



**SOUTH WAIRARAPA
DISTRICT COUNCIL**
Kia Reretahi Tātau

Annual Report

For the year ended 30 June 2026
Year One of the 2025-34 Long-Term Plan

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Introduction

Purpose and structure of this Annual Report

Purpose of this Annual Report

This Annual Report provides a transparent account of how South Wairarapa District Council performed during the financial year from 1 July 2025 to 30 June 2026, measured against the forecasts and performance measures set out for Year One of the 2025-34 Long-Term Plan.

It is prepared in accordance with Section 98(1) of the Local Government Act 2002, which requires councils to report annually on their financial and service performance.

The report reflects our commitment to accountability, community engagement and continuous improvement. It shows how we have delivered on our goals, managed public funds and contributed to the wellbeing of our district.

Structure of this Annual Report

This report is presented in three key sections:

Introduction

This section introduces South Wairarapa—our people, places and purpose. It outlines the structure of our Council and organisation and a message from the Mayor and Chief Executive, reflecting on the year.

Our year

A summary of the key events, achievements and challenges across our groups of activities.

This section includes our Statement of Service Performance, which reports on how we've delivered against our planned levels of service and community outcomes.

Financial information

This section contains our audited Financial Statements, supporting notes, performance benchmarks and other statutory disclosures. It also provides a detailed view of our financial position and stewardship of public funds.



Our district

The South Wairarapa district covers a vast geographic area and has a relatively small population of ratepayers and residents. There are 12,200 people who call South Wairarapa home and the population is growing. The main population centres in the district are Featherston, Greytown and Martinborough townships, with smaller coastal and rural communities dotted across the district. Our district has an area of approximately 248,455 hectares (2,484 square kilometres).

Our rural landscape is distinctive with three forest parks, surfing and fishing beaches, vineyards, dry stock and dairy farms and our three charming small towns. The South Wairarapa coastline features some of New Zealand's oldest inhabited sites and local tradition has it that the Polynesian explorer, Kupe, once lived here. The southernmost point of the North Island is Cape Palliser, which is known to Māori as Matakītiki a Kupe and other points along the coast also commemorate Polynesia's most famous explorer. We are an hour from the capital city by car or train. Visitors to our district are tempted by countless activities, such as tramping, fishing, camping, cycling, cafes and restaurants, wine tours, olive oil tasting and boutique shopping.

South Wairarapa is nestled between the rugged Remutaka ranges and the wild beauty of the Pacific coast. It continues to thrive as a district defined by dramatic landscapes, its people and its potential.

South Wairarapa captivates locals and visitors alike with its globally awarded wine, artisanal food and as home to the only town across the motu that can claim official membership to the International Association of Booktowns. From the large and small wineries across the region to the heritage streets of Greytown and book devotees in Featherston, our district is a vibrant mosaic of creativity, culture and community. Whether it's sipping a glass of Pinot Noir, visiting a local market or exploring our scenic trails, South Wairarapa offers a lifestyle that is both grounded and aspirational.

As we look ahead, we remain committed to building a district that honours its past, embraces its present and boldly shapes its future. Together with our communities, iwi partners and regional collaborators, we are working hard to create a South Wairarapa that is resilient, inclusive and full of the promise of a positive future.

Our Council and organisation

A message from the Mayor and Chief Executive

Kia Reretahi Tātou

Ko te kōtuitui i ētahi āhuatanga e rua,

nui ake rānei,

kia ngātahi ai te mahi

It is the interlinking of two or more things to work together

Tena koutou katoa,

Nau mai, haere mai

Kia ora koutou,

This annual report reviews our progress against the priorities and commitments set out in year one of our 2025-34 Long-Term Plan and tells the story of a year marked by significant investment, resilience and community partnership.

This was the first year of a new Council term, bringing fresh perspectives to the important work South Wairarapa District Council does for its communities. We have remained focused on delivering the essential services for our communities while continuing to invest in the infrastructure, facilities and initiatives that will support future generations.

Water remained one of our most significant priorities. The vital Tauwharenīkau pipeline crossing project was successfully completed, securing the resilience of Featherston's water supply for years to come. We also progressed major drinking water renewals in Featherston, replacing 2.6km of pipes as well as purchasing land north of Pain Farm for treated wastewater irrigation from Martinborough's wastewater treatment plant. These investments are critical to meeting environmental expectations and resource consent requirements while providing reliable services for our townships.

The establishment of Waiti Waters with Tararua, Masterton, Carterton councils met important milestones. The water services organisation is now well underway, with a board, some senior managers in place and strategic planning and transition arrangements progressing. The new organisation will take over delivery of all our water services from 1 July 2027.

Through our Community Boards, Māori Partnership Committee and Economic Development Fund, we shared \$260,000 of grants with projects and initiatives to attract visitors, support local businesses and strengthen our district's economy. Signature events for each town received support alongside many other community-led initiatives that celebrate what makes South Wairarapa special and contribute to a vibrant local economy.

The strength of our communities was evident in many ways throughout the year. We established the Martinborough Access Reference Group to help consider future access, transport and safety issues within Martinborough, ensuring local voices help guide future decisions. Following recommendations arising from the 2024 Representation Review, the Rural and Coastal Advisory Group was established, providing an important forum for rural and coastal communities to contribute directly to Council's decision-making and planning processes.

Our Community Operations teams delivered an impressive range of projects and improvements across the district. The opening of Te Papa Ora o Mōroa in Greytown realised a community ambition more than 20 years in the making, creating a vibrant new destination for rangatahi and families.

Playground improvements at Joy Cowley Playground in Featherston and Lake Ferry created safer, more accessible spaces for tamariki, while ongoing upgrades to swimming pools, parks, community facilities and public spaces enhanced the places where people gather, play and connect.

While there were many successes, the year was not without challenges. Perhaps most significantly, the first half of 2026 brought an unprecedented series of severe weather events. These events tested our resilience and highlighted the challenges facing local government as climate pressures increase. We want to acknowledge the ongoing efforts of council staff, contractors, emergency management teams, volunteers and the many residents who responded quickly to support affected communities, restore access and begin recovery work. The scale of damage to roads and infrastructure reinforced the reality that many of these challenges cannot be addressed by our district alone and require ongoing partnership with regional and national agencies. As we look ahead, strengthening the resilience of our roading network remains one of our core priorities.

This year also saw us navigating significant central government reform. The proposed changes to local government structures, alongside ongoing reform across the water and planning sectors, create both challenges and opportunities. Council is working hard to ensure South Wairarapa's interests are represented while contributing to discussions about the future shape of local government.

As we reflect on the past year, we are proud of what we have achieved together as a district. South Wairarapa continues to be a remarkable place to live, work and visit. Thank you to our community for supporting our work.

Ngā mihi



Mayor Fran Wilde & Chief Executive Janice Smith

Statement of Compliance and Responsibility

Compliance

The Council and management of the South Wairarapa District Council confirm that all statutory requirements of the Local Government Act 2002 and Local Government (Financial Reporting and Prudence) Regulations 2014, in relation to the Annual Report have been complied with, other than those areas of non-compliance highlighted in this Annual Report.

Responsibility

The Council and management of the South Wairarapa District Council accept responsibility for the preparation of the Annual Report and judgements used in it.

They also accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and service performance reporting.

In the opinion of the Council and management of the South Wairarapa District Council, the Annual Report for the year ended 30 June 2026 fairly reflect the financial position, operations, and service performance of the South Wairarapa District Council.

Fran Wilde

Mayor

Date: 29 October 2026

Janice Smith

Chief Executive

Date: 29 October 2026

Our representatives and wards

South Wairarapa District Council is made up of the Mayor and ten Councillors, with three representing each of the Featherston, Greytown and Martinborough General Wards and one Councillor for the Te Karu o Te Ika a Māui Māori Ward. Despite being elected by their Wards, Councillors are sworn into office to focus on the interests of the entire district.

In addition, three Community Boards represent and advocate for the interests of each ward.

The Mayor

Fran Wilde

Councillors

Featherston Ward

Rachel Clarke
Rupert Watson
Colin Olds (until June 2026)

Greytown Ward

Martin Bosley
Simone Baker
Collier Isaacs

Martinborough Ward

Aidan Ellims
Rob Taylor (Deputy Mayor)
Chris Archer

Te Karu o Te Ika a Māui Māori Ward

Andrea Rutene

Senior staff

Chief Executive Officer

Group Manager Corporate Services
Group Manager Infrastructure & Community Operations
Group Manager Planning and Environment

Community Board Members

Featherston Ward

Tanja Schubert-McArthur (Chair)
Joanna Baldwin (Deputy Chair)
Anne Hynds
Warren Maxwell
Cr Rupert Watson
Cr Rachel Clarke

Greytown Ward

Louise Brown (Chair)
Neil Morison (Deputy Chair)
Diane Mackenzie
Jo Woodcock
Cr Martin Bosley
Cr Simone Baker

Martinborough Ward

James Brodie (Chair)
Nana Boyle (Deputy Chair)
Mel Maynard
Ross Andrew
Cr Chris Archer
Cr Aidan Ellims

Janice Smith
Stefan Corbett
James O'Connor
Clare Barton

Our services and facilities

South Wairarapa District Council is responsible for providing services that are essential to keeping our community healthy and safe. Most of these are funded by rates or fees and charges (or a mixture of both). Key services and amenities include:

18
public
toilets



4
community
buildings



3
campgrounds



915
streetlights



3
swimming
pools



65km
of footpaths

4
drinking
water
systems



140
bridges &
culverts

1
transfer
station

3
recycling
stations



3
dog
parks



34
senior
housing
units



4,335
signs

671km
of roading

4
wastewater
systems

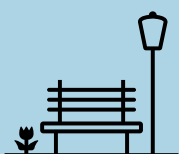
3
libraries



4
cemeteries



20+ parks
& reserves



4
playgrounds



Plus, Emergency Management, grants, building consents, liquor licensing, dog control, town seating, noise control, food registration, urban kerbside rubbish collection, illegal dumping cleanup, planting, walking and biking tracks, community events and more.

Our priorities and outcomes

In 2025/26, South Wairarapa District Council focused on delivering core infrastructure, improving community wellbeing, and planning for future growth. A key priority was the development and adoption of the Long-Term Plan, which set the strategic direction for the next decade, and consultation on our delivery model for waters under Local Water Done Well legislation.

Council also prioritised:

- Infrastructure investment, particularly in water, wastewater, and stormwater systems to improve reliability and resilience.
- Community facilities upgrades, including playgrounds, pools, and sports hubs.
- Governance improvements, with a focus on transparency, representation, and community engagement.
- Planning for growth, through the Wairarapa Combined District Plan review and spatial planning work.
- Support for economic development, in partnership with regional agencies.

These priorities reflect Council's focus on delivering essential services, addressing infrastructure challenges, and responding to the expectations of our communities within the limits of available funding and resources.

South Wairarapa District Council's work is guided by four key community outcomes: social wellbeing, economic wellbeing, environmental wellbeing, and cultural wellbeing. These outcomes reflect the aspirations of our communities and help shape how services are planned and delivered. The table below shows how each of Council's eight significant activities contributes to one or more of these outcomes.

Significant Activity	Social Outcomes	Economic Outcomes	Environmental Outcomes	Cultural Outcomes
Community Facilities & Services	✓	✓	✓	✓
Governance	✓	✓		✓
Land Transport	✓	✓	✓	✓
Finance & Corporate Support	✓	✓		✓
Planning & Regulatory Services	✓	✓	✓	✓
Stormwater	✓		✓	
Wastewater	✓		✓	
Water Supply	✓		✓	

Our activities

Performance measurement context

The performance measures were reviewed as part of the 2025-34 Long-Term Plan. This review ensured that Council's performance across its significant activities could be effectively assessed and that measures were appropriately designed, with reliable data available to support accurate reporting. This enables the community to clearly understand how well Council is performing in each significant activity area.

While some measures are mandated by the Department of Internal Affairs (now Ministry of Cities, Environment, Regions and Transport), the revised measures have been designed to be more practical, meaningful, and measurable. They provide greater transparency by helping the community understand what is working well, where performance may not be meeting expectations, and what actions Council is taking to address areas for improvement.

For 2025/26, Council maintained a strong focus on emergency management and waste management, achieving positive results in both areas. Work is also underway to improve responsiveness to LGOIMA requests, supported by the adoption of a new LGOIMA Policy to better manage the growing number of requests received. Council continues to progress its speed management programme, which aims to reduce fatalities and serious injuries on the local roading network.

As a small council, staff turnover has had some impact on the achievement of a small number of performance measures. Despite this, Finance and Corporate Support, Community Facilities, Wastewater, and Stormwater all achieved their performance targets for the year.

This Annual Report presents Council's performance against these measures for Year One of the 2025-34 Long-Term Plan, providing an important benchmark for monitoring progress and demonstrating accountability to the community. More regular reporting of these measures also takes place at the Risk & Assurance Committee.

Community Facilities and Services

Our purpose and goals

Community Facilities and Services are at the heart of everyday life in South Wairarapa. This includes a wide range of services and assets that support community wellbeing, recreation and connection. We aim to provide facilities and services that enhance quality of life and support the needs of our growing and diverse communities. Our goals include:

- Supporting community wellbeing through public amenities
- Maintaining and upgrading essential community infrastructure
- Collaborating with local organisations and clubs
- Contributing to local economic development

How we deliver this

We manage and maintain a broad portfolio of assets and services, including:

- Libraries
- Community buildings
- Social housing
- Campgrounds
- Cemeteries
- Parks and reserves
- Playgrounds
- Swimming pools
- Public toilets
- Refuse and recycling services

We work in partnership with community groups, sports clubs and regional agencies to deliver improvements and support local initiatives.

Achievements and progress (July 2025 – June 2026)

Social housing

We continued our commitment to provide safe and healthy homes for residents in Council-owned social housing. This year, we:

- Replaced three front doors that had reached the end of their life to create an environment with no more drafts.
- Completed a full internal upgrade following the tenant vacating Burling Flat 5. We replaced old timber-framed kitchen and bathroom windows with aluminium double-glazed windows; installed new carpet and vinyl flooring and new gib lining. We also completed electrical upgrades, including new extractor fans in both the kitchen and bathroom.
- We continued the programme of upgrading and replacing ovens.
- We did general maintenance, including annual exterior building and pathway washing.
- Continued to replace hot water cylinders as required. The frequency of replacements has increased due to the age of the flats and cylinders are being replaced with mains-pressure systems, where possible.
- Tenants continue to feel comfortable reporting maintenance issues, allowing repairs and improvements to be addressed in a timely manner.

Cemeteries

We maintained all four cemeteries across the district this year with maintenance work throughout the year. We refreshed the signage at Waihenga Cemetery, the oldest of the two cemeteries in Martinborough.

Playgrounds, pools, parks, and public amenities

We made strong progress across several community assets:

Opened Te Papa Ora o Mōroa (South Wairarapa Wheels Park)

South Wairarapa's long anticipated Wheels Park rolled into action. Its name, Te Papa Ora o Mōroa, pays homage to mana whenua in the district. The new park adds to the district's recreational, physical activity and social connection offering for all age groups. Further stages will follow dependent on community funding.

Carkeek Observatory

Carkeek Observatory is one of South Wairarapa's most significant historic places and over the past year we have arranged for a protective structure to sit around its remains to protect the vision of its founder, the late Stephen Carkeek. We worked with iwi, stakeholders and descendants of Stephen Carkeek to have his visionary observatory heritage listed and the new structure designed and put in place. The work was done by architects and purpose built with local contractors. The observatory has relevance today with South Wairarapa's membership of the Wairarapa Dark Sky Reserve.

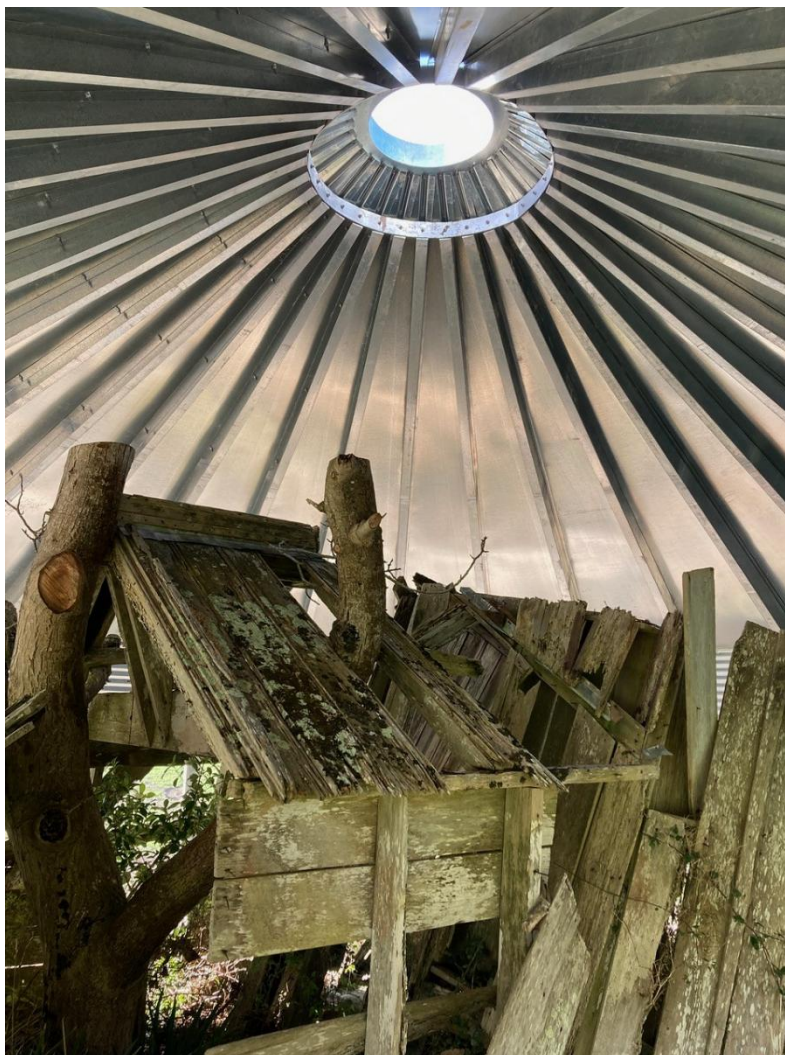


Figure 1 Carkeek Observatory, looking at the new structure from the inside out

Otauirā Reserve

Over time, the camber of the land and heavy machinery had caused deep potholes in the rest area driveway of Otauirā Reserve, which was resurfaced in December 2025. The driveway has been restored and use as a truck stop for heavy machinery has been disallowed. Bollards were installed to reduce the wear and tear and vandalism at the site.



Figure 2 Resurfaced Otauirā Reserve carpark

Playground refurbishments

Each year, funds are allocated to maintaining or upgrading playgrounds in the district. This is based on regular compliance checks and our asset management plan, which lets us know when equipment has reached its end of life, or its lifespan can be extended with maintenance. In the last financial year, significant upgrades to Featherston's Joy Cowley Playground and Lake Ferry Playground took place.



Figure 3 Refurbished Lake Ferry playground

How we performed

Service Level	Key Performance Indicators	2024/25 Last Year's Results	2025/26 This Year's Results	2025/26 This Year's Targets	How it is recorded ¹	Change from last year	Comments
Council provides community facilities and spaces that encourage community use	Community & visitors are happy with the overall experience they have had with community buildings, parks, pools, cemeteries, transfer stations, and public toilets	85% of residents are satisfied with community buildings, parks and open spaces in the Residential Survey	81.67% of community and visitors are happy with the overall experience with community buildings, parks, pools, cemeteries, transfer stations and public toilets	Establish a new baseline with the new reporting tool	New measure to provide more monitoring and reporting during each year. A QR code placed at each location linked to an online survey form to collect feedback	Reduction.	The method for collecting this information changed from a general community survey to gathering feedback directly after visits to Council facilities. This provides more detailed insights into what is working well and where improvements are needed. In 2025/26, most responses were received from users of the Greytown and Featherston public toilets.
	Number of people using our Libraries reflected by overall library usage and number of visits. Usage	N/A as this is a new measure. The previous	Usage consists of: 1) Physical issues =	Establish Baseline	Library databases and use of new in-person counting	N/A as a new baseline	This measure reflects the libraries' role as multipurpose community hubs, supporting a range of

¹ Revise the wording from “how it is measured” to “how it is recorded” as this better reflects the intent of the measure and provides clearer, more transparent information.

	consists of 1. Physical issues 2. Digital issues, and 3. Computer/Wi-Fi Visits consist of: 1. In Person Visits, 2. Digital (website, OPAC, Social Media) 3. Housebound 4. Programs and Special events	measure was Library collection turn-over.	47,051 2) Digital issues= 30,378 3) Computer/Wi-Fi = 25,238 Visits consist of: 1) In Person Visits = 26,521 2) Digital = 39,177 3) Housebound= 15 4) Programs and Special events: Adults = 472 Children = 2,932		tools from March 2026 onwards.		services, activities, and users across South Wairarapa.
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Council promotes the waste management hierarchy “reduce, reuse, recycle, reprocess, treat, dispose”	Reduction in waste transferred to landfill	N/A	26.76% overall	5% overall	The information is recorded in council’s service request database.	N/A	Achieved. A significant overall reduction for Council in waste transferred to landfill.
Refuse collection and disposal meets the needs of the community	Number of complaints due to non-collection of official rubbish bags in weekly collection	N/A	2.75 per month average	Less than 30 per month	The information is recorded in council’s service request database. With additional information from consultants	N/A	Achieved. Utilisation of new WasteTrax technology on the trucks have dramatically reduced the number of complaints due to non-collection.

Funding Impact Statement for the Year Ended 30 June 2026 – Community Facilities & Services

30 June 2025 Annual Report \$000		30 June 2025 Long Term Plan \$000	30 June 2026 Long Term Plan \$000	30 June 2026 Actual \$000
Sources of Operating Funding				
6,659	General rates, uniform annual general charges, rates penalties	6,782	6,744	6,879
2,174	Targeted Rates	2,193	2,250	2,247
791	Subsidies and grants for operating purposes	603	154	171
771	Fees and charges	441	652	811
117	Interest and dividends from investments	-	-	44
985	Local authorities fuel tax, fines, infringement fees, and other receipts	1,038	829	966
11,497	Sources of Operating Funding	11,056	10,629	11,119
Applications of Operating Funding				
8,289	Payments to staff and suppliers	9,035	8,875	7,724
137	Finance Costs	175	336	111
1,419	Internal charges and overheads applied	1,515	1,563	1,434
-	Other operating funding applications	-	-	-
9,844	Applications of Operating Funding	10,725	10,774	9,269
1,652	SURPLUS / (DEFICIT) OF OPERATING FUNDING	331	(145)	1,849
Sources of Capital Funding				
-	Subsidies and grants for capital expenditure	156	-	17
-	Development and financial contributions	-	530	262
270	Increase (decrease) in debt	8,688	2,227	-
6	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
276	Sources of Capital Funding	8,844	2,757	279
Application of Capital Funding				
Capital Expenditure:				
754	- to meet additional demand	4,137	513	1,254
1,289	- to improve the level of service	2,791	582	947
961	- to replace existing assets	1,668	1,518	724
(1,076)	Increase (decrease) in reserves	579	-	(796)
1,928	Application of Capital Funding	9,175	2,612	2,129
(1,652)	SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(331)	145	(1,849)
-	Funding balance (A - B) + (C - D)	-	-	-

Finance and Corporate Support

Our purpose and goals

Finance and Corporate Support provides the backbone for Council's operations. This activity ensures that the organisation runs smoothly, efficiently and in compliance with legislation. It includes financial management, customer services, information technology, human resources, health and safety, legal support and administrative services.

Our goals are to:

- Deliver accurate and timely financial information
- Provide high-quality customer service
- Support staff wellbeing and development
- Maintain secure and effective IT systems
- Ensure compliance with legal and regulatory obligations
- Enable continuous improvement across Council operations

How we deliver this

The Corporate Support team works across all departments to provide embedded support in areas such as:

- Finance
- Customer service (face-to-face, phone and digital)
- Information management and technology
- Health, safety and wellbeing
- Legal and compliance
- Emergency management
- Human resources

The team also leads strategic initiatives such as business planning, risk management and performance reporting and plays a key role in enabling Council's long-term planning and operational delivery.

Achievements and progress (July 2025 – June 2026)

This year we have improved our support to the organisation that serves our community in the following ways:

- Completed the refurbishment of the Council head office in Martinborough to remediate long-standing health and safety issues of the original building.
- Supported the development and adoption of the 2026/27 Annual Plan.
- Successfully implemented Zendesk to centralise customer enquiries and improve visibility, accountability, and response times while ensuring all communications relating to a request are captured in one place.
- People and Culture successfully supported the transition and recruitment of employees from Wellington Water, helping to maintain service continuity in the South Wairarapa.
- Established Emergency Management Wairarapa in partnership with Carterton and Masterton District Councils.
- Adopted the Wairarapa Emergency Management Capability Strategy 2025-2030, providing a coordinated approach to emergency management across the three Wairarapa councils.



Figure 4 Wairarapa Emergency Operations Centre during February 2026 response

How we performed

Service Level	Key Performance Indicators	2024/25 Last Year's Results	2025/26 This Year's Results	2025/26 This Year's Targets	How it is Recorded	Change from last year	Comments
People are prepared for a civil defence emergency	Staff are qualified and trained in foundation level civil defence.	N/A	94%	75%	This information is recorded on Council records	N/A	Achieved. During 2025/26, SWDC staff were called upon to support a number of significant weather-related events, contributing to both emergency management functions and recovery activities. A continued focus on staff training and capability development and WREMO-led exercises, helped ensure staff were well prepared to respond effectively.

Funding Impact Statement for the Year Ended 30 June 2026 – Finance & Corporate Support

30 June 2025 Annual Report \$000		30 June 2025 Long Term Plan \$000	30 June 2026 Long Term Plan \$000	30 June 2026 Actual \$000
Sources of Operating Funding				
	- General rates, uniform annual general charges, rates penalties	(38)	-	-
	- Targeted Rates	-	-	-
	- Subsidies and grants for operating purposes	-	-	-
	- Fees and charges	-	-	-
73	Local authorities fuel tax, fines, infringement fees, and other receipts	146	8	109
4,693	Internal charges and overheads recovered	4,987	5,197	4,857
4,766	Sources of Operating Funding	5,095	5,205	4,966
Applications of Operating Funding				
4,510	Payments to staff and suppliers	4,849	5,059	4,758
39	Finance Costs	9	67	8
	- Internal charges and overheads applied	-	-	-
	- Other operating funding applications	-	-	-
4,549	Applications of Operating Funding	4,858	5,126	4,767
218	SURPLUS / (DEFICIT) OF OPERATING FUNDING	237	79	199
Sources of Capital Funding				
	- Subsidies and grants for capital expenditure	-	-	-
	- Development and financial contributions	-	-	-
24	Increase (decrease) in debt	300	2,160	-
	- Gross proceeds from sale of assets	-	-	-
	- Lump sum contributions	-	-	-
	- Other dedicated capital funding	-	-	-
24	Sources of Capital Funding	300	2,160	-
Application of Capital Funding				
	Capital Expenditure:			
	- - to meet additional demand	-	-	-
	- - to improve the level of service	35	103	7
214	- to replace existing assets	522	2,137	1,666
28	Increase (decrease) in reserves	(20)	-	(1,474)
	- Increase (decrease) of investments	-	-	-
242	Application of Capital Funding	537	2,240	199
(218)	SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(237)	(79)	(199)
	- Funding balance (A - B) + (C - D)	-	-	-

Democracy & Engagement

Our purpose and goals

Governance provides the leadership, advocacy and decision-making framework for Council. It includes the Mayor, elected councillors, three community boards (Greytown, Featherston and Martinborough), the Māori Partnership Committee and the Pou Māori role. Through this structure, Council aims to represent the community fairly, make transparent decisions and encourage public participation in shaping the district's future.

How we deliver this

Council operates through formal meetings, committees and community boards. We engage with residents through consultations, hearings and public forums. Our governance activity also includes policy and bylaw development, ceremonial functions and collaboration with iwi and hapū through the Māori Partnership Committee and Pou Māori. 2025 also saw the establishment of a Māori Ward for South Wairarapa, which following the Māori Ward Amendment Act 2024 required a poll at the 2025 local elections. With more votes to keep the Māori ward than to remove it, a Māori ward is now in place for the 2028 and 2031 local elections.

Achievements and progress (July 2025 – June 2026)

Local Elections

11 October 2025 was voting day for the 2025 Local Body Elections. South Wairarapa had a strong voter return at 59.13%, much higher than the national average of 39.42%. A record number of special votes was also recorded for the 2025 local elections.

Following the local elections there was an extraordinary vacancy for the Featherston Community Board. Voting opened on Monday 4 May and closed at 12 noon on Friday 5 June 2026. The voter return was 31.58% for the By-election.

In June 2026 an extraordinary vacancy for a Featherston Ward Councillor was announced and notice of a By-election was issued on 25 June 2026.

Formation of Community Groups

Council established two new community advisory groups during the year to ensure local voices help shape future decision-making.

The Rural and Coastal Advisory Group (RCAG) was established following feedback from the 2024 Representation Review to give rural and coastal communities a stronger voice. The group provides advice and feedback on issues affecting these communities, including roads, water, resilience, coastal management, climate change impacts, and land use planning.

The Martinborough Access Reference Group (MARG) was formed to provide community input into transport, access and movement issues in Martinborough, helping inform future planning for the town as it grows. The group brings local knowledge and perspectives on matters such as traffic, heavy vehicle movements, and pedestrian and cycling safety.

Improved transparency and access to information

Our Local Government Official Information and Meetings Act (LGOIMA) policy was adopted, strengthening our commitment to proactive release of information, openness and public trust.

Supporting Local Economic Development

The Economic Development Fund was created with a pool of \$180,000 to fund South Wairarapa events and initiatives that showcase South Wairarapa as a destination, strengthen local tourism and placemaking, and bring visitors and spending to local businesses during the quieter months of the year. Grants were given to three signature events, one in each of the district's wards:

- The New Zealand Festival of Christmas in Greytown received \$49,999 to host the well-established month-long festival through the winter months. Organisers estimate 60,000 people attended over the month, half of them first-time visitors. More than half of out-of-town attendees stayed overnight in the Wairarapa, and 36.3% stayed two nights. Of local businesses, 60% reported giving staff extra hours or taking on extra staff because of the festival.
- Pour and Explore got a boost of \$35,000 to run a month-long series of events celebrating Martinborough hospitality following their successful inaugural event in 2025. Fifty-three local businesses and stakeholders delivered more than 70 events and experiences. Of the participating businesses, 62% reported a positive impact on their business, 42% gained new customers, and 58% saw more spending or visits from existing customers.
- Karukatea Booktown Festival in Featherston benefit from \$49,999 to welcome both visitors and locals to the annual three-day literary celebration held every May. Just under 10,000 people are estimated to have attended across 47 events in 2026. For the first time, more than half the audience came from outside South Wairarapa. The festival paid 72 presenters, worked with more than 35 community groups and 140 volunteers, and funded 852 book vouchers that South Wairarapa students redeemed.

Funds were also given to grassroots events that will benefit from this fund. Applications were assessed on clear criteria set out by the Economic Growth Committee. Successful applicants were Tora Bombora, a music festival returning to the southern coast for the first time since 2023, Greytown's Molewood Orchard Apple Harvest Festival and the Featherston Heritage Festival.

Together, these events have brought visitors, overnight stays and spending into all three wards at times of year when trade is typically slower. Funded events report back to Council on their outcomes, so ratepayers can see what this investment delivers.

Policy and Bylaw review

We also continued our review of key policies and bylaws. Council adopted several new and reviewed key policies and bylaws including:

- Cape Palliser Paper Road Bylaw
- Wairarapa Consolidated Bylaw
- Community Grants and Funding Policy and Framework
- Naming of Public Roads, Private Roads and Right-of-way Policy 2026
- Fraud and Corruption Policy
- Sensitive Expenditure Policy
- Local Government Official Information and Meetings Act (LGOIMA) Policy



Figure 5 Featherston Booktown, credit to event organisers

How we performed

Service Level	Key Performance Indicators	2024/25 Last Year's Results	2025/26 This Year's Results	2025/26 This Year's Targets	How it will be recorded	Change from last year	Comments
Council supports and enables good decision making resulting in decisions that are transparent, robust, fair and legally compliant	Meeting and committee agenda are made available to the public 3 working days prior to meetings. (With the exception of extra-ordinary meetings).	85%	73%	100%	This information is recorded on Infocouncil which holds all meeting and committee agendas	Decline	Not Achieved: The target was missed due to a combination of transition to a new triennium, staff turnover and tight turn around on committee papers. Note all meetings met the statutory timeframe of two clear working days.
	Official Information requests are handled within statutory timeframes (20 working days unless by prior arrangement).	99.5%	97.25%	100%	The information is recorded in the council's database and reported on regularly at Assurance, Risk and Finance.	Decline	Not Achieved: The target was missed due to an increase in the number of LGOIMAs in 2025/26 and staff capacity to deal with this increase. SWDC has since adopted a policy for LGOIMA charging and is rolling out training to staff around the LGOIMA process.

Funding Impact Statement for the Year Ended 30 June 2026 – Democracy & Engagement

30 June 2025 Annual Report \$000		30 June 2025 Long Term Plan \$000	30 June 2026 Long Term Plan \$000	30 June 2026 Actual \$000
Sources of Operating Funding				
2,167	General rates, uniform annual general charges, rates penalties	2,208	2,159	2,202
-	- Targeted Rates	-	-	-
-	- Subsidies and grants for operating purposes	3	-	-
-	- Fees and charges	-	-	-
18	Interest and dividends from investments	-	-	5
2	Local authorities fuel tax, fines, infringement fees, and other receipts	6	6	58
2,188	Sources of Operating Funding	2,217	2,165	2,265
Applications of Operating Funding				
1,523	Payments to staff and suppliers	1,839	1,991	1,648
()	() Finance Costs	4	1	-
396	Internal charges and overheads applied	432	392	349
-	- Other operating funding applications	-	-	-
1,919	Applications of Operating Funding	2,275	2,384	1,996
269	SURPLUS / (DEFICIT) OF OPERATING FUNDING	(58)	(219)	269
Sources of Capital Funding				
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
(19)	Increase (decrease) in debt	(23)	219	-
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
-	- Other dedicated capital funding	-	-	-
(19)	Sources of Capital Funding	(23)	219	-
Application of Capital Funding				
Capital Expenditure:				
-	- to meet additional demand	-	-	-
2	- to improve the level of service	-	-	-
-	- to replace existing assets	-	-	-
248	Increase (decrease) in reserves	(81)	-	269
-	- Increase (decrease) of investments	-	-	-
250	Application of Capital Funding	(81)	-	269
(269)	SURPLUS / (DEFICIT) OF CAPITAL FUNDING	58	219	(269)
-	Funding balance (A - B) + (C - D)	-	-	-

Land Transport

Our purpose and goals

The Land Transport activity ensures the safe and efficient movement of people and goods across the district. It includes the maintenance and renewal of roads, bridges, footpaths, streetlights and associated infrastructure. A reliable transport network is essential for social connection, economic activity and access to services. Council aims to provide a network that meets current needs and is resilient to future demands.

How we deliver this

South Wairarapa District Council manages a network of over 670 km of roads, including sealed and unsealed surfaces. Maintenance and renewals are delivered through the Ruamāhanga Roads contract, a joint initiative with Carterton District Council. This partnership aims to improve efficiency, consistency and value for money. Funding support is provided through the National Land Transport Programme via New Zealand Transport Agency Waka Kotahi.

Achievements and progress (July 2025 – June 2026)

Network maintenance and renewals

- Annual maintenance spend of approximately \$7.3 million, including co-funding from Waka Kotahi.
- Resurfacing: 22.1 km of sealed roads were resurfaced, representing 5.4% of the sealed network.
- Pavement renewals: 2.56km of pavement upgrades.
- Resource consent approval for the extension of EcoReef to secure and stabilise fragile sections of the Cape Palliser coastline from erosion.
- Ongoing response and recovery work following four significant weather events in 2026. This includes remediation of the Tūranganui bridge which washed out twice, along with the Hurupi stream bridge which required extensive remediation.

Asset overview

Council maintains:

- 407.6 km of sealed roads
- 263.6 km of unsealed roads
- 844 sumps and catch pits
- 2,626 culverts (31.828 km length)
- 96.942km of concrete channels
- 658.449km of unlined surface water channels
- 4,335 signs
- 915 streetlights
- 65.156km of footpaths
- 140 bridges and bridge culverts



Figure 6 South end of Tūranganui bridge remediation following February severe weather

How we performed

Service Level	Key Performance Indicators ²	2024/25 Last Year's Results	2025/26 This Year's Results	2025/26 This Year's Targets	How it is Recorded	Change from last year	Comments
The roads are maintained to ensure that they are safe and comfortable to travel on.	Average quality of ride on a sealed local road network, measured by smooth travel exposure	97% overall ³ (92% urban 98% rural)	97.97% overall Urban 97.23% Rural 98.7%	90%	The information is recorded by contractors in the RAM database. New recording and monitoring system	Improved	Achieved.
	Percentage of sealed local networks that is resurfaced	5.41%	5.22%	Maintained within 5% to 7%	The information is recorded by contractors into the RAM database	Decline	Achieved.
	Number of fatalities and serious injury crashes on the local network	10	8	Less than 7	The information is recorded in the NZTA crash analysis systems database	Improved	Not-Achieved. Safety improvements continue on the network and for 2025/26 have included raised cats eyes and the implementation of speed reduction plans.
	Percentage of urgent customer services	N/A	84%	80%	The information is recorded by	Change in KPI from total % of	Achieved.

² Note these measures are mandatory as directed by the Department of Internal Affairs Non-Financial Measures Rules 2024.

³ Note: Waka Kotahi NZTA have identified that this measurement is based on best information available at 30 June 2025 but subsequently identified that the calculation included some invalid data. This is not unique to SWDC and the impact on the overall result has been determined to be very minor.

	requests are responded to within two days				contractors into the RAM database	customer requests	
	Percentage of non-urgent customer service request responded to within two week	N/A	64%	Establish baseline	The information is recorded in the council's service request database	Change in KPI from total % of customer requests	Achieved.
Footpaths can be safely used to get around town	Footpath Condition survey done every two years with at least 90% rated Excellent, Good, Average	98%	96%	80%	The information is recorded by contractors into the RAM database	Declined	Achieved.:

Funding Impact Statement for the Year Ended 30 June 2026 – Land Transport

30 June 2025 Annual Report \$'000		30 June 2025 Long Term Plan \$'000	30 June 2026 Long Term Plan \$'000	30 June 2026 Actual \$'000
Sources of Operating Funding				
965	General rates, uniform annual general charges, rates penalties	983	882	900
4,236	Targeted Rates	4,256	3,884	3,959
4,164	Subsidies and grants for operating purposes	2,536	2,762	4,978
50	Fees and charges	-	50	55
79	Interest and dividends from investments	-	-	23
930	Local authorities fuel tax, fines, infringement fees, and other receipts	15	815	873
10,423	Sources of Operating Funding	7,790	8,393	10,787
Applications of Operating Funding				
7,422	Payments to staff and suppliers	5,345	5,818	8,524
62	Finance Costs	79	129	59
765	Internal charges and overheads applied	784	866	809
-	Other operating funding applications	-	-	-
8,248	Applications of Operating Funding	6,208	6,813	9,392
2,175	SURPLUS / (DEFICIT) OF OPERATING FUNDING	1,582	1,580	1,395
Sources of Capital Funding				
1,742	Subsidies and grants for capital expenditure	3,590	4,728	3,234
329	Development and financial contributions	470	470	279
196	Increase (decrease) in debt	1,946	1,984	-
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
-	- Other dedicated capital funding	-	-	-
2,267	Sources of Capital Funding	6,006	7,182	3,522
Application of Capital Funding				
	Capital Expenditure:			
-	- to meet additional demand	572	618	402
546	- to improve the level of service	2,080	3,532	1,770
3,524	- to replace existing assets	4,071	4,612	4,214
371	Increase (decrease) in reserves	865	-	(1,468)
-	- Increase (decrease) of investments	-	-	-
4,442	Application of Capital Funding	7,588	8,762	4,917
(2,175)	SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(1,582)	(1,580)	(1,395)
-	Funding balance (A - B) + (C - D)	-	-	-

Planning & Regulatory Services

Our purpose and goals

Planning and Regulatory Services promote the sustainable management of South Wairarapa's natural and built environment. This activity ensures that land use and development are well-managed, public health and safety are protected and the district grows in a way that reflects community values and national standards.

Our goals are to:

- Administer the Resource Management Act and the Wairarapa Combined District Plan.
- Support future growth through integrated land use planning.
- Protect public safety and wellbeing through regulatory enforcement.
- Engage with the community and partner agencies to improve outcomes.

How we deliver this

The team delivers services across planning, building control, alcohol licensing, environmental health, animal control and bylaw enforcement. It also supports strategic planning through the South Wairarapa Spatial Plan and master planning work. Regulatory services are delivered in accordance with national legislation and local bylaws, with a focus on education, compliance and community engagement.

Achievements and progress (July 2025 – June 2026)

Wairarapa Combined District Plan review

The Wairarapa Combined District Plan (WCDP) reached a significant milestone during the year with the Independent Hearings Panel releasing its decisions in October 2025 following the completion of hearings earlier in the year. The review represented the most comprehensive update of the district planning framework in over a decade, ensuring alignment with national direction while providing a locally tailored response to growth, environmental management, infrastructure, natural hazards and community aspirations across the Wairarapa.

Following the release of decisions, only eight appeals were lodged with the Environment Court, reflecting the collaborative approach taken throughout the review process and the overall robustness of the Panel's recommendations.

Recognising that the Wairarapa Combined District Plan is a jointly administered plan, the three Wairarapa councils established a Combined District Plan Joint Committee to provide a coordinated decision-making framework for appeal resolution across the region. The Committee enabled collective governance oversight of matters requiring agreement between the councils.

Other highlights

- Commenced implementation of the new Resource Management Act spatial planning framework, positioning the Council to effectively respond to emerging legislative requirements and support integrated long-term planning across land use, infrastructure, transport, environmental management and community development outcomes.
- Consent was granted for the Far North Solar Farm project further to an Environment Court decision which took into account the views and interests of the local community and environmental considerations. The application involved the management of complex planning, technical and legal considerations and balancing regional renewable energy objectives.



How we performed

Service Level	Key Performance Indicators ⁴	2024/25 Last Year's Results	2025/26 This Year's Results	2025/26 This Year's Targets	How it is Recorded	Change from last year	Comments
The Council will respond when I need some help with noise control	Response time to attend noise control call outs	100% within 1.5hrs	100% within 1.5hrs	100% within 1.5hrs	The information is recorded in the council's service request database with information captured from contractors	Unchanged	Achieved
Dogs don't wander freely in the street or cause menace to or harm humans or stock	Number of animal control community education and engagement activities	67% (2 visits)	100% (1 visit)	1 visit related to high priority issues or concerns	Recorded in management service reporting	Decline	Achieved. This KPI was revised through the last LTP to strengthen work focused on achieving year-on-year improvements in this area.
	Response time to attend dog attacks on persons or stock	100%	100%	90% within one hour of being	The information is recorded in Council's service	Unchanged	Achieved

⁴ Note these measures are mandatory as directed by the Department of Internal Affairs Non-Financial Measures Rules 2024.

				received during normal working hours	request database		
Food services used by the public are safe	Premises are verified in accordance with regulatory requirements	100%	93%	100%	This information is recorded on the Council database	decline	Not-Achieved: Staff turn-over has impacted this KPI with currently two outstanding verifications.
Sale of alcohol is controlled, and responsible drinking is promoted	Premises that are high or medium risk have compliance activities undertaken annually	100% high risk 48% medium risk annually	100% high risk 57% medium risk annually	100%	This information is recorded on the Council database	Improvement	Not-Achieved: Staff turn-over has resulted in a lower number of compliance visits being conducted during this year.
	Premises that are low risk have compliance activities undertaken every three years	100% over three years	36% of three year target achieved this year	100% over three years	This information is recorded on the Council database	Unchanged	On track for 100% within three years.
All resource consents will be processed efficiently	Non-notified resource consent applications completed within statutory timeframes (20 working days unless prior arrangement)	99.15%	99.2%	100%	The information is recorded on the Council database	Unchanged	Not-Achieved: One consent did not meet deadline during 2025/26 due to staff turnover.
Council certifies all consented work	Commercial Building Warrant of Fitness'	N/A	100%	100%	Council	New KPI	Achieved

complies with the building code – ensuring our communities are safe	(BWOs) have been reviewed within statutory timeframes (20 working days of their due date unless prior arrangement).						
	Code Compliance Certificate (CCC) applications are processed within statutory timeframes (20 working days unless prior arrangement).	99%	98.75%	100%	This information is recorded on the Council Database	Decline	Not-Achieved. Four CCC went over timeframes. Two related to staff turn-over, one due to unpaid fees and one due to compliance scheduling.
	Building consent applications are processed within statutory timeframes (20 working days unless prior arrangement).	98%	96.3%	100%	This information is recorded on the Council database	Decline	Not-Achieved. Fourteen applications have gone overdue in 2025/26 period due to staffing issues.
	Proportion of known residential swimming pools that have been inspected within the financial year.	N/A new baseline to be established	48.9%	33%	This information is recorded on the Council database	Baseline established	Achieved

Funding Impact Statement for the Year Ended 30 June 2026 – Planning & Regulatory Services

30 June 2025 Annual Report \$000		30 June 2025 Long Term Plan \$000	30 June 2026 Long Term Plan \$000	30 June 2026 Actual \$000
Sources of Operating Funding				
2,390	General rates, uniform annual general charges, rates penalties	2,434	2,860	2,917
-	- Targeted Rates	-	-	-
-	- Subsidies and grants for operating purposes	-	-	-
1,565	Fees and charges	1,806	1,898	1,574
31	Interest and dividends from investments	-	-	10
41	Local authorities fuel tax, fines, infringement fees, and other receipts	67	43	34
4,027	Sources of Operating Funding	4,308	4,801	4,535
Applications of Operating Funding				
3,325	Payments to staff and suppliers	3,038	3,347	3,454
28	Finance Costs	(5)	15	12
1,114	Internal charges and overheads applied	1,239	1,363	1,169
-	- Other operating funding applications	-	-	-
4,467	Applications of Operating Funding	4,272	4,725	4,635
(440)	SURPLUS / (DEFICIT) OF OPERATING FUNDING	36	75	(100)
Sources of Capital Funding				
-	- Subsidies and grants for capital expenditure	-	-	-
296	Development and financial contributions	620	-	-
(20)	Increase (decrease) in debt	(1,520)	(75)	-
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
-	- Other dedicated capital funding	-	-	-
276	Sources of Capital Funding	(900)	(75)	-
Application of Capital Funding				
Capital Expenditure:				
-	- to meet additional demand	-	-	-
-	- to improve the level of service	-	-	-
-	- to replace existing assets	-	-	-
(164)	Increase (decrease) in reserves	(864)	-	(100)
-	- Increase (decrease) of investments	-	-	-
(164)	Application of Capital Funding	(864)	-	(100)
440	SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(36)	(75)	100
-	Funding balance (A - B) + (C - D)	-	-	-

Stormwater

Our purpose and goals

Stormwater management is essential to protect people, property and the environment from flooding and water contamination. Council is responsible for identifying where public stormwater services are needed and either providing them directly or overseeing their provision by others.

Our goals are to:

- Reduce the risk of flooding in urban areas.
- Protect water quality and public health.
- Maintain and upgrade stormwater infrastructure.
- Plan for future growth and climate resilience.

How we deliver this

Council owns and maintains stormwater pipes and drains in urban areas. We invest in preventative maintenance, asset condition assessments and hydraulic modelling to inform future upgrades and ensure the network performs effectively during heavy rainfall events.



Figure 7 Main Street, Greytown

How we performed

Service Level	Key Performance Indicators ⁵	2024/25 Last Year's Results	2025/26 This Year's Results	2025/26 This Year's Targets	How it is Recorded	Change from last year	Comments
Stormwater drains are well operated and maintained by the Council	Number of flooding events that occur in the district. Dept of Internal Affairs defines a flooding event as an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.	No flooding events	No flooding events	10 events or less	The information is recorded by our contractor Wellington Water Limited.	Unchanged	Achieved: During 2025/26, South Wairarapa experienced several significant weather events, including flooding and a declared State of Emergency in April 2026. These events resulted in rivers flooding that affected rural and farming communities. Council's stormwater networks service the urban areas of Featherston, Martinborough and Greytown. For 2025/26, stormwater rates applied to urban centers and no flooding events were recorded from Council's stormwater system for properties rated for stormwater.
	For each flooding event, the number of habitable floors affected.	No flooding events	No flooding events	Less than or equal to 1/1000 connections	The information is recorded by our contractor	Unchanged	Achieved: Full year KPI was met, with no flooding events recorded from Council's stormwater system for

⁵ Note these measures are mandatory as directed by the Department of Internal Affairs Non-Financial Measures Rules 2024.

					Wellington Water Limited.		properties rated for stormwater.
Consent Compliance	Compliance with Council resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders and convictions received by the Council in relation to those consents	100%	100%	100%	The information is recorded by our contractor Wellington Water Limited and monitored by Greater Wellington Regional Council.	Unchanged	Achieved
	Median response time to attend a flooding event (from time of notification to the time service personnel arrive onsite)	NA as no flooding events	NA as no flooding events	3 hours or less	The information is recorded by our contractor Wellington Water Limited.	Unchanged	Achieved: KPI was met with no flooding events recorded from Council's stormwater system for properties rated for stormwater
	Number of complaints received about the performance of the Councils stormwater system	1.8 per 1,000	0.75 per 1,000	No more than 3 per 1000	Council records	Improved	Achieved

Funding Impact Statement for the Year Ended 30 June 2026 – Stormwater

30 June 2025 Annual Report \$000		30 June 2025 Long Term Plan \$000	30 June 2026 Long Term Plan \$000	30 June 2026 Actual \$000
Sources of Operating Funding				
86	General rates, uniform annual general charges, rates penalties	87	60	61
786	Targeted Rates	779	541	532
14	Subsidies and grants for operating purposes	-	-	-
-	- Fees and charges	-	-	-
9	Interest and dividends from investments	-	-	19
1	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
897	Sources of Operating Funding	866	601	612
Applications of Operating Funding				
286	Payments to staff and suppliers	468	359	316
-	- Finance Costs	(9)	-	-
75	Internal charges and overheads applied	77	77	80
-	- Other operating funding applications	-	-	-
360	Applications of Operating Funding	535	437	397
536	SURPLUS / (DEFICIT) OF OPERATING FUNDING	331	164	215
Sources of Capital Funding				
-	- Subsidies and grants for capital expenditure	-	-	-
-	- Development and financial contributions	-	-	-
(5)	Increase (decrease) in debt	(382)	139	-
-	- Gross proceeds from sale of assets	-	-	-
-	- Lump sum contributions	-	-	-
-	- Other dedicated capital funding	-	-	-
(5)	Sources of Capital Funding	(382)	139	-
Application of Capital Funding				
	Capital Expenditure:			
-	- to meet additional demand	-	-	-
-	- to improve the level of service	-	-	-
41	- to replace existing assets	206	303	7
490	Increase (decrease) in reserves	(257)	-	213
-	- Increase (decrease) of investments	-	-	(5)
532	Application of Capital Funding	(51)	303	215
(537)	SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(331)	(164)	(215)
-	Funding balance (A - B) + (C - D)	-	-	-

Wastewater

Our purpose and goals

Council provides wastewater services to urban areas in the district, including Featherston, Greytown, Martinborough and Lake Ferry. These services are essential for protecting public health and the environment. Council is responsible for identifying where wastewater services are needed and either providing them directly or overseeing their provision.

Our goals are to:

- Safely collect, treat and dispose of wastewater.
- Protect public health and water quality.
- Maintain and upgrade treatment plants and pipe networks.
- Plan for future growth and environmental compliance.

How we deliver this

Council owns and operates four wastewater treatment plants and 12 pump stations, supported by underground pipe networks. We worked with Wellington Water and other partners to manage operations, ensure compliance with environmental standards and plan for future upgrades.

Achievements and progress (July 2025 – June 2026)

Martinborough Wastewater Treatment Plant Stage 2 improvements

Completed the purchase of land north of Pain Farm for the intended purpose of irrigating treated wastewater from the Martinborough Wastewater Treatment Plant (MWWTP) to land. The desired outcome of this work is that steady progress is made towards discharging treated wastewater to land in preference to the Ruamāhanga River and that the MWWTP operates within its resource consent conditions.

Featherston Wastewater Treatment Plant resource consent approval

A 10-year resource consent was approved by Greater Wellington Regional Council in October 2025. The consent allows Council to continue operating while implementing staged improvements and monitoring environmental effects.



Figure 8 Kitchener Street, Martinborough

How we performed

Service Level	Key Performance Indicators ⁶	2024/25 Last Year's Results	2025/26 This Year's Results	2025/26 This Year's Targets	How it is Recorded	Change from last year	Comments
Council provides wastewater services that effectively collect and dispose of wastewater	Number of dry weather sewerage overflows from the Council's system.	1.5	0.6	Less than 10 per 1000 connections	The information is recorded by Wellington Water Limited. It is reported by council as a Breach of Consent.	Improvement	Achieved
	Median Response time to sewerage overflow resulting from a blockage or other fault to the Councils sewerage system						
	Attendance time (from time of notification to the time service personnel arrive onsite).	53% Median time 62 mins	31mins (median time)	60 mins or less	The information is recorded by Wellington Water Limited	Improvement	Achieved
	Resolution time (from time of notification to resolution of fault).	45% Median time 4.6	2.3hrs (median time)	4 hours or less	The information is recorded by Wellington Water Limited.	Improvement	Achieved

⁶ Note these measures are mandatory as directed by the Department of Internal Affairs Non-Financial Measures Rules 2024.

Wastewater disposal does not create any smells, or health issues and causes minimal impact on the environment	Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: › abatement notices, › infringement notices, › enforcement orders or › convictions received by the Council in relation to those resource consents	1 abatement notice received for Martinborough WWTP	0 notices, order or convictions	0 notices, order or convictions	The information is recorded by Wellington Water Limited. It is reported by council as a Breach of Consent.	Improvement	Achieved
	Number of complaints received about any of the following: sewerage odour, sewerage system faults, sewerage system blockages and the Council's response to issues with its sewerage system.	26.7	20	less than 30 per 1000	The information is recorded by Wellington Water Limited	Improvement	Achieved

Funding Impact Statement for the Year Ended 30 June 2026 – Wastewater

30 June 2025 Annual Report \$000		30 June 2025 Long Term Plan \$000	30 June 2026 Long Term Plan \$000	30 June 2026 Actual \$000
Sources of Operating Funding				
-	General rates, uniform annual general charges, rates penalties	-	-	-
4,324	Targeted Rates	4,461	5,537	5,491
565	Subsidies and grants for operating purposes	200	-	-
19	Fees and charges	34	30	16
50	Interest and dividends from investments	-	-	82
5	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
4,963	Sources of Operating Funding	4,695	5,567	5,588
Applications of Operating Funding				
3,110	Payments to staff and suppliers	3,461	3,725	2,757
585	Finance Costs	811	1,178	642
437	Internal charges and overheads applied	444	437	477
-	Other operating funding applications	-	-	-
4,132	Applications of Operating Funding	4,716	5,341	3,876
831	SURPLUS / (DEFICIT) OF OPERATING FUNDING	(21)	226	1,712
Sources of Capital Funding				
-	Subsidies and grants for capital expenditure	-	-	-
87	Development and financial contributions	238	234	50
592	Increase (decrease) in debt	1,931	3,941	3,000
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
679	Sources of Capital Funding	2,168	4,175	3,050
Application of Capital Funding				
Capital Expenditure:				
-	- to meet additional demand	-	1,048	48
1,976	- to improve the level of service	3,110	2,377	3,638
1,400	- to replace existing assets	646	976	222
(1,866)	Increase (decrease) in reserves	(1,609)	-	878
-	Increase (decrease) of investments	-	-	(23)
1,510	Application of Capital Funding	2,147	4,402	4,763
(831)	SURPLUS / (DEFICIT) OF CAPITAL FUNDING	21	(226)	(1,712)
-	Funding balance (A - B) + (C - D)	-	-	-

Water Supply

Our purpose and goals

Council provides reliable and sustainable drinking water to the towns of Featherston, Greytown, Martinborough and the rural community of Pirinoa. We also manage two water race networks that supply stock water to rural properties. Our responsibilities include ensuring water quality meets national standards and that supply is sufficient for daily use, drought resilience and firefighting.

Our goals are to:

- Provide safe and sufficient drinking water.
- Maintain and upgrade water treatment and distribution infrastructure.
- Support water conservation and demand management.
- Plan for future growth and climate resilience.

How we deliver this

Water services were delivered through Wellington Water Limited, a Council Controlled Organisation (CCO). Wellington Water operated our four water treatment plants and managed the district's reticulated water networks and water races. Council oversees strategic planning, investment and compliance with the Water Services Act 2021.

Achievements and progress (July 2025 – June 2026)

Tauwharenīkau Pipeline crossing

We completed an essential water supply resilience project for the Featherston community, replacing the Tauwharenīkau River watermain pipe which is the single source of water supply to Featherston. The works involved trenching and laying new water pipe approximately four metres underneath the riverbed alongside the existing one and diverting the Tauwharenīkau River while this was being done.

Pipe replacements

Phase one of the project to replace 2.2km of aging water pipes in Featherston was completed. Thought to be one of the sources of ongoing leaks and water loss, this project is essential to improve water supply resilience to the community.



Figure 9 Fitzherbert Street, Featherston

How we performed

Service Level	Key Performance Indicators ⁷	2024/25 Last Year's Results	2025/26 This Year's Results	2025/26 This Year's Targets	How it is Recorded	Change from last year	Comments
The water provided is safe to drink	The extent to which the local authority's drinking water supply complies with the following parts of the drinking water quality assurance rules: (a) 4.4 T1 Treatment Rules; (b) 4.5 D1.1 Distribution System Rule; (c) 4.7.1 T2 Treatment Monitoring Rules; (d) 4.7.2 T2 Filtration Rules. (e) 4.7.3 T2 UV Rules; (f) 4.7.4 T2 Chlorine Rules;	All four schemes complied	100% Fully Compliant	Fully Compliant	National Water Information Database	No-change	Achieved

⁷ Note these measures are mandatory as directed by the Department of Internal Affairs Non-Financial Measures Rules 2024.

	(g) 4.8 D2.1 Distribution System Rule; (h) 4.10.1 T3 Bacterial Rules; (i) 4.10.2 T3 Protozoal Rules; and (j) 4.11.5 D3.29 Microbiological Monitoring Rule.						
Maintenance of the reticulation network	Percentage of real water loss from the Council's networked reticulation system (calculated using minimum night flow)	47%	46%	40%	The information is recorded by Wellington Water Limited.	Improved	Not-Achieved: This result is still under review by Tiaki Wai and is indicative only
Customer satisfaction	Number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply and local authority response on these issues	19 per 1000 connections	23.7 per 1000 connections	Less than 20 per 1000 connections	The information is recorded by Wellington Water Limited.	Decline	Not-Achieved: The 2025/26 target was reduced from 60 to 20, reflecting the ongoing work to improve water supply services across the district.
Potable water demand	Average consumption of drinking water per	571 Litres	541 Litres	Less than 575 litres	The information is recorded by	Improved	Achieved

	day per resident within the district				Wellington Water Limited.		
Fault response times where the Council attends a call-out in response to a fault or unplanned interruption to the network reticulation system	a) Attendance at urgent call outs	84% Median time 35 minutes	34mins (median time)	Median time of 60mins or less	The information is recorded by Wellington Water Limited.	Improved	Achieved
	b) Resolution of urgent call outs	79% Median time 1.3 hours	1.7hrs (median time)	Median time of 8 hours or less	The information is recorded by Wellington Water Limited.	Decline	Achieved
	c) Attendance at non-urgent call outs	47% Median time 2 working Days	2 working days (median time)	Less than 2 working days median time	The information is recorded by Wellington Water Limited.	Decline	Not achieved
	d) Resolution of non-urgent call outs	32% Median time 3 working days	3 working days (median time)	5 working days or less median time	The information is recorded by Wellington Water Limited.	No-change	Achieved

Funding Impact Statement for the Year Ended 30 June 2026 – Water Supply

30 June 2025 Annual Report \$000		30 June 2025 Long Term Plan \$000	30 June 2026 Long Term Plan \$000	30 June 2026 Actual \$000
Sources of Operating Funding				
-	General rates, uniform annual general charges, rates penalties	-	-	6
5,475	Targeted Rates	5,603	6,048	6,304
333	Subsidies and grants for operating purposes	800	542	147
10	Fees and charges	11	10	10
52	Interest and dividends from investments	-	-	105
175	Local authorities fuel tax, fines, infringement fees, and other receipts	-	126	1,601
6,046	Sources of Operating Funding	6,414	6,725	8,173
Applications of Operating Funding				
4,368	Payments to staff and suppliers	4,825	4,904	6,224
66	Finance Costs	149	361	93
488	Internal charges and overheads applied	497	498	538
-	Other operating funding applications	-	-	-
4,922	Applications of Operating Funding	5,471	5,764	6,855
1,124	SURPLUS / (DEFICIT) OF OPERATING FUNDING	943	961	1,318
Sources of Capital Funding				
-	Subsidies and grants for capital expenditure	-	-	-
65	Development and financial contributions	178	176	24
560	Increase (decrease) in debt	9,061	8,288	3,000
-	Gross proceeds from sale of assets	-	-	-
-	Lump sum contributions	-	-	-
-	Other dedicated capital funding	-	-	-
625	Sources of Capital Funding	9,239	8,463	3,024
Application of Capital Funding				
Capital Expenditure:				
-	- to meet additional demand	-	-	-
275	- to improve the level of service	4,397	4,041	915
1,152	- to replace existing assets	4,955	5,384	4,518
322	Increase (decrease) in reserves	829	-	(1,069)
-	Increase (decrease) of investments	-	-	(23)
1,749	Application of Capital Funding	10,182	9,425	4,341
(1,124)	SURPLUS / (DEFICIT) OF CAPITAL FUNDING	(943)	(961)	(1,318)
-	Funding balance (A - B) + (C - D)	-	-	-

Financial information

Financial statements

Statement of Comprehensive Revenue and Expense for the Year Ended 30 June 2026

Actual 2024/2025 \$000		Note	Actual 2025/2026 \$000	Budget 2025/2026 \$000
Revenue				
29,262	Rates and rates penalties	2	31,498	31,027
5,906	Waka Kotahi subsidy		8,220	7,405
1,704	Grants, subsidies and donations	4	335	780
356	Interest revenue	3	112	32
2,415	Fees, licences and user charges		2,466	2,641
777	Contributions		616	1,409
2,212	Other revenue	5	3,642	1,827
42,631	Total revenue		46,889	45,122
Expenses				
7,955	Personnel costs	7	8,491	8,579
916	Finance costs	3	925	2,087
8,345	Depreciation and amortisation	9	8,478	6,645
24,949	Other expenses	10	26,939	25,501
42,165	Total expenses		44,833	42,812
466	Total operating surplus		2,056	2,310
12	Assets vesting in Council	4	206	-
25	Other gains and (losses)	6	163	-
503	Total surplus		2,425	2,310
(8,754)	Increase/(decrease) in revaluation reserves	6	39,784	40,764
(8,251)	Total other comprehensive revenue and expense		42,209	43,074

Statement of Changes in Equity for the Year Ended 30 June 2026

Actual 2024/2025 \$000		Actual 2025/2026 \$000	Budget 2025/2026 \$000
Equity at 1 July			
173,814	Public equity	173,433	186,628
29,480	Special separate and trust funds	30,385	13,336
417,700	Asset revaluation reserve	408,925	419,543
620,994	Total equity at 1 July	612,744	619,507
Changes during the year			
503	Operating surplus	2,425	2,310
21	Transfer from revaluation reserve on disposal	1	-
(8,775)	Asset revaluation	39,782	40,764
(8,251)	Total comprehensive revenue and expense/(deficit) for the year	42,209	43,074
Equity at 30 June			
173,433	Public equity	186,112	196,824
30,385	Special separate and trust funds	20,134	5,450
408,925	Asset revaluation reserve	448,708	460,307
612,744	Total equity at 30 June	654,953	662,581

Statement of Financial Position as at 30 June 2026

Actual 2024/2025 \$000		Note	Actual 2025/2026 \$000	Budget 2025/2026 \$000
Assets				
Current assets				
7,556	Cash and cash equivalents	11	4,962	5,082
3,080	Debtors and other receivables	12	4,474	3,395
539	Investments – current	13	495	446
62	Inventories		38	26
11,237	Total current assets		9,969	8,949
Non-current assets				
177	Investments - non-current	13	177	1,381
Other financial assets				
131	<i>Investments in CCOs and similar entities</i>	13	81	131
172	<i>Investments in other entities</i>	13	160	2
303	Total other financial assets		241	133
-	Investment properties	15	-	14,847
304	Intangible assets	16	320	662
635,360	Property, plant and equipment	17	687,163	701,721
636,145	Total non-current assets		687,901	718,744
647,382	Total assets		697,870	727,693
Liabilities and equity				
Current liabilities				
5,116	Creditors and other payables	18	7,306	7,259
687	Employee benefit liabilities	19	856	866
21,800	Borrowings	21	27,800	-
33	Provisions	20	34	333
27,637	Total current liabilities		35,995	8,458
Non-current liabilities				
302	Provisions	20	222	-
6,700	Borrowings	21	6,700	56,654
7,002	Total non-current liabilities		6,922	56,654
Equity				
173,433	Public equity	22	186,112	196,824
30,384	Restricted reserves and trust funds	22	20,134	5,449
408,926	Asset revaluation reserves	22	448,708	460,307
612,744	Equity		654,953	662,581
647,382	Total liabilities and equity		697,870	727,693

Statement of Cashflows for the Year Ended 30 June 2026

Actual 2024/2025 \$000		Actual 2025/2026 \$000	Budget 2025/2026 \$000
Cashflows from operating activities			
Cash was provided from:			
29,087	Rates revenue	31,254	30,775
2,147	Fees, charges, and other receipts	1,884	2,355
580	Interest Received	113	27
7,681	Regional Council rates received	8,368	8,779
7,649	Grants and subsidies	7,955	7,899
2,989	Other revenue	4,432	3,236
50,133	Total cash provided from operating activities	54,007	53,071
Cash was applied to:			
32,837	Payment Staff & Suppliers	33,144	32,758
916	Interest paid	925	2,087
7,681	Regional Council rates paid	8,518	8,732
41,434	Total cash applied to operating activities	42,587	43,577
8,699	Net cashflows from operating activities	11,420	9,596
Cashflows from investment activities			
Cash was provided from:			
5,473	Proceeds from Investments realised	225	-
8	Proceeds sale of property, plant and equipment	51	-
5,481	Total cash provided from investing activities	276	-
Cash was applied to:			
12,137	Purchase of property, plant and equipment	20,184	27,743
-	Purchase of intangibles	62	-
-	Purchase of Investments	44	471
12,137	Total cash applied to investing activities	20,290	28,213
(6,656)	Net cashflows from investing activities	(20,014)	(28,213)
Cashflows from finance activities			
Cash was provided from:			
1,600	Proceeds from borrowings	6,000	18,820
-	Capital works loan repayments	-	-
1,600	Total cash provided from financing activities	6,000	18,820
Cash was applied to:			
-	Repayment of public debt	-	-
-	Total cash applied to financing activities	-	-
1,600	Net cashflows from financing activities	6,000	18,820
3,644	Net (decrease)/increase in cash and cash equivalents	(2,594)	203
3,912	Cash and cash equivalents at start of the year	7,556	4,879
7,556	Cash and cash equivalents at end of the year	4,962	5,082

**Reconciliation of Net Operating Surplus/(Deficit) to
Net Cash Flows from Operating Activities**

	Actual 2025/2026 \$000	Actual 2024/2025 \$000
Total surplus	2,425	503
Add/(remove) non-cash items		
Depreciation and amortisation expense	8,478	8,345
Assets vesting in Council	(206)	(12)
Other gains and (losses)	12	(25)
Loss on sale of assets	-	72
Add/(remove) non-cash items	8,283	8,380
Add/(less) movements in working capital items		
(Increase)/decrease in receivables & prepayments	(1,390)	103
(Increase)/decrease in inventory	24	(36)
Increase/(decrease) in payables	2,012	(269)
Increase/(decrease) in provisions	(79)	-
Increase/(decrease) in employee entitlement	166	18
Add/(less) movements in working capital items	732	(184)
Reconciliation of net surplus to net cash flows from operating activities	11,413	8,699

Funding Impact Statement for the Year Ended 30 June 2026 (Whole of Council)

	30 June 2025 Annual Plan \$000	30 June 2025 Annual Report \$000	30 June 2026 Long-Term Plan \$000	30 June 2026 Annual Report \$000
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	12,457	12,267	12,768	12,966
Targeted rates	17,292	16,995	18,259	18,532
Subsidies and grants for operating purposes	4,142	5,868	3,457	5,296
Fees and charges	2,291	2,415	2,641	2,466
Interest and dividends from investments	-	356	32	287
Local authorities fuel tax, fines, infringement fees, and other receipts	1,272	2,212	1,827	3,642
Sources of operating funding	37,454	40,113	38,985	43,189
Applications of operating funding				
Payments to staff and suppliers	32,860	32,832	34,080	35,408
Finance costs	1,213	916	2,087	925
Applications of operating funding	34,074	33,748	36,167	36,333
Surplus/(deficit) of operating funding	3,380	6,365	2,818	6,856
Sources of capital funding				
Subsidies and grants for capital expenditure	3,746	1,742	4,728	3,260
Development and financial contributions	1,036	777	1,409	616
Increase (decrease) in debt	20,000	1,600	18,820	6,000
Gross proceeds from sale of assets	-	6	-	-
Lump sum contributions	470	-	-	-
Sources of capital funding	25,252	4,124	24,957	9,875
Application of capital funding				
Capital expenditure:				
- to meet additional demand	4,709	754	2,178	1,704
- to improve the level of service	12,413	4,088	10,634	7,278
- to replace existing assets	12,068	7,292	14,930	11,350
Increase/(decrease) in reserves	(557)	(1,646)	(438)	(3,550)
Increase/(decrease) in investments	-	-	471	(50)
Application of capital funding	28,632	10,489	27,775	16,731
Surplus/(deficit) of capital funding	(3,380)	(6,365)	(2,818)	(6,856)
Funding balance (A - B) + (C - D)	-	-	-	-

Notes to the financial statements

He kōrero mō ngā pūrongo pūtea

Note 1: Summary of significant accounting policies for the year ended 30 June 2026

Reporting entity

South Wairarapa District Council (referred to as SWDC or Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002 (LG(R)A). SWDC is a separate legal entity and does not have any subsidiaries.

SWDC provides local infrastructure, local public services, and regulatory functions to the community. SWDC does not operate to make a financial return. SWDC has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice (GAAP).

From September 2019, South Wairarapa District Council (SWDC) held a 12.50% shareholding in Wellington Water Limited (WWL), which was accounted for as an investment and was not consolidated into the Council's financial statements. In June 2026, SWDC's shareholding was purchased by the remaining shareholder councils as part of the transition to regional water service arrangements. Accordingly, on 30 June 2026 SWDC held no shareholding in WWL and had no ownership interest or association with WWL.

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

Basis of preparation

The financial reports have been prepared on a going concern basis, and accounting policies have been applied consistently throughout the period. Considerations relating to water reform have been assessed. Council has concluded that these developments do not affect the validity of the going concern assumption. Further detail is provided in Note 26.

Statement of compliance

The financial statements and service performance information of SWDC have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP) in New Zealand. These financial statements have been prepared in accordance with, and comply with, Public Benefit Entity (PBE) Accounting Standards.

Measurement base

The financial statements have been prepared on a historical cost basis, except for adjustments made through revaluation of land and buildings, certain infrastructure assets, playgrounds and certain financial instruments.

Currency and rounding

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000) unless stated otherwise. The functional currency of SWDC is New Zealand dollars.

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.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, are classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2025-2034 Long-Term Plan.

The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical Accounting Estimates and Assumptions

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

Infrastructural Assets

There are a number of assumptions and estimates used when performing the Depreciated Replacement Cost (DRC) valuations over infrastructural assets.

These include:

- The physical deterioration and condition of an asset. For example, SWDC 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. This risk is minimized by SWDC performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimates are made when determining the remaining useful lives over which the assets 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 SWDC could be over- and under-estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.
- To minimise this risk, SWDC's infrastructural assets' 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 SWDC asset management planning activities, which gives SWDC further assurance over its useful life estimates.
- Experienced independent valuers perform the Council's infrastructural asset revaluations.

Critical Judgments in Applying SWDC's Accounting Policies

Management has exercised the following critical judgments in applying SWDC's accounting policies for the year ended 30 June 2026.

Classification of Property

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

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which SWDC invests as part of its day-to-day cash management. GST is disclosed net as disclosing gross amounts does not provide any further meaningful information.

Operating activities include cash received from all revenue sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the statement of cash flows because they flow through SWDC's main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure.

Changes in accounting policies and standards

There are no new standards or amendments required to be adopted this year.

Standards issued and not yet effective, and not early adopted

Standards and amendments issued but not yet effective that have not been early adopted and that are relevant to the Council and group are:

2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1)

This amendment clarifies the principles for classifying a liability as current or noncurrent, particularly in relation to loan covenants. The amendment is effective for the year ended 30 June 2027. These amendments are not expected to have a significant impact.

PBE IPSAS 13 Leases

PBE IPSAS 13 establishes principles for the recognition, measurement, presentation, and disclosure of leases. This standard is effective from 1 January 2026. This standard is not expected to have a significant impact.

Specific accounting policies are included within the relevant notes to the financial statements. This approach is intended to improve readability and usability, allowing readers to access the applicable policy alongside the related financial information without needing to cross-reference

These policies are clearly formatted and labelled within each note.

Note 2: Rates revenue

	30 June 2026 \$000	30 June 2025 \$000
General rates	12,738	12,040
Targeted rates attributable to groups of activities		
Water	5,841	5,010
Wastewater	5,491	4,324
Refuse and Recycling	2,247	2,174
Water Races	233	182
Stormwater	532	786
Roading & Footpaths	3,959	4,236
Total targeted rates	18,303	16,712
Total rates, excluding targeted rates for water by meter	31,041	28,751
Targeted rates for water by meter	230	283
Rates penalties	227	227
Total revenue from rates and penalties	31,498	29,262

Rates remission

Rates revenue is shown net of rates remissions. Under the Council's rate remission policies, the Council allowed remissions of \$105,944 (2025 \$180,014).

Non-rateable land

In accordance with the Local Government (Rating) Act 2002 certain properties are non-rateable. This includes schools, places of religious worship, public gardens and certain land vested in the Crown. These non-rateable properties, where applicable, may be subject to targeted rates in respect of wastewater, water and refuse. Non-rateable land does not constitute a remission under Council's rates remission and postponement policies.

Relevant accounting policies

Rates are set annually by Council resolution, following the requirements of the Local Government Act and the Local Government (Rating) Act 2002. Rates apply to a specific financial year, and all ratepayers receive their invoices within that same year. Rates revenue is recognised when rates instalment notices are sent to ratepayers.

Rates are a tax, as they are payable under the Local Government Ratings Act 2002, and therefore meet the definition of non-exchange transactions.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Revenue from water-by-meter rates is recognised on an accrual basis. Unbilled usage, resulting from unread meters at year end, is accrued on an average usage basis.

Rates collected on behalf of the Greater Wellington Regional Council (GWRC) are not recognised in the financial statements, apart from the Statement of Cash Flows, as SWDC is acting as an agent for GWRC.

Note 3: Finance revenue and costs

	30 June 2026 \$000	30 June 2025 \$000
Finance revenue		
Interest revenue:		
Term deposits	112	356
Finance revenue	112	356
Finance costs		
Interest expense:		
Interest on borrowings	925	916
Finance Costs	925	916

Relevant accounting policies

Interest revenue and expense are recognised using the effective interest rate method, which spreads interest revenue, or cost of borrowing, over the life of the financial instrument in a way that reflects the actual economic return or cost.

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

Note 4: Grants, subsidies and donations income

	30 June 2026 \$000	30 June 2025 \$000
Grants and subsidies		
Campgrounds	17	-
Cemeteries	4	-
Welcoming Communities	12	55
Community Development - Better off funding	-	584
Community Development – Youth Development	28	39
Community Development – Age friendly	1	-
Provincial Growth Fund - Infrastructure	-	20
Water Reform Transition - Support	-	144
Waste Minimisation Levy	126	88
Local Water Done well	147	268
Desludging - Better of funding	-	500
Miscellaneous	-	5
Total income from grants, subsidies and donations	335	1,704

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised \$Nil (2025: \$Nil).

Assets vested in Council

Vested Infrastructure from property development is valued at \$206,364 (2025: \$11,818). There were no other vested assets the year (2025: \$Nil).

Relevant accounting policies

SWDC receives government grants from the New Zealand Transport Agency Waka Kotahi, which subsidises part of SWDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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

Note 5: Other revenue

	30 June 2026 \$000	30 June 2025 \$000
Commissions	76	78
Other recoveries	2,556	1,116
Petrol tax	72	84
Rental income	937	934
Total other revenue	3,642	2,212

Relevant accounting policies

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods is recognised when a product is sold to the customer. Sales are in cash. The recorded revenue is the gross amount of the sale.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

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

Note 6: Gains/(losses)

	30 June 2026 \$000	30 June 2025 \$000
Gain/(loss) on other Investment Revaluation	175	-
Gain/(loss) in fair value of carbon credits	(12)	19
Gain/(loss) in asset disposal	(22)	6
Gain/(loss) in fair value of plant, property & equipment	39,782	(8,775)
Total gains/(losses)	39,922	(8,750)

Relevant accounting policies

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Note 7: Personnel costs

	30 June 2026 \$000	30 June 2025 \$000
Salaries and wages	7,697	7,248
Defined contribution plan employer contributions	223	197
Honorariums	473	455
Other personnel costs	98	55
Total personnel costs	8,491	7,955

In 2025/26 \$340,004 of Salaries and wages were funded through government grants or recoveries from partner organisations (2025: \$375,760).

Salaries and wages include any amounts payable as termination benefits, including contractual and non-contractual payments. For further information on severance payments please refer to Note 8: Remuneration.

Honorarium costs relate to the remuneration made to all elected members, comprising the Mayor, Councillors, and Community Board members.

Other personnel costs are allowances and reimbursements for staff and elected members, and recruitment costs.

Note 8: Remuneration

Key management personnel (KMP)

Key management personnel include the Mayor, Councillors and senior leadership team, including the Chief Executive.

	30 June 2026	30 June 2025
Councillors, including the Mayor		
Remuneration	\$ 391,584	\$ 364,151
Members*	11	10
Senior leadership team, including Chief Executive		
Remuneration**	\$ 925,729	\$ 883,514
Full-time equivalent members	4	4
Total key management personnel compensation	\$ 1,317,313	\$ 1,247,665

* Due to the difficulty in determining the full-time equivalent (FTE) for Councillors we record the number of Councillors, including the Mayor, rather than FTE.

Chief Executive

The Chief Executive of SWDC is appointed under section 42 of the Local Government Act 2002. Janice Smith was appointed as Chief Executive on the 13th of November 2023. Mrs Smith's remuneration** during the 2025/26 year was \$307,895 (2025: \$289,938).

** Remuneration disclosed in this note includes salary, any employer KiwiSaver contributions, and other employment benefits.

Council employees

	30 June 2026	30 June 2025
Council employees' salary brackets		
<\$60,000	12	22
\$60,000 - \$79,999	27	22
\$80,000 - \$99,999	20	20
\$100,000 - \$119,999	8	8
\$120,000 - \$159,999	7	4
\$160,000 - \$219,999	6	4
>\$220,000	1	1
Total employee count	81	81
Full-time employees	63	59
Full-time equivalent employees	13	15
Total full-time and full-time equivalent count	76	74

Remuneration disclosed in this note includes salary, employer KiwiSaver contributions, and other employment benefits.

A full-time employee is determined based on a 37.5-hour working week.

Council employee numbers include members of senior leadership team but not elected members.

As per reporting standards the numbers of staff are a snapshot of those employed on 30th of June, not a reflection of averages throughout the year.

Severance payments

The Council made one severance payment over and above contractual obligations in the year ended June 2026 of \$46,262 (2025: \$5,532).

The term severance payment includes non-monetary benefits but excludes accrued salary, holiday pay, superannuation contributions and any other contractual entitlements.

Elected Representatives

Councillors and the Mayor

	30 June 2026		30 June 2025
	\$		\$
Councillors and the Mayor	Triennium 2025-2028	Triennium 2022-2025	
M Connelly (Mayor)		33,260	109,048
M Sadler-Futter (Deputy Mayor)		11,363	37,255
A Ellims		8,306	27,231
A Plimmer		8,306	27,231
A Woodcock		8,306	27,231
C Olds		8,306	27,231
K McAulay		8,306	27,231
M Bosley		8,306	27,231
P Maynard		8,306	27,231
R Gray*		3,285	27,231
F Wilde (Mayor)	85,973		
R Taylor (Deputy Mayor)	27,145		
A Ellims	19,336		
A Rutene	19,336		
C Archer	19,336		
C Isaacs	19,336		
C Olds*	17,733		
M Bosley	19,336		
R Clarke	19,336		
R Watson	19,336		
S Baker	19,336		
Total remuneration	391,584		364,151
Councillors and the Mayor			

*Resigned during triennium

Community Boards

	30 June 2026 \$		30 June 2025 \$
Featherston Community Board	Triennium 2025-2028	Triennium 2025-2025	
T Rutherford (Chair)*	2,096	2,203	7,222
A Schroeder		1,101	3,611
P Dennison		1,101	3,611
W Maxwell	2,759	1,101	3,611
A Hynds	2,759		
J Baldwin**	246		
T Schubert-McArthur (Acting Chair)	4,122		
Greytown Community Board			
L Brown (Chair)	4,949	2,203	7,222
J Woodcock	2,759	1,101	3,611
N Morison	2,759	1,101	3,611
W Woodgyer		1,101	3,611
D MacKenzie	2,759		
Martinborough Community Board			
S Roberston (Chair)		2,203	7,222
A Brown		1,101	3,611
K Krogh		1,101	3,611
M Maynard	2,759	1,101	3,611
J Brodie (Chair)	4,970		
A Boyle	2,759		
R Andrew	2,759		
Total remuneration Community Board members	54,973		54,165

*Resigned during triennium

**Elected in June 2026 by-election

Māori Partnership Committee

	30 June 2026 \$	30 June 2025 \$
Māori Partnership Committee	Triennium 2025-2028	Triennium 2022-2025
A Rutene (Chair)		2,203
D Whittaker	1,406	1,586
J Smith	1,406	1,586
K Mikaera	1,406	1,586
L Edwards		1,586
M Fenwick	1,406	1,586
V Edwards-Hina		1,586
W Karauna	1,406	1,586
M Roera		1,586
T Kaiwai*		1,806
G Baker (Chair)	2,622	-
M Te Whaiti	1,406	
D Riwai	1,406	
Total remuneration	24,545	36,712
Māori Standing Committee		

*Resigned during triennium

The Remuneration Authority is responsible for setting the remuneration levels for elected members (Clause 6, Schedule 7 of the LGA 2002). The Council's monetary remuneration (salary) detailed above was determined by the Remuneration Authority.

Note 9: Depreciation and amortisation

	30 June 2026 \$000	30 June 2025 \$000
Depreciation and amortisation		
Roads	3,420	3,262
Water systems	1,268	1,236
Wastewater systems	1,323	1,291
Bridges	667	665
Furniture and equipment	322	349
Stormwater systems	492	487
Buildings	394	403
Heritage assets	206	208
Library collections	86	205
Parks and reserves	211	134
Motor vehicles	43	67
Amortisation	47	39
Total depreciation and amortisation	8,478	8,345

Relevant accounting policies

Depreciation is provided on all property, plant and equipment except for land and assets under construction (work in progress). Depreciation is calculated on a straight-line basis, at rates which allocate the cost (or residual valuation) of the assets over their remaining useful lives.

The estimated useful economic lives of major classes of assets have been estimated as shown in the following table.

Asset	Estimated life	Percentage
Buildings and improvements*	10 to 100 years	1% to 10%
Heritage assets	70 to 120 years	0.80% to 1.43%
Furniture and equipment	5 to 20years	5% to 20%
Motor vehicles	5 years	20%
Library collections	7 years	15.27%
Roading*	6 to 50 years	2% to 15.65%
Bridges*	35 to 37 years	2.70 % to 2.88%
Water infrastructure*	20 to 51 years	1.98% to 4.92%
Sewer infrastructure*	20to 74 years	1.35% to 5.11%
Stormwater infrastructure*	30 to 63 years	1.6% to 3.3%
Parks and reserves	20to 50 years	2% to 5%
Playground equipment*	3 to 30 years	3.33% to 31.25%
Computer software	3 to 7 years	15% to 33%
Computer hardware	3 to7 years	15% to 33%

In relation to infrastructural assets marked * (above), depreciation has been calculated at a componentry level based on the estimated remaining useful lives as assessed by Council's engineers and independent registered valuers.

Land under roads and formation is not depreciated. A summary of these lives is detailed above.

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

Note 10: Other expenses

	30 June 2026 \$000	30 June 2025 \$000
Works costs	15,853	15,487
Consultants and legal	3,326	1,773
Insurance premiums	1,114	908
Audit and assurance (see below table for breakdown)	197	307
Other operating expenses	6,449	6,474
Total other expenses	26,939	24,949

Audit and assurance

	Audit or assurance organisation	30 June 2026 \$000	30 June 2025 \$000
Annual audit of financial reports & service performance			
Audit of the financial reports and service performance	The Audit Office	179	168
Total annual audit of financial reports & service performance		179	168
Audit or review related services			
Audit of the Long-Term Plan for 2025-2034	The Audit Office	-	82
Audit of the debt covenant calculations for 30 June	The Audit Office	7	6
Total audit or review related services		7	88
Other assurance services and procedures engagements			
Other assurance services and procedures engagements		-	-
Total other assurance services and procedures engagements		-	-
Taxation services			
Taxation services	PWC	-	13
Total taxation services		-	13
Other services			
Disbursements - Audit of the financial reports	The Audit Office	11	18
Disbursements - Audit of the Long-Term Plan for 2025-34	The Audit Office NZ	-	21
Total other services		11	39
Total audit & assurance costs		197	307

Taxation services

In the year ended 30 June 2025, the Council engaged PwC to conduct an independent review of its tax processes. This engagement was not for tax advice or review of taxes paid and filed, but rather a procedural assessment aimed at improving the robustness and efficiency of the Council's tax

compliance systems. The Council began implementation of the recommendations from this review during the 2025/26 financial year.

Note 11: Cash and cash equivalents

	30 June 2026 \$000	30 June 2025 \$000
Cash at bank and in hand	4,962	7,556
Term deposits with maturities of less than 90 days at acquisition	-	-
Total cash and cash equivalents	4,962	7,556

Cash and cash equivalents include the above for the purposes of the cash flow statement.

Note 12: Debtors and receivables

	30 June 2026 \$000	30 June 2025 \$000
Rates receivables	1,035	910
Other receivables	2,478	1,641
Goods and services tax	626	327
Prepayments	430	297
	4,569	3,175
Less allowance for credit losses	(95)	(95)
Total Debtors and Other Receivables	4,474	3,080

Debtors and other receivables

Debtors and other receivables are recorded at amount due, less an allowance for Expected Credit Losses (ECL). The Council applies the simplified model of recognising lifetime ECL's for receivables. In measuring ECLs, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. Short-term receivables are written off when there is no reasonable expectation of recovery, i.e. when the debtor is uncontactable, and debt recovery and legal action has been exhausted. In practice Council currently has very low write-offs due to a history of high recovery of receivables. The Council does not provide for ECL on rates receivables, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment and expected credit losses

The Council has assessed the value of expected credit losses (ECL) in accordance with PBE IPSAS 41 using historical collection experience and consideration of current and forecast conditions. Based on this assessment, Council has allocated the data on historical averages for credit loss averages and apply these as impairments in future years. This data currently does not exist for prior years; therefore, the Council has allocated a nominal sum of \$95,000 for impairment of receivables, excluding rates receivable. Expected credit losses are not considered material for the Council for the reasons outlined below.

Non-exchange transactions

Receivables from non-exchange transactions include outstanding amounts for rates, grants, infringements and fees and charges, which are partly subsidised by rates. With respect to Rates Receivable, including metered water, the Council has not allowed for any impairment, as the Local Government (Rating) Act 2002 provides a range of powers to recover outstanding debts, including approaching mortgage holders and legal proceedings, which can lead to the sale of the property to recover rates. Ratepayers can apply for payment plan options to allow them to catch up. The extent of those debts is not considered significant enough to calculate any provision for credit losses.

Exchange transactions

The level of ECL for exchange transactions at Council is minimal, as services and/or goods are not provided for most transactions until payment has been made. For example, building consents are not issued until they have been paid, water tanks and rubbish bags are paid for when they are issued, and rents are invoiced fortnightly in advance, with a four-week bond held by MBIE.

	30 June 2026 \$000	30 June 2025 \$000
Expected Credit Losses	95	95
Total Provision for Impairment	95	95

Note 13: Investments

	30 June 2026 \$000	30 June 2025 \$000
Current Portion		
Term deposits	495	419
LGFA borrower notes	-	120
Current Portion	495	539
Non-Current Portion		
Held to maturity		
Term deposits	-	-
LGFA borrower notes	168	168
Other investments	9	9
Non-Current Portion	177	177

There were no impairment provisions for other financial assets.

Maturity analysis and effective interest rates

The maturity analysis for all other financial assets except for equity investments are as follows:

Weighted average effective interest rates (%)	30 June 2026	30 June 2025
Term deposits	3.10%	5.15%
LGFA borrower notes	2.86%	2.92%

Other financial assets

	30 June 2026 \$000	30 June 2025 \$000
Investment in CCOs and Other Similar Entities		
Civic Financial Services Limited	81	81
Wellington Water Limited	-	50
Total Investment in CCOs and Other Similar Entities	81	131
Investment in Other Entities		
Other investments - Carbon Credits	159	171
Farmlands Trading Society Ltd	1	1
Total Investment in Other Entities	160	172
Total Other Financial Assets	241	303

Wellington Water Limited

In June 2026, SWDC's shareholding was purchased by the remaining shareholder councils as part of the transition of regional water service arrangements. Accordingly, on 30 June 2026 SWDC held no shareholding in WWL and had no ownership interest or association with WWL.

Unlisted shares – valuation

The fair value of the unlisted shares of Farmlands Trading Limited and Civic Financial Services Limited (formerly New Zealand Local Government Insurance Corporation Limited) is not readily observable. These investments are held at cost, which is considered to approximate fair value.

Carbon credits have been revalued to market value on an annual basis using the per unit value as at 30 June.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Note 14: Non-current assets held for sale

At 30 June 2026 SWDC does not currently hold any properties with the intention of sale (2025: Nil).

Relevant accounting policies

Non-current Assets held for sale are classified as held for sale if their carrying amount will be recovered through a sale transaction, rather than through continuing use. Non-current Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of Non-current Assets held for sale are recognised in the statement of Comprehensive Revenue and Expense.

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

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

Note 15: Investment properties

At 30 June 2026 SWDC does not currently hold any investment properties (2025: \$Nil).

Relevant accounting policies

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

Investment property is measured initially at cost, including transaction costs. After initial recognition, SWDC measures all investment property at fair value as determined annually by an independent valuer.

Gains and losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Note 16: Intangible assets

	30 June 2026 \$000	30 June 2025 \$000
Cost		
Balance at 1 July	670	694
Additions	62	-
Disposals	-	(24)
Balance at 30 June	733	670
Accumulated amortisation and impairment		
Balance at 1 July	366	348
Amortisation charge	47	18
Disposals	-	-
Accumulated amortisation and impairment	413	366
Carrying amount		
Total intangible assets	320	304

There are no restrictions over the title of SWDC's intangible assets, nor are any intangible assets pledged as security for liabilities.

Relevant accounting policies

Acquired computer software licenses are capitalised based on 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. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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 an 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 statement of Comprehensive Revenue and Expense.

See Note 9: Depreciation and amortisation for the policy description and useful lives for property, plant, and equipment assets.

Note 17: Property, plant, and equipment ⁸

Current Year 30 June 2026	Cost/ Revaluation 30 June 2025 \$000	Accumulated Depreciation 30 June 2025 \$000	Carrying Amount 30 June 2025 \$000	Current Year Additions \$000	Current Year Disposals \$000	Current Year Transfers \$000	Current Year Gain/(Loss) on Sale \$000	Current Year Depreciation \$000	Revaluation, Impairment, Depreciation Recovered \$000	Cost Revaluation 30 June 2026 \$000	Accumulated Depreciation 30 June 2026 \$000	Carrying Amount 30 June 2026 \$000
Infrastructural Assets												
Roads	366,706	(3,275)	363,431	5,881	-	-	-	(3,420)	16,236	382,150	(23)	382,127
Bridges	23,097	(684)	22,413	804	-	-	-	(667)	13,020	35,570	-	35,570
Water systems	49,838	(1,236)	48,603	5,434	-	-	-	(1,268)	6,558	59,335	-	59,335
Wastewater systems	51,942	(1,291)	50,651	263	-	-	-	(1,323)	(1,520)	48,071	-	48,071
Stormwater systems	27,009	(488)	26,522	47	-	-	-	(492)	4,973	31,052	(2)	31,050
Total Infrastructural Assets	518,593	(6,974)	511,619	12,429	-	-	-	(7,170)	39,267	556,178	(25)	556,153
Operational Assets												
Land	73,111	-	73,111	3,221	-	-	-	-	-	76,332	-	76,332
Buildings	16,131	(5)	16,126	2,073	-	-	-	(394)	-	18,204	(398)	17,806
Furniture & equipment	3,810	(2,598)	1,212	422	(11)	-	(11)	(322)	-	4,201	(2,900)	1,300
Library collections	526	(8)	518	114	-	-	-	(86)	-	640	(94)	547
Motor vehicles	612	(518)	94	-	-	-	-	(43)	-	612	(561)	51
Parks and reserves	775	(378)	397	18	-	-	-	(24)	-	793	(402)	391
Playgrounds	1,016	(108)	908	2,046	(11)	-	(11)	(187)	516	3,273	-	3,273
Total operational Assets	95,981	(3,614)	92,367	7,894	(22)	-	(22)	(1,055)	516	104,055	(4,355)	99,700
Other Assets												
Heritage Assets	17,459	(0)	17,459	61	-	0	-	(206)	-	17,521	(206)	17,314
Work in progress	13,916	-	13,916	89	-	-	-	0	-	13,996	0	13,996
Total other Assets	31,375	(0)	31,375	150	-	0	-	(206)	-	31,517	(206)	31,310
Total Assets	645,949	(10,589)	635,360	20,473	(22)	0	(22)	(8,432)	39,782	691,750	(4,586)	687,163

⁸ Note: There are no restrictions over the title of SWDC's property, plant, and equipment assets, nor are any of these assets pledged as security for liabilities.

	Cost/ Revaluation 30 June 2024 \$000	Accumulated Depreciation 30 June 2024 \$000	Carrying Amount 30 June 2024 \$000	Current Year Additions \$000	Current Year Disposals \$000	Current Year Transfers \$000	Current Year Gain/(Loss) on Sale \$000	Current Year Depreciation \$000	Revaluation, Impairment, Depreciation Recovered \$000	Cost/ Revaluation 30 June 2025 \$000	Accumulated Depreciation 30 June 2025 \$000	Carrying Amount 30 June 2025 \$000
Previous Year 30 June 2025												
Infrastructural assets												
Roads	362,401	(13)	362,388	4,305	-	-	-	(3,262)	-	366,706	(3,275)	363,431
Bridges	23,098	(20)	23,078	143	-	-	-	(665)	(144)	23,097	(684)	22,413
Water systems	49,132	-	49,132	706	-	-	-	(1,236)	-	49,838	(1,236)	48,603
Wastewater systems	50,593	-	50,593	1,349	-	-	-	(1,291)	-	51,942	(1,291)	50,651
Stormwater systems	26,797	(1)	26,796	212	-	-	-	(487)	-	27,009	(488)	26,522
Total infrastructural assets	512,020	(34)	511,987	6,717	-	-	-	(6,940)	(144)	518,593	(6,974)	511,619
Operational assets												
Land	82,552	-	82,552	48	-	-	-	-	(9,488)	73,111	-	73,111
Buildings	14,985	(808)	14,177	1,793	(73)	-	-	(403)	(574)	16,131	(5)	16,126
Furniture & equipment	4,182	(2,964)	1,217	344	(716)	-	-	(349)	-	3,810	(2,598)	1,212
Library collections	1,289	(616)	674	116	-	-	-	(205)	(879)	526	(8)	518
Motor vehicles	634	(473)	161	-	(23)	-	6	(67)	-	612	(518)	94
Parks and reserves	774	(353)	421	1	-	-	-	(26)	-	775	(378)	397
Playgrounds	768	-	768	248	-	-	-	(108)	-	1,016	(108)	908
Total operational assets	105,184	(5,214)	99,970	2,549	(811)	-	6	(1,158)	(10,941)	95,981	(3,614)	92,367
Other Assets												
Heritage assets	17,777	(419)	17,358	82	-	-	-	(208)	(399)	17,459	-	17,459
Work in progress	11,028	-	11,028	2,888	-	-	-	-	-	13,916	-	13,916
Total other assets	28,805	(419)	28,386	2,970	-	-	-	(208)	(399)	31,375	-	31,375
Total assets	646,009	(5,667)	640,342	12,236	(811)	-	6	(8,306)	(11,485)	645,949	(10,589)	635,360

Relevant accounting policies

Property, plant and equipment consist of:

Operational Assets

Operational assets include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Restricted Assets

Restricted assets are parks and reserves owned by SWDC 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 SWDC. Each asset class includes all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and sewer pump stations.

Heritage Assets

Heritage assets are assets owned by SWDC which are of cultural or historical significance to the community and cannot be replaced due to the nature of the assets. Buildings recorded under the Historic Places Act 1993 have been recorded as heritage assets. Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to SWDC 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 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 proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

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 SWDC and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

See Note 9: Depreciation and amortisation for the policy description and useful lives for property, plant, and equipment assets.

Revaluation

Land, buildings (operational and restricted), heritage assets, library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity, and at least every three years, to ensure that their carrying amount does not differ materially from fair value. All other assets are carried at depreciated historical cost.

SWDC assesses the carrying values of its revalued assets 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.

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

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

Those asset classes that are revalued are valued on a three-yearly cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Land and Buildings

An independent valuation is carried out to ascertain fair value as determined from market-based evidence. The most recent valuation was performed by Jaime Benoit (B.App Sci (VFM, AG), MPINZ) of QV Asset and Advisory, and the valuation is effective as at 30 June 2025.

Heritage assets are also included in this category.

In the years where a full revaluation is not conducted, SWDC carries out an assessment of the fair value of land and operational building assets using indexed movements in asset classes. Where the change in fair value is considered material, an adjustment will be made to reflect the change. In the 2023-24 year there was no adjustment made to fair value of land and operational building assets as value changes are not considered material enough to require changes.

Infrastructure Assets

Infrastructure asset classes are roads, bridges and footpaths, water systems, wastewater (sewerage) systems, stormwater systems.

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date SWDC assesses the carrying values of its infrastructure assets 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. The most recent valuation was performed by Jaimie Cable (B App Econ, Dip of Engineering (Civil), AMPINZ) of WSP New Zealand on 30 June 2026.

In the years where a full revaluation is not conducted, SWDC carries out an assessment of the fair value of infrastructure assets using indexed movements in asset classes. Where the change in fair value is considered material, an adjustment will be made to reflect the change.

Playground Equipment

At fair value determined on a depreciated replacement costs basis by an independent valuer. At balance date SWDC assesses the carrying values of its playground equipment 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. The most recent valuation was performed by Jaimie Cable (B App Econ, Dip of Engineering (Civil), AMPINZ) of WSP New Zealand on 30 June 2026.

Vested Assets

Original recognition is at the actual cost or the current cost of providing identical services. Following revaluations of vested infrastructure assets are conducted as part of the overall infrastructure asset process above.

Impairment of Property, Plant, Equipment and Intangible Assets

Assets that have an indefinite useful life or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recovered. When there is an indicator of impairment, the asset recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Revenue and Expense.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the Statement of Comprehensive Revenue and Expense.

Note 18: Creditors and payables

	30 June 2026 \$000	30 June 2025 \$000
Trade payables	5,698	3,725
Accrued expenses	600	522
Revenue in advance	637	360
Rates in advance	371	510
Total payables and deferred revenue	7,306	5,116

Except for rates in advance, all creditors and payables are assessed as exchange as these balances are from transactions carried at normal business terms.

Relevant accounting policies

Creditors and other payables are recorded at their face value.

Note 19: Employee entitlements

	30 June 2026 \$000	30 June 2025 \$000
Accrued pay	259	156
Annual leave	597	531
Total Employee Entitlements	856	687
Comprising:		
Current portion	856	687
Non-current portion	-	-
Total employee entitlements	856	687

Relevant accounting policies

Short-term Employee Entitlements

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

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

SWDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term Employee Entitlements

Obligations for contributions to Kiwi Saver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of financial performance as incurred. Presentation of Employee Entitlements Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Note 20: Provisions

Provision for landfill aftercare costs

SWDC gained resource consent to operate the landfill. SWDC has responsibility under the resource consent to provide on-going maintenance and monitoring of the landfill after the site has closed until February 2035.

The cash outflows for landfill post-closure are not expected to occur until 2035. The long-term nature of the liability means there are inherent uncertainties in estimating the costs that will be incurred.

The provision has been estimated taking into account existing technology and using a discount rate of 4.39% (2025: 4.68%).

	30 June 2026 \$000	30 June 2025 \$000
Landfill aftercare provision		
Comprising:		
Current portion	34	33
Non-current portion	222	302
Total provisions	256	335

Relevant accounting policies

SWDC recognises a provision 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 expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses. 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 a finance cost expense.

Note 21: Borrowings

	30 June 2026 \$000	30 June 2025 \$000
Current		
Secured loans	27,800	21,800
Total current borrowings	27,800	21,800
Non-current		
Secured loans	6,700	6,700
Total non-current borrowings	6,700	6,700
Total borrowings	34,500	28,500

Fixed-rate debt

SWDC's secured debt of \$6,700,000 (2025: \$6,700,000) is issued at fixed rates of interest.

The weighted average interest rate of SWDC's debt is 2.86% (2025: 3.40%)

Security

SWDC's loans are secured over either separate or general rates of the District, and no assets have borrowings secured against them.

SWDC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the SWDC's Long Term Plan.

Relevant accounting policies

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

Borrowings are classified as current liabilities unless SWDC has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled after 12 months of balance date.

Note 22: Equity

	30 June 2026 \$000	30 June 2025 \$000
Public equity		
Balance at 1 July	173,433	173,814
Net transfer (to)/from reserves	10,253	(884)
Total surplus/(deficit) for the year	2,425	503
Balance at 30 June	186,112	173,433
Restricted reserves and trust funds		
Balance at 1 July	30,384	29,480
Transfers to fund	13,447	10,665
Transfers from fund	-23,698	(9,761)
Balance at 30 June	20,134	30,384
Restricted reserves and trust funds consist of:		
Discretionary reserves	548	466
Community board reserves	14	79
Restricted reserves	2,549	3,543
Water race reserves	502	397
Council loan redemption reserves	-	9,533
Other reserves	16,120	15,864
Trusts	400	502
Total restricted reserves and trust funds	20,134	30,384
Asset revaluation reserve		
Balance at 1 July	408,925	417,700
Transfers to reserve	39,782	(8,775)
Transfers from reserve	-	-
Balance at 30 June	448,708	408,925
Asset revaluation reserves consist of:		
Asset revaluation reserve	446,272	406,489
Investment property revaluation reserve transfer to income and expense	617	617
Asset revaluation reserve transfer to income & expense	1,819	1,819
Total asset revaluation reserve	448,708	408,926
Total equity	654,953	612,744

Relevant accounting policies

Equity is the community's interest in SWDC 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:

- Public equity – accumulated funds
- Special reserves and trust funds
- Asset revaluation reserves

Restricted and Council Created 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 SWDC.

Restricted reserves are those subject to specific conditions accepted as binding by SWDC and which may not be revised by SWDC 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 a 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.

The asset revaluation reserve relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive revenue and expense reserves comprises the net cumulative change in the fair value through other comprehensive revenue and expense instruments.

Note 23: Statement of capital commitments and operating leases

Capital commitments

	30 June 2026 \$000	30 June 2025 \$000
Capital commitments		
Community Buildings	17	-
Parks & reserves	-	270
Roading	241	-
Three waters	239	-
Total capital commitments	496	270

Relevant accounting policies

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, SWDC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether SWDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

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

Operating leases as lessor

Council property is leased under operating leases. The leases have remaining non-cancellable terms ranging from 1 months to 298 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows.

	30 June 2026 \$000	30 June 2025 \$000
Operating leases as lessor		
Not later than one year	448	442
Later than one year and not later than five years	384	624
Later than five years	60	64
Total non-cancellable operating leases	891	1,130

Operating leases as lessee

Council lease buildings and plant and equipment in the normal course of its business. The leases have remaining non-cancellable terms for 23 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows.

	30 June 2026 \$000	30 June 2025 \$000
Operating leases as lessee		
Not later than one year	7	51
Later than one year and not later than five years	13	-
Total non-cancellable operating leases	20	51

Note 24: Contingencies

Contingent liability for 2026 is \$Nil (2025: Nil).

There are no contingent assets for 2026 (2025: \$Nil).

No contingent rents have been recognised during the period.

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised.

New Zealand Mutual Liability Riskpool Scheme

Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however, the Council has an ongoing obligation to contribute to the scheme, should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

The likelihood of any historical claim call reduces with each year that passes since access to new cover was closed in July 2017.

In August 2025, Riskpool issued a formal funding call to members totalling \$3.7 million across the membership. This call funded operational costs for FY2025/26, and legal/advisory fees related to reinsurance recovery and litigation. South Wairarapa District Council's contribution was \$19,197.53 (excluding GST), paid in September 2025.

Ongoing litigation involving other Council members of Riskpool has introduced a high level of uncertainty about both the level of SWDC's potential financial exposure and its timing. At this stage, Riskpool cannot quantify the total potential liability associated with these matters.

At the date of publishing, Council has not been informed of any further specific upcoming calls.

Local Government Funding Agency (LGFA)

The Council is a guarantor of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from Standard and Poor's of AA+.

As at 30 June 2026, the Council is one of several local authority borrowers and guarantors of the LGFA. The LGFA's loans to local authorities are \$28.5 billion (2025: \$26.4 billion), of which the Council has borrowed \$0.035 billion (2025: \$0.028 billion). As a result, the Council's cross guarantee on the LGFA's loans to other local authorities is \$28.4 billion (2025: \$26.3 billion).

Public Benefit Entity (PBE) Accounting Standards require the Council to recognise the guaranteed liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee and, therefore, has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

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

Lease negotiations

There are no lease negotiations underway at time of reporting.

Note 25: Related party transactions

Waiti Waters Limited

On 1 May 2026 the Council obtained 19.93% interest in Waiti Waters Limited (WWL), a council-owned organisation with responsibility for providing water services across the Wairarapa. WWL will assume responsibility for those services from the Council on 1 July 2027, being the date on which the Council will transfer the assets, liabilities and debt associated with the provision of water services to WWL.

The Council holds less than 20% of the ownership interests in WWL. However, the Council has significant influence over WWL because it participates in WWL's formal governance framework through the Stakeholders' Forum, Shareholder Reserved Matters and the Statement of Expectations process, which enables the Council to participate in WWL's financial and operating policy decisions.

Transactions occurring during the normal course of business are undertaken on arm's length terms and conditions and are comparable to those that would be available to unrelated parties. (2025: Nil)

Councillors and key management

During the year, councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as the payment of rates and purchase of rubbish bags). All payments were made on a cash basis and no payments were delayed. No interest was charged and there are no outstanding balances as at 30 June 2026 (2025: Nil).

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

Note 26: Water services reform

Transfer to Waiti Waters Limited

South Wairarapa District Council, together with Carterton District Council, Masterton District Council and Tararua District Council, has established Waiti Waters Limited (WWL), a jointly owned council-controlled organisation that will be responsible for the delivery of drinking water, wastewater and stormwater services across the four districts from 1 July 2027. Rural stock water race schemes are not expected to transfer to WWL and will remain the responsibility of the respective councils. Until the transfer occurs, the Council will continue to own and operate its drinking water, wastewater, and stormwater services and remain responsible for the associated service delivery, revenue, expenditure, assets and liabilities.

WWL has been incorporated and a Board of Directors and Chief Executive appointed. During 2025/26 the establishment programme continued, including governance, operational, financing, regulatory,

information technology, workforce and transition planning activities required to enable commencement of operations on 1 July 2027. At the date of adoption of these financial statements, detailed transfer arrangements continue to be developed between WWL and the shareholder councils.

The Council currently holds a 19.93% ownership interest in WWL and has significant influence through the shareholder governance framework described in Note 25. The Council expects to retain an ownership interest in WWL following the transfer of water service delivery responsibilities. Council's share of the cost of the establishment of WWL will be included in the calculation of the interest in WWL.

Expected Financial Effect

Subject to the completion of the required establishment and transfer arrangements, the Council expects its water service assets and associated waters-related debt and liabilities to transfer to WWL on 1 July 2027. At 30 June 2026, the Council continues to recognise its water services assets and associated liabilities in these financial statements. The proposed future transfer has not resulted in the derecognition of those assets or liabilities or the classification of the water services assets as non-current assets held for sale at 30 June 2026.

The transfer is expected to be material and will result in the derecognition of water-services-related assets, liabilities and debt from the Council and recognition of the Council's investment interest in WWL.

Liabilities, Debt and Commitments

The Council expects that borrowings, working capital balances and other liabilities that directly relate to the delivery of water services will transfer to WWL. The specific liabilities and debt that will transfer have not yet been finalised and remain subject to the Transfer Agreement and financing arrangements currently being developed between WWL, the shareholder councils and the Local Government Funding Agency.

At 30 June 2026, capital commitments relating to three waters activities totalled \$239,000 as disclosed in Note 23. The extent to which future commitments, property interests and contractual arrangements will transfer to WWL remains under consideration as part of the transition programme.

The Council is not currently aware of any material contingent assets expected to transfer to WWL. The shareholder councils expect to continue to participate in certain collective financing arrangements, including guarantees associated with Local Government Funding Agency (LGFA) borrowing, and therefore no material contingent liabilities are currently expected to transfer.

Measurement Uncertainty

The Transfer Agreement between WWL and the shareholder councils had not been finalised at the date these financial statements were authorised for issue.

The Transfer Agreement will determine the final transfer package, including:

- the specific assets to be transferred;
- associated land and property interests;
- liabilities and debt to be assumed by WWL;
- working capital balances;
- contractual rights and obligations;
- capital commitments; and

- final shareholder equity arrangements.

Accordingly, while the Council is able to identify the principal classes of assets, liabilities and activities expected to transfer, the final accounting value of the transfer and the resulting value of the Council's investment in WWL cannot yet be determined with sufficient precision.

Note 27: Events after balance date

Subsequent to 30 June 2026, the following material events occurred:

Other events

Solar farm court proceeding

The Environment Court has upheld the approval of the proposed Greytown solar farm development, a large-scale renewable energy project covering approximately 235 hectares and comprising more than 321,000 solar panels. The application was referred directly to the Environment Court under the Resource Management Act, with the Court ultimately finding that the project aligned with national and regional planning objectives supporting renewable electricity generation, while imposing an extensive suite of conditions to manage environmental and community impacts.

The Court recognised the significant national benefits of increased renewable energy generation and granted consent for the development, subject to detailed conditions relating to matters such as environmental monitoring, community liaison, construction management and ongoing operational controls.

Following the substantive decision, South Wairarapa District Council successfully sought reimbursement of the costs it incurred through the direct referral process. In July 2026, the Environment Court ordered Far North Solar Farm Ltd to pay the Council \$320,700, covering expert evidence, legal representation and other costs associated with the Council fulfilling its statutory responsibilities during the proceedings. The Court found the costs had been reasonably incurred and that it was appropriate for the developer to meet those expenses rather than local ratepayers.

The court outcome and subsequent payment to Council occurred after the reporting date of 30th June 2026, therefore no adjustment has been made to the amounts recognised in these financial statements and the resulting transactions will be recognised in the financial statements for the year ended 30th June 2027.

Fox Street land purchase

The Council settled the purchase of a property located in Fox Street, Featherston as part of 'Featherston Green Spaces'. The property purchase price was \$475,000. The settlement of the property and subsequent transactions occurred early August 2026.

No adjustment has been made to the amounts recognised in these financial statements. The property will be recognised as an asset, and any related transactions will be recorded in the financial statements for the year 30th June 2027.

Local Government Reform – Head Start

The New Zealand Government announced the Head Start pathway for 'Simplifying Local Government' on 5 May 2026. This voluntary initiative gave local councils a streamlined process to submit proposals for their own reorganisation and amalgamation.

The programme is intended to support the amalgamation of local authorities into larger unitary authorities and is expected to inform future decisions on local governance arrangements, service delivery, planning functions, and regional collaboration.

The submission deadline for councils was 9th August 2026 and Government received eighteen submissions from councils around New Zealand. Our 'Head Start Proposal' and 'Joint Position Statement' were submitted to MCERT (formally DIA) for consideration on Sunday 9 August 2026. The proposal is for a region-wide unitary authority, and is supported by South Wairarapa District Council, Hutt City Council, Porirua City Council and Wellington City Council.

On 24 September 2026, the Government announced that additional work is required before Cabinet determines which proposals should progress to detailed design. Areas identified for further development include ensuring fair and effective representation with streamlined governance, and the transfer and delivery of regional functions. Cabinet is now expected to consider the proposals in early 2027, with changes expected to take effect for the 2028 local elections.

No decisions have been made by the New Zealand Government that would result in changes to the Council's legal structure, assets, liabilities, or service delivery arrangements. The outcome and timing of the Local Government reform is uncertain.

Accordingly, management has assessed these developments as a non-adjusting event and no adjustments have been made to the financial statements. The financial statements are prepared on a going concern basis because of the uncertainty over outcome and timing of any change. The Council will continue to monitor the progress of the reform programme and assess any potential impacts as further information becomes available.

Weather damage

In February, April, June and July, South Wairarapa was affected by adverse weather events that caused damage to roading infrastructure assets within the district.

Tūranganui Bridge near Lake Ferry was washed out by flood waters cutting off the community. Access into and out of Martinborough was limited with the Ponatahi bridge and SH53 bridge at Waihenga closed, alongside various other slips and road closures.

The Wairarapa Emergency Operations Centre (EOC) was operating and working on supporting the welfare and assistance of those impacted, particularly the isolated communities on the south side of the Tūranganui bridge of Lake Ferry, Whangaimoana, Cape Palliser and Ngawi.

Any impairments, repair costs, reinstatement, or asset replacement will be recognised in the period in which they were incurred.

Note 28: Financial Assets

PBE IPSAS 41 requires debt instruments to be subsequently measured at fair value through surplus and deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). This classification is based on the business model for managing the debt instruments and whether the payment are solely payments of principal and interest or interest on the principal amount outstanding.

Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held mainly to collect, except for the Council's listed portfolio, which are held to collect and sell in accordance with the Council's Treasury Management Policy to meet capital requirements.

Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets.

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.

Relevant accounting policies

Financial Assets

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

- 1) Amortised Cost
- 2) Fair value through surplus or deficit (FVTSD), or
- 3) Fair value through other comprehensive revenue and expenses (FVTOCRE).

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

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

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

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

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council 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 FVTOCRE

Unlisted Shares and Listed Bonds

Financial assets in this category that are debt instruments 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 reclassified to surplus and deficit.

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 the other comprehensive revenue and expense is transferred to accumulated funds within equity.

Expected credit loss allowance (ECL)

The Council recognises 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 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 included 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 obligations in full.

Financial assets

	30 June 2026 \$000	30 June 2025 \$000
Amortised cost		
Cash and cash equivalents	4,962	7,556
Debtors and other receivables	4,474	3,080
Investments	495	539
Total at Amortised Cost	9,931	11,175
Fair value through surplus and deficit		
Investments	168	288
Unlisted shares	241	303
Total at fair value through surplus and deficit	409	591

Financial liabilities

	30 June 2026 \$000	30 June 2025 \$000
Amortised cost		
Creditors	7,128	5,116
Secured loans	34,500	28,500
Total at Amortised Cost	41,628	33,616

Significant accounting policies

Financial instrument risks

The Council's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. Council's Treasury Management Policy outlines strategies to manage the risks associated with financial instruments, and seeks to minimise exposure from its treasury activities, and does not allow any transactions of a speculative nature. Treasury reports are submitted quarterly to Council's Assurance, Risk and Finance Committee to ensure transparency and oversight of related risks.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive revenue and expense. This price risk arises due to market movements in listed shares. Council does not manage price risk as its unlisted shares are held for strategic reasons.

Currency risk

The Council has limited foreign exchange risk through the occasional purchase of foreign exchange denominated plant and equipment. All foreign exchange exposures greater than NZD50,000 must be hedged using forward exchange contracts. The Council does not borrow or enter into incidental arrangements within or outside New Zealand in any foreign currency, other than New Zealand dollars.

Interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council does not actively manage interest rate risk as investments are short-term in nature and used for management of cashflow rather than for the purpose of gaining revenue. Council also seeks to have a diversified maturity profile for external borrowing but, in any case, no more than \$30.0 million or 50% of outstanding debt (whichever is the greater, can mature over the next 12 months or any subsequent 12-month period, on a rolling basis.

Liquidity risk

A key factor in the management of funding risk is to spread and control the risk to reduce the concentration of risk at any point so that the overall borrowing cost is not increased unnecessarily and / or the desired maturity profile compromised due to market conditions. Council's ability to readily attract cost effective borrowing is largely driven by its ability to maintain a strong balance sheet, levy rates and manage its relationships with the LGFA and the banking sector.

To manage liquidity risk, the Council will ensure that external debt plus committed but unutilised loan facilities, and / or available liquid investments will be maintained at an amount of 110% of projected external debt over the ensuing 12-month period.

Credit risk

Credit risk is the potential for a person or organisation to fail to pay amounts due to Council, leading to Council being out of pocket for the services provided. As referred to in Note 12 of this report, the risk of credit losses for Council are minimal, due to the legislative tools for collection of rates and

funds for infringements. Additionally, the majority of services are only delivered once payment has been received, further reducing exposure to credit risk. These measures provide strong assurance of the authority's financial stability and its ability to manage outstanding receivables effectively.

Note 29: Internal borrowing

As at 30 June 2026 there were no internal borrowings (2025: Nil)

Note 30: Explanation of major variances against budget

Explanations for major variations from SWDC's estimated figures in the 2025/26 year of the Long-Term Plan 2025-34 are as follows.

Statement of Comprehensive Revenue and Expense

The operating surplus for the year was \$2.4 million, in line with forecast.

Revenue

- Rates revenue was slightly higher than the budget by \$0.5 million.
- Contributions were \$0.8 million below budget, reflecting a general downturn in development activity and a slowdown in consenting.
- Other revenue is higher than the budget by \$2.0 million mainly due recovery of shared costs of the Waiti Waters transition programme from the other three councils, Carterton, Masterton, and Tararua District Councils.
- Subsidies from Waka Kotahi NZTA were \$0.8 million higher than forecast, largely due to additional subsidy on emergency works.

Expense

- Finance costs are lower than the budget by \$1.2 million due to delay in borrowings related to capital projects, mostly in water and wastewater, being delayed whilst design and procurement processes were completed. These projects are now moving forwards, and the borrowing will occur at time of spend.
- Depreciation and amortisation are higher than the budget by \$1.8 million due to the 2024 revaluation of the roading network resulting in an increase in the asset values, and decreases in the useful life of the network, which has increased the depreciation rate on those assets.

Statement of Financial Position

The Council holds \$27.8 million in short-term loans, which are expected to be refinanced within the next 12 months. These loans are intentionally being kept short-term during the year to take advantage of comparatively low interest rates, and because a large portion of the borrowing relates to debt that will transfer to Waiti Waters in the early part of the 2027/28 financial year.

In line with the scheduled valuation cycle, the Council's infrastructure and recreational assets were revalued this year to reflect their fair value and updated asset lifespans. This revaluation resulted in a \$40.2 million increase in the asset revaluation reserve. This is an unrealised accounting adjustment and does not represent a cash gain as the assets have not been sold.

During the 2024/25 financial year, several land and building assets previously classified as Investment Properties were reclassified as operational assets. As this change occurred after adoption of the Long-Term Plan 2025-2034, the associated budget remains presented under Investment Properties rather than operational assets. Further information on this reclassification can be found in the 2024/25 Annual Report.

Statement of Cashflows

Net cash flow from operating activities was favourable by \$1.8 million due to timing of significant payments to creditors at 30 June.

Net cash outflow from investing activities, and inflow from financing activities were both lower than predicted due to delays in capital projects, mainly for the three water activities.

Other Legislative Disclosures

Local Government Act 2002 – Financial Disclosures

The Local Government Act 2002 sets out disclosure requirements for Councils over and above the generally accepted accounting practice (GAPP) information. New disclosures were added in legislative changes and additions to the Local Government (Financial Reporting and Prudence) Regulations 2014.

Insurance of Assets

	30 June 2026 \$000	30 June 2025 \$000
Total value of property, plant, and equipment (excluding land)	611,291	562,249
Value of assets covered by risk share arrangements	133,533	120,569
Value of assets covered by insurance contracts	131,019	123,741

The value of assets covered by insurance excludes land and land under roads. In addition to Council's insurance, in the event of natural disaster it is assumed that Central Government will contribute 60% towards the restoration of Council owned underground drainage, waste and water assets and the New Zealand Transport Agency will contribute between 49-59% towards the restoration of Roding assets.

Reporting Format

These financial statements incorporate applicable amendments to legislation governing financial reporting requirements.

Rating Base Information

For the year ended <i>current financial year</i>	30 June 2026	30 June 2025
Rating Base Information		
Number of rating units (including non-rateable)	7,870	7,872
	\$Million	\$Million
Capital Value of rating units	8,083	8,074
Land value of rating units	4,910	4,911

Network Assets

	Acquisitions/ Constructed by SWDC \$000	Transferred to SWDC \$000	Closing Book Value \$000	Replacement Cost \$000
Current Year 30 June 2026				
Water Supply				
Treatment plants and facilities	699	-	21,080	21,080
Land	-	-	1,862	1,862
Other assets	4,743	-	38,255	38,255
Wastewater				
Treatment plants and facilities	40	-	802	802
Land	3,221	-	17,245	17,245
Other assets	224	-	47,269	47,269
Stormwater Drainage				
Stormwater systems	47	-	31,050	31,050
Land Transport				
Roads and footpaths	6,684	-	416,433	416,433

	Acquisitions/ Constructed by SWDC \$000	Transferred to SWDC \$000	Closing Book Value \$000	Replacement Cost \$000
Previous Year 30 June 2025				
Water Supply				
Treatment plants and facilities	420	-	20,716	20,716
Land	-	-	1,862	1,862
Other assets	276	10	27,887	27,887
Wastewater				
Treatment plants and facilities	-	-	838	838
Land	15	-	17,245	17,245
Other assets	1333	2	49,813	49,813
Stormwater Drainage				
Stormwater systems	212	-	26,522	26,522
Land Transport				
Roads and footpaths	4,448	-	385,843	385,843

Statement of Special and Separate Funds for the Year Ended 30 June 2026

	Activities to which reserve relates	Opening Balance \$000	Transfers In \$000	Transfers Out \$000	Closing Balance \$000
Current Year					
District Property					
To be used for Town Centre Development	All activities	210	495	(393)	313
Asset Realisation					
Realised capital gains from the sale of Council Assets.	All activities	298	-	-	298
Plantation Reserve					
For road protection schemes and seal extensions in the future.	All activities	(220)	-	(30)	(250)
Disaster Recovery Reserve					
To be used for strengthening Council's business continuity	All activities	40	10	-	50
Wairarapa Moana Reserve					
To be used to establish and support the board that will lead guardianship and management of the moana and its surrounds	All activities	137	-	-	137
Community Board Reserves					
Community Board funds carried over:					
Featherston	Governance	10	20	(30)	-
Greytown	Governance	28	20	(49)	-
Martinborough	Governance	3	21	(24)	-
Te Māngai O Ngā Hapori Māori (Māori Standing Committee)	Governance	23	20	(43)	-
Martinborough Swimming Pool	Governance	15	-	(1)	14
Restricted Reserves					
To provide for the acquisition and development of reserves and open spaces in response to the needs arising from subdivision and development, to protect conservation values.	All activities	3,543	262	(1,256)	2,549
To provide opportunities for public access to and along water bodies, to provide recreational opportunities near water bodies					
Water Race Reserves					
Featherston/Longwood Water race	Water	86	112	(41)	157
Moroa	Water	311	121	(87)	345
Trusts					
Campground Memorial: Pain Farm	Amenities	7 -	-	-	7
Maintaining and improving the Borough's parks, sports grounds, camping ground, swimming baths, providing and maintaining sports facilities and a children's playground.	Amenities	495	115	(217)	393
Infrastructure Contributions					
To provide a potable water supply, to safeguard the health of inhabitants and protect the natural environment for inappropriate disposal of sewage, to prevent damage to property or amenity from the indiscriminate and uncontrolled runoff of Stormwater, to ensure sufficient water is available for fire fighting purposes.	All activities	3,360	353	(18)	3,695
To provide for the safe and convenient movement on roads of vehicular, bicycles and pedestrians within and through the Wairarapa.					
Loan Redemption Reserve					
To cover loan principal repayments	All activities	9,533	-	(9,533)	0
Depreciation Reserves					
To fund new capital projects	All activities	12,285	8,141	(11,350)	9,076
Martinborough Town Hall Reserve					
Waiinga Centre Project	Amenities	10	-	(2)	8
Infrastructure Resilience Reserves					
Infrastructure Resilience Reserves (Rural Roding reserve)	Roding	154	1,025	(300)	879

Infrastructure Resilience Reserves	Roading		629		629
Housing Reserve					
Housing	Amenities	(443)	443	-	-
Maintenance Reserve					
To cover maintenance to buildings	Amenities	(135)	135	-	-
WWL Unexpected Events					
Water Supply	Water Supply	175	580	-	755
Waste Water	Wastewater	93	129	-	222
Storm Water	Storm Water	20	580	-	600
Wastewater desludging					
Desludging of sewerage ponds	Wastewater	345	-	(1)	344
Project smoothing					
Project Smoothing	All activities		236	(323)	(87)
Total Special and Separate Funds		30,384	13,447	(23,698)	20,134

Statement of Special and Separate Funds for the Year Ended 30 June 2025

Previous Year	Activities to which reserve relates	Opening Balance \$000	Transfers In \$000	Transfers Out \$000	Closing Balance \$000
District Property					
To be used for town centre development	All activities	170	454	(414)	210
Asset Realisation					
Realised capital gains from the sale of Council assets.	All activities	298	-	-	298
Plantation Reserve					
For road protection schemes and seal extensions in the future.	All activities	(190)	-	(30)	(220)
Disaster Recovery Reserve					
To be used for strengthening Council's business continuity	All activities	30	10	-	40
Wairarapa Moana Reserve					
To be used to establish and support the board that will lead guardianship and management of the moana and its surrounds	All activities	137	-	-	137
Community Board Reserves					
Community Board funds carried over:					
Featherston	Governance	28	15	(33)	10
Greytown	Governance	35	15	(22)	28
Martinborough	Governance	11	16	(23)	3
Te Māngai O Ngā Hapori Māori (Māori Standing Committee)	Governance	24	15	(16)	23
Martinborough Swimming Pool	Governance	15	-	-	15
Restricted Reserves					
To provide for the acquisition and development of reserves and open spaces in response to the needs arising from subdivision and development, to protect conservation values.	All activities	3,345	296	(99)	3,543
To provide opportunities for public access to and along water bodies, to provide recreational opportunities near water bodies					
Water Race Reserves					
Featherston/Longwood Water race	Water	56	87	(58)	86
Moroa	Water	329	95	(113)	311
Trusts					
Campground Memorial: Pain Farm	Amenities	7	-	-	7
Maintaining and improving the Borough's parks, sports grounds, camping ground, swimming baths, providing and maintaining sports facilities and a children's playground.	Amenities	419	137	(61)	495
Infrastructure Contributions					
To provide a potable water supply, to safeguard the health of inhabitants and protect the natural environment for inappropriate disposal of sewage, to prevent damage to property or amenity from the indiscriminate and uncontrolled runoff of Stormwater, to ensure sufficient water is available for firefighting purposes.	All activities	3,371	481	(493)	3,360
To provide for the safe and convenient movement on roads of vehicular, bicycles and pedestrians within and through the Wairarapa.					
Planning Reserves					
To spread the costs of the Combined District Plan over the life of the plan	Resource Management	(552)	916	(363)	0
To spread the costs of the Spatial Plan over the life of the plan	Resource Management	52	(28)	(24)	0
Loan Redemption Reserve					
To cover loan principal repayments	All activities	9,533	-	-	9,533
Depreciation Reserves					
To fund new capital projects	All activities	11,742	6,760	(6,217)	12,285
Martinborough Town Hall Reserve					
Waiinga Centre Project	Amenities	10	-	-	10

Infrastructure Resilience Reserves						
Infrastructure Resilience Reserves	Roading	529	300	(674)	154	
Housing Reserve						
Housing	Amenities	(384)	477	(536)	(443)	
Maintenance Reserve						
To cover maintenance to buildings	Amenities	(80)		(54)	(135)	
Welling Unexpected Events						
Water Supply	Water Supply	98	78		175	
Wastewater	Wastewater	86	93	(86)	93	
Stormwater	Stormwater	11	9		20	
Wastewater desludging						
Desludging of sewerage ponds	Wastewater	351	439	(444)	345	
Total Special and Separate Funds		29,480	10,665	(9,761)	30,384	

Financial prudence benchmarks

Financial Prudence Disclosure Statement

What is the purpose of this statement?

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

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

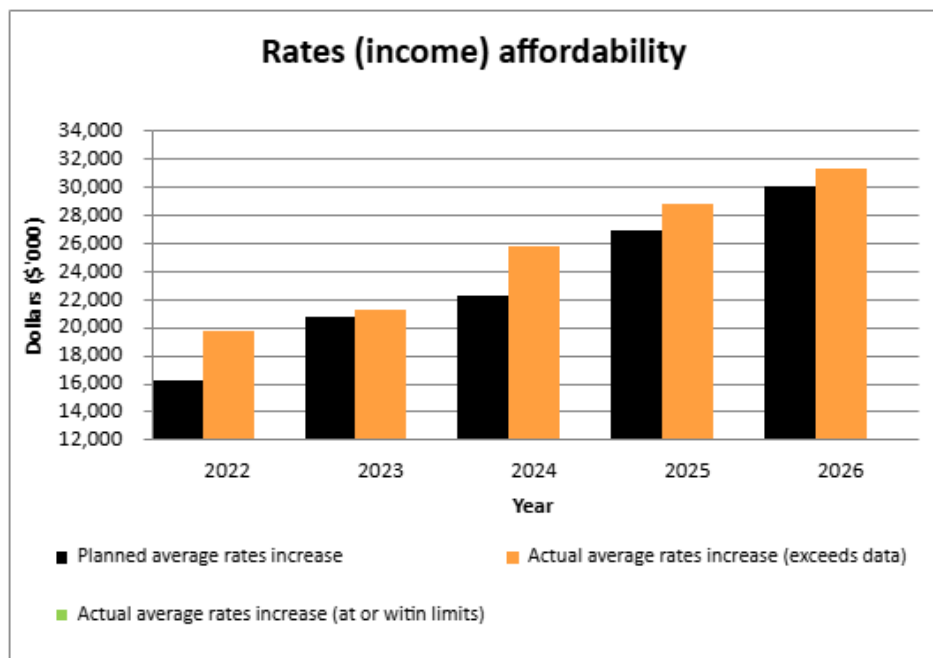
Rates affordability benchmarks

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 increase equal, or are less than, each quantified limit on rates increases

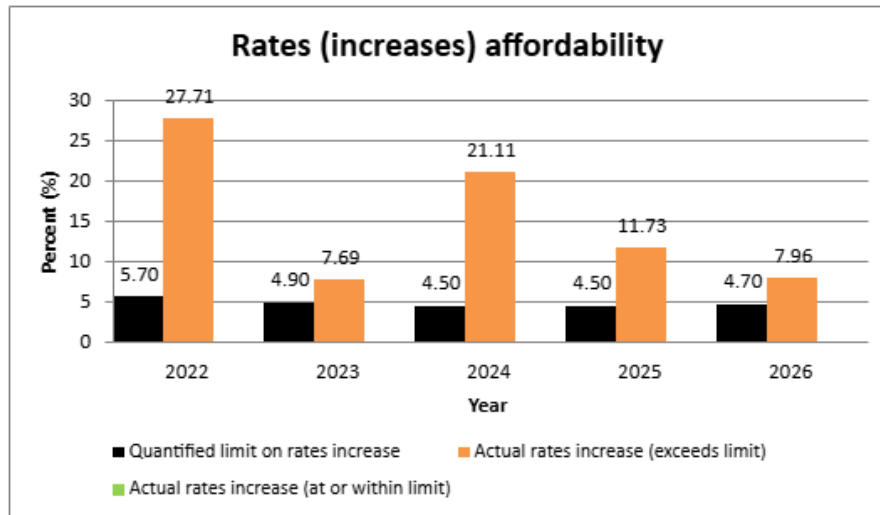
Rates (income) affordability

This graph compares the Council's actual rates income with the quantified limit on rates set in the financial strategy included in the Council's long-term plan. Actual rates increases were slightly above the quantified limits set.



Rates (increases) affordability

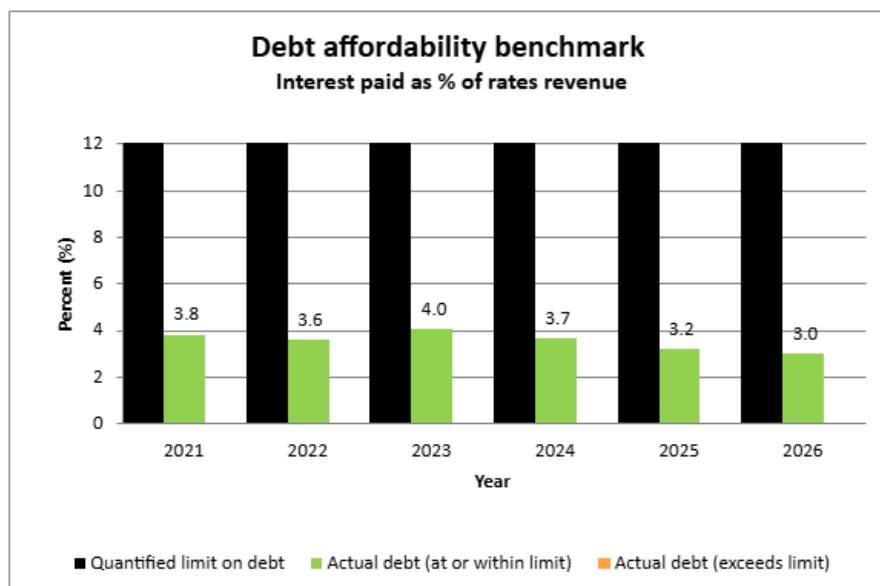
This graph compares the Council's actual rates increases with the quantified limit on rates increases included in the financial strategy of the Council's long-term plan. The quantified limit is the percentage change in average rates and should not exceed the increase in the opening BER local government cost index plus 2 percent.



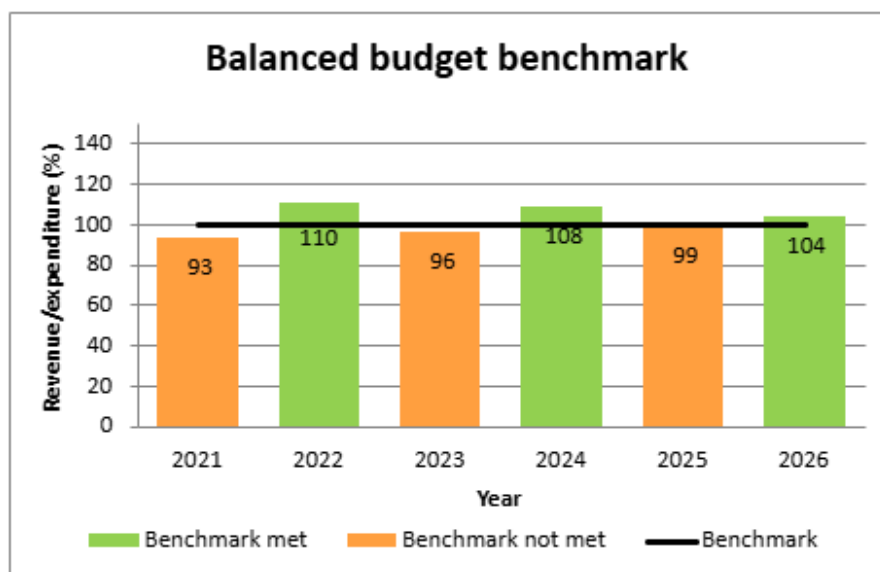
Debt affordability benchmark

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 that gross interest paid on term debt must not exceed 12 percent of rates revenue.



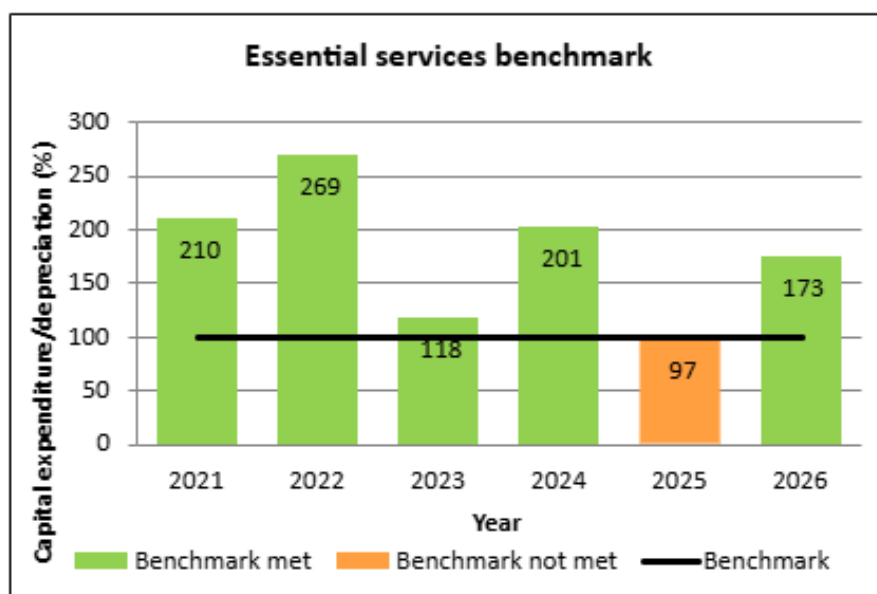
Balanced budget benchmark



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

The Council meets this benchmark if its revenue equals or is greater than its operating expenses.

Essential services benchmark

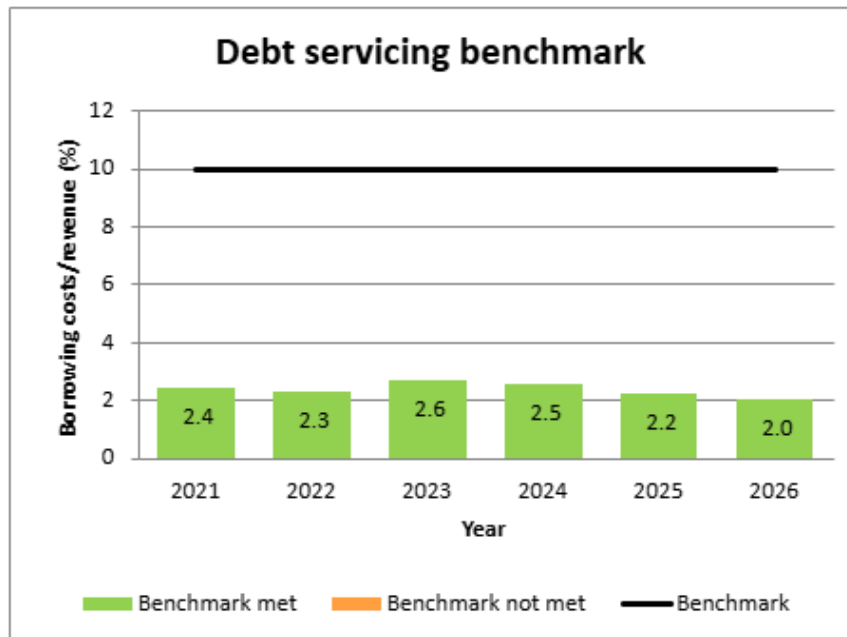


This graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services.

The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.

Council plans its network expenditure to ensure assets are maintained for the very long term, and on an as needed basis. Expenditure is based on maintenance need. Unspent funds are held in reserve until required.

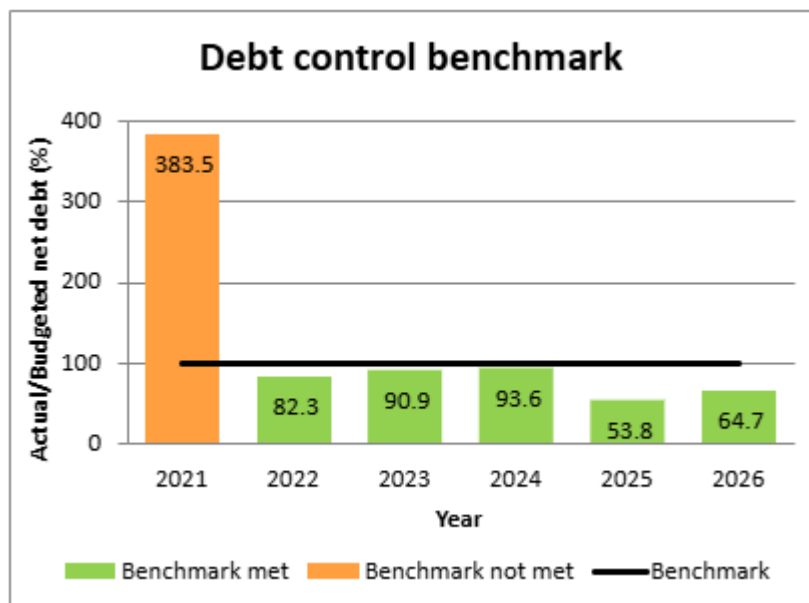
Debt servicing benchmark



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

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

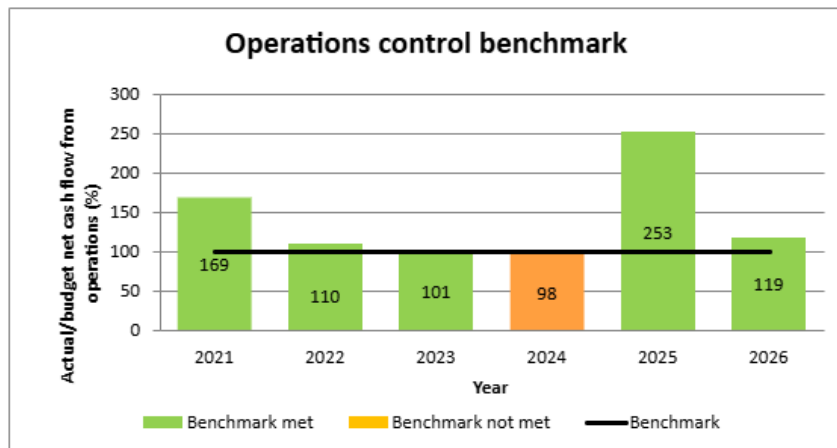
Debt control benchmark



The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

Operations control benchmark



The following 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.

Glossary

Abbreviation	Full Wording
AMP	Asset Management Plan
CCC	Code Compliance Certificate
CCO	Council Controlled Organisation
CLEG	Combined Licencing Enforcement Agencies
DIA	Department of Internal Affairs
GWRC	Greater Wellington Regional Council
GWWTP	Greytown Wastewater Treatment Plant
LGA	Local Government Act 2002
LGFA	Local Government Funding Agency
LG(FRP)R	Local Government (Financial Reporting and Prudence) Regulations 2014
LG(R)A	Local Government (Rating) Act 2002
LIM	Land Information Memorandum
LTP	Long-Term Plan
LWDW	Local Water Done Well
MWWTP	Martinborough Wastewater Treatment Plant
NZ GAAP	New Zealand Generally Accepted Accounting Practice
NZTA	New Zealand Transport Agency
PBE	Public Benefit Entity
RAMM	Road Assessment and Maintenance Management
SWDC	South Wairarapa District Council
WCDP	Wairarapa Combined District Plan
WEDS	Wairarapa Economic Development Strategy
WWL	Waiti Waters Limited

Independent Auditor's Report



Independent Auditor's Report

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

The Auditor-General is the auditor of South Wairarapa District Council (the Council). The Auditor-General has appointed me, Sefton Vuli, using the staff and resources of The Audit Office, to carry out the audit on his behalf.

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

We are also required to report on:

- whether the Council has complied with the requirements of Schedule 10 of the Act (Schedule 10) that apply to the annual report; and
- the completeness and accuracy of the Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations).

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

Opinion on the audited information

In our opinion:

- the financial statements on pages xx to xx present fairly, in all material respects, the Council's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with Public Benefit Entity Standards;
- the statement of service provision (reported as Council Activities) for the year ended 30 June 2026 on pages xx to xx:
 - is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and Public Benefit Entity Standards; and
 - presents fairly, in all material respects, the Council's actual levels of service for each group of activities, including the levels of service achieved compared with the intended levels of service, whether any intended changes to levels of service were achieved, and the reasons for any significant variation between the levels of service achieved and the intended levels of service.

- the funding impact statement for the year ended 30 June 2026 on pages xx to xx, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10;
- the funding impact statements for each group of activities for the year ended 30 June 2026 on pages xx to xx have been prepared, in all material respects, in accordance with clause 26 of Schedule 10; and
- the statements comparing actual capital expenditure to budgeted capital expenditure for each group of activities for the year ended 30 June 2026 on pages xx to xx, have been prepared, in all material respects, in accordance with clause 24 of Schedule 10.

Report on the disclosure requirements

We report that:

- the Council has complied with the information disclosure requirements of Part 3 of Schedule 10 for the year ended 30 June 2026; and
- the Council's disclosures about its performance against benchmarks required by Part 2 of the Regulations for the year ended 30 June 2026 are complete and accurate.

Emphasis of matters

Without modifying our opinion, we draw attention to the following disclosures:

Future changes in water service delivery

Note 26 to the financial statements outlines how future changes in the delivery of water services will affect the Council.

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 27 to the financial statements, South Wairarapa District Council, Hutt City Council, Porirua City Council and Wellington City Council have submitted a joint Head Start proposal to form a Wellington unitary council, which would replace the four councils and assume relevant regional council responsibilities. If approved, this may be implemented before the 2028 local elections. The eventual outcome for the Council is dependent on future cabinet decisions and enactment of enabling legislation. Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis.

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

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

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

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

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

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

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of service provision, in accordance with the Council's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

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

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

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

Responsibilities of the auditor

Responsibilities for the audited information

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

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

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We evaluate whether the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the Council's service performance.
- We evaluate whether the service performance information is prepared in accordance with the Council's measurement bases or evaluation methods, and presents fairly, in all material respects, in accordance with Public Benefit Entity Standards, the actual service performance achieved compared with the intended levels of service.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Council to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

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

Responsibilities for the disclosure requirements

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

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

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

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

Other information

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

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

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

Independence

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

In addition to the audit and our report on the disclosure requirements, we have carried out a limited assurance engagement related to the Council's debenture trust deed, which is compatible with the independence requirements. Other than the audit, our report on the disclosure requirements and this engagement, we have no relationship with, or interests in, the Council.

Sefton Vuli
The Audit Office
On behalf of the Auditor-General
Wellington, New Zealand
29 October 2026