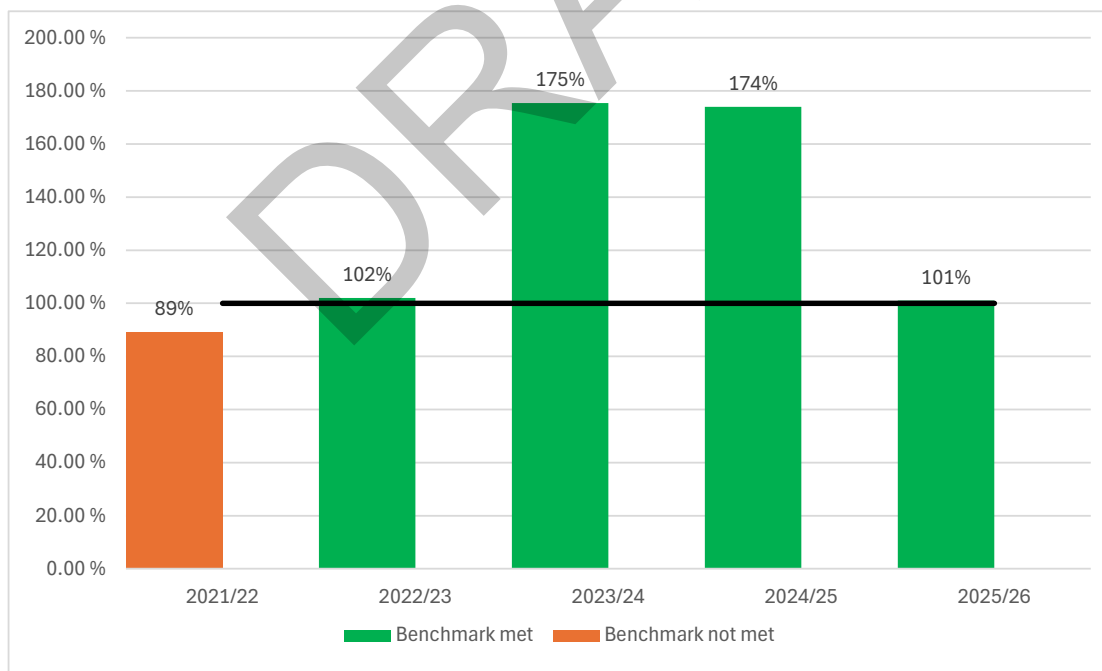
The decrease in the 2024/25 year relates in large part to the reduction in the subsidy funding received from NZTA as part of the new National Land Transport Programme. This reduced funding means that less capital work could be done, compared to the planned works.

The decrease in the 2025/26 year relates to an increase as a result of the revaluation of the Roothing assets at the end of the prior year. It also relates to some increased expenditure as a result of the flooding event in February 2026.



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.



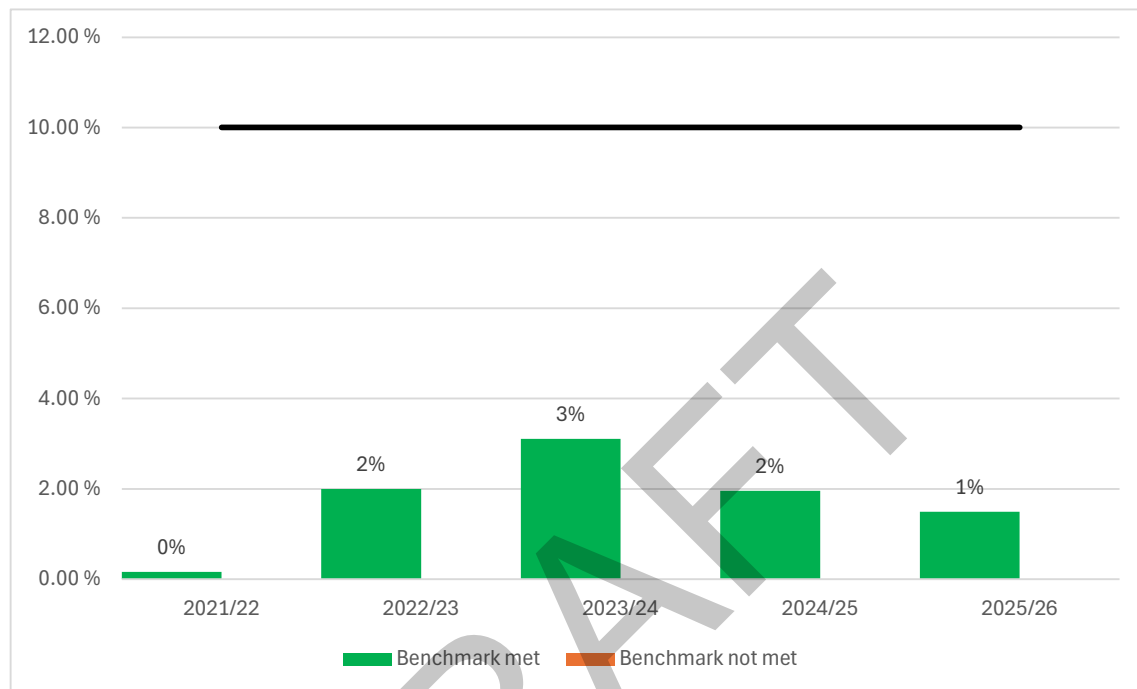
Due to the nature of capital expenditure, these movements relate to the timing of work being completed or carried over as work in progress. On average for the last 5 years the capital expenditure against depreciation for essential services has been 128.2%.



DEBT SERVICING BENCHMARK

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).

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



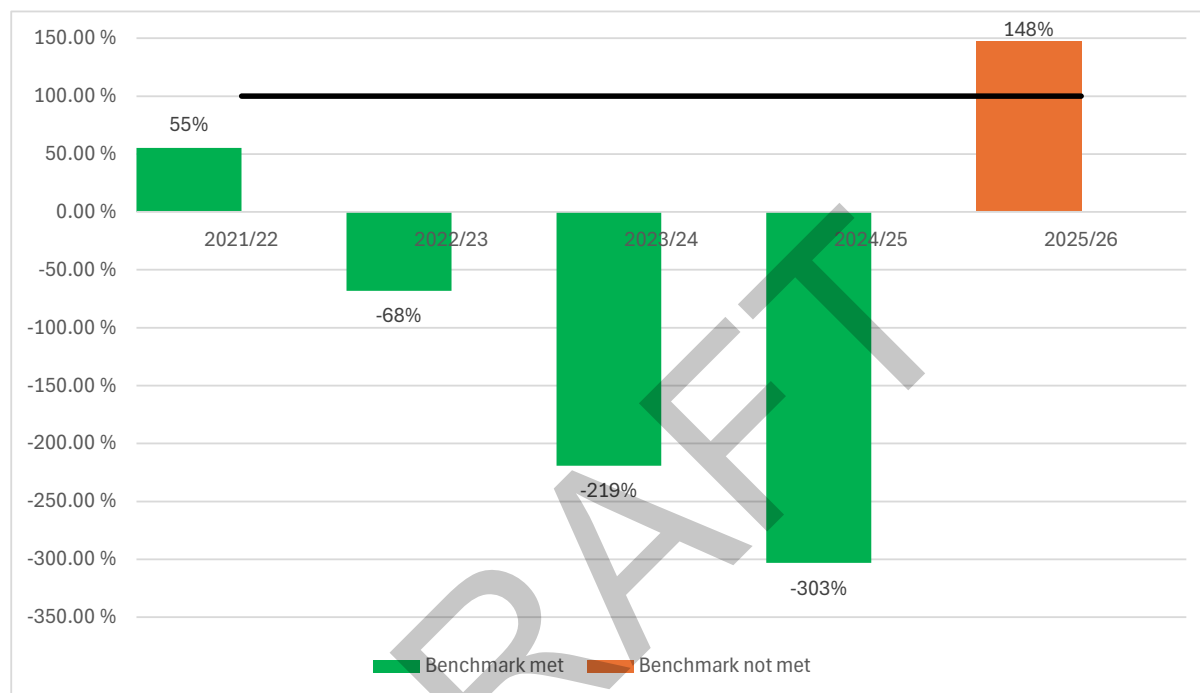


DEBT CONTROL BENCHMARK

The following graph displays 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.

In 2025/26, the Council breached the debt control benchmark because of the weather events in October 2025 and February 2026. Council borrowed some additional funds to cover the difference of timing between repairing assets and receiving funds from either insurance claims or subsidies for roading repairs.





OPERATIONS CONTROL BENCHMARK

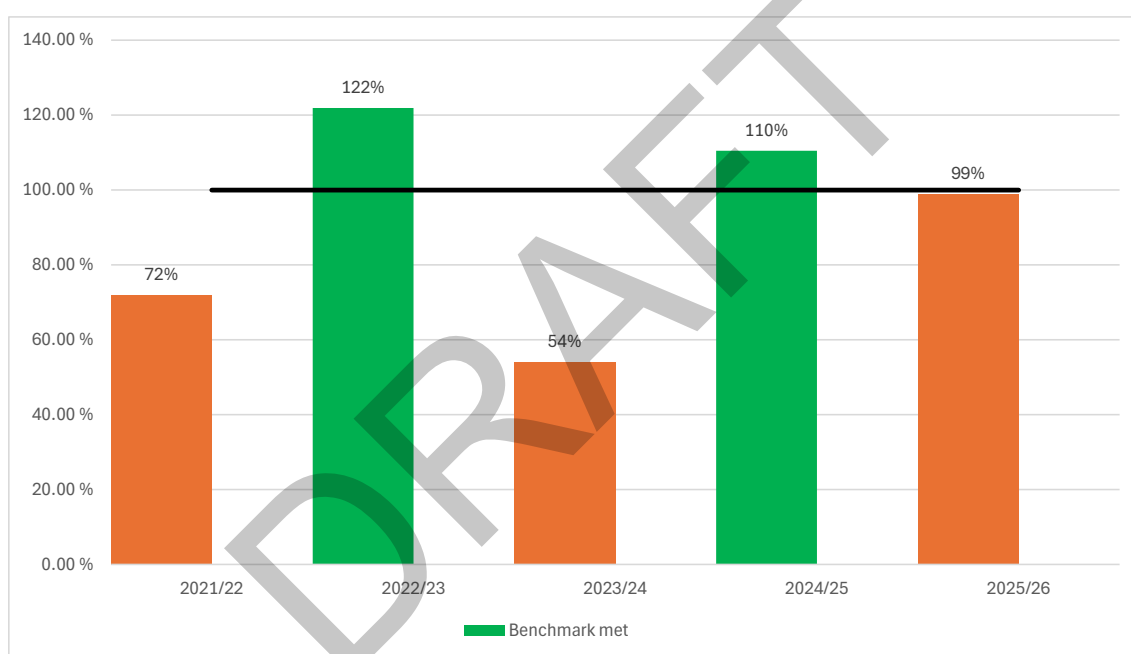
This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.

The operations control benchmark was not achieved in the 2021/22 related to reduced income from other receipts. This related to roading work being carried over into the 2022/23 year, and the associated reduction in subsidies received as they are also carried over into the 2022/23 year.

The operations control benchmark was not achieved in 2023/24 due to reduced income from rates receipts, offset by increased payments to suppliers and staff.

The benchmark was not achieved in 2025/26 due to the weather event in February and the associated unbudgeted costs of responding to the emergency event.





LOCAL GOVERNMENT ACT DISCLOSURES

RATING BASE INFORMATION

Under the Local Government Act 2002, Council is required to disclose the following information:

RATING BASE INFORMATION	2025/26
Number of rating units	5,592
Total Capital value of rating units	\$6,695,706,400
Total Land value of rating units	\$4,451,059,250

INSURANCE

CONTINGENT LIABILITIES	CARRYING VALUE 30 JUNE 2026 (\$000)	COVERED BY INSURANCE CONTRACTS (\$000)	COVERED BY FINANCIAL RISK SHARING ARRANGEMENT (\$000)	COVERED BY SELF INSURANCE (\$000)
Total assets covered	98,411	92,495	-	-

Please note for motor vehicles the cover is up to \$400,000 for any one vehicle, and \$20,000,000 for Third Party Liability in any one accident. The covered by insurance contracts figure above includes \$400,000, not the \$20,000,000.

INTERNAL BORROWINGS

Under the Local Government Act 2002, Council is required to disclose the following information:

INTERNAL BORROWINGS	OPENING BALANCE 2025/26	BORROWED 2025/26	REPAID 2025/26	CLOSING BALANCE 2025/26	INTEREST 2025/26
Trusted Leadership and Relationships	2,035	66	93	2,008	57
Strong Communities	-	489	-	489	
Vibrant Places and Spaces	1,790	78	111	1,757	50
Sustainable Development & Public Safety	-	51	-	54	
Resilient Infrastructure:					
• Land Transport	1,297	-	301	996	36
• Wastewater	6,713	364	214	6,863	188
• Water Supply	4,665	243	214	4,694	131
• Stormwater	313	26	42	297	9
• Flood Protection	375	4	27	352	11
Responsible Waste Management	58	-	14	44	2



AUDIT REPORT

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TE KAUNIHERA Ā-ROHE O
ŌTOROHANGA
DISTRICT COUNCIL

OTHER INFORMATION

- ABOUT US
- MAYOR AND COUNCILLORS
- COUNCIL DIRECTORY





ABOUT US

Small in size but rich in history, Ōtorohanga District stretches 90 kilometres from the Tasman Sea in the west to the Waikato River in the east – an area of 1,976 square kilometres. Our near neighbours are the districts of Waipā to the North, Waitomo to the South and Taupō and South Waikato in the East.

Our high value natural habitats, landscapes and ecosystems and erosion prone hill country need particular care.

Historically significant, Kāwhia was the final landing place of the Tainui waka.

Roads are our backbone and disruption affects resilience.

We're one of the most youthful populations in the Waikato.

Greater understanding between ŌDC and iwi, hapū and marae open future opportunities.

We're growing but it's gradual.

Agriculture, forestry and fishing dominate the local economy.

GEOGRAPHY

Around 30 kilometres wide, the district is relatively narrow with two distinct landscapes:

- In the west⁸⁰ rugged hill country and harbours dominate
- In the east the district's rolling lowlands are part of the Waipā river catchment - the single largest tributary of the Waikato River.

SETTLEMENT

Ōtorohanga District falls within the rohe of a number of iwi – Maniapoto, Raukawa and Ngāti Hikairo. There are also prominent iwi and hapū including Ngāti Apakura, Ngāti Mahuta, Ngāti Wehi and Te Patupō, with approximately 17 marae located in different parts of the district

Today the district population is largely rurally based (69.9%⁸¹), supported by the two main urban areas - Ōtorohanga township and the Aotea/Kāwhia community.

POPULATION

District population in 2023 was estimated to be 10,900, up 0.9% from a year earlier⁸². Figures for that same year show that the district's dependency ratio was 60.7% - higher than the New Zealand ratio (54%). This elevated ratio reflects both the slightly higher proportion of residents aged 65 years and older (17%; cf. New Zealand 16.5%) and higher proportion of young people aged under 15 years (20.6%; cf New Zealand 18.5%)⁸³.

Nearly 30% of the district population identify as of Māori decent (cf. New Zealand – 16.5%) and 11.3% of residents were born overseas⁸⁴.

Population growth is expected to continue albeit gradually. By 2048, resident population is projected to be 12,656⁸⁵

ECONOMY

Primary industries account for almost 50% of district's GDP⁸⁶. Rental, hiring and real estate is the next largest sector making up just under 22%.

⁸⁰ Waikato Regional Council, West Coast Zone Plan, 2016, pages 11 - 13
⁸¹ WSP, Ōtorohanga Town Concept Plan (Final), October 2022, page 52.

⁸² Source: Infometrics

⁸³ Ibid

⁸⁴ Ibid

⁸⁵ Under a medium variant scenario. Refer: Waikato Regional Council Technical Report 2021/22, 2018-base Population, Family and Household, and Labour Force Projections for the Waikato Region, 2018-2068.

⁸⁶ According to Infometrics, 45.9% in 2022 (Cf New Zealand 10.7%).



Ongoing support/
promotion is wanted for
businesses.

In 2023, there were 2,019 businesses operating in the district up 0.9% from the previous year (cf. New Zealand 1.7%). The average number of employees was 2.3 per business in 2023 (cf. 2.6 in 2013).

The Māori economy is growing and iwi and post settlement governance entities are expected to play a major role in New Zealand's financial future. While local data is limited, anecdotally it is thought Māori businesses have an important contribution to make to district growth.

People's worries include
money, jobs, food, petrol,
technology and housing

In the year to March 2023, mean annual earnings in Ōtorohanga District were \$64,186 (cf. New Zealand \$74,754). The district's dependency ratio (discussed above) may in part contribute to the lower-than-average earnings.

Demand for public and
emergency housing has
grown dramatically in
since 2018 but supply
has remained static.

HOUSING⁸⁷

Like other New Zealand communities, the availability, affordability and quality of housing is an issue for Ōtorohanga District. With almost 60% of houses built prior to 1980, over a quarter of the population are living in damp and/or mouldy dwellings. Other uncomfortable trends are:

- The cost of housing relative to income which is rising at a much higher rate than median incomes
- The current shortfall in the availability of houses. Looking ahead, in line with district growth, an additional 281 homes are estimated to be needed by 2043.

Extreme weather events
(wet and dry) are likely to
become regular.

CLIMATE CHANGE

Over the medium to long-term the district can expect⁸⁸:

- An increase in the frequency and intensity of storm events
- Higher temperatures
- Rising sea level (1.0 metre rise for Kāwhia/Aotea over the next 100 years)
- A change in rainfall patterns, with a 5% increase in rainfall intensity, producing more extreme weather events and increased drought events.

The west coast is
vulnerable to increased
flooding and coastal
inundation due to
predicted sea level rise.

Maintenance of the
Waipā stopbanks are
important.

Residents value their
environment and have
urged Council to keep
supporting actions that
care for te taiao
(environment).

WELLBEING

While generally satisfied with their local environment (72%), a 2019 study of Waikato residents reported that just under half of respondents felt that its state had declined in recent years⁸⁹. Water pollution from towns and cities and the spread urban areas across farmland were issues of particular concern for Ōtorohanga respondents. This finding is reinforced in our recent engagement with district residents. Caring for the moana (sea) and the awa (rivers) were frequently mentioned themes.

Bring Waiwaia
(wellbeing) back to the
Waipā awa (river).

The need for a
multipurpose facility was
often mentioned. Young
people also thought an
age-appropriate park
suitable for older
teenagers was needed.

Overall people are satisfied with the network of green, open spaces throughout the district. However, needs are changing and community facilities - venues, sports grounds and open spaces - need to be flexible to cater for the new and emerging demands.

Art, culture and heritage are important components of wellbeing. People we talked to were keen to see support for events that create colour and social cohesion. Ongoing adult learning was also valued along with supporting our international community members.

⁸⁷ Source:
Ōtorohanga Housing
Group, Homes for our
Community, Draft
Ōtorohanga District
Housing Plan, Dec 2022.

⁸⁸ Envirostrat & AECOM, 2020, Report prepared for Waikato Regional Council, Waikato Region Greenhouse Gas Emissions Inventory for the period July 2018 to June 2019, page 6.

⁸⁹ Versus Research for Waikato Regional Council, Your Environment-What Matters: A Survey of Residents of the Waikato Region, May 2019, page 2.



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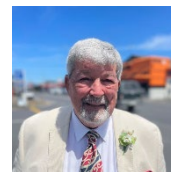
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DRAFT

Information only reports

Ngā pūrongo mōhiohio anake

Reports in this section are provided for information only.

Item Deloitte Annual Report Audit Findings

To Risk and Assurance Committee

From Brendan O'Callaghan, Project Accountant

Type **INFORMATION REPORT**

Date 22 October 2026



1. Purpose | Te kaupapa

1.1. For Deloitte to present their report on the 2025/26 Annual Report audit.

2. Executive summary | Whakarāpopoto matua

2.1. Deloitte's Bruno Dente, Partner will attend the meeting to present their audit finding report for the Risk and Assurance committee.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk & Assurance Committee **receive** the report titled 'Deloitte Annual Report Audit Findings' (22nd October 2026) by Brendan O'Callaghan, Project Accountant.

4. Discussion | He kōrerorero

- 4.1. As part of the audit process, Deloitte prepares a report to the Risk & Assurance Committee of their findings from the work they have undertaken.
- 4.2. This report will be presented by Bruno Dente, the appointed auditor of the Council, who will speak to the report and answer any questions.

Public excluded

Take matatapu

There are no public excluded reports.

Meeting closure

Katinga o te hui

The Chairperson will declare the meeting closed.

Workshops

Hui awheawhe

There are no workshop items.