



**SOUTH WAIRARAPA
DISTRICT COUNCIL**

Kia Reretahi Tātau

Summary Annual Report

For the year ended 30 June 2026

Year One of the 2025-34 Long-Term Plan

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Introduction

Summary of the Annual Report

This document is a summary of the Council's annual report for the 2025/26 financial year.

The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 29th October 2026.

This summary was authorised for issue by the Mayor and Chief Executive on 29th October 2026.

This summary report cannot be expected to provide a complete understanding of the Council as provided in the Annual Report.

This summary has been prepared in accordance with financial reporting standards and has been examined by the Council's auditors for consistency with the full annual report. The auditors expressed an unmodified audit opinion on the Council's full audited statement of service performance and audited financial statements and other audited information in their report dated 29th October 2026.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full report. Readers are referred to the annual report if they require more details.

In its full financial statements, the Council has made an explicit and unreserved statement of compliance with the PBE Standards Reduced Disclosure Regime.

The full annual report is available to view at the South Wairarapa District Council offices, 19 Kitchener Street, Martinborough or can be downloaded from the Council's website www.swdc.govt.nz.

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 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 2.2km 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.

Nga mihi



Mayor Fran Wilde & Chief Executive Janice Smith

Our activities' achievements in the year

Community Facilities and Services

Social Housing

We continued to provide safe, healthy, and well-maintained homes for residents in Council-owned social housing. Key improvements included replacing ageing doors, upgrading Burling Flat 5 with double glazing and modern fittings, continuing oven and hot water cylinder replacements, and undertaking routine maintenance. Tenants remain engaged in reporting maintenance issues, helping ensure repairs are addressed promptly.

Playgrounds, Pools, Parks, and Public Amenities

We continued to invest in community facilities and recreational spaces across the district. Highlights included the opening of Te Papa Ora o Mōroa (South Wairarapa Wheels Park), the protection and preservation of the historic Carkeek Observatory, upgrades to Otairua Reserve, and significant playground refurbishments at Joy Cowley Playground and Lake Ferry Playground.

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.

Supporting Local Economic Development

The Economic Development Fund supported both established and emerging events that contribute to tourism, placemaking, and economic growth. Funding for signature festivals and local community initiatives helped showcase South Wairarapa's unique identity while generating benefits for residents, visitors, and businesses.

Finance and Corporate Support

We strengthened the organisation's capability and service delivery through key operational improvements. Highlights included completing the Martinborough office refurbishment, adopting the 2026/27 Annual Plan, implementing Zendesk to improve customer service, supporting the transition of Wellington Water staff, and enhancing regional emergency management through new partnerships and strategic planning.

Democracy & Engagement

We strengthened community participation, governance, and transparency through successful local elections, the establishment of new community advisory groups, and the adoption of a new LGOIMA policy. We also progressed the review of key policies and bylaws to support effective decision-making and Council operations.

Land Transport

We continued to invest in the resilience and maintenance of our transport network, spending approximately \$7.3 million on road maintenance and renewals. Key achievements included resurfacing 22.1 km of sealed roads, completing pavement upgrades, securing approval to extend erosion protection along the Cape Palliser coastline, and responding to significant weather-related damage across the district.

Planning & Regulatory Services

We advanced long-term planning and sustainable development through the completion of key stages of the Wairarapa Combined District Plan review, the introduction of new spatial planning initiatives, and the approval of significant renewable energy development within the district.

Stormwater

Stormwater drains are well operated and maintained, supported by no reports of flooding events from properties that are rated for stormwater.

Wastewater

We progressed key wastewater infrastructure projects across the district, including securing land to support future land-based irrigation of treated wastewater from the Martinborough Wastewater Treatment Plant and obtaining a 10-year resource consent for the Featherston Wastewater Treatment Plant. These projects support ongoing environmental improvements and regulatory compliance.

Water Supply

Key water infrastructure projects included replacing the critical Tauwharenikau River watermain and completing the first phase of water pipe renewals in Featherston. Together, these projects enhance water supply resilience and reduce losses across the network.

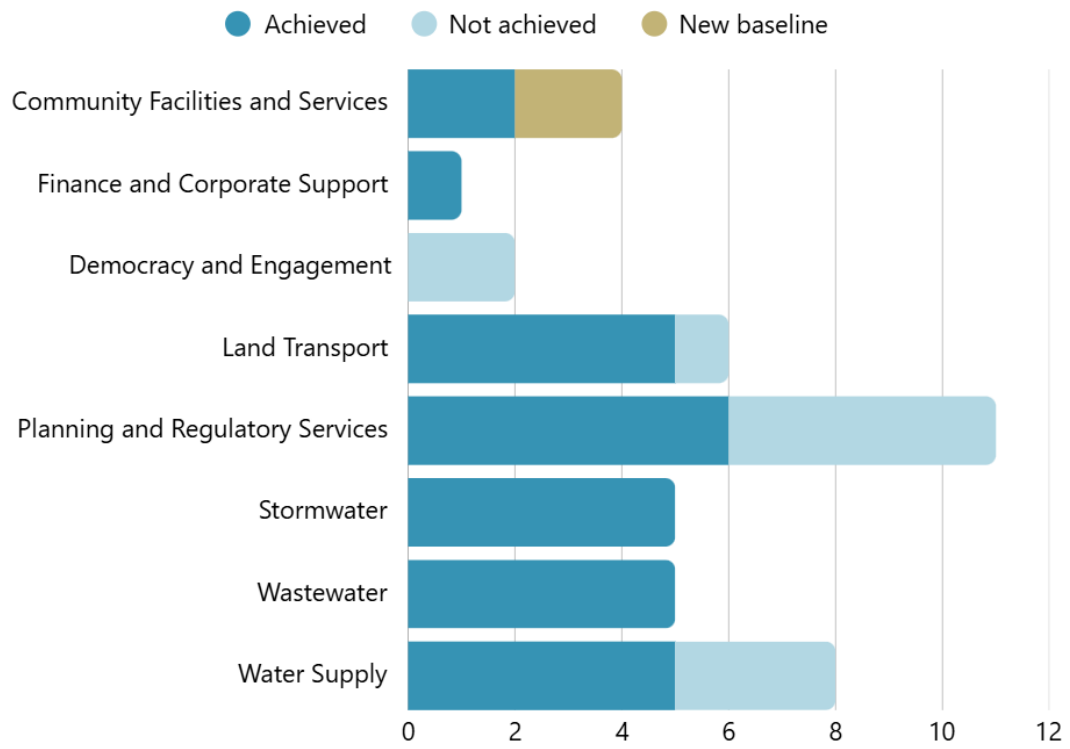
Performance measures

Council monitors its performance against 42 measures, which were established through the 2025-34 Long-Term Plan. Several of these measures are set through central government agencies, including the Department of Internal Affairs (now the Ministry for Cities, Environment, Region and Transport).

In 2025/26, Council achieved 30 of its 42 performance measures. Of the measures not achieved, five were within 5% of their target, representing only minor variances. Encouragingly, several measures that did not meet target still showed improvement compared with the previous year, demonstrating positive progress and ongoing service enhancements.

While there is always room for improvement, these results reflect solid performance across a broad range of activities. Council remains committed to continuously improving outcomes for the community and looks forward to reporting further progress against these refreshed indicators in future years.

Activity	Achieved	Not Achieved	New Baseline
Community Facilities & Services	2	0	2
Finance & Corporate Support	1	0	0
Democracy & Engagement	0	2	0
Land Transport	5	1	0
Planning & Regulatory Services	6	5	0
Stormwater	5	0	0
Wastewater	5	0	0
Water Supply	5	3	0
Total	30	10	2



Summary financial statements

The specific disclosures included in these summary financial statements have been extracted from the full financial statements adopted by the Council on 29th October 2026.

The full financial statements of the Council were prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP), and in accordance with the Public Benefit Entity Reporting Standards.

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

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

This table provides a summary of the comparative financial performance for the Council for the 2025/26 and 2024/25 financial years. This statement and the Changes in Equity summarise the operating income and expenditure as well as other financial transactions that have impacted on the Council's net equity.

Actual 2024/2025 \$000		Actual 2025/2026 \$000	Budget 2025/2026 \$000
42,631	Total operating revenue	46,889	45,122
41,249	Total operating expense*	43,908	40,725
916	Finance costs	925	2,087
12	Assets vesting in Council	206	-
25	Other gains and (losses)	163	-
503	Total surplus	2,425	2,310
(8,754)	Increase/(decrease) in revaluation reserves	39,784	40,764
(8,251)	Total other comprehensive revenue and expense	42,209	43,074

*Operating expense includes depreciation

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

Actual 2024/2025 \$000		Actual 2025/2026 \$000	Budget 2025/2026 \$000
620,994	Total equity at 1 July	612,744	619,507
Changes during the year			
503	Operating surplus	2,425	2,310
21	<i>Transfer from revaluation reserve on disposal</i>	1	-
(8,775)	Asset revaluation	39,782	40,764
612,744	Total equity at 30 June	654,953	662,581
Represented by			
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

Summary Statement of Financial Position as at 30 June 2026

Actual 2024/2025 \$000		Actual 2025/2026 \$000	Budget 2025/2026 \$000
11,237	Total current assets	9,969	8,949
636,145	Total non-current assets	687,901	718,744
647,382	Total assets	697,870	727,693
27,637	Total current liabilities	35,995	8,458
7,002	Total non-current liabilities	6,922	56,654
612,744	Total equity	654,953	662,581
647,382	Total liabilities and equity	697,870	727,693

Summary Statement of Cashflows for the Year Ended 30 June 2026

Actual 2024/2025 \$000		Actual 2025/2026 \$000	Budget 2025/2026 \$000
3,912	Total cash and cash equivalents at 1 July	7,556	4,879
Changes during the year			
8,699	Net cashflows from operating activities	11,420	9,596
(6,656)	Net cashflows from investing activities	(20,014)	(28,213)
1,600	Net cashflows from financing activities	6,000	18,820
3,644	Net (decrease)/increase in cash and cash equivalents	(2,594)	203
7,556	Cash and cash equivalents at end of the year	4,962	5,082

Explanation of major variances against budget

Explanations for major variations from SWDC's estimated figures in the 2025/26 Annual Plan 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. However, this is an unrealised accounting adjustment and does not represent a cash gain as the assets have not been sold.

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.

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, 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 the financial statements provided in Councils full annual report. The proposed future transfer has not resulted in the derecognition of 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 of Councils full annual report. 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 the annual report was 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.

Events after balance date

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

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 bridges 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 Turanganui 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.

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

The summary of the annual report was derived from the annual report of the South Wairarapa District Council (the Council) for the year ended 30 June 2026.

The summary of the annual report comprises the following information on pages [...] to [...]:

- the summary statement of financial position of the Council as at 30 June 2026;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows of the Council for the year ended 30 June 2026;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service provision (reported as Council Activities).

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2026 in our auditor's report dated 29 October 2026.

Our auditor's report on the full annual report includes emphasis of matter paragraphs drawing attention to note 26 of the financial statements in the full annual report, which outlines how future changes in the delivery of water services will affect the Council, and note 27, which outlines the Government's proposed Simplifying Local Government reform and the uncertainty about outcome and timing of any future reorganisation.

Information about this matter is also disclosed on page x of the summary of the annual report.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) 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