

ROTORUA
LAKES COUNCIL

# ANNUAL REPORT 2026

# Ngā Hiranga O Te Tau 2025/2026
# **Highlights 2025/2026**

Rotorua rising stars took centre stage during Youth Week. The Rotorua Youth Council proudly hosted a sold-out Youth Talent Quest at the Sir Howard Morrison Centre.

Organised by rangatahi, for rangatahi, showcasing their talent, the event brought together rangatahi from across the district in a vibrant celebration of creativity, confidence and community spirit.



Rotorua was proudly named one of the four finalists in this year's IXOM National Water Taste Test. While we didn't take out the title, being recognised among the country's best highlights the quality of our local water supply.

This recognition reflects the care, expertise and collaboration behind delivering safe, reliable and great-tasting drinking water every day.



From a Pulitzer Prize-winning literary icon to much-loved local voices, Rotorua Library hosted nine authors across three special events during May and June, offering booklovers a rich and varied winter programme of author talks.

Exploring everything from crime writing to journalism, Native American literature to homegrown stories, the author series brought nationally and internationally celebrated writers to Rotorua for these sold-out events.



A working group was set up to recommend a long-term solution for the future management of Rotorua city's recovered wastewater.

The working group is made up of:
- Rotorua Lakes Council Elected Members
- a Te Tatau o Te Arawa representative
- Mana Whenua nominees
- community representatives
  (appointed via expressions of interest process)

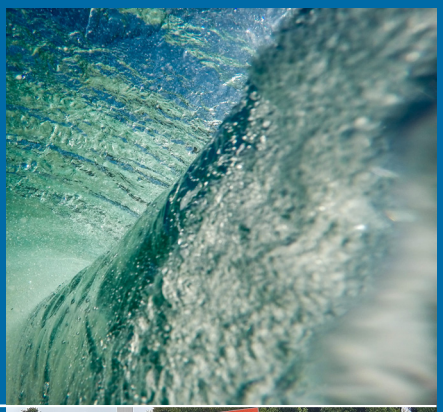
The Working Group will work to find a viable long-term solution that protects and reflects the values of our community and supports the wellbeing of Rotorua.




The Working Group will review ideas from the community, Te Arawa entities, environmental groups, and interested parties, then recommend which options should move forward for detailed investigation.

Rotorua Lakes Council's Water Services Delivery Plan was accepted by the Government in October. The Plan outlines how water, wastewater, and stormwater services will be delivered over the next 10 years.

Councils across New Zealand have been required to consider and decide how they will deliver these services as part of the Government's Local Water Done Well legislation for managing their water services. A detailed assessment of a potential multi-council grouping with Kawerau, Ōpōtiki, and Whakatāne district councils is being undertaken.



Local elections saw Rotorua District voter turnout above the national average. While we didn't achieve our ambitious goal of increasing voter turnout despite our best efforts, turnout in our district was 43.27 per cent (21,796 votes) - above the national average and close to our 2022 result. It was also encouraging to see that participation in the Māori ward increased by 3 per cent.




The Rotorua Museum Te Whare Taonga o Te Arawa redevelopment was well on its way, just months away from completion of seismic strengthening and restoration works.

Work is ongoing to secure funding to complete the development of new exhibitions ahead of the Museum's full reopening in 2028.



Rotorua Lakes Council's CCTV Team continued to make a significant contribution to community safety through proactive monitoring, strong partnerships with NZ Police, and ongoing investment in the CCTV network. During the year, the team supported 491 immediate arrests and completed 811 CCTV reviews to assist Police investigations. CCTV Operators also played a key role in two high-profile offender apprehensions, earning recognition from NZ Police for their contribution to a major intelligence-led operation.



New camera installations and upgrades strengthened monitoring capability across Rotorua, while community engagement activities helped build awareness of safety services and future career pathways. Together, these initiatives have enhanced public safety and contributed to a safer, more connected community.

Following Council's direction to review the inner city parking programme, staff investigated new service delivery models, a dedicated parking technology provider and return of the customer-facing components back in-house to Rotorua Lakes Council.

The Parking Policy, Guidelines and Traffic Bylaw were updated and, together with public consultation, set the direction for the implementation of a new parking system by 1 July 2026.

The new system, supported by contracted partner Orikan, would provide a modern, efficient and reliable service and improved experience for users.





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# He Mihi
# **Welcome**

Ka pō, ka pō, ka ao, ka ao

Tākiri mai te ata

Kōrihi ngā manu

Ka āo, ka āo, ka awatea.

E ngā reo, e ngā, mana, e ngā iwi,

Koianei te hau o mihi e rere kau ana ki a koutou.

Tangihia wō tātau aituā, kia tau ai te āhuatanga ki a rātau.

Tātau e ora nei, e whiri nei i ngā whakaaro ki ngā tau e tū mai nei.

E te hapori nui e, kei ngā tōpito katoa o te takiwā nei,

Koianei te hau o mihi ki a koutou katoa.

Mā te tirotiro ki ngā tapuwae kua hīkoitia, me te arotake i ngā wāwāhanga huhua o ngā kaupapa ka kōkirihia, ka tūpoupou, ka tōtika, ka ū pūmau te haere a te Kaunihera nei.

He ai ki te kōrero... Tatau, tatau!

Tihei Mauriora.

'Tis dark, 'tis dark, 'tis light, 'tis light

The morning breaks

The birds are singing

'Tis light, 'tis light, daylight has arrived.

To the many voices, authorities, and people,

We extend our greetings to you all.

Let us farewell those who have passed, may they find everlasting peace.

We, of this mortal coil, who can now weave our thoughts for a powerful tomorrow,

We greet you.

To the many communities of our district as a whole,

We acknowledge you all.

When we review the footsteps we have walked, and review the many aspects of our projects, the work we do here at Council remains strong, aligned, and enduring.

As the motto goes.. Better Together.

Behold there is life.

# Ngā Kōrero Mō Tēnei Pūrongo
# **About this Report**

The Annual Report is produced each year to measure Council's progress against the Long-term Plan and Annual Plan. This report covers the financial year from 1 July 2025 to 30 June 2026 and represents year two of the 2024/2034 Long-term Plan, adopted in June 2024.

It highlights both the achievements and challenges faced by Council in delivering on the second year of the Long-term Plan.

The report includes information about the Rotorua Lakes Council Group which includes our Council-Controlled Organisations (CCOs). It also includes a full set of financial statements and is independently audited by Audit New Zealand.

Rotorua Lakes Council is required by legislation to provide both a full Annual Report and a Summary of the Annual Report.




This report is intended to provide important information to a broad range of stakeholders including the Rotorua community, local businesses, non-government organisations, Council partners and government departments and agencies. It also provides Rotorua Lakes Council staff with information about how well the organisation has performed and how their efforts have contributed towards priority work areas.

# He Kupu
# Nā Te Manukura

# Mayor's Message

Tēnā koutou,

The 2025/2026 year was one of progress, change and forward planning for our Council.

Following the local elections, we welcomed several new elected members to the Council table. Fresh perspectives, combined with the experience of returning members, strengthened our ability to make decisions that reflect the aspirations of our communities while maintaining a clear focus on the long-term future of Rotorua. One of the most significant areas of work this year has been planning for the future delivery of water services. As part of the Government's Local Water Done Well reforms, Council was required to prepare and submit a Water Services Delivery Plan outlining how Rotorua's drinking water, wastewater and stormwater services will be delivered into the future. The plan was accepted by Government, providing certainty around our next steps. We established a working group with three neighbouring Bay of Plenty councils to explore the potential for a multi-council water services organisation and to assess the best approach for meeting future regulatory requirements while continuing to deliver safe, reliable and high-quality services to our communities.

At the same time, we continued to invest in essential infrastructure for our district. Safe, reliable and sustainable infrastructure remains a Council priority, and we have made strong progress on key projects. This includes the ongoing upgrade of our wastewater treatment plant, which will increase the plant's capacity and enable wastewater to be treated to an even higher standard. We also established a dedicated working group to consider future options for managing treated wastewater (recovered water), recognising the importance of finding a sustainable and appropriate long-term solution.

The final stage of the Tarawera Sewerage Scheme also advanced significantly, with 304 on-property low-pressure grinder pump systems installed and 378 locality plans signed by the end of the financial year. This project continues to play an important role in protecting the health of our lakes and communities.

We saw excellent progress on fixing the Rotorua Museum, with the construction phase on track to be completed on time and under budget. This brings us closer to reopening one of our district's most iconic heritage and cultural assets.

Across the organisation, work also began to develop a proposal for Government's Head Start pathway for local government reform, with the aim of ensuring Rotorua had a strong voice in shaping its future and was well prepared to take advantage of opportunities that could support more effective and efficient council services and operations.

As one of New Zealand's top tourism destinations, we continued to advocate strongly to Government for a fairer funding model that better recognises the costs of hosting visitors. While tourism delivers significant economic benefits for our district and the wider country, it also places pressure on the infrastructure and services that local ratepayers fund. We strongly supported a bed tax that

would see visitors contributing more directly to costs they generate. The Government recently signalled its intention to redistribute funding collected through the International Visitor Levy to councils to help cover these costs. Under that proposal, Rotorua Lakes Council could receive approximately $20 million over four years. We look forward to seeing how this progresses following the election and will continue advocating strongly with the new Government for sustainable funding solutions.

This year also brought improvements in the way we deliver services to our community. The reintegration of InfraCore into the Council organisation has already led to better responsiveness and enhanced maintenance of parks and open spaces. We also listened closely to feedback from residents and businesses about our parking system. In response, we made the decision to modernise the service through a new provider, upgrading the parking machines, introducing a new user-friendly parking app, and bringing management back in-house to improve the customer experience.

Environmental sustainability has remained a key focus. Council launched a major education and awareness campaign ahead of the introduction of the Food Organics and Garden Organics (FOGO) collection service, helping residents prepare for a significant step forward in waste reduction. The need for change has been clear. Rotorua's landfill is capped, meaning all rubbish must be transported out of the district for disposal. With landfill capacity becoming increasingly constrained and government waste levies continuing to rise, the cost of managing waste is expected to increase over time. FOGO is projected to divert around 6,000 tonnes of organic waste from landfill each year and cut Council's waste-management carbon footprint by approximately 80 per cent, delivering both environmental and long-term financial benefits for our community. Despite ongoing economic challenges facing local government across New Zealand, Rotorua Lakes Council retained its AA- credit rating from Fitch Ratings, with a stable outlook. This reflects the strength of our financial management and our commitment to making prudent decisions on behalf of our community.

I would like to thank my fellow elected members, Council staff, our iwi partners, community organisations, businesses and residents for their contribution throughout the year. Together, we are continuing to build a better Rotorua for current and future generations.

Ngā mihi nui

TANIA TAPSELL
**Her Worship the Mayor**



# He Karere Nā Te Toihautū **Chief Executive Message**

Tēnā koutou,

I want to firstly acknowledge the mana whenua of Rotorua – Te Arawa – for the very important ongoing role that they play in and for the benefit of our District.

A heartfelt thank you to our elected members for their service to the Rotorua community. I have enjoyed working with Mayor Tania Tapsell and the new council that was elected in 2025.

And a massive thank you also to all of our Rotorua Lakes Council staff for their ongoing commitment and service. As an organisation, we have worked very hard to deliver savings to achieve lower rates increases for ratepayers while maintaining services for the benefit of the residents of our district.

We continue to strive to deliver excellent services, facilities and infrastructure for our community and to look for opportunities for improvement and efficiencies.

This annual report represents what we have achieved during the past financial year, within an environment of change.

A big part of our work has revolved around options relating to the Government's Head Start reforms process. This was introduced to enable councils to submit proposals and conversations with our community were initiated towards the end of the financial year, providing input for Council decision-making.

Work to assess potential options for Rotorua were undertaken in-house to provide analysis for our elected members.

The year also saw us progressing investigations into future delivery of water services with our three neighbouring Eastern Bay of Plenty councils, as part of commitments made under the government's Local Water Done Well policy and legislation.

Investment in infrastructure remained a delivery priority and the redevelopment of our museum has been progressing well, on time and on budget.

Other important work undertaken during the year included preparations for change in inner city parking, ongoing reintegration of our former works CCO InfraCore back in-house which included a focus on health and safety improvements.

At the same time we have managed significant natural events that have impacted our district and had to respond to other unplanned events such as lake weed strandings.

Council retained its AA- credit rating from international agency Fitch. This is a good rating which reflects a stable outlook and is a rating this organisation has maintained since first being tested by Fitch in 2016.

This is a significant achievement given the challenging environment in which we have continued to operate.

I invite you to read through this annual report to learn more about what Rotorua Lakes Council has been able to achieve during this past year.

As Chief Executive, I remain focussed on continuing to look for efficiencies and improvements and our organisation remains committed to delivering for the benefit of our Rotorua district.

Ngā mihi nui



ANDREW MORAES
**Chief Executive**



# TE ĀRAHITANGA Ā-ROHE
# CIVIC LEADERSHIP

# Manu Mātārae
# Elected Members - Our Council

GENERAL WARD
MĀORI WARD
RURAL WARD



## MAYOR TANIA TAPSELL
Her worship the Mayor of Rotorua
Chair: Council
Chair: Chief Executive Performance Review Committee
✉ office.mayor@rotorualc.nz



## CR SANDRA KAI FONG
Deputy Mayor of Rotorua
Deputy Chair: Council
Deputy Chair: Audit & Risk Committee
Deputy Chair: Performance Review Committee
Chair: Future Development Strategy Committee
✉ Sandra.KaiFong@rotorualc.nz



## CR GREGG BROWN
Deputy Chair: Infrastructure Committee
✉ Gregg.Brown@rotorualc.nz



## CR ROBERT LEE
✉ Robert.Lee@rotorualc.nz



## CR DON PATERSON
✉ Don.Paterson@rotorualc.nz



## CR BEN SANDFORD
✉ Ben.Sandford@rotorualc.nz



## CR FISHER WANG
Community Ambassador
Chair: Dog Control Panel Committee
✉ Fisher.Wang@rotorualc.nz



## CR TREVOR MAXWELL
Cultural Ambassador
✉ Trevor.Maxwell@rotorualc.nz



## CR MEREPEKA RAUKAWA-TAIT
Chair: Te Arawa 2050 Vision Committee
✉ Merepeka.Raukawa-Tait@rotorualc.nz



## CR TE RIKA TEMARA-BENFELL
Deputy Chair: Te Arawa 2050 Vision Committee
✉ TeRika.Temara-Benfell@rotorualc.nz



## CR KAREN BARKER
Chair
Infrastructure Committee
✉ Karen.Barker@rotorualc.nz






## ROTORUA LAKES COMMUNITY BOARD

**From left to right:** Peter MacMillan, Jennifer Rothwell, Mitch Collins: (Chair), George Gilmor: (Deputy Chair)






## ROTORUA RURAL COMMUNITY BOARD

**From left to right:** Karen Forlong, Colin Guyton: (Chair), Tina Marshall, Tina Rose: (Deputy Chair)

# Tō Mātau Tirohanga Whakamua Mō Rotorua
# **Our Vision for Rotorua**

Council has a vision for a better Rotorua for all. What Council delivers and how it delivers will help to realise the vision. The focus of Council's work programme in the 2024/2034 Long-term Plan is on the following nine key outcomes:

| | |
|---|---|
| **Connected and Resilient** | **Kua tūhonohono te hapori, ā,kua rite ki ngā putanga nui o te huringa āhuarangi me ngā aituā māori, mā te pakari o ngā mahi tūānuku ka eke ka ora.**<br>Our communities are cohesive and prepared for the effects of climate change, natural hazards and we invest in safe and reliable infrastructure. |
| **Employment and Economy** | **Ka whakakahangia ngā pakihi kia tupu tūturu ai. Mā te nui a ngā whaiwāhitanga haumi ka eke ka roto ora. Ka kite i te putaputa mai o ngā whiwhinga mahi e wātea ana ki te tangata.**<br>We enable businesses to grow with confidence through increasing investment opportunities. There are employment options across a range of sectors. |
| **Tourism** | **He wāhi pakari tēnei e hiahiatia ana e te ao te tae atu, he pokapū whakarawerawe, kua rongo nui tōna ingoa.**<br>We are a world class destination, with a vibrant inner city and a positive reputation. |
| **Housing** | **E wātea ana ki te kainoho o te tāone he whare tuawhiti e taea ai e rātau te noho haumaru, te noho marutau e pai ai tana oranga.**<br>All residents have access to a range of housing options that ensures they can live in quality homes that are safe and healthy. |
| **Active** | **Kua tūhera katoa ngā rotomoana, ngā ngahere, me ngā papa wātea, ā, ko te kounga o ngā whare rēhia, ka toro atu ngā ringa ki te tangata, māna tōna oranga e whakahī, e whakahā ia te rā.**<br>The accessibility of our lakes, forests, open space networks and the quality of our facilities create opportunities for everyone to be active throughout their lives. |
| **Environment** | **He arotahinga ki te whakapaipai, ki te tiaki hoki i ngā roto moana, i ngā arawai, me ngā ngāherehere.**<br>We are committed to protecting and improving our lakes, waterways and forest environments. |
| **Safety** | **Kua korowaihia ā tātau hapori, ngā pakihi, me ngā manuhiri ki te korowai o marutau huri āwhio i te takiwā.**<br>Our communities, businesses and visitors feel safe across our District. |
| **Mana Whenua / Tāngata Whenua Aspirations** | **E kitea ana, e taunakitia ana e mātau ko wā te tangata whenua e manakotia ana. Ka noho mātau hai hoa haere ki te whakatupu rau ōhanga, ki te whakapuare kūaha pāpori hoki rā hei painga mō te katoa.**<br>We recognise and support the aspirations of Tangata Whenua/Mana Whenua and partner to grow economic and social opportunities and benefits for everyone. |
| **Arts and Culture** | **Ko te ahurea tuakiri o Rotorua, he motuhake, koia hoki te papa whakapoapoa i te tangata kia tae atu ki ngā manomano pātanga. Ka oreore te takiwā, ka kōkiritia ngā kaupapa ōhanga me ngā hua ki te hapori i roto tonu i ngā taupuni me te rohe whānui.**<br>Our District's unique cultural identity is the foundation for attracting and delivering a diverse range of events, increasing vibrancy and activity and driving economic and community benefits within our facilities and for our District. |

# Te Tatau O Te Arawa
# **Te Arawa Partnership Board**

In December 2015 the Te Arawa partnership was signed between Te Arawa and Rotorua Lakes Council.

Te Tatau o Te Arawa is the board that represents the collective interests of Te Arawa under the Te Arawa Partnership Agreement with Rotorua Lakes Council.

The board comprises 14 members, representative of a cross section of Te Arawa representatives including Koeke (esteemed elders), Rangatahi (youth) Ngāti Whakaue, Te Arawa iwi and hapū, Land Trusts and Incorporations, and Pan Te Arawa Entities.

Rotorua Lakes Council thanks Te Tatau o Te Arawa for its enduring relationship and its commitment to the betterment of our community.

TE TATAU O TE ARAWA

## TE TATAU O TE ARAWA BOARD MEMBERS:

### TE ARAWA IWI AND HAPU (6 SEATS)

| | |
|---|---|
| James Hamiora | Te Waiarangi Hotere |
| Bryce Murray | Dr Kēpa Morgan |
| Te Taru White | Potaua Biasiny-Tule |

### KOEKE (1 SEAT)

| |
|---|
| Kiri Potaka-Dewes |

### NGĀTI WHAKAUE (2 SEATS)

| | |
|---|---|
| Rangitiaria Tibble (Deputy Chair) | Lani Kereopa |

### TARATI WHENUA & KAPOREIHANA | LAND TRUSTS & INCORPORATIONS (2 SEATS)

| | |
|---|---|
| Geoff Rolleston | Rawiri Waru (Chair) |

### HUIHUINGA HINONGA O TE ARAWA | PAN TE ARAWA ENTITIES (1 SEAT)

| |
|---|
| Roku Mihinui |

### RANGATAHI (2 SEATS)

| | |
|---|---|
| Hinemoa Dawn Nopera-Webby | Maringi Te Rangi-Ataahua James |

# Te Takiwā O Rotorua: He Tauira O Te Houruatanga Me Te Mahi Ngātahi
# Rotorua District: A Model of Partnership and Collaboration

Rotorua Lakes Council stands as a leading council in collaboration, shaped by a long history of partnership with mana whenua.

This enduring partnership traces back to the 1880 Township Agreement, a foundational covenant between the Crown and Te Komiti nui o Rotorua, which includes Ngāti Whakaue, Ngāti Rangi Wewehi and Ngāti Uenukukōpako that enabled the establishment of the Rotorua township. The Township Agreement reflects the early recognition of mana whenua authority and continues to inform Council's approach to shared decision-making today.

Rotorua Lakes Council remains committed to honouring Te Tiriti o Waitangi and upholding all legislative and relationship obligations.

Through formalised agreements, strategic collaboration and shared aspirations, Council and mana whenua continue to build a thriving Rotorua that reflects the identity and values of its people.

Rotorua Lakes Council recognises that achieving a thriving district requires strong relationships with iwi, hapū and whānau Māori.

There are currently 25 formal relationships between iwi/ hapū and Rotorua Lakes Council.

### Relationship/Partnership Agreements with iwi and hapū

Over the years, previous Councils have entered into agreements with mana whenua that provide for regular, formal meetings between the governance of mana whenua groups and Council.

Council staff report on relevant activities at these meetings, which also serve as an important forum to raise awareness of issues or projects.

**Those agreements and protocols include:**

- Joint Management Agreement (JMA) with Ngāti Raukawa. This JMA has legislative effect requiring joint decision-making for specific Resource Management Act planning decisions.
- JMA with Te Arawa River Iwi, which has similar effect to the Raukawa JMA.
- Protocol agreements with Ngāti Rangiwewehi, Tapuika and Ngāti Rangiteaorere, which were negotiated as part of their Treaty settlements. These require regular meetings of iwi and council leadership.
- Tūhourangi Agreement. This is an early agreement negotiated outside of Treaty settlement. It requires regular meetings and is an important leadership mechanism because of the range of council projects affecting Tūhourangi (currently including the Tarawera sewerage scheme, public mountain bike trails across their lands and upgrades of council lakeside reserves affecting their lands and taonga).

- Gifted Reserves Protocol with Ngāti Whakaue. In 1994 the Crown agreed to return reserves to Ngāti Whakaue if those reserves are no longer needed for their gifted purpose. The Gifted Reserves Protocol was agreed in 1995 and requires that Council (as manager of the reserves) seek Ngāti Whakaue approval before any lease, easement or similar transaction is entered into over the reserves.
- Kauae Cemetery. Ngāti Whakaue have vested a large portion of their land for use as a public cemetery. The Trustees of the cemetery are appointed by Ngāti Whakaue and Council.

Rotorua Lakes Council is also a member of two key co-governance entities established through Treaty settlements:

- **Tarawera Awa Restoration Strategy Group (TARSG)**

  Established through the Ngāti Rangitihi Settlement Act, the co-governance group led by Te Mana o Ngāti Rangitihi works with iwi and other councils to restore and protect the mauri of the Tarawera Awa and its catchment, supporting shared environmental and cultural outcomes.

- **Te Maru o Kaituna River Authority**

  Established through the Tapuika Claims Settlement Act 2014, the Authority is a co-governance partnership made up of iwi representatives from Tapuika Iwi Authority Trust, Te Kapu o Waitaha, Te Pūmautanga o Te Arawa Trust, Te Tāhuhu o Tawakeheimoa Trust and Te Komiti Nui o Ngāti Whakaue, along with council representatives from Bay of Plenty Regional Council, Rotorua Lakes Council, Western Bay of Plenty District Council, and Tauranga City Council. It is a permanent joint committee of the four councils and works collectively to uphold the values of the Kaituna River through joint planning and implementation of the Kaituna River Document.

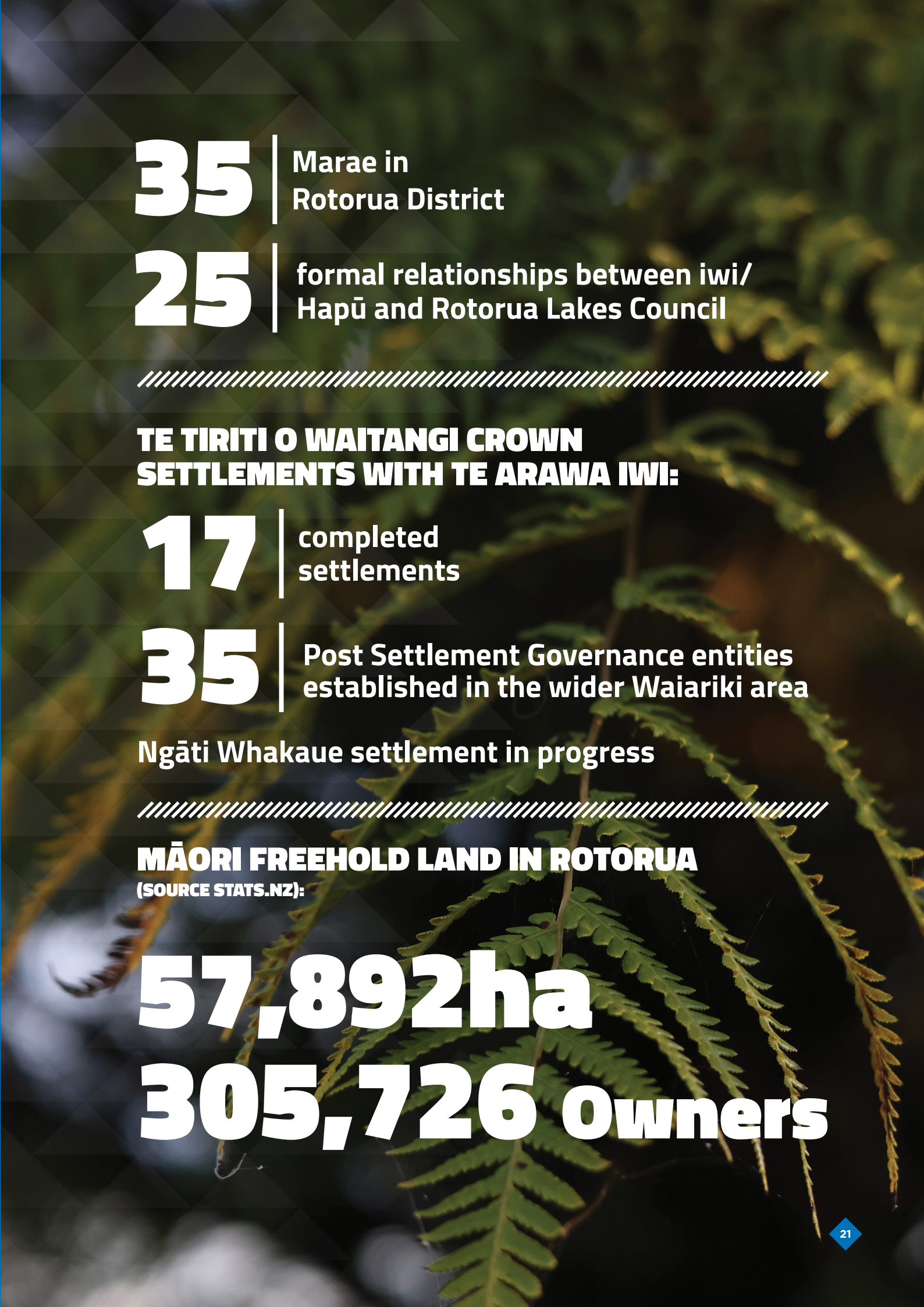
**Additional significant partnership agreements include:**

- **Karamū Tākina Springs Agreement with Ngāti Kearoa-Ngāti Tuara**
  A co-management agreement over one of Rotorua city's main drinking water sources, supplying about 60% of the city's water. The agreement returns land to the iwi, acknowledges their ancestral guardianship, and establishes a joint decision-making framework. It also enables future cultural initiatives and supports long-term water access arrangements.

- **Te Puna a Pekehaua Joint Resource Consent with Ngāti Rangiwewehi**
  A nationally recognised partnership that enables continued community water supply from Te Waro Uri, a sacred spring and major contributing spring to the larger Puna o Pekehaua (Taniwha Springs), through a joint resource consent. This agreement followed the return of land taken under the Public Works Act and embeds tikanga and kaitiakitanga into the ongoing management of this taonga.

The following Treaty settlement legislation applies to Rotorua Lakes Council:

- Te Arawa Lakes Settlement Act 2006
- Affiliate Te Arawa Iwi and Hapū Claims Settlement Act 2008
- Central North Island Forests Lands Collective Settlement Act 2008
- Ngāti Tūwharetoa, Raukawa, and Te Arawa River Iwi Waikato River Act 2010
- Raukawa Claims Settlement Act 2014
- Ngāti Rangiwewehi Claims Settlement Act 2014
- Tapuika Claims Settlement Act 2014
- Ngāti Rangiteaorere Claims Settlement Act 2014
- Ngāti Rangitihi Claims Settlement Act 2022



**35** | Marae in Rotorua District

**25** | formal relationships between iwi/ Hapū and Rotorua Lakes Council

## TE TIRITI O WAITANGI CROWN SETTLEMENTS WITH TE ARAWA IWI:

**17** | completed settlements

**35** | Post Settlement Governance entities established in the wider Waiariki area

Ngāti Whakaue settlement in progress

## MĀORI FREEHOLD LAND IN ROTORUA

(SOURCE STATS.NZ):

**57,892ha**

**305,726 Owners**

# Tō Mātau Takiwā
# **Our District**

**Population over 77,000 people**

**63%** are of working age (15-64)

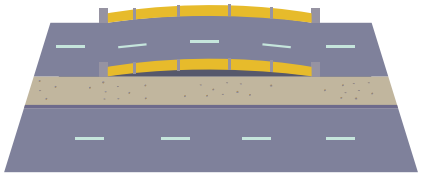
**18%** were born overseas

**43%** are Māori

**21%** are aged 0(14)

** Source: Stats NZ*

## COUNCIL ASSETS AND SERVICES THAT SUPPORT OUR COMMUNITY



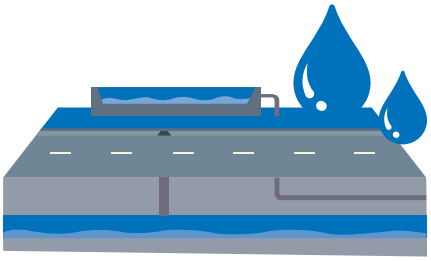
**1014** km of roads

**900** km of sealed roads

**114** km of unsealed road

**383** km of footpaths

**80** km of road bridges

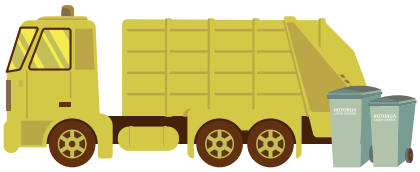


**154** km of stormwater channels

**284** km of stormwater pipelines

**761** km of water pipelines

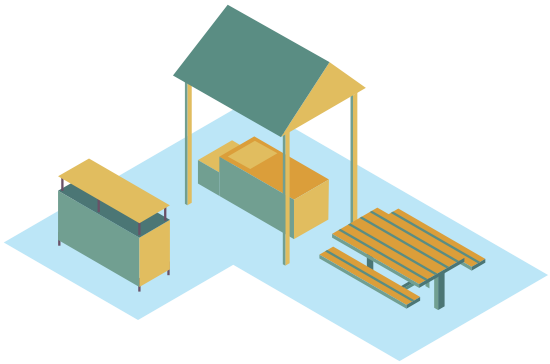
**9** water supply treatment plants



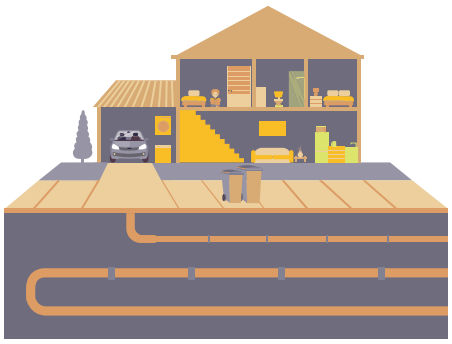
**41,473**
tonnes of waste collected in 2024

**12,489**
tonnes of recycled material diverted from landfill in 2024

**31,203**
households have their rubbish collected



**37** BBQ areas
**189** picnic tables



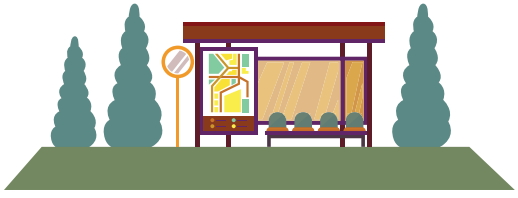
**574** km of sewer pipelines



**80** playgrounds



**67** public toilets



**144** bus shelters

# Te Ārahitanga Ā-Ohu
# Organisational Leadership

The Rotorua Lakes Council Executive Team is led by the Chief Executive.

The organisation is made up of four groups.

- Infrastructure and Assets
- Destination Development
- Organisational Performance and Innovation
- Community Experience

Our organisation has many skilled and professional people who are passionate about our District and its future. Within the four group areas, there are 22 business units made up of 575 FTEs (Full Time Equivalent Employees) who deliver our services and projects.

- Three other teams provide critical functions that report to the Chief Executive
- Te Arawa Partnerships
- Finance

## EXECUTIVE TEAM

**Chief Executive**
Andrew Moraes

**Manahautū Te Arawa Hourua - Te Arawa Partnerships**
Paul Warbrick

**Group Manager – Infrastructure and Assets**
Stavros Michael

**Group Manager – Destination Development**
Jean-Paul Gaston

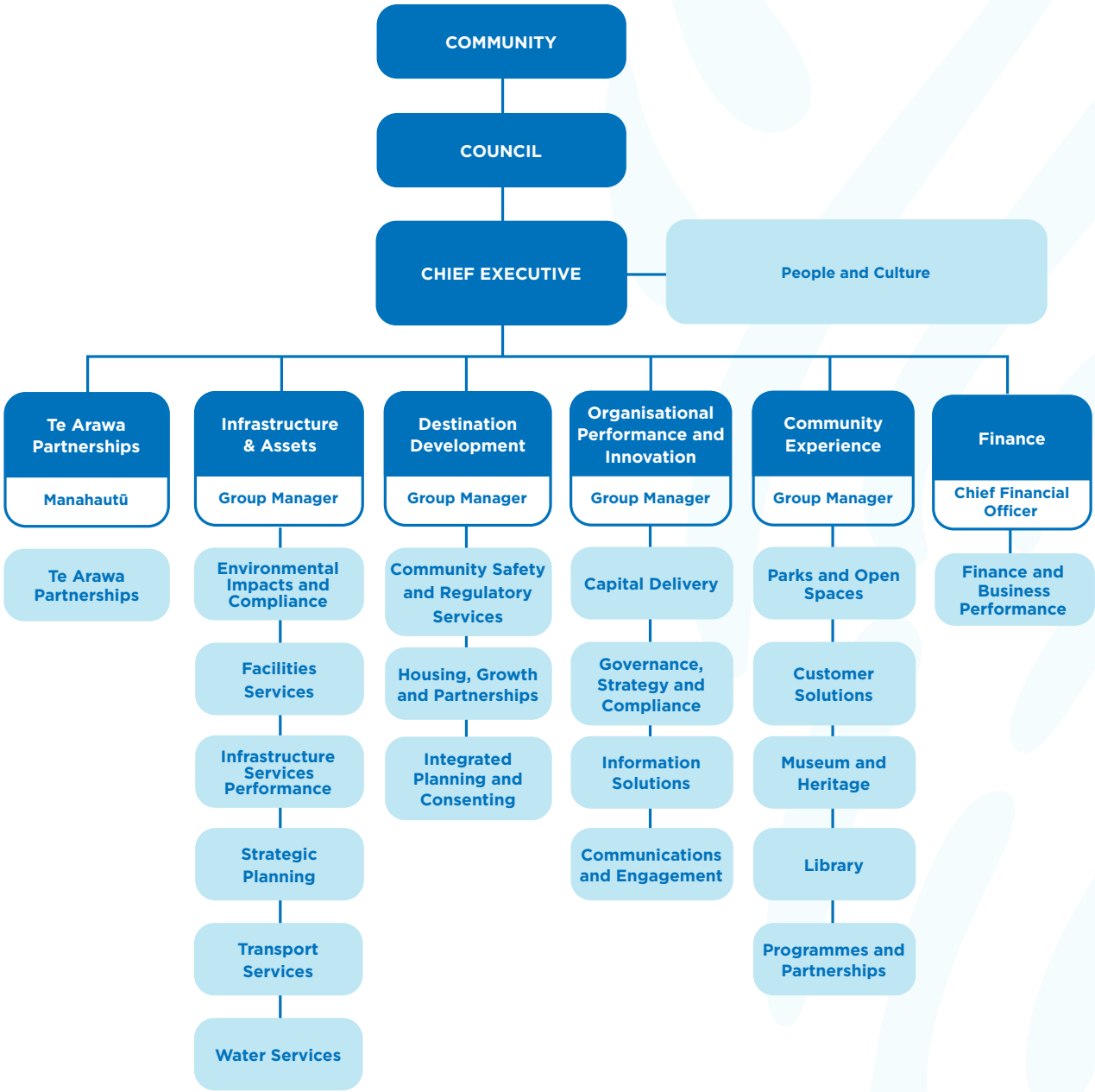
**Group Manager – Organisational Performance and Innovation**
Sam Fellows

**Group Manager – Community Experience**
Alex Wilson

**Chief People Officer – People and Culture**
Clint Brickhill

**Chief Financial Officer**
David Jensen

# Te Ohu Manahautū
# **Organisational Leadership**



# TE TAU KUA HIPA **YEAR IN REVIEW**

# He Mātainga Poto: Te Mahinga Pūtea
# **At a glance: Financial performance**

| | Actual | Budget |
|---|---|---|
| Operating surplus / (deficit) | ($1,176) | $57,827 |
| Revenue | $216,417 | $257,016 |
| Expenditure | $217,593 | $199,189 |
| Revenue – from rates | $164,606 | $159,928 |
| Revenue – from other sources | $51,811 | $97,088 |
| Capital expenditure | $95,418 | $145,368 |
| Net debt | $526,200 | $503,598 |
| Credit rating – Fitch International Feb26 | AA- | |
| Outlook | Stable | |

Rotorua Lakes Council operated in a challenging financial environment during 2025/26, with ongoing inflationary pressures, increasing infrastructure costs, adverse weather impacts, and growing regulatory requirements continuing to affect both the organisation and the wider local government sector. Despite these challenges, Council maintained a stable financial position and continued to deliver essential services and invest in critical infrastructure across the district.

Council reported an overall operating deficit for the year. This result reflects a combination of planned and unplanned expenditure pressures, including increased infrastructure maintenance requirements, legal costs, weather-related recovery activities, and broader inflationary impacts experienced throughout the economy. While these pressures affected the final result, Council's underlying revenue performance remained resilient.

A key feature of the year was the continued focus on delivering Council's capital investment programme. While progress was made across several strategic projects, delivery was lower than originally planned due to the complexity of project delivery, market constraints, procurement challenges, and the increasing scale of infrastructure projects being undertaken across New Zealand. These factors are not unique to Rotorua and continue to be experienced throughout the local government sector.

Despite the lower capital delivery, Council remains well positioned to continue investing in the infrastructure required to support community wellbeing, growth, resilience, and

environmental outcomes. Council also remained compliant with its treasury and borrowing requirements throughout the year, providing confidence that financial risks continue to be actively managed.

Looking ahead, councils across New Zealand face a common challenge of balancing community affordability with increasing expectations for infrastructure investment, climate resilience, regulatory compliance, and service delivery. These pressures are expected to remain a significant consideration as Council develops its next Long-term Plan and determines how best to fund and prioritise future investment.

Council also continues to prepare for changes arising from the Local Water Done Well programme and other sector reforms, which will have important implications for future funding, asset management, and long-term financial planning. Transparent planning and prudent financial management will remain critical as the organisation responds to these evolving requirements.







# Te Whakahaere Pūtea
# **Managing the money**

The Rotorua Lakes Council spent $218 million during the year to deliver essential services and community outcomes across the district, including transport, water services, stormwater, libraries, recreation facilities, emergency management, planning, and regulatory services. Council also invested $95.4 million in renewing and improving infrastructure and community assets to support Rotorua's future growth, resilience, and wellbeing.

Council is responsible for managing assets with a value of approximately $2.1 billion, including roads, bridges, water and wastewater networks, stormwater infrastructure, parks, community facilities, and public spaces. Maintaining and renewing these assets remains a significant challenge as infrastructure ages, service expectations increase, and costs continue to rise.

While Council recorded an overall accounting deficit for the year, the result reflects the broader pressures currently facing local government, including inflation, increasing infrastructure demands, weather-related impacts, and ongoing regulatory change. Despite these challenges, Council remained focused on delivering services to the community while carefully balancing affordability and long-term financial sustainability.

Looking ahead, Council faces important decisions around infrastructure investment, growth, affordability, and water reform. These issues will be central to the development of the next Long-term Plan as Council works with the community to ensure Rotorua remains financially sustainable, resilient, and well-positioned for the future.

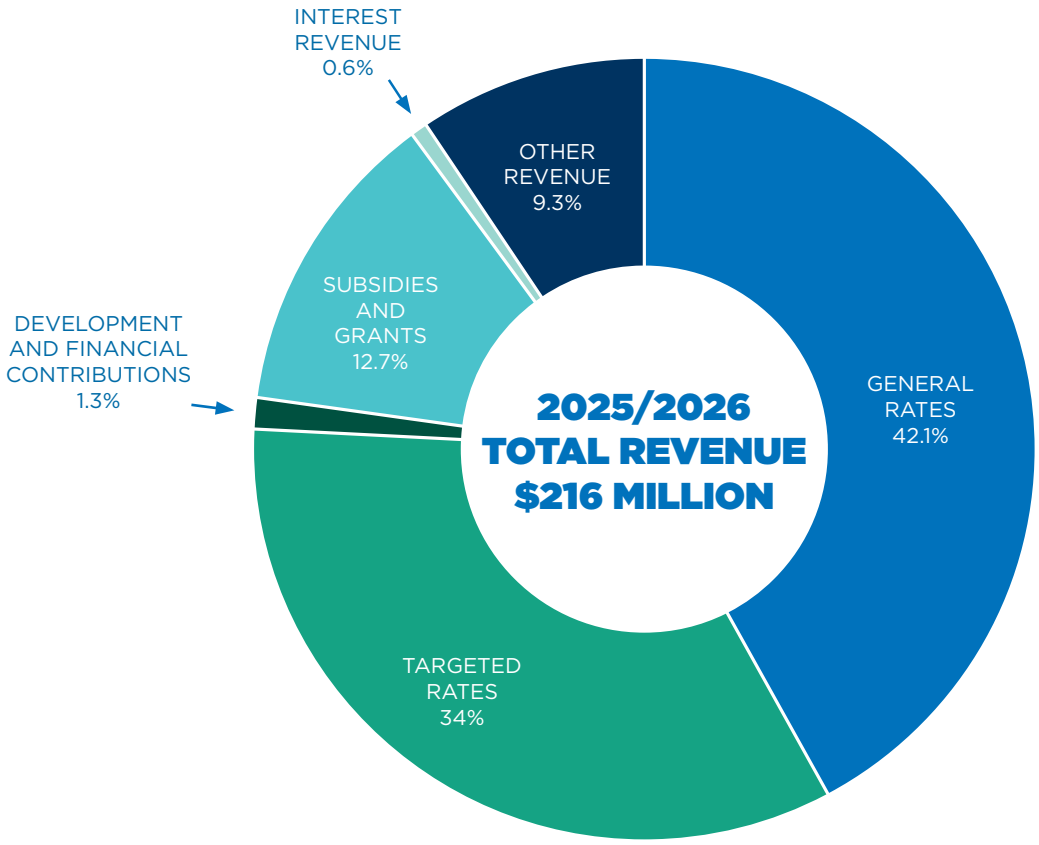
For comprehensive details, please refer to the Council's Financial Statements starting on page 87.

## WHERE DID COUNCIL'S REVENUE COME FROM?

In the 2025/26 financial year, Rotorua Lakes Council generated $164 million from general and targeted rates, representing 76% of total operating revenue (2024/25: $146 million; 68%). Rates remain Council's primary source of funding, enabling the delivery of essential services, maintenance of critical infrastructure, and investment in community outcomes across the district.

Council has a priority to be financially sustainable, and remains mindful of the affordability pressures facing households and businesses, and continues to balance the need for rates-funded services with increasing demands arising from ageing infrastructure, growth, resilience requirements, and regulatory change.

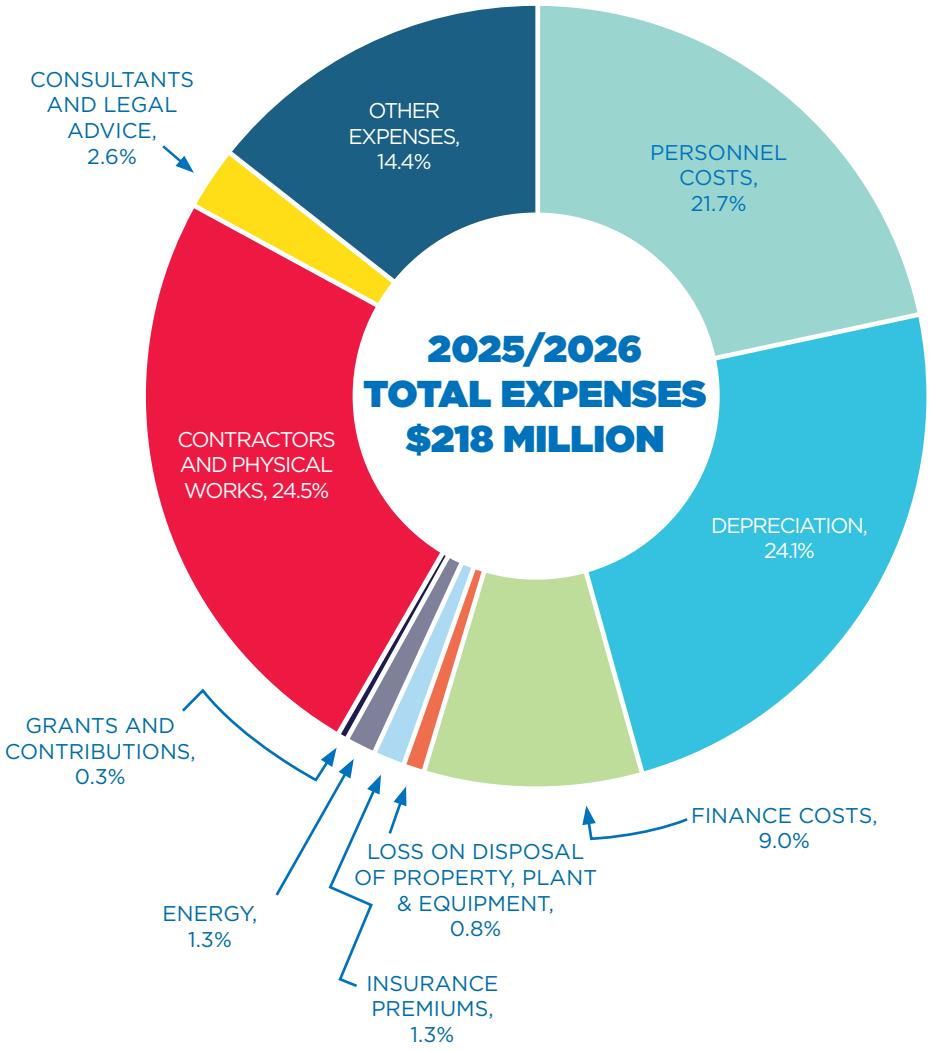
In addition to rates revenue, Council received $27 million from subsidies and grants, representing 12.7% of total revenue (2024/25: $43 million; 20%). These external funding sources play an important role in reducing the cost burden on local ratepayers by supporting investment in transport networks, environmental programmes, community facilities, and other strategic initiatives that contribute to Rotorua's long-term wellbeing.



## WHAT WERE COUNCIL FUNDS USED FOR?

During the 2025/26 financial year, Rotorua Lakes Council spent $218 million in delivering essential services and maintaining the infrastructure that supports the district. This included funding for roads, water, wastewater and stormwater services, community facilities, parks and reserves, recreation services, regulatory activities, and emergency management.

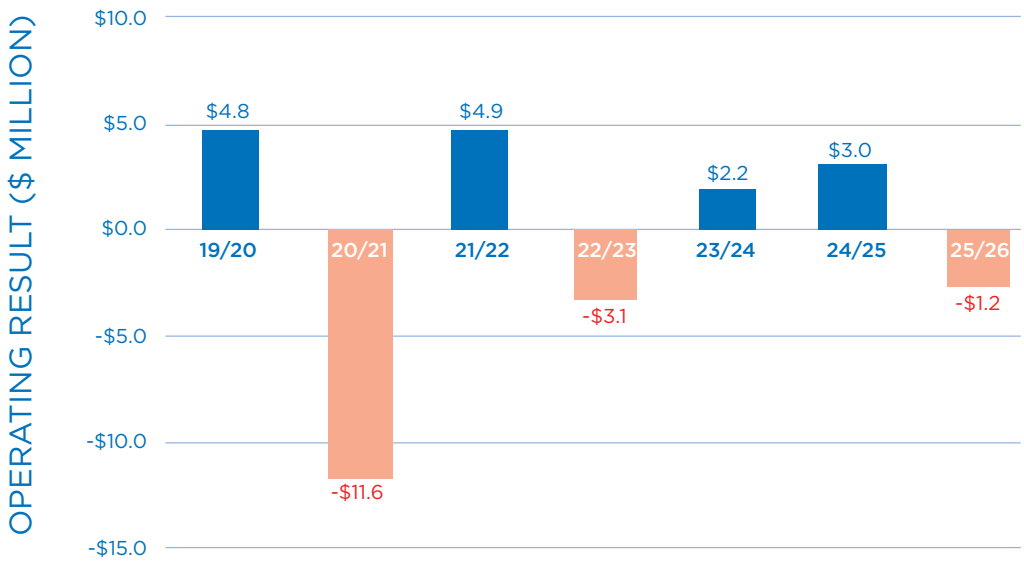
In a year marked by rising costs, increasing infrastructure demands, and ongoing sector reform, Council remained focused on balancing affordability for ratepayers with the delivery of services and investment needed to support the wellbeing, resilience, and future growth of the Rotorua district.



## HOW DOES OUR PERFORMANCE COMPARE WITH PREVIOUS YEARS?

In the 2025/26 financial year, Rotorua Lakes Council generated revenue of $216 million and incurred expenditure of $218 million in delivering essential services, maintaining community infrastructure, and investing in the long-term wellbeing of the district which resulted in an operating deficit of $1.2 million. Like many councils across New Zealand, Rotorua Lakes Council continued to face rising operating costs, increasing infrastructure demands, weather-related impacts, and ongoing regulatory change.

Despite these challenges, Council remained focused on delivering core services to the community, maintaining critical infrastructure, and balancing affordability for ratepayers with the investment required to support the district's future growth, resilience, and wellbeing.



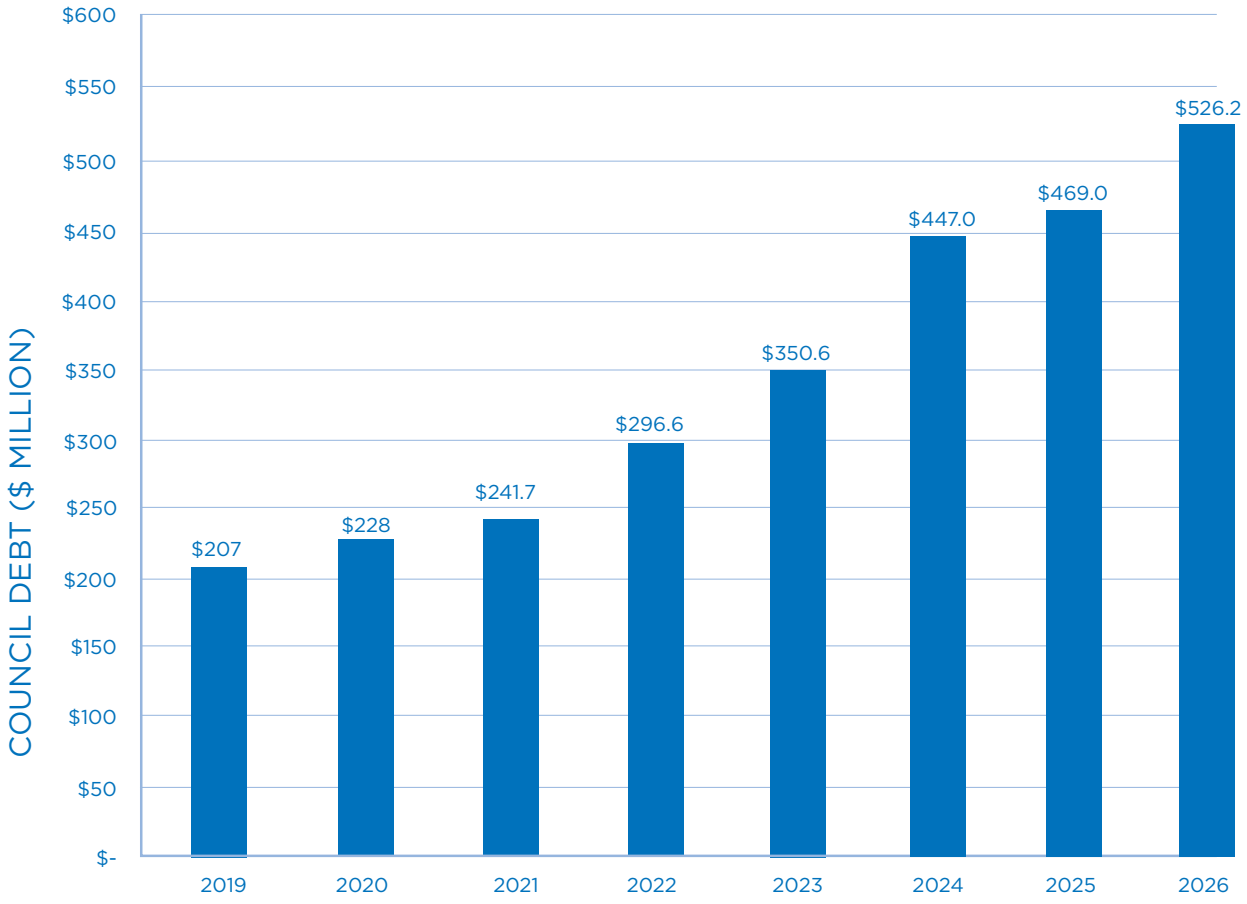

Page 174 provides a detailed explanation of major variances.

## COUNCIL DEBT

During the 2025/26 financial year, Rotorua Lakes Council's total debt increased by $57 million, bringing the overall debt position to $526 million. Borrowing continues to play an important role in funding long-term infrastructure and community investments that support the district's growth, resilience, and wellbeing.

While debt increased during the year, the overall position remained lower than originally forecast due to delays in the delivery of parts of the stormwater capital programme. As a result, some planned borrowing was deferred until future years as projects progress through design, consenting, procurement, and delivery phases.

Council uses borrowing to fund assets and infrastructure that provide benefits over many decades, including transport, water, wastewater, stormwater, and community facilities. This approach ensures that the cost of these long-lived assets is shared fairly between current and future generations who will benefit from their use, while helping to manage affordability pressures for today's ratepayers.

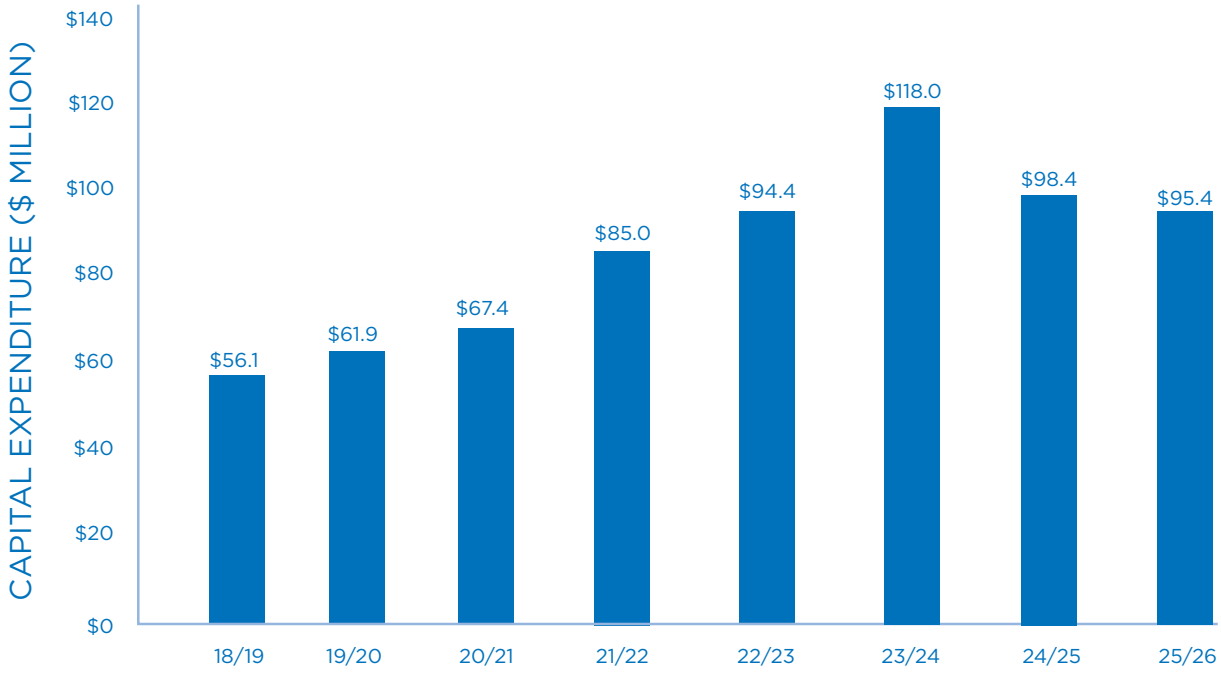


## CAPITAL EXPENDITURE

During the 2025/26 financial year, Rotorua Lakes Council invested $95 million in capital projects to renew, improve, and expand the infrastructure and facilities that support the district's long-term wellbeing and growth. This investment included $38 million in asset renewals, $52 million in service level improvements, and $5 million in growth-related infrastructure.

Capital investment remained focused on maintaining the resilience of essential infrastructure while progressing a number of significant strategic projects for the community. Key projects delivered or advanced during the year included the Rotorua Museum redevelopment, upgrades to the Wastewater Treatment Plant, continued implementation of the Tarawera Sewerage Scheme, and improvements across Council's transport, stormwater, and community infrastructure networks.

While overall capital delivery was lower than originally planned due to delays within parts of the stormwater programme, Council continued to make meaningful progress on critical infrastructure investments that support public health, environmental outcomes, climate resilience, and the future growth of Rotorua.





# Ngā Wero Matua Me Ngā Āheinga
# **Key Challenges And Opportunities**

### LOCAL WATER DONE WELL

The Local Government (Water Services) Act 2025 established a new framework for the delivery and management of water services. Rotorua Lakes Council's Water Services Delivery Plan was accepted by the Secretary for Local Government in October 2025, enabling Council to continue delivering drinking water, wastewater and stormwater services in-house while future delivery options are assessed.

As at 30 June 2026, Council continued to own and operate all water services assets and activities, with no transfer of assets, liabilities, employees, debt or operations to another entity. Following balance date, Council commenced consultation on its preferred option of an in-house business unit, alongside an alternative multi-council water services CCO with neighbouring councils. A final decision is expected in December 2026. The timing, nature and financial effects of any future changes to water service delivery arrangements remain uncertain and cannot currently be reliably estimated.

### SIMPLIFYING LOCAL GOVERNMENT

During this financial year several changes to local government were proposed. The Local Government Systems Improvements Amendment Bill proposes a range of amendments to the Local Government Act 2002.

Under its Simplifying Local Government programme the Government is looking at changing how local government is structured.

The aim is to make the system simpler, remove regional councils and reduce the number of councils in Aotearoa New Zealand overall, with a focus on creating unitary authorities. The current status is that decisions have been deferred until early 2027 and uncertainty exists on the final structure.

### RESOURCE MANAGEMENT ACT (RMA) REFORM

The RMA has been the cornerstone of New Zealand's planning framework for more than two decades and successive governments have indicated future changes and reforms. The RMA began a reform process during the 2024/2025 financial year and while not complete at the end of this reporting period, at the time of writing, the current version of this reform is going through Parliament and is likely to be enacted by the end of 2026.

# Ngā Pitopito Pātanga Kōrero O Te Wā
# **Project Updates**

The following major capital projects were committed to in year two of our 2024/2034 Long-term Plan. Council's main focus for the 2025/2026 financial year was to continue delivering key projects and work programmes, with focus on doing so on time and on budget, with a significant portion of investment going into core infrastructure.

### UPGRADING OUR CITY WASTEWATER TREATMENT PLANT

Work started on the Rotorua Wastewater Treatment Plant in December 2022 and is progressing well, with completion expected in 2027. This upgrade will have significant environmental and social benefits as the existing plant has been highly successful in reducing nitrogen and other harmful materials going into Lake Rotorua. The $100 million programme of works will increase treatment capacity and quality, meeting future demand and maintaining nutrient levels below targets set by the Rotorua Te Arawa Lakes Programme. Council is also exploring alternative options for recovered water solutions with an advisory group.

During the 2025/2026 financial year, $14.8 million was allocated to be spent on this project, with work covering the equipment installation and fitting of all mechanical and electrical elements and commissioning of the new plant scheduled for mid to late 2026.

### MUSEUM RESTORATION

Construction for the earthquake strengthening of Te Whare Taonga o Te Arawa and re-opening it as a Museum started in July 2024. The museum is a Category One Heritage Building and an iconic building for both New Zealand and Rotorua. Because of its significance Council has been able to secure substantial external funding to offset the cost to the Rotorua community which is contributing $15.5m.

During the 2025/2026 financial year, $26.3 million was budgeted to spend on this project with work mainly focussed on completing structural works to strengthen the building and architectural works within the building.

### INFRASTRUCTURE INVESTMENT

Safe and reliable infrastructure services remain a top priority for Council, $141 million was allocated to core infrastructure (water, wastewater, stormwater and transport) in this financial year. This includes operations, proactive maintenance, renewals and upgrades of our local networks, which have a combined replacement value of about $2.5 billion. During the 2025/2026 year, feasibility work continued on potential and confirmed stormwater management projects being co-funded through the Government's Infrastructure Acceleration Fund (IAF).

## TARAWERA SEWERAGE SCHEME

The Tarawera Sewerage Scheme is now in its final stage, with most properties either connected or scheduled for installation. Stage one was completed in 2025. Stage one included the installation of pump stations and the main network pipeline. Stage two involved the installation of low-pressure grinder pump (LPGP) systems on properties and connecting each dwelling to the network.

At the end of the 2025/2026 financial year:

- 304 LPGP systems had been installed
- 378 locality plans had been signed

As the project progressed towards completion, the remaining properties increasingly included sites requiring additional work to resolve property-specific matters such as consenting requirements, access and owner approvals, complex site conditions, infrastructure dependencies and legal or easement arrangements. Council continued to work with affected property owners, the construction contractor and specialist advisers to progress these properties and maximise the number of connections able to be completed through Stage 2.

## LOCAL WATER DONE WELL RESOURCING

As part of the 2025/2026 Annual Plan deliberations, options relating to costs associated with implementing the Government's Local Water Done Well programme were presented. Council decided, separate to the Annual Plan process, on its preferred option of retaining water services in-house for the next three years until 1 July 2028. It may then be delivered by a multi-council water services council-controlled organisation (WSCCO) from July 2028 onwards. This is dependent on a regional Waters Working Group report in 2027 and Council to make a final decision on participating in the multi-Council WSCCO. RLC's fall-back option is an in-house business unit. A final decision is expected in December 2026. The timing, nature and financial effects of any future changes to water service delivery arrangements remain uncertain and cannot currently be reliably estimated.

# TE MAHI WHAKARATO
# SERVICE DELIVERY

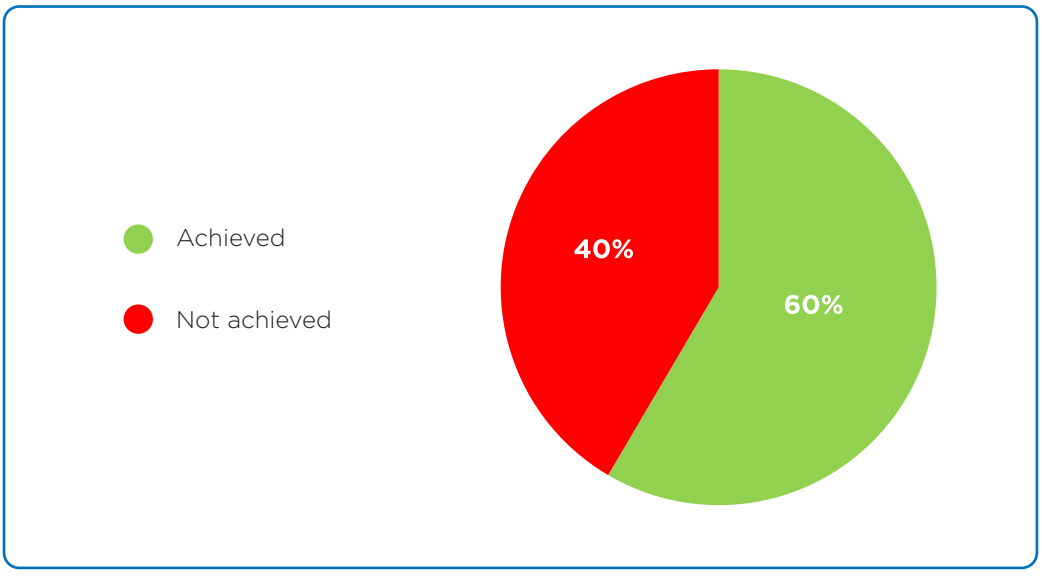


# He mātainga poto: te mahinga ratonga
# **At a glance: Service Performance**

The 2024/2034 Long-term Plan arranges Council's services into nine service delivery groups. There are a total of 65 key performance indicators (KPIs) across these nine groups which set out the level of service that the council will deliver for each year. The results of the key performance indicators in this Annual Report are a way to track how well we have done over the year.

Council continued to deliver strong performance across a broad range of services during 2025/2026, achieving 39 of its 65 performance measures. Strong results were recorded across drinking water, wastewater, stormwater and transport services, while significant improvements were made in resource consent processing, customer response times, Learn to Swim participation and waste reduction. Although some performance targets were not achieved, many showed substantial improvement on previous years, demonstrating continued progress in service delivery across the district.

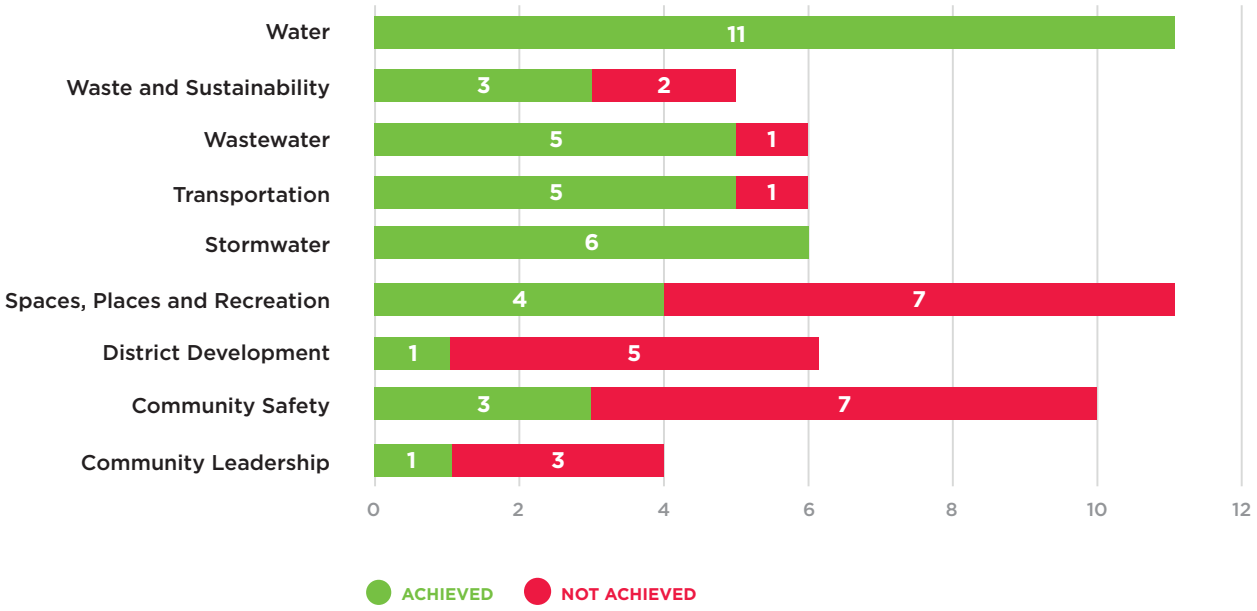
### PERFORMANCE TARGETS SUMMARY



## LOCAL GOVERNANCE FOR COMMUNITY WELLBEING

In May 2019, the Local Government Act 2002 was amended to reintroduce the four wellbeings into the purpose of Local Government, requiring all councils to play a broad role in promoting the social, economic, environmental and cultural wellbeing of communities. In this part of the Annual Report, we present the identified effects of our activities on the four dimensions of wellbeing. Some of our activities affect all four, while others may only touch on one. Effects can be positive or negative and are described in more detail within each activity.

## KEY PERFORMANCE TARGETS BY ACTIVITY GROUP




## PREPARATION OF SERVICE PERFORMANCE MEASURES

The council's Statement of Service Performance information on the following pages has been prepared in accordance with the latest Public Benefit Entity Financial Reporting Standards (PBE FRS 48) and with generally accepted accounting practice (GAAP).

For PBE FRS 48 it states that in reporting about the entity's objectives and how it intends to achieve them, the information should be drawn from the founding documents, governance documents and accountability documents.

As such, council has drawn this information from the 2024/2034 Long-term Plan, which sets the direction for 10 years.

PBE FRS 48 also states judgement is required in deciding how much information to provide about the current reporting period as well as comparatives for all performance measure and survey results. Please refer to the individual Statements of Service Performance for each activity.

## SERVICE PERFORMANCE JUDGEMENTS AND ASSUMPTIONS

When council prepared the forecast Statement of Service Performance in the 2024/2034 Long-term Plan, the following judgements were made in the selection of service performance measures detailed under each Group of Activities:

Council reflected on the extent to which the levels of service it plans to provide to the community were best captured by performance measures.

Council has ensured that the performance measures adequately inform Rotorua residents and ratepayers of progress towards delivering Council's outcomes.

Relevant measurement judgements have been included within each group of activity section to which the judgement relates. This information applies to the Statement of Service Performance reporting from pages 46-85 of this report.

Under the Local Government Act 2002 Councils are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, sewerage and the treatment and disposal of sewage, stormwater drainage and the provision of roads and footpaths.

Department of Internal Affairs (DIA) guidance has been followed in measuring performance against all mandatory performance measures. Further to the above judgements being made in the selection of performance measures, the council also applies judgements in the measurement, aggregations and presentation of service performance information.

## EXTERNAL IMPLICATIONS FOR SERVICE PERFORMANCE STATEMENTS

There are conditions that affect the service performance results and may result in a variation from the targeted results. These are ones that are outside the control of the Council. Examples of this are, but are not limited to, changes in government policy in New Zealand, changes in international travel restrictions, global and domestic economic conditions and international policy that may impact areas such as staff recruitment.

## SURVEYS

Council conducts a number of satisfaction surveys that measure the community's satisfaction with a number of interactions with council. The surveys are designed by in-house staff and external research experts, based on best practice in survey design.

They are designed to measure changes in perceptions of service delivery over time.

For example, questions are written so they are clearly understood by participants and neutral in tone; and response options are designed so they are balanced, do not lead participants to respond in a certain way and cover all possible responses a participant may wish to provide. Where neutrality is important these surveys are independently run.

Council services are grouped into the following nine service delivery groups:

| Service Delivery: | We deliver this through the following activities: |
|---|---|
| **Te ārahitanga ā-hapori**<br>**Community Leadership** | • Corporate Planning, Governance and Engagement<br>• Communications and Engagement<br>• Customer Solutions<br>• Finance and Business Performance<br>• Property<br>• Kaitiaki Māori<br>• Organisation Enablement<br>• Community support and funding |
| **Te haumarutanga o te hapori**<br>**Community Safety** | • Community Safety<br>• Animal Education and Control<br>• Environmental Health and Alcohol Licensing<br>• Emergency Management |
| **Te whanaketanga o te takiwā**<br>**District Growth and Development** | • Growth and Development<br>• Consenting<br>• Building Control |
| **Ngā wāhi me ngā papa rēhia**<br>**Spaces, places and recreation** | • Open Spaces and Recreation<br>• Major Events and Venues (moved to RotoruaNZ)<br>• Community Facilities |
| **Wai āwhā**<br>**Stormwater** | • Stormwater systems |
| **Te tūānuku haerere waka**<br>**Transport Infrastructure** | • Transport services including development and management of the roading network, including public transport infrastructure, safety programmes, alternative transport modes and long-term planning.<br>• Parking |
| **Wai para**<br>**Wastewater** | • Collection, treatment and disposal of wastewater from the three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) as well as some rural lakeside communities. |
| **Te para me te toitūtanga**<br>**Waste and Sustainability** | • Waste Services |
| **Wai**<br>**Water** | • Water supply to three urban supply areas, five residential supply areas and two farming supply areas. |





# Te Ārahitanga Ā-Hapori
# **Community Leadership**

Community leadership is about setting the future direction and priorities for the District through good governance, partnerships, community advocacy and informed and inclusive decision-making. Leadership is underpinned by services that support the effective and efficient delivery of council services.

**Community leadership includes:**

- Corporate Planning, Governance and Engagement
- Marketing and Communications
- Customer Solutions
- Finance and Business Performance
- Property
- Kaitiaki Māori
- Organisation Enablement
- Community support and funding

**These services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Connected and Resilient** | **Environment** |
| **Employment & Economy** | **Safety** |
| **Tourism** | **Mana Whenua/Tāngata Whenua Aspirations** |
| **Housing** | **Arts and Culture** |
| **Active** | |

**We contributed to achieving outcomes by:**

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Economic** |

- Supporting Council in setting the future direction and priorities for the Rotorua District
- Leading, partnering and advocating for Rotorua communities.
- Partnering effectively with Te Arawa to achieve enhanced outcomes for iwi and the Rotorua District
- Nurturing sustainable relationships that empower community participation
- Supporting meaningful engagement between Council and Māori communities, including marae, rūnanga, iwi, hapū and whānau, and facilitating Māori input into Council decision-making
- Enabling sound decision-making processes for the Mayor, elected members and committees.
- Empowering the organisation to deliver Council's vision for the District
- Ensuring business assurance, integrity, and transparency across council operations.
- Managing the council's property portfolio, ensuring that the investments provide a gross return that is sustainable and meets the needs of our community.

- In the past year we have celebrated 351 Rotorua residents from 42 countries becoming NZ citizens throughour citizenship ceremonies. These special occassions celebrate unity, diversity and new beginnings for these residents.  A lighlight of each ceremony is the kapa haka performances from different local primary school kapa haka groups who bring spirit and mana to the event.
- Antenno App Launch - In May 2026 Council launched the Antenno app which provides council information, updates and alerts and enables people to report issues. By the end of June there were  already 907 people using the app across the Rotorua district.

# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 47 of our 2024/2034 Long-term Plan.

## Community Leadership

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Provide opportunities for the community and individuals to participate** | Percentage of residents who are satisfied with the Let's Talk platform - quality, reliability and value. (1) | 67% | 80% | 66% | This end-of-year satisfaction survey was hosted on the Participate platform. Overall satisfaction across the value, reliability and quality of the platform was 66% from 39 responses, 14 percentage points below the 80% target. Feedback indicated that while residents appreciated the accessibility of the platform, concerns about the influence of community feedback on Council decisions contributed to the lower result. |
| **Demonstrate robust debate and decision making for matters that impact upon the Rotorua District** | No decision is overturned by judicial review. | | Zero | | No decisions have been overturned by judicial review for the year. |
| **Customer Satisfaction** | Percentage of residents that agree with how the decisions made by the Council represent the best interests of the District.(2) | 41% | TARGET >52.5% (5% increase from prior year target of 50%) | 47% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 354 respondents for the year, 47% felt that Council represents the best interests of the district (measure of satisfaction is those that selected from a scale seven and above). 19% were dissatisfied, with 34% neutral. |
| | Percentage of residents that are very/fairly satisfied with how the Council keeps the community informed. (2) | 48% | TARGET >52.5% (5% increase from prior year target of 50%) | 50% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 368 respondents for the year, 50% felt very/fairly satisfied with how the Council keeps the community informed (measure of satisfaction is those that selected from a scale seven and above). 19% were dissatisfied, with 31% neutral. |

Achieved  Not Achieved

(1) The previous online engagement platform used by Council was Let's Talk/ Korero Mai. We transitioned to a new platform Participate in April 2025. The survey was made up of three questions measuring satisfaction, reliability and value of the platform. Satisfaction is measured via those who select seven and above on a scale of one to ten.

(2) The Residents Experience Monitor is conducted by independent research company Key Research on behalf of Rotorua Lakes Council. Invitations are sent quarterly to a randomly selected group of residents from the electoral roll. Invitation letters provide a QR code for respondents to take part in an online survey, or they can request a paper copy. The data collection period for this report was between August 2025 and June 2026, with a total of 400 respondents.

## ROTORUA LAKES COUNCIL:
Funding Impact Statement for the year ended 30 June 2026 for Community Leadership

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 12,521 | 13,240 | 13,809 |
| Targeted rates | - | - | ( 0) |
| Subsidies and grants for operating purposes | - | - | 69 |
| Fees and charges | 1,597 | 1,738 | 1,819 |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | 22,375 | 23,807 | 32,465 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,355 | 1,384 | 690 |
| Total operating funding (A) | 37,847 | 40,169 | 48,852 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 28,615 | 30,415 | 34,898 |
| Finance costs | 1,940 | 2,242 | 2,767 |
| Internal charges and overheads applied | 1,605 | 1,707 | 2,066 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 32,159 | 34,364 | 39,730 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | 5,688 | 5,805 | 9,122 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 555 | 563 | 8 |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | 1,204 | 4,552 | 8,063 |
| Gross proceeds from sale of assets | 3,484 | - | 0 |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 5,243 | 5,115 | 8,070 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | - |
| • to improve the level of service | 1,913 | 1,940 | 465 |
| • to replace existing assets | 7,918 | 8,073 | 7,683 |
| Increase (decrease) in reserves | 1,100 | 906 | 7,672 |
| Increase (decrease) of investments | - | - | 1,373 |
| Total applications of capital funding (D) | 10,931 | 10,919 | 17,193 |
| | | | |
| Surplus (deficit) of capital funding (C – D) | ( 5,688) | ( 5,805) | ( 9,122) |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |



# Te Haumarutanga O Te Hapori
# **Community Safety**

This activity is delivered to ensure people feel and are safe in public spaces and places through partnerships, visibility and enforcement that supports a thriving city. Safety is about ensuring Rotorua is a place where people are protected from risks to their health and wellbeing. We want to make sure our public places are safe for the people who use them and all legal standards are met. We aim to meet our legal obligations relating to safety by ensuring compliance with public health and safety regulations.

**Community Safety includes:**

- Animal Education and Control
- Community Safety
- Environmental Health and Alcohol Licensing
- Emergency Management

**These services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Employment & Economy** | **Safety** |
| **Tourism** | **Mana Whenua/Tāngata Whenua Aspirations** |

**We contributed to achieving outcomes by:**

- Enhancing community safety and perceptions of safety by working alongside partner agencies to deter anti-social behaviour, prevent crime, support vulnerable people, and deliver services such as CCTV monitoring, graffiti removal, and Safe City Guardian patrols.
- Providing leadership, advice, planning and resources to enable the community to respond to and recover from any significant disaster that could affect the area.
- Promoting responsible animal ownership and reducing risks associated with dogs and roaming stock through registration, education, compliance, and enforcement activities.
- Protecting public health and wellbeing through the regulation of food and alcohol businesses, response to health nuisances, such as contaminated sites and attending to noise complaints.

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Environmental** |
| **Economic** |

A significant achievement this year was the establishment of a direct referral pathway between Rotorua Lakes Council's Safe City Guardians and the Ministry of Social Development (MSD), creating a faster and more coordinated response for people experiencing homelessness in the city centre. As frontline staff, Safe City Guardians are often the first point of contact for vulnerable individuals and can now connect people to housing and support services more quickly. Referrals increased from around five people at the programme's introduction to 13 during the September to November 2025 quarter. By March 2026, eight people remained in accommodation, demonstrating the positive impact of early intervention and strong agency collaboration. This initiative supports vulnerable residents while contributing to a safer, more welcoming CBD.

# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 57 of our 2024/2034 Long-term Plan.

## Community Safety

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Ensuring a prepared and effective response to emergencies** | Annual audit conducted by Emergency Management Bay of Plenty.<br>Audit reviews the:<br>• Emergency operations centre staffing levels with appropriate qualifications<br>• Practice operations of activated emergency operations centre<br>• Procedures reviewed within last three years (1) | | Pass the audit | | The annual audit is no longer conducted by Emergency Management Bay of Plenty (EMBOP). This audit has been replaced with a continuous improvement process which is focused on improving operational capability of Councils to respond to emergencies. Regular reporting is undertaken in house and submitted externally to EMBOP. 115 staff are trained with appropriate qualifications to support an emergency operations centre and all procedures have been reviewed within the last three years. |
| **Managing Animal Welfare and Public Safety** | All urgent animal requests are responded to within 60 minutes where there is an ongoing risk to safety. | 100% | ≥99% | 79% | During 2025/2026, 2,518 urgent animal requests were received, with 1,998 responded to within 60 minutes, achieving a result of 79%. Increased proactive patrols led to a higher number of roaming dogs being identified and impounded, supporting community safety outcomes. The additional activity generated through these patrols contributed to response times exceeding the 60 minute target for some urgent requests. |
| | Percentage of residents rating Council's animal control service as good to excellent. (2) | 61% | TARGET >52.5% (5% increase from prior year target of 50%) | 50% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 57 respondents for the year, 50% felt that Council's animal control service was good or excellent (measure of satisfaction is those that selected from a scale seven and above). 37% were dissatisfied with 13% neutral. |
| | Percentage of all known dogs registered with Council annually or owners infringed. | 100% | 100% | 99.45% | At year-end, 10,246 of 10,303 known dogs were either registered with Council or the owner had been infringed for non-registration, resulting in a compliance rate of 99.45% against the target of 100%. While the target was not fully achieved, the result reflects a high level of compliance supported by proactive registration activities, including home visits, phone calls and follow-up investigations. The variance of 57 reflects dogs that were identified as deceased or no longer residing in the district at year end. |

Achieved  Not Achieved

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Safeguarding Public Health** | All new food control plans are inspected within 6 weeks after opening for trade. | 90% | 100% | 61.43% | During 2025/26, 70 new food businesses registered with Council, of which 43 were inspected within six weeks of opening for trade, resulting in a year-end result of 61.43%. Ongoing staffing vacancies within the Environmental Health team constrained inspection capacity during the year, however priority was given to managing food safety risks while recruitment efforts continued. |
| | Percentage of residents rating Council's food control service as good and excellent. (2) | 56% | ≥75% | 73% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 10 respondents for the year, 73% felt satisfied or very satisfied with Councils food control service (measure of satisfaction is those that selected from a scale seven and above). 19% felt dissatisfied, with 8% neutral. Note this was a small sample size across the year. |
| | Percentage of licensed premises inspected annually. | 100% | 85% | 97% | During 2025/2026, 225 of the district's 235 licensed alcohol premises were inspected, achieving a result of 97% and exceeding the target of 85%. The remaining 10 premises were closed to the public for renovations during the inspection period and were therefore unavailable for inspection |
| | Percentage of residents rating Council's alcohol licensing service as good and excellent. (2) | 39% | TARGET >52.5% (5% increase from prior year target of 50%) | 54% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 8 respondents for the year, 54% felt satisfied or very satisfied with Councils alcohol licensing service (measure of satisfaction is those that selected from a scale seven and above). 20% felt dissatisfied, with 26% neutral. Note this was a small sample size across the year. |
| **Creation of Safe Public Premises** | Percent of Buildings with a Building Warrant of Fitness (BWOF) audited. | 24.4% | 25% | 15% | During 2025/26, 15% of buildings with a Building Warrant of Fitness (BWOF) were audited, compared with the target of 25%. The result was impacted by an extended vacancy in the role responsible for BWOF audits, which reduced the number of audits able to be undertaken during the year. |
| | 100% monitoring of CBD via CCTV network during peak hours.<br><br>Sun - Wed 0800hrs -midnight.<br>Thurs-Sat 0800hrs 0400hrs. | | | | A review of operating hours was undertaken to ensure appropriate cover, and these differ from the stated LTP levels of service.<br>Hours are:<br>Sunday - Wednesday 7am - midnight<br>Thursday 9am - 4am<br>Friday and Saturday 7am - 4am<br>Staffing rotations occasionally are altered, as seasonal or what's happening in the community drive need, therefore this measure is not achieved for this financial year. |

Achieved Not Achieved

(1) Each Council submits a monthly report to EMBOP and this report is then submitted quarterly to the Bay of Plenty Chief Executive Group (CEG) meeting. The measure of the number of practice operations of an activated emergency operations centre is currently under review in the Bay of Plenty.

(2) The Residents Experience Monitor is conducted by independent research company Key Research on behalf of Rotorua Lakes Council. Invitations are sent quarterly to a randomly selected group of residents from the electoral roll. Invitation letters provide a QR code for respondents to take part in an online survey, or they can request a paper copy. The data collection period for this report was between August 2025 and June 2026, with a total of 400 respondents.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2026 for Community Safety

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 3,200 | 3,691 | 3,271 |
| Targeted rates | - | - | - |
| Subsidies and grants for operating purposes | 11 | 11 | 0 |
| Fees and charges | 2,208 | 2,315 | 1,578 |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 114 | 116 | 382 |
| Total operating funding (A) | 5,533 | 6,133 | 5,230 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 4,275 | 4,791 | 5,801 |
| Finance costs | 90 | 103 | 48 |
| Internal charges and overheads applied | 1,131 | 1,203 | 1,710 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | - | 6,097 | 7,559 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | - | 36 | ( 2,328) |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | | | - |
| Development and financial contributions | | | - |
| Increase (decrease) in debt | 170 | ( 10) | 141 |
| Gross proceeds from sale of assets | | | - |
| Lump sum contributions | | | - |
| Other dedicated capital funding | | | - |
| Total sources of capital funding (C) | - | ( 10) | 141 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | | | - |
| • to improve the level of service | | | - |
| • to replace existing assets | 170 | 26 | 390 |
| Increase (decrease) in reserves | | | ( 2,578) |
| Increase (decrease) of investments | | | - |
| Total applications of capital funding (D) | - | 26 | ( 2,188) |
| | | | |
| Surplus (deficit) of capital funding (C – D) | - | ( 36) | 2,328 |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |

# Te Whanaketanga O Te Takiwā
# District Growth and Development

District development is about planning that supports District growth through infill and new suburbs, while ensuring the unique environment of Rotorua is protected. We aim to meet our regulatory requirements to ensure building activity in the District supports safe, sustainable housing and commercial solutions in response to our growing population. We want to ensure developers have accurate advice and information to help them through the regulatory processes.

**District Growth and Development includes:**

• Growth and Development • Consenting • Building Control

**These services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Connected and Resilient** | **Environment** |
| **Employment & Economy** | **Safety** |
| **Tourism** | **Mana Whenua/Tāngata Whenua Aspirations** |
| **Housing** | |

**We contributed to achieving outcomes by:**

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Environmental** |
| **Economic** |

- Being well prepared for what our future District could look like, the challenges and opportunities we may face as our communities grow and change.
- Protecting and enhancing our unique environmental and cultural features.
- Enabling the development of a well-functioning urban environment that provides sufficient homes and job opportunities.
- Supporting residential land development through partnerships with landowners to provide for the delivery of housing across all sizes and types (social, affordable and market) to meet community needs.
- Ensuring Rotorua is a confident and strong District, with growing business and investor confidence through land being developed to support residential, industrial and commercial growth opportunities.
- Supporting growth in a sustainable way with a regulatory environment that ensures building activity in Rotorua supports safe, sustainable housing and commercial solutions.
- Issuing building consents, inspecting buildings under construction, auditing building warrants of fitness and providing advice to make sure Rotorua buildings are safe, healthy and durable.

- We undertook Plan Change 8 on Natural Hazards- Changes to the District Plan through this plan change aim to improve how we manage natural hazard risks throughout the district, including in the Lakes A Zone, from flooding, active fault rupture, land stability (slope stability, liquefaction and soft soils), geothermal hazards and wildfire.
- We have developed a papakāinga toolkit- a practical guide to support whānau, hapū, and iwi in developing whānau-led papakāinga on ancestral whenua. It provides a clear and accessible roadmap, grounded in a Rotorua and Te Arawa–centric approach that embeds tikanga unique to the district.
- Council endorsed the Homelessness Strategy - He Urunga Rau Koromiko. The strategy provides a coordinated framework across six workstreams to improve how Rotorua manages, reduces, and ultimately ends homelessness through collective action, strengthened partnerships, and improved system coordination.



# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 65 of our 2024/2034 Long-term Plan.

## District Growth and Development

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Support and enable growth by unlocking housing development opportunities** | Number of net new dwellings. | 518 | 450 | 422 | A total of 422 net dwellings were constructed against a target of 450. While the target was not achieved, 422 net dwellings remain one of the highest annual results recorded for Rotorua Lakes District. This result was not achieved due to reduced residential construction activity nationally, with Stats NZ reporting annual dwelling consents declined from over 50,000 in 2022 to approximately 33,500 in 2025, before beginning to recover during 2025/2026. |
| **Support and enable development by processing LIM requests** | We will provide a Land Information Memorandum (LIM) service in the ten day statutory timeframe. | 100% | 100% | 99.75% | Of the total 1310 Land Information Memorandum applications, 1309 were processed in the ten-day statutory timeframe for this this financial year. |
| **Support and enable development by processing Resource and Building Consents** | Percentage of non-notified resource consents processed within statutory timeframes (Land Use). | 31% | 80% | 63% | Performance improved substantially during 2025/2026, with 63% of non-notified land use resource consents processed within statutory timeframes compared with 32% in the previous year. Although the target of 80% was not achieved, the result reflects continued improvements in processing performance and staff capacity. More complex consent applications and the time required to build and maintain resourcing capacity continued to impact processing timeframes. |
| | Percentage of non-notified resource consents processed within statutory timeframes (Subdivision). | 28% | 80% | 60% | Performance improved substantially during 2025/2026, with 60% of non-notified subdivision resource consents processed within statutory timeframes compared with 28% in the previous year. Although the target of 80% was not achieved, the result reflects continued improvements in processing performance and staff capacity. More complex subdivision applications and the time required to build and maintain resourcing capacity continued to impact processing timeframes |
| | Percentage of consents processed within statutory timeframes (Building Consents). | 98.25% | ≥95% | 99.1% | Performance remained high during 2025/2026, with 99.1% of consents processed within statutory timeframes. This exceeded the target and reflected a continued focus on timely and efficient consent processing. |
| | Percentage of residents rating Council's planning and resource consents service as good and excellent. (1) | 31% | Target >52.5% (5% increase from prior year target of 50%) | 39% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 23 respondents for the year, 39% felt satisfied or very satisfied with Councils building consents services (measure of satisfaction is those that selected from a scale seven and above). Note this is a small sample size across the year. |

Achieved  Not Achieved

(1) The Residents Experience Monitor is conducted by independent research company Key Research on behalf of Rotorua Lakes Council. Invitations are sent quarterly to a randomly selected group of residents from the electoral roll. Invitation letters provide a QR code for respondents to take part in an online survey, or they can request a paper copy. The data collection period for this report was between August 2025 and June 2026, with a total of 400 respondents.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2026 for District Growth and Development

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 8,488 | 8,963 | 8,316 |
| Targeted rates | 7,421 | 7,633 | 8,395 |
| Subsidies and grants for operating purposes | - | - | 8 |
| Fees and charges | 5,177 | 5,290 | 5,921 |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 853 | 874 | 60 |
| Total operating funding (A) | 21,939 | 22,760 | 22,700 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 18,169 | 18,822 | 19,685 |
| Finance costs | 854 | 875 | 875 |
| Internal charges and overheads applied | 2,354 | 2,502 | 3,117 |
| Other operating funding applications | | | - |
| Total applications of operating funding (B) | 21,377 | 22,199 | 23,677 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | 562 | 562 | ( 977) |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | | | - |
| Development and financial contributions | | | - |
| Increase (decrease) in debt | ( 1,900) | ( 1,898) | 2,552 |
| Gross proceeds from sale of assets | | | - |
| Lump sum contributions | | | - |
| Other dedicated capital funding | | | - |
| Total sources of capital funding (C) | ( 1,900) | ( 1,898) | 2,552 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | | | - |
| • to improve the level of service | | | 143 |
| • to replace existing assets | 62 | 63 | - |
| Increase (decrease) in reserves | ( 1,400) | ( 1,400) | 1,432 |
| Increase (decrease) of investments | | | - |
| Total applications of capital funding (D) | ( 1,338) | ( 1,337) | 1,575 |
| | | | |
| Surplus (deficit) of capital funding (C – D) | ( 562) | ( 562) | 977 |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |

# Ngā Wāhi Me Ngā Papa Rēhia
# **Spaces, Places and Recreation**

Spaces, Places and Recreation is about the creation of a sense of place, building identity, pride and improving quality of life. These services bring our people together, enhancing activity and promoting the social and cultural wellbeing of our District. We aim to provide a range of activities and experiences in our District to contribute to a thriving community.

**Spaces, Places and Recreation include:**

- Open spaces, sports facilities and recreation
- Major Events and Venues (transferred to RotoruaNZ)
- Community facilities and events (the Aquatic Centre, Rotorua District Library Te Aka Mauri Te Whare Taonga o Te Arawa Rotorua Museum and the Stadium)

**These services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Employment & Economy** | **Environment** |
| **Tourism** | **Mana Whenua/Tāngata Whenua Aspirations** |
| **Active** | **Arts and Culture** |

**We contributed to achieving outcomes by:**

- Having a range of activities, events and experiences that connect and engage our community.
- Supporting the development of communities to become more vibrant, resilient and sustainable.
- Supporting the development of community identity and sense of place so people are proud of where they live.
- Connecting communities – bringing people together to build social cohesion, participate, belong and to learn.
- Creating opportunities for play, active recreation and sport in our community through the District's parks, reserves and assets in them.
- Protecting the cultural, ecological and heritage values of our parks, reserves and assets.

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Environmental** |
| **Economic** |

The re-integration of council-controlled organisation Infracore back into Council has been positive for delivery of parks and open spaces services. Maintenance quality has been maintained during the year and improvements have been made to customer responsiveness. The cost of providing these open spaces maintenance services was in line with the expected budget, which was 29% lower than the previous year.

The Sir Howard Morrison Centre exceeded the performance target during 2025/2026, with 65,831 people attending events at the. The result reflects strong demand for events and continued growth in attendance compared with the previous year.

# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 73 of our 2024/2034 Long-term Plan.

## Spaces, Places and Recreation

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| Creation of vibrant, energised experiences with loads of activity | The number of event days that the Sir Howard Morrison Centre is occupied from total possible available days using bookng information. (1) | Established baseline of 32.3% | Target >33.9% (5% increase from prior year baseline target of 32.3%) | 34.5% | Performance exceeded the target during 2025/2026, with the Sir Howard Morrison Centre occupied for 34.5% of available days. The result reflects increased community use and strong demand for the Centre's available spaces. |
| | The number of people attending events at the Sir Howard Morrison Centre. (1) | Established baseline of 52,331 | Target >53,639 (2.5% increase from prior year baseline target of 52,331) | 65,831 | Performance exceeded the target during 2025/2026, with 65,831 people attending events at the Sir Howard Morrison Centre. The result reflects strong demand for events and continued growth in attendance compared with the previous year. |
| | The number of event days that the Energy Events Centre is occupied from total possible available days using booking information. (1) | Established baseline of 22.9% | Target >24% (5% increase from prior year baseline target of 22.9%) | 17.4% | The Energy Events Centre was occupied for 17.4% of available days during 2025/26, against a target of 24%. Utilisation was affected by an extended period of facility upgrades, including significant kitchen and venue improvements, which reduced the number of days available for bookings. The year also saw increased competition for conference and event activity following the opening of the New Zealand International Convention Centre in Auckland. Despite these factors, the improvements have enhanced the facility's capability to support future events and visitor activity. |
| | The number of people attending events at the Energy Event Centre. (1) | Established baseline of 62,384 | Target >63,944 (2.5% increase from prior year baseline target of 62,384) | 40,991 | A total of 40,991 people attended events at the Energy Events Centre during 2025/26, compared with a target of 63,944. Attendance was influenced by reduced venue availability during a period of significant facility improvements and increased competition for conference and event activity nationally. The upgrades enhance the Centre's capability and position it to support future events and visitor activity. |
| | The percentage of Aquatic Centre customers surveyed who are satisfied with their overall experience. (2) | 88% | 82% | 81.3% | In-person surveys of Aquatic Centre users were conducted during quarter three (January to March 2026), with 365 responses received. Overall satisfaction was 81.3%, 0.7 percentage points below the 82% target. Feedback identified additional children's fun features and facility cleanliness as the main areas for improvement, cited by 38% and 26% of respondents respectively. Additional cleaning measures have been introduced in response to customer feedback. |

Achieved  Not Achieved

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Creation of vibrant, energised experiences with loads of activity** | Number of customer interactions with Library core services (literacy and digital resources). | 434,038 | TARGET >444,400 (1% increase from prior year baseline target of 434,083) | 468,644 | The total number of customer interactions with Library core services during the 2025–2026 financial year reached 468,644, exceeding the annual target by 5.46%. |
| | Number of people participating in Library and partnership programmes and events. | 27,992 | TARGET >31,755 (2.5% increase from prior year baseline target of 27,992) | 23,699 | A total of 23,699 people participated in library and partnership programmes and events during 2025/2026, compared with a target of 31,755. Participation was lower than the previous year, largely due to reduced attendance at children's and school holiday programmes, which make up the majority of programme participation. Growth in adult and after-school programmes continued during the year; however, these programmes represent only 12% of total participation. Staffing vacancies and changes to preschool operating requirements also contributed to lower participation levels. |
| **Provide for and develop a sustainable open space network** | The percentage of Parks Survey respondents who agree the facilities in our parks and open spaces are easily accessible. (3) | 82% | 82% | 85% | In person surveys of 180 park users were completed between December 2025 to February 2026. 85% of parks survey respondents agreed the facilities in our parks and open spaces are easily accessible. |
| | Percentage of users very/fairly satisfied with Council's open space network (3) | 98% | 95% | 94% | In-person surveys of 180 park users were completed between December 2025 and February 2026. Overall satisfaction with Council's open space network was 94%, 1 percentage point below the 95% target. The main areas identified for improvement were additional or renewed facilities, increased shade and tree cover, and improved signage. |
| | The visitor experience satisfaction rating for security in open space locations (3) | 92% | 95% | 93% | In person surveys of 180 park users were completed between December 2025 to February 2026. The overall visitor experience satisfaction rating for security in open space locations was 93%. Survey results showed perceptions of safety to be the main concern generally due to anti-social behaviour. |
| **Safety** | Number of lessons in Learn to Swim School programmes per term (4) | Per term: 15,394 Year total: 61,577 | ≥18,000 per term | Per term: 16,457 Year total: 65,826 | A total of 65,826 lessons were delivered through the Learn to Swim programme during 2025/26, achieving 91% of the annual target. Although the target was not met, lesson numbers increased by 7% on the previous year and continue to recover following COVID(19) impacts and aquatic facility refurbishment disruptions. |

Achieved Not Achieved

(1) Only the four larger commercial spaces in the SHMC have been included in the utilisation calculation and sum of attendees. Utilisation is based on a 'space day' calculation, which is the total number of potential days across the key spaces being utilised.
Building maintenance bookings are excluded from the sum of 'space days' utilised and attendees.
Details for events are often updated as more information becomes available. For example, actual attendance is often not available immediately after an event has been held and therefore the sum of previously reported quarterly attendance does not reconcile to the year-end value.

(2) The customer satisfaction surveys are developed by Community Leisure Management (CLM) the Councils Aquatic Centre contractor and are conducted in person with Aquatic Centre users during quarters two and four. Overall satisfaction is measured by the percentage of customers who are satisfied with their overall experience.

(3) Yardstick Parks Benchmarking compiled the survey, and targeting of park users occurred over the summer period December 2025 to February 2026. A total of 180 surveys were undertaken across 17 different Rotorua District Council parks and reserves. The methodology recommended for the surveys is to gather a minimum of 30 surveys per park type and/or major park (i.e. 30 per destination park and a total of 30 for other park types). This is undertaken to provide a level of confidence of 95% for the entire survey as a representative sample of users of the parks that were surveyed.

(4) This measure is collected by Community Leisure Contractors (CLM) the Councils Aquatic Centre contractor, based on the number of enrolments over the year.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2026 for Spaces, Places and Recreation

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 39,610 | 43,462 | 41,978 |
| Targeted rates | - | - | - |
| Subsidies and grants for operating purposes | 351 | 359 | 229 |
| Fees and charges | 5,949 | 6,078 | 1,321 |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 514 | 526 | 1,109 |
| Total operating funding (A) | 46,423 | 50,424 | 44,637 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 27,617 | 28,526 | 19,105 |
| Finance costs | 5,744 | 6,925 | 6,193 |
| Internal charges and overheads applied | 7,048 | 7,502 | 10,818 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 40,409 | 42,954 | 36,116 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | 6,014 | 7,471 | 8,521 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 13,831 | 23,250 | 12,996 |
| Development and financial contributions | - | - | 1,542 |
| Increase (decrease) in debt | 12,064 | 12,927 | 18,049 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 25,895 | 36,178 | 32,587 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | | | 205 |
| • to improve the level of service | 24,088 | 35,881 | 28,037 |
| • to replace existing assets | 7,821 | 7,768 | 6,517 |
| Increase (decrease) in reserves | | | 6,349 |
| Increase (decrease) of investments | | | - |
| Total applications of capital funding (D) | 31,909 | 43,649 | 41,108 |
| | | | |
| Surplus (deficit) of capital funding (C – D) | ( 6,014) | ( 7,471) | ( 8,521) |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |

# Wai Āwhā
# Stormwater

The purpose of our stormwater service is to manage the drainage of excess rainfall so that properties and people are protected from potential flood damage and to mitigate the adverse effects of stormwater run-off on the District's lakes and waterways.

**Stormwater services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Connected and Resilient** | **Mana Whenua/Tāngata Whenua Aspirations** |
| **Environment** | |

**We contributed to achieving outcomes by:**

- Protecting people and property from potential flood damage.
- Minimising the adverse effects of stormwater discharges into our lakes and waterways.
- Managing an integrated approach to planning and maintaining a stormwater system that includes ecosystems, people, urban design, communities and businesses, as well as cultural, amenity and social values.
- Developing and implementing programmes to progressively improve stormwater systems in areas that experience localised flooding usually resulting from extreme rainfall episodes.

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Environmental** |
| **Economic** |

Rotorua Lakes Council was granted a comprehensive stormwater discharge consent for the Rotorua urban area by the Bay of Plenty Regional Council, combining 39 separate discharge consents into one.

The consent is required under the Regional Natural Resources Plan and aims to protect the environment by managing flood risks, controlling contaminants, safeguarding infrastructure, and improving resilience to climate change.

As part of this consent Catchment Management Plans are required to be developed to ensure a more consistent and coordinated approach to stormwater management across the district. The development of these plans is now underway.

# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 83 of our 2024/2034 Long-term Plan.

## Stormwater

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| System Adequacy | The number of flooding events that occur in a territorial authority District (DIA Measure)(1) | Zero events | ≤ 2 | Zero events | There were no flooding events reported or attended to during the year that caused damage to occupied residential dwellings. |
| | For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system) (DIA Measure). | Zero events | ≤ 0.5 / 1000 rated properties | Zero events | No flooding events occurred in this financial year. |
| Discharge Compliance | Council's stormwater compliance with resource consents for discharge from its stormwater system measured by the number of: a. abatement notices; b. infringement notices; c. enforcement orders; d. convictions received in relation to those resource consents (DIA Measure). | | 0 | Zero infringement notices or convictions | No abatement notices, infringement notices, enforcement notices or convictions were received during the financial year. |
| Response times | The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site (DIA Measure). | Zero events | ≤ 60 minutes | Zero events | No flooding events occurred in this financial year. |
| Customer Satisfaction | The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system (DIA Measure). | Achieved 1.5/1000 | ≤ 20/1000 rated properties | 1.1/1000 | A total of 30 service requests and complaints relating to the stormwater system were received during 2025/26 from 28,378 connected properties. This equates to 1.1 complaints per 1,000 properties, significantly below the target of 20 complaints per 1,000 properties. |

Achieved Not Achieved

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| Customer Satisfaction | Percentage of residents that are very/fairly satisfied with Council's storm water network. (2) | 63% | TARGET >52.5% (5% increase from prior year target of 50%) | 68% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 367 respondents for the year, 68% felt fairly or very satisfied with Council's Stormwater Network (measure of satisfaction is those that selected from a scale seven and above). 10% were dissatisfied, with 22% neutral. |

Achieved Not Achieved

1) Flooding event means an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor. Habitable floor means a floor of a building (including a basement) but does not include ancillary structures such as stand-alone garden sheds or garages.

(2) The Residents Experience Monitor is conducted by independent research company Key Research on behalf of Rotorua Lakes Council. Invitations are sent quarterly to a randomly selected group of residents from the electoral roll. Invitation letters provide a QR code for respondents to take part in an online survey, or they can request a paper copy. The data collection period for this report was between August 2025 and June 2026, with a total of 400 respondents.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2026 for Stormwater

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| **Sources of operating funding** | | | |
| General rates, uniform annual general charges, rates penalties | 6,543 | 7,813 | 6,699 |
| Targeted rates | - | - | - |
| Subsidies and grants for operating purposes | - | - | 10 |
| Fees and charges | 35 | 36 | - |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | - | - | 552 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | - | - | - |
| Total operating funding (A) | 6,578 | 7,848 | 7,261 |
| | | | |
| **Applications of operating funding** | | | |
| Payments to staff and suppliers | 1,898 | 1,954 | 10,348 |
| Finance costs | 1,741 | 2,417 | 1,499 |
| Internal charges and overheads applied | 1,220 | 1,296 | 2,100 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 4,859 | 5,661 | 13,947 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | 1,719 | 2,182 | ( 6,685) |
| | | | |
| **Sources of capital funding** | | | |
| Subsidies and grants for capital expenditure | 835 | 18,207 | 13 |
| Development and financial contributions | 4,842 | 4,738 | 661 |
| Increase (decrease) in debt | 10,527 | 10,667 | 4,369 |
| Gross proceeds from sale of assets | - | - | ( 0) |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 16,204 | 33,613 | 5,042 |
| | | | |
| **Applications of capital funding** | | | |
| Capital expenditure— | | | |
| • to meet additional demand | 14,064 | 31,732 | 2,957 |
| • to improve the level of service | 730 | 855 | 1,266 |
| • to replace existing assets | 3,129 | 3,207 | 2,268 |
| Increase (decrease) in reserves | - | - | ( 8,135) |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 17,923 | 35,795 | ( 1,643) |
| | | | |
| Surplus (deficit) of capital funding (C – D) | ( 1,719) | ( 2,182) | 6,685 |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |

# Te Tūānuku Haerere Waka
# **Transportation Infrastructure**

The purpose is to provide a safe and efficient transport network that supports the District's economy, provides access for utilities, supports the facilitation of events and other activities, promotes road safety and encourages the use of other sustainable forms of travel.

**District Growth and Development includes:**

- Transport
- Parking

**These services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Connected and Resilient** | **Environment** |
| **Employment & Economy** | **Mana Whenua/Tāngata Whenua Aspirations** |
| **Tourism** | |

**We contributed to achieving outcomes by:**

- Ensuring our community is well connected through safe and reliable transport infrastructure.
- Supporting the economy and community wellbeing through developing and managing the roading network, including public transport infrastructure, safety programmes and alternative transport modes.
- Planning for future development and growth of the District including growth trends in network use and asset management needs.
- Managing parking in a way that equitably supports wider transport and urban form outcomes such as mode shift and urban amenity improvements.
- Supporting our Rotorua Airport (CCO) as a key connection of tourism, business and leisure travel, by air.

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Environmental** |
| **Economic** |

The Amohau Street (SH30A) shared path recorded 33,347 cycle trips over the financial year, an increase of 30% on the previous year. This strong growth reflects the positive impact of recent investment in the Eastside cycling network and demonstrates increasing uptake of cycling as a transport mode.

# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 93 of our 2024/2034 Long-term Plan.

## Transportation Infrastructure

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Safety** | The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. (DIA Measure) (1) | 12 | ≤ (1) than prior year result | (1)% | There was a total of 24 fatal or serious injury crashes on the local road network during 2025/2026, (fatal crashes = 0, serious injuries = 25).<br><br>This compares with 25 fatal or serious injury crashes in the previous year (fatal crashes = 3, serious injuries = 29).<br><br>The result achieved the target and reflected an overall reduction in serious crash outcomes, including no fatal crashes during the year. |
| **Condition** | The average quality of ride on a sealed local road network, measured by smooth travel exposure. (DIA Measure) (2) | 82% | ≥75% | 79% | The average quality of ride on sealed local roads was 79% during 2025/2026, exceeding the target of 75%. Although slightly lower than the previous year's result of 82%, the network continues to provide a good level of ride quality for road users. Ongoing maintenance and resurfacing programmes help maintain the condition and performance of the district's roads. |
| **Maintenance** | The percentage of the sealed local road network that is resurfaced. (DIA Measure) | 6.9% | ≥7(9)% | 7.1% | During 2025/2026, 7.1% of the sealed local road network was resurfaced, achieving the target range of 7% to 9%. This represents a slight increase from the previous year's result of 6.9% and reflects Council's ongoing investment in maintaining and renewing the district's road network. |
| **Condition** | The percentage of footpaths within the Rotorua District that fall within the condition four (4) or better, set out in the council's asset management plan. (DIA Measure) (3) | 99.7% | ≥98% | 99% | Of the District's 3,556 footpath assets, 3,519 were assessed as being in condition 4 or better during 2025/2026, resulting in 99% of the network meeting the target of 98%. The result demonstrates that the vast majority of the district's footpaths continue to be maintained to Council's required standard, supporting safe and accessible pedestrian access. |

Achieved  Not Achieved

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Response time** | The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days. (DIA Measure) (4) | 92% | ≥90% | 97% | During 2025/26, 97% of customer service requests relating to roads and footpaths were responded to within five working days, exceeding the target of 90%. Of the 2,270 requests received during the year, 2,210 were responded to within the target timeframe. The result reflects a high level of responsiveness to customer requests and an improvement on the previous year's result of 92%. |
| **Customer Satisfaction** | Percentage of residents that are very/fairly satisfied with Council's roading, cycleways and footpaths network. (5) | 56% | Target >52.5% (5% increase from prior year target of 50%) | 51% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of a total of 398 respondents over the year, 51% were fairly or very satisfied with Council's roading, cycleways and footpaths network (measure of satisfaction is those that selected from a scale seven and above) 20% felt dissatisfied and 29% neutral. |

Achieved Not Achieved

(1) Death and Serious Injuries (DSI) numbers may differ for the same time period due to dependency on Waka Kotahi's Crash Analysis System which is updated continuously.

(2) Smooth Travel Exposure (STE) is a customer outcome measure indicating 'ride quality'. It is an indication of the percentage of vehicle kilometres travelled on a road network with roughness below a defined upper threshold level. The threshold varies depending on the traffic volume band and urban/rural environment of the road.

(3) Condition 4 means that the condition of the footpath is in poor condition with condition 5 being very poor and condition 1 being excellent.

(4) Responded to within 5 working days is measured from the time the local authority or contractor receives notification to the time that the customer is first contacted, or the request is actioned, whichever occurs first.

(5) The Residents Experience Monitor is conducted by independent research company Key Research on behalf of Rotorua Lakes Council. Invitations are sent quarterly to a randomly selected group of residents from the electoral roll. Invitation letters provide a QR code for respondents to take part in an online survey, or they can request a paper copy. The data collection period for this report was between August 2025 and June 2026, with a total of 400 respondents.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2026 for Transportation Infrastructure

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 12,234 | 12,910 | 12,291 |
| Targeted rates | - | - | - |
| Subsidies and grants for operating purposes | 4,786 | 4,891 | 5,632 |
| Fees and charges | - | - | 0 |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 3,678 | 3,757 | 3,048 |
| Total operating funding (A) | 20,698 | 21,557 | 20,971 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 11,581 | 11,847 | 15,200 |
| Finance costs | 2,562 | 2,948 | 2,571 |
| Internal charges and overheads applied | 2,791 | 2,996 | 4,325 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 16,933 | 17,791 | 22,097 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | 3,765 | 3,768 | ( 1,125) |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 6,201 | 6,081 | 5,973 |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | 3,074 | 2,061 | 7,493 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 9,275 | 8,142 | 13,466 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | 1,134 | 210 | 209 |
| • to improve the level of service | 1,755 | 1,793 | 937 |
| • to replace existing assets | 10,151 | 9,907 | 9,956 |
| Increase (decrease) in reserves | - | - | 1,237 |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 13,040 | 11,910 | 12,340 |
| | | | |
| Surplus (deficit) of capital funding (C – D) | ( 3,765) | ( 3,768) | 1,125 |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |

# Wai Para
# **Wastewater**

Wastewater services aim to protect and promote public health and minimise the impact of communities on the environment.

The public wastewater network consists of approximately 410km of gravity mains and 164km of rising mains that protect public health and the environment from the effects of wastewater and by-products. Two wastewater treatment plants service approximately 25,748 properties with wastewater connections.

**Wastewater services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Connected and Resilient** | **Environment** |
| **Housing** | **Mana Whenua/Tāngata Whenua Aspirations** |

**We contributed to achieving outcomes by:**

- Protecting and promoting public health by providing reliable, safe and efficient wastewater collection and treatment infrastructure services for three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) as well as some rural lakeside communities.
- Minimising any negative impacts on the environment of wastewater from communities.
- Providing wastewater infrastructure that future proofs our District, catering for our growing population, providing for housing growth and supporting a growing economy.

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Environmental** |
| **Economic** |

Did you know the Rotorua Wastewater Treatment Plant is being upgraded and is nearing completion? Works started in December 2022 to cater for future growth and to ensure we manage our wastewater responsibly.

Alongside these upgrades a working group made up of Rotorua Lakes Council Elected Members, a Te Tatau o Te Arawa representative, Mana Whenua nominees and community representatives has been set up to recommend a long-term solution for the future management of Rotorua city's recovered wastewater.

# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 100 of our 2024/2034 Long-term Plan.

## Wastewater

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Systems and Adequacy** | The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system. (DIA measure) (1) | 1.28/1000 connections | ≤ 5/1000 connections | 0.82/1000 connections | Performance exceeded the target during 2025/2026, with 21 dry weather sewerage overflows recorded across 25,748 sewerage connections. This equates to 0.82 overflows per 1,000 connections, significantly below the target of fewer than 5 overflows per 1,000 connections. |
| **Discharge Compliance** | Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of:<br>a) abatement notices<br>b) infringement notices<br>c) enforcement orders<br>d) convictions received by the territorial authority in relation to those resource consents. (DIA measure). (2) | No abatement or infringement notices, enforcement orders or convictions were received during the period. | 0 | 1 | Council received one abatement notice during 2025/2026 following a treated wastewater overflow from the Rotorua Wastewater Treatment Plant into the Puarenga Stream. The overflow was caused by a delay in activating a final effluent pond pump, resulting in a discharge outside consent conditions. Clean-up activities commenced immediately and no infringement notices, enforcement orders, or convictions were received during the reporting period. |
| **Fault Response Times** | Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site. (DIA measure) (3a) | 32 minutes | ≤60 minutes | 26 minutes | During 2025/2026, Council attended 35 wastewater blockages and faults. The median attendance time from notification to arrival on site was 26 minutes, supporting a prompt response to wastewater network incidents and helping to minimise impacts on customers and the environment. |
| **Fault Resolve Times** | Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault. (DIA measure) (3b) | 79 minutes | ≤180 minutes | 87 minutes | During 2025/2026, 35 wastewater blockages and faults were recorded. The median time from notification to confirmed resolution was 87 minutes, reflecting Council's commitment to responding promptly to wastewater network incidents and minimising impacts on the community. |

Achieved  Not Achieved

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Customer Satisfaction** | The total number of complaints received by the territorial authority about any of the following:<br>• sewage odour<br>• sewerage system faults<br>• sewerage system blockages, and<br>• the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system (DIA measure). (4) | Odour - 4<br>Faults - 308<br>Blockages - 24<br>Complaints - 6<br>Total number: 342<br>Total=13.36/ 1000 connections | ≤30/1000 connections | Odour - 9<br>Faults - 365<br>Blockages - 74<br>Complaints - 3<br>Total number: 451<br>Total=17.52/ 1000 connections | Performance achieved the target during 2025/2026, with 451 customer complaints relating to the wastewater network (excluding wastewater overflows). Based on 25,748 sewerage connections, this equates to 17.52 complaints per 1,000 connections. |
| **Customer Satisfaction** | Percentage of residents that are very/fairly satisfied with Council's reliability of the waste water service. (5) | 92% | ≥85% | 90% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 311 respondents for the year, 90% felt fairly or very satisfied with Council's reliability of the wastewater service (measure of satisfaction is those that selected from a scale seven and above). 3% were dissatisfied, with 7% neutral. |

Achieved Not Achieved

(1) Dry weather sewerage overflow means sewage that escapes a territorial authority's sewerages system and enters the environment during periods of dry weather. Dry weather overflows generally indicate a specific network fault.

(2) The discharge compliance to the territorial authority's resource consents for discharge from its sewerage system is measured by any notice received of abatements, infringements, enforcement orders and convictions by the territorial authority in relation to those resource consents.

(3a) Sewage overflow means sewage that escapes Council's sewerage system and enters the environment. The median attendance time is measured from the time that the territorial authority receives notification to the time that service personnel reach the site.

(3b) Resolution time is measured from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.

(4) Customer satisfaction performance measures the count of job code faults associated with odour, system faults and blockages, and the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.

(5) The Residents Experience Monitor is conducted by independent research company Key Research on behalf of Rotorua Lakes Council. Invitations are sent quarterly to a randomly selected group of residents from the electoral roll. Invitation letters provide a QR code for respondents to take part in an online survey, or they can request a paper copy. The data collection period for this report was between August 2025 and June 2026, with a total of 400 respondents.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2026 for Wastewater

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | - | - | - |
| Targeted rates | 31,088 | 33,294 | 41,903 |
| Subsidies and grants for operating purposes | - | - | - |
| Fees and charges | 773 | 792 | 13 |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 10 | 10 | 14 |
| Total operating funding (A) | 31,871 | 34,096 | 41,930 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 14,232 | 14,868 | 14,434 |
| Finance costs | 4,822 | 5,982 | 4,060 |
| Internal charges and overheads applied | 3,308 | 3,511 | 4,633 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 22,362 | 24,361 | 23,126 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | 9,509 | 9,735 | 18,804 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | 3,781 | 14,102 | 787 |
| Development and financial contributions | 3,607 | 3,530 | 455 |
| Increase (decrease) in debt | 22,111 | 6,093 | 11,831 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 29,499 | 23,725 | 13,072 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | 6,733 | 6,002 | 117 |
| • to improve the level of service | 26,018 | 21,043 | 21,760 |
| • to replace existing assets | 6,258 | 6,415 | 5,104 |
| Increase (decrease) in reserves | - | - | 4,895 |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 39,008 | 33,460 | 31,876 |
| | | | |
| Surplus (deficit) of capital funding (C – D) | ( 9,509) | ( 9,735) | ( 18,804) |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |

# Te Para Me Te Toitūtanga
# **Waste and Sustainability**

These service aim to provide for the sustainable collection, reduction, reuse, recycling and disposal of waste.

**Waste and Sustainability Includes:**

- Waste services

**These services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Connected and Resilient** | **Environment** |
| **Housing** | **Mana Whenua/Tāngata Whenua Aspirations** |

**We contributed to achieving outcomes by:**

- Protecting the health of our environment and community by the collection, reduction, reuse, recycling and disposal of waste safely and sustainably.
- Educating and raising awareness and understanding of the need to dispose of waste responsibly, for the good of the community overall.
- Providing and managing waste disposal facilities.
- Preparing for the delivery of FOGO.

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Environmental** |
| **Economic** |

We have continued to engage with and educate our community about waste minimisation this year.

This year we saw a decrease in illegal dumping, although it still remains an issue across Rotorua, we are pleased that reports of illegal dumping reduced by 29% over the past year. Despite increasing landfill costs, larger dumping incidents (more than two cubic metres) also fell significantly, down 68% compared to the previous year.

Our waste minimisation team continue to focus on community education by raising awareness and understanding of the need to dispose of waste sustainably and responsibly.

# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 108 of our 2024/2034 Long-term Plan.

## Waste and Sustainability

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| Sustainability | Reduction in the amount of waste being sent to the landfill. | 222.9 kg per capita | <1% decrease (<210.4kg per capita) | 221.6 kg per capita | The amount of waste sent to landfill during 2025/2026 was 221.6kg per capita, compared with a target of 210.4kg per capita. While the target was not achieved, the result represents a slight improvement on the previous year's 222.9kg per capita. As this measure includes commercial and industrial waste streams alongside household waste, landfill volumes can be influenced by a range of factors across the district, including economic activity and waste disposal practices. The amount of waste collected from the kerbside collection during the 2025/2026, year remained below the target of <210kg per capita/year with a final result of 201.5kg per capita. This was despite ongoing fluctuations in household waste volumes continuing throughout the year. |
| | Reduce the amount of rubbish/waste that is collected from kerbside collection per capita. | Achieved 199.8 kg per capita | ≤ 210 kg /capita Per Year | Achieved 201.5 kg per capita | Performance achieved the target during 2025/2026, with 201.5kg of rubbish and waste collected through kerbside collections per capita. The result remained below the target of 210kg per capita, despite ongoing fluctuations in household waste volumes throughout the year. |
| | Reducing the percentage of contaminants in kerbside recycling collection across the Rotorua District. | 23% | <20% | 23% | Council achieved 100% compliance with landfill resource consent conditions during 2025/2026,. No incidents were reported during the year, demonstrating effective environmental management and compliance practices at the landfill. |
| Compliance | Compliance with resource consent conditions at the landfill | 100% | 100% | 100% | The level of contamination in kerbside recycling collections remained at 23% during 2025/2026, unchanged from the previous year and above the target of less than 20%. Contamination arises from a range of factors, including confusion about recycling requirements, perceptions about the recycling system, and disposal behaviours, with contaminants ranging from garden hoses to organic waste. Council continued to promote correct recycling practices and progress initiatives such as FOGO to support improved recycling outcomes. |
| Customer Satisfaction | Percentage of residents that are very/fairly satisfied with Council's rubbish and recycling kerbside collection service. (1) | 85% | 80% | 85% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 392 respondents for the year, 85% felt fairly or very satisfied with Council's rubbish and recycling kerbside collection service (measure of satisfaction is those that selected from a scale seven and above). 6% were dissatisfied, with 9% neutral. |

Achieved  Not Achieved

(1) The Residents Experience Monitor is conducted by independent research company Key Research on behalf of Rotorua Lakes Council. Invitations are sent quarterly to a randomly selected group of residents from the electoral roll. Invitation letters provide a QR code for respondents to take part in an online survey, or they can request a paper copy. The data collection period for this report was between August 2025 and June 2026, with a total of 400 respondents.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2026 for Waste and Sustainability

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | 2,684 | 3,262 | 2,847 |
| Targeted rates | 8,336 | 10,105 | 9,326 |
| Subsidies and grants for operating purposes | 300 | 306 | 1,600 |
| Fees and charges | - | | 0 |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | - | - | - |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 1,732 | 537 | 1,055 |
| Total operating funding (A) | 13,052 | 14,211 | 14,829 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 12,034 | 13,158 | 13,184 |
| Finance costs | - | - | - |
| Internal charges and overheads applied | 727 | 765 | 1,074 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 12,761 | 13,923 | 14,257 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | 291 | 288 | 571 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | - |
| Development and financial contributions | - | - | - |
| Increase (decrease) in debt | ( 291) | ( 288) | - |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | ( 291) | ( 288) | - |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | - | - | - |
| • to improve the level of service | - | - | 19 |
| • to replace existing assets | - | - | - |
| Increase (decrease) in reserves | - | - | 552 |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | - | - | 571 |
| | | | |
| Surplus (deficit) of capital funding (C – D) | ( 291) | ( 288) | ( 571) |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |



# Wai
# **Water**

These services protect and promote public health, ensure firefighting water supplies are available in specific areas and enable businesses to operate and grow. We provide a cost-effective, constant, adequate, sustainable and high-quality supply of water to three urban supply areas, five residential supply areas and two farming supply areas. The reticulated schemes are a network of about 761km of pipes supplying approximately 26,487 properties in the District connected to the water supply.

**Water services support us to achieve the following community outcomes:**

| | |
|---|---|
| **Connected and Resilient** | **Environment** |
| **Housing** | **Mana Whenua/Tāngata Whenua Aspirations** |

**We contributed to achieving outcomes by:**

- Protecting and promoting public health by having safe and sustainable water supplies.
- Supporting overall community wellbeing and our economy by providing a cost-effective, constant, adequate, sustainable and high-quality supply of water.
- Ensuring firefighting water supplies are available in specific areas and enabling businesses to operate and grow through having reliable and high-quality water.

| Wellbeings Indicator |
|---|
| **Social** |
| **Cultural** |
| **Environmental** |
| **Economic** |

Rotorua Lakes Council continues to achieve compliance with the NZ Drinking Water Rules, consistently delivering safe water to the community.

Construction of a new 3,500,000 litre concrete water supply reservoir was completed this year. The new reservoir will cater for future growth in the Eastern suburbs of Rotorua. It also provides a layer of resilience to the network enabling existing reservoirs to be taken offline and refurbished increasing their functional life, without impacting water supply.

A landmark agreement was signed in July 2025 between Ngāti Kearoa-Ngāti Tuara and Rotorua Lakes Council, securing the future of a vital water supply and returning culturally significant land to its traditional guardians. The agreement centres on the Karamū Tākina Springs, which provides 60 percent of the city's water supply and is a place of deep ancestral connection for Ngāti Kearoa-Ngāti Tuara. As part of the partnership, the iwi and Council agreed to work on a joint resource consent application to renew the right to draw water from the springs for the next 35 years.

# Measuring our performance

We have measured our performance towards the objectives set in the 2024/2034 Long-term Plan through the below Key Performance Indicators.

**Want to find out more?**

See page 114 of our 2024/2034 Long-term Plan.

## Water

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Safety of drinking water** | The extent to which Council's drinking water supply complies with: 4.10.1 - T3 of the Drinking Water Quality Assurance Rules (bacterial rules) (DIA Measure). (1) | All met (All supplies 100%) | Achieved for all supplies | All met (All supplies 100%) | All ten registered drinking water supplies achieved "All Met (100%)" status under the DIA aggregate compliance methodology. |
| | The extent to which Council's drinking water supply complies with: 4.10.2 - T3 of the Drinking Water Quality Assurance Rules (protozoal rules) (DIA Measure). (1) | All met (All supplies 100%) | Achieved for all supplies | All met (All supplies 100%) | All ten registered drinking water supplies achieved "All Met (100%)" status under the DIA aggregate compliance methodology. |
| | The extent to which Council's drinking water supply complies with: 4.11.5 - D3.29 of the Drinking Water Quality Assurance Rules (microbiological monitoring rule) (DIA Measure). (1) | All met (All supplies 100%) | Achieved for all supplies | All met (All supplies 100%) | All ten registered drinking water supplies achieved "All Met (100%)" status under the DIA aggregate compliance methodology. |
| **Maintenance of the reticulation network** | The percentage of real water loss from the local authority's networked reticulation system (including a description of the methodology used to calculate this) (DIA Measure) (2). | 26.1% | ≤ 30% | 25.5% | Real water loss across Council's water supplies was 25.5% during 2025/2026, achieving the target of less than 30% and improving on the previous year's result of 26.1%. The result reflects the continued focus on reducing water loss through targeted interventions, infrastructure improvements, and proactive monitoring of high-risk areas of the network. |
| **Fault response times** | IIn response to a fault or unplanned interruption to its networked reticulation system, the median response times measured: attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (DIA Measure) (3). | 31 minutes | ≤ 60 minutes | 32 minutes | During 2025/2026, 143 urgent service requests relating to faults or unplanned interruptions to the water network were received. The median attendance time from notification to arrival on site was 32 minutes, achieving the target of 60 minutes and remaining consistent with the previous year's result of 31 minutes. |

| Supply Name | Registered Population | Compliance Rate | Performance Rating |
|---|---|---|---|
| Reporoa provided by 2 supplies Deep Creek and Wharepapa | 1,500 | 100% | All met |
| Hamurana | 2,500 | 100% | All met |
| Mamaku | 1,000 | 100% | All met |
| Rotorua Central Provided By 2 Plants Matipo And Utuhina | 44,000 | 100% | All met |
| Rotoiti | 1,000 | 100% | All met |
| Rotomā | 500 | 100% | All met |
| Ngongotahā Provided By Taniwha Springs | 5,000 | 100% | All met |
| Rotorua East Water Supply | 13,000 | 100% | All met |

Achieved  Not Achieved

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Fault response times** | In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (DIA Measure) (4). | 82 minutes | ≤ 210 minutes | 107 minutes | During 2025/2026, 143 urgent service requests relating to faults or unplanned interruptions to the water network were received. The median time from notification to confirmed resolution was 107 minutes, achieving the target of 210 minutes. While higher than the previous year's result of 82 minutes, the response remained well within the target timeframe.w |
| | In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site (DIA Measure) (5). | 20 hours 3 minutes | ≤ 2 days | 21 hours 11 minutes | During 2025/2026, 1,548 non-urgent service requests were received in relation to faults or unplanned interruptions to the water network. The median attendance time from notification to arrival on site was 21 hours and 11 minutes, comfortably achieving the target of less than two days and remaining consistent with the previous year's result of 20 hours and 3 minutes. |
| | In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption (DIA Measure). | 48 hours 6 minutes | ≤ 4 days | 29 hours 29 minutes | A total of 1,548 non-urgent service requests were received during 2025/2026,. The median response time of 29 hours and 29 minutes achieved the target and reflects Council's commitment to providing timely and reliable responses to customer service requests. |
| **Customer satisfaction** | The total number of complaints received by the local authority about any of the following:<br>• drinking water clarity<br>• drinking water taste<br>• drinking water odour<br>• drinking water pressure or flow<br>• continuity of supply, and<br>• the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system (DIA Measure). | Achieved 78 complaints Drinking Water Clarity - 12 Drinking Water Taste - 14 Drinking Water Odour – 1 DW Pressure or Flow – 38 DW Continuity of Supply – 0 Customer Service Complaints - 14, Local Authority Response = 0.53/1000 connections | ≤ 10/1000 | Achieved 165 complaints Drinking Water Clarity - 5 Drinking Water Taste - 7 Drinking Water Odour – 1 DW Pressure or Flow – 54 DW Continuity of Supply – 89 Customer Service Complaints - 9, Local Authority Response = 6.23/1000 connections | A total of 165 complaints were received during 2025/2026, relating to drinking water clarity, taste, odour, pressure or flow, continuity of supply, and Council's response to these issues. This equates to 6.23 complaints per 1,000 connections, based on 26,487 properties connected to the water supply network, achieving the target of fewer than 10 complaints per 1,000 connections. While complaints increased compared with the previous year, the result remained well within the target range. The increase was largely attributable to water meter faults, corrosion, blockages and damage within parts of the network. |

Achieved Not Achieved

| Level of service | How will it be measured? (Measures) | 2024/25 Result | 2025/26 Target | Year End Result | Comment |
|---|---|---|---|---|---|
| **Demand management** | The average consumption of drinking water per day per resident within the territorial authority based on water leaving the water treatment plants in litres per capita per day (annual consumption and based on population of 25,641 connections supplied with water). (DIA Measure) (6) | Achieved 262 litres per person per day | ≤ 320 litres per person per day | Achieved 273 litres per person per day | The average consumption of drinking water in litres per person per day is calculated using domestic monitoring metered consumption, population within the water supply areas and number of people per household within the Rotorua Lakes Council Territorial Authority.<br><br>This year's result is higher than last year and is based on StatsNZ data for the RLC water supply area population of 69,130 people. There are seasonal variations and water use is usually higher during the summer months. |
| **Customer satisfaction** | Percentage of residents that are very/fairly satisfied with Council's water supply service. (7) | 94% | TARGET >68.25% (5% increase from prior year target of 65%) | 94% | The Residents Experience Monitor is an independent survey conducted throughout the year. Of the 362 respondents for the year, 94% felt fairly or very satisfied with Council's water supply service (measure of satisfaction is those that selected from a scale seven and above). 2% were dissatisfied, with 4% neutral. |

(1) From 2025/26, DIA guidance requires drinking water safety performance to be assessed and reported for each registered drinking water supply using aggregate compliance categories of "All met (100%)", "Almost met (95-99%)", "Partially met (1-94%)", or "None met (0%)". Also, For the overall safety of drinking water, under the DIA guidance Councils are required to separately disclose each treatment plant, water supply and to state the total population each water supply or treatment plant services.

| Supply Name | Registered Population | Compliance Rate | Performance Rating |
|---|---|---|---|
| **Reporoa provided by 2 supplies Deep Creek and Wharepapa** | 1,500 | 100% | All met |
| **Hamurana** | 2,500 | 100% | All met |
| **Mamaku** | 1,000 | 100% | All met |
| **Rotorua Central Provided By 2 Plants Matipo And Utuhina** | 44,000 | 100% | All met |
| **Rotoiti** | 1,000 | 100% | All met |
| **Rotomā** | 500 | 100% | All met |
| **Ngongotahā Provided By Taniwha Springs** | 5,000 | 100% | All met |
| **Rotorua East Water Supply** | 13,000 | 100% | All met |

(2) This measure tracks unexplained water losses as a percentage of total water produced. These losses are calculated by deducting water sales volumes and estimated unbilled water usage from the total volume of water produced.

(3) An urgent call-out is one that leads to a complete loss of supply of drinking water or risk of damage to persons and/or property. A non-urgent call-out is one where there is still a supply of drinking water and low risk of damage to persons and/or property. Response time is measured from the time that the local authority receives notification to the time that service personnel reach the site.

(4) Response time is measured from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.

(5) Response time is measured from the time that the local authority receives notification to the time that service personnel reach the site.

(6) This measure is a Department of Internal Affairs (DIA) mandatory measure to provide information on whether the water supply system is being managed to ensure demand does not outstrip capacity. Careful management of the demand for water is an important component of integrated water resources management to ensure that demand does not exceed capacity, that water is allocated efficiently, and that productivity is maximised.

(7) The Residents Experience Monitor is conducted by independent research company Key Research on behalf of Rotorua Lakes Council. Invitations are sent quarterly to a randomly selected group of residents from the electoral roll. Invitation letters provide a QR code for respondents to take part in an online survey, or they can request a paper copy. The data collection period for this report was between August 2025 and June 2026, with a total of 400 respondents.

## ROTORUA LAKES COUNCIL:

Funding Impact Statement for the year ended 30 June 2026 for Water

| | Long-term Plan 2024/25 ($000) | Long-term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
|---|---|---|---|
| Sources of operating funding | | | |
| General rates, uniform annual general charges, rates penalties | - | - | - |
| Targeted rates | 14,292 | 15,733 | 15,727 |
| Subsidies and grants for operating purposes | - | - | 160 |
| Fees and charges | 18 | 19 | 1,643 |
| Interest and dividends from investments | - | - | - |
| Internal charges and overheads recovered | - | - | 512 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 246 | 252 | 911 |
| Total operating funding (A) | 14,557 | 16,004 | 18,953 |
| | | | |
| Applications of operating funding | | | |
| Payments to staff and suppliers | 7,728 | 7,950 | 10,175 |
| Finance costs | 1,378 | 1,787 | 1,629 |
| Internal charges and overheads applied | 2,190 | 2,326 | 3,848 |
| Other operating funding applications | - | - | - |
| Total applications of operating funding (B) | 11,297 | 12,063 | 15,651 |
| | | | |
| Surplus (deficit) of operating funding (A – B) | 3,260 | 3,941 | 3,302 |
| | | | |
| Sources of capital funding | | | |
| Subsidies and grants for capital expenditure | - | - | 51 |
| Development and financial contributions | 1,606 | 1,572 | 128 |
| Increase (decrease) in debt | 4,171 | 7,209 | 4,748 |
| Gross proceeds from sale of assets | - | - | - |
| Lump sum contributions | - | - | - |
| Other dedicated capital funding | - | - | - |
| Total sources of capital funding (C) | 5,777 | 8,781 | 4,927 |
| | | | |
| Applications of capital funding | | | |
| Capital expenditure— | | | |
| • to meet additional demand | 2,138 | 4,223 | 1,591 |
| • to improve the level of service | 2,920 | 3,902 | 1,997 |
| • to replace existing assets | 3,979 | 4,597 | 5,233 |
| Increase (decrease) in reserves | - | - | ( 593) |
| Increase (decrease) of investments | - | - | - |
| Total applications of capital funding (D) | 9,036 | 12,722 | 8,228 |
| | | | |
| Surplus (deficit) of capital funding (C – D) | ( 3,260) | ( 3,941) | ( 3,302) |
| | | | |
| Funding balance ((A - B) + (C – D)) | - | - | - |

# NGĀ TAUĀKI PŪTEA **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED
30 JUNE 2026

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The Audit Office
Te Mana Arotake

# Independent Auditor's Report

## To the readers of the annual report of Rotorua Lakes Council for the year ended 30 June 2026

The Auditor-General is the auditor of Rotorua Lakes Council (the Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, René van Zyl, 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 and the Group 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 96 to 178 present fairly, in all material respects, the Council and the Group's financial position as at 30 June 2026, and the results of the operations and cash flows for the year ended on that date, in accordance with Public Benefit Entity Standards;
- the statement of service performance for the year ended 30 June 2026 on pages 43 to 84:
    - is appropriate and meaningful and prepared in accordance with the Council's measurement bases or evaluation methods and Public Benefit Entity Standards; and
    - presents fairly, in all material respects, the Council's actual levels of service for each group of activities, including the levels of service achieved compared with the intended levels of service, whether any intended changes to levels of service were achieved, and the reasons

for any significant variation between the levels of service achieved and the intended levels of service.

- the funding impact statement for the year ended 30 June 2026 on page 179, 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 51 to 85 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 51 to 85, 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.

## 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.

### Emphasis of Matters

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

### Future changes in water service delivery

Note 29 of the financial statements outlines how future changes in the delivery of water services might affect the Council.

DRAFT

### 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 29, the council is part of an amalgamation proposal under the Head Start pathway which may, if approved, be implemented before the 2028 local elections. The eventual outcome for the council is dependent on future cabinet decisions and enactment of enabling legislation. Because of the significant uncertainty about the outcome and timing of any future reorganisation, the financial statements have continued to be prepared on a going concern basis.

## 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 and the Group'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 and the Group 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.

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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 and the Group'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 and the Group 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 and the Group to cease to continue as a going concern.

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- 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 plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group audited information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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.

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## Independence

We are independent of the Council and the Group 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 are 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 or the Group.

René van Zyl
The Audit Office
On behalf of the Auditor-General
Auckland, New Zealand
28 October 2026

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# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

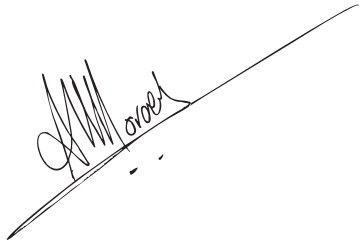
The governing body and management of Rotorua Lakes Council confirm that all the statutory requirements in relation to this annual report, as outlined in the Local Government Act 2002, have been complied with.

## RESPONSIBILITY

The governing body and management of Rotorua Lakes Council accept responsibility for the preparation and completion of the financial statements and the related judgements. The governing body and management adopted the financial statements as presented here on 28 October 2026.

The governing body, the management of Rotorua Lakes Council and the Rotorua Lakes Council Group accept responsibility for establishing and maintaining systems of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and performance reporting.

In the opinion of Rotorua Lakes Council, the Group annual report, for the year ended 30 June 2026 fairly presents the financial performance, financial position, cash flows and service performance of the Rotorua Lakes Council Group and Rotorua Lakes Council.



Andrew Moraes
Chief Executive

Date: 28 October 2026



Tania Tapsell
Her Worship the Mayor

Date: 28 October 2026

# STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

## FOR THE YEAR ENDED 30 JUNE 2026

| | Note | Council | | | Group | |
|---|---|---|---|---|---|---|
| | | **Actual 2026 $'000** | **Budget 2026 $'000** | Restated Actual 2025 $'000 | **Actual 2026 $'000** | Restated Actual 2025 $'000 |
| **Revenue** | | | | | | |
| Rates | 2a | 164,606 | 159,928 | 146,323 | 164,469 | 146,194 |
| Subsidies and grants | 2b | 27,477 | 67,011 | 43,138 | 31,009 | 43,554 |
| Development and financial contributions | 2c | 2,785 | 9,609 | 2,928 | 2,785 | 2,928 |
| Finance income | 3 | 1,402 | 579 | 3,050 | 1,245 | 2,806 |
| Other revenue | 2d | 20,147 | 19,888 | 21,025 | 35,867 | 34,237 |
| **Total revenue** | | 216,417 | 257,016 | 216,464 | 235,375 | 229,719 |
| **Expenses** | | | | | | |
| Personnel costs | 4 | **47,593** | **49,878** | 43,240 | **57,487** | 54,372 |
| Depreciation and amortisation expense | 15 | **52,125** | **49,089** | 47,454 | **55,081** | 50,093 |
| Finance costs | 3 | **19,642** | **21,787** | 20,107 | **19,637** | 20,112 |
| Other expenses | 5 | **98,233** | **78,437** | 102,593 | **103,410** | 100,980 |
| **Total expenses** | | **217,593** | **199,189** | 213,394 | **235,615** | 225,557 |
| **Surplus/(deficit) before tax** | | **(1,176)** | **57,826** | 3,070 | **(240)** | 4,162 |
| Income tax expense | 6 | **-** | **-** | - | **(151)** | 531 |
| **Surplus/(deficit) after tax** | | **(1,176)** | **57,826** | 3,070 | **(89)** | 3,631 |
| **Other comprehensive revenue and expense** | | | | | | |
| ***Items that could be reclassified to surplus/(deficit)*** | | | | | | |
| Net change in fair value of investment | 20 | **614** | **-** | 1,225 | **-** | - |
| ***Items that will not be reclassified to surplus/(deficit):*** | | | | | | |
| Revaluation on property, plant and equipment | 20 | **51,852** | **23,597** | 88,090 | **51,852** | 88,090 |
| Revaluation on intangibles | 20 | **(13)** | **-** | 32 | **(13)** | 32 |
| Other transfers | | **15** | - | 757 | **15** | 762 |
| Impairment of investment - Infracore | | **-** | - | - | **(323)** | - |
| Prior Year Equity Correction | | **-** | **-** | - | **(116)** | (48) |
| Income tax related to gain on Revaluation of Airport Assets | | **-** | **-** | - | **-** | - |
| **Total other comprehensive income** | | **52,468** | **-** | **90,104** | **51,415** | **88,836** |
| **Total comprehensive income** | | **51,294** | **81,424** | **93,174** | **51,325** | **92,467** |

Explanations of major variances against budget are provided in note 27.
The accompanying notes form an integral part of these financial statements.

# STATEMENT OF FINANCIAL POSITION
## FOR THE YEAR ENDED 30 JUNE 2026

| | Note | Council | | | Group | |
|---|---|---|---|---|---|---|
| | | **Actual 2026 $'000** | **Budget 2026 $'000** | Restated Actual 2025 $'000 | **Actual 2026 $'000** | Restated Actual 2025 $'000 |
| **ASSETS** | | | | | | |
| **Current Assets** | | | | | | |
| Cash and cash equivalents | 7 | 12,488 | 35,973 | 15,856 | 17,269 | 19,119 |
| Receivables | 8 | 27,450 | 39,391 | 31,691 | 28,787 | 34,135 |
| Other financial assets | 10 | 24,265 | - | 5,666 | 24,534 | 4,530 |
| Inventories | 11 | 444 | - | 658 | 998 | 1,115 |
| Current tax receivables | 6 | 54 | - | 57 | 96 | 127 |
| Non-current assets held for sale | 12 | 348 | - | 348 | 348 | 348 |
| **Total current assets** | | **65,049** | **75,364** | **54,276** | **72,032** | **59,374** |
| **Non-current assets** | | | | | | |
| Shares in associates | 9 | 9 | - | 72 | 9 | 72 |
| Other financial assets: | | | | | | |
| - Investment in CCO's and other similar entities | 10 | 80,234 | 92,699 | 82,492 | - | - |
| - Investment in other entities | 10 | 16,628 | 2,950 | 12,266 | 16,628 | 12,266 |
| Trade and other receivables | 8 | - | - | - | - | - |
| Property, plant and equipment | 13 | 2,090,048 | 2,108,728 | 2,058,719 | 2,175,755 | 2,145,844 |
| Work in progress - Property, plant & equipment | 13 | 228,465 | - | 162,659 | 228,465 | 162,659 |
| Work in progress - Intangibles | 14 | 1,803 | - | 1,272 | 1,803 | 1,272 |
| Intangible assets | 14 | 782 | 172 | 2,786 | 1,104 | 3,108 |
| Deferred tax asset | | - | - | - | 4,940 | 5,026 |
| **Total non-current assets** | | **2,417,969** | **2,204,549** | **2,320,266** | **2,428,704** | **2,330,247** |
| **Total assets** | | **2,483,018** | **2,279,913** | **2,374,542** | **2,500,736** | **2,389,621** |
| **LIABILITIES** | | | | | | |
| **Current liabilities** | | | | | | |
| Borrowings | 17 | 75,244 | 66,000 | 76,000 | 75,244 | 76,000 |
| Employee entitlements | 18 | 5,597 | 370 | 4,936 | 6,472 | 5,703 |
| Provisions | 19 | 18 | 18 | 18 | 18 | 18 |
| Payables and deferred revenue | 16 | 35,992 | 52,495 | 37,088 | 39,507 | 37,846 |
| **Total current liabilities** | | **116,851** | **118,883** | **118,042** | **121,241** | **119,567** |
| **Non-current liabilities** | | | | | | |
| Borrowings | 17 | 451,000 | 476,989 | 393,000 | 451,000 | 393,000 |
| Employee entitlements | 18 | 93 | 131 | 101 | 93 | 101 |
| Provisions | 19 | 3,195 | 2,196 | 2,812 | 3,195 | 2,812 |
| Deferred tax liabilities | 6 | - | - | - | 6,018 | 6,278 |
| Payables and deffered revenue | | - | - | - | - | - |
| **Total non-current liabilities** | | **454,288** | **479,316** | **395,913** | **460,306** | **402,191** |
| **Total liabilities** | | **571,139** | **598,199** | **513,955** | **581,547** | **521,758** |
| **Net assets** | | 1,911,879 | 1,681,714 | 1,860,587 | 1,919,189 | 1,867,863 |
| **EQUITY** | | | | | | |
| **Accumulated funds** | 20 | 636,402 | 761,963 | 638,735 | 645,552 | 647,236 |
| **Reserves** | 20 | 1,275,477 | 919,749 | 1,221,852 | 1,273,637 | 1,220,627 |
| **Total equity attributable to the Entity** | | **1,911,879** | **1,681,714** | **1,860,587** | **1,919,189** | **1,867,863** |
| **Total equity** | | **1,911,879** | **1,681,714** | **1,860,587** | **1,919,189** | **1,867,863** |

Explanations of major variances against budget are provided in note 27.
The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2026

| | | Council | | | Group | |
|---|---|---|---|---|---|---|
| | Note | **Actual 2026 $'000** | **Budget 2026 $'000** | Restated Actual 2025 $'000 | **Actual 2026 $'000** | Restated Actual 2025 $'000 |
| **Balance as at 1 July** | | 1,860,587 | 1,600,289 | 1,767,413 | 1,867,863 | 1,775,396 |
| Surplus/(deficit) after tax | | (1,176) | 57,826 | 3,070 | (89) | 3,631 |
| Other comprehensive revenue and expense | | 52,468 | 23,597 | 90,104 | 51,415 | 88,836 |
| **Balance as at 30 June** | 20 | **1,911,879** | **1,681,714** | **1,860,587** | **1,919,189** | **1,867,863** |

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2026

| | | Council | | | Group | |
|---|---|---|---|---|---|---|
| | Note | **Actual 2026 $'000** | **Budget 2026 $'000** | Restated Actual 2025 $'000 | **Actual 2026 $'000** | Restated Actual 2025 $'000 |
| **Cash flows from operating activities** | | | | | | |
| Receipts from rates revenue | | 163,149 | 159,928 | 143,886 | 163,012 | 143,757 |
| Receipts from other revenue | 30 | 22,316 | 19,889 | 21,275 | 40,005 | 32,114 |
| Subsidies and grants received | 30 | 30,853 | 67,010 | 48,169 | 31,874 | 48,235 |
| Development and financial contributions received | | 3,414 | 9,609 | 5,239 | 7,183 | 5,239 |
| Interest received | | 1,402 | 579 | 3,050 | 1,245 | 2,806 |
| Dividends received | | - | - | - | - | - |
| Payments to suppliers* | | (99,864) | (78,304) | (87,386) | (104,493) | (85,523) |
| Payments to employees | | (46,940) | (49,793) | (41,980) | (56,726) | (53,606) |
| Interest paid | | (19,574) | (21,787) | (20,548) | (19,570) | (20,553) |
| Income tax paid | | 4 | - | 4 | 14 | 229 |
| Goods and Services Tax (net) | | 784 | - | (1,663) | 784 | (1,663) |
| **Net cash flow from operating activities** | | **55,544** | **107,131** | **70,046** | **63,328** | **71,035** |
| **Cash flows from investing activities** | | | | | | |
| Receipts from sale of property, plant and equipment | | 453 | - | 9,036 | 463 | 13,534 |
| Receipts from sale of intangible assets | | - | - | - | - | 5 |
| Loan advances repaid | | 1,400 | 1,400 | - | - | - |
| Purchase of property, plant and equipment | | (95,116) | (146,275) | (114,268) | (96,219) | (114,268) |
| Purchase of intangible assets | | (1,446) | 395 | (649) | (803) | (759) |
| Payments to suppliers - capital expenditure | | - | - | - | - | - |
| PPE reval non-cash | | - | - | - | - | (2,834) |
| Purchase of financial assets | | (21,454) | - | 20,605 | (25,871) | 19,675 |
| Depreciation write back | | - | - | - | - | 4 |
| **Net cash flow from investing activities** | | **(116,163)** | **(144,480)** | **(85,276)** | **(122,430)** | **(84,643)** |
| **Cash flows from financing activities** | | | | | | |
| Proceeds from borrowings | | 133,244 | 103,743 | 50,000 | 133,244 | 50,000 |
| Repayment of borrowings | | (76,000) | (66,000) | (27,927) | (76,000) | (28,527) |
| Payments of finance leases | | 7 | - | 23 | 7 | 23 |
| **Net cash flow from financing activities** | | **57,251** | **37,743** | **22,096** | **57,251** | **21,496** |
| **Net increase / (decrease) in cash and cash equivalents** | | (3,368) | 394 | 6,866 | (1,851) | 7,888 |
| Cash and cash equivalents at the beginning of the year | | 15,856 | 35,579 | 8,990 | 19,119 | 11,231 |
| Cash and cash equivalents at the end of the year | 7 | 12,488 | 35,973 | 15,856 | 17,269 | 19,119 |

* This includes amounts received and paid on behalf of and from Bay of Plenty Regional Council, New Zealand Transport Agency and petrol tax. Refer to Note 25 for further detail.

The accompanying notes form an integral part of these financial statements.

# RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

## FOR THE YEAR ENDED 30 JUNE 2026

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Restated Actual 2025 $'000 | **Actual 2026 $'000** | Restated Actual 2025 $'000 |
| **Surplus/(deficit) after tax** | (1,176) | 3,070 | (89) | 3,631 |
| **Add/(less) non-cash items** | | | | |
| Depreciation | 49,206 | 45,434 | 52,933 | 47,818 |
| Amortisation | 2,906 | 1,961 | 2,148 | 2,013 |
| Bad debts written off | 1,281 | 142 | - | 142 |
| Impairment of property, plant and equipment and intangible assets | - | 3,069 | - | 1,237 |
| Impairment of accounts receivable | - | (8) | 1,307 | (8) |
| Impairment of WIP | - | 7,190 | - | 7,190 |
| Vested assets and assets recognised for the first time | (743) | (1,280) | (743) | (1,280) |
| Decrease in weathertightness provision | - | - | - | - |
| Share of associate's surplus | - | (37) | - | (37) |
| Finance lease receivables written off during the period | - | (23) | - | (23) |
| Revaluation of intangibles | - | (32) | - | (32) |
| (Gains)/losses in fair value on investments through surplus and deficit | - | 47 | - | 47 |
| Other transfers | 44 | 757 | 44 | 762 |
| **Total non-cash items** | **52,694** | **57,220** | **55,689** | **57,829** |
| **Add/(less) items classified as investing or financing activities** | | | | |
| (Gains)/losses on disposal of property, plant, and equipment | 1,740 | 6,680 | 1,740 | 6,712 |
| (Gains)/losses on interest rate swap | (1,268) | 185 | (1,268) | 185 |
| **Total items classified as investing or financing activities** | 472 | **6,865** | **472** | **6,897** |
| **Add/(less) movements in working capital items** | | | | |
| Receivables | 3,091 | 11,702 | 4,221 | 10,235 |
| Prepayments | (138) | (640) | (187) | (525) |
| Inventories | 214 | (541) | 117 | - |
| Payables and deferred revenue | (653) | (9,600) | 2,104 | (8,254) |
| Provision for taxation | 4 | 4 | (1,814) | (9) |
| Provisions | 383 | 707 | 383 | 469 |
| Employee benefits | 653 | 1,260 | 761 | 766 |
| Deferred Tax | - | - | 1,671 | - |
| **Net movement in working capital items** | **3,554** | **2,892** | **7,256** | **2,682** |
| **Net cash inflow/(outflow) from operating activities** | **55,544** | **70,046** | **63,328** | **71,035** |

# 1 - STATEMENT OF ACCOUNTING POLICIES

### 1.1 Reporting entity

Rotorua Lakes Council is a territorial local authority 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.

The Rotorua Lakes Council group (Group) consists of the ultimate parent, Rotorua Lakes Council (Council) and its subsidiaries Rotorua Regional Airport Limited (100% owned), Rotorua NZ (100% owned), and Kauae Cemetery Trust Board by special relationship. The Council's subsidiaries are incorporated and domiciled in New Zealand.

The Council and Group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the Group as public benefit entities (PBEs) to comply with generally accepted accounting practices and applies New Zealand Tier 1 Public Benefit Entity accounting standards (PBE standards).

The financial statements of the Council and Group are for the year ended 30 June 2026. The financial statements were authorised for issue by Council on 28 October 2026.

### 1.2 Basis of preparation

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in the significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

The financial statements have been prepared on a going concern basis.

**Statement of compliance**

The financial statements of the Council and Group have been prepared in accordance with the requirements of the LGA, and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practices in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with Tier 1 PBE Standards.

**Presentation currency and rounding**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000), other than the remuneration payment disclosure in Note 23 and related party disclosures in Note 23, which are rounded to the nearest dollar.

**Service Performance Reporting:**

Service performance information is prepared in accordance with PBE FRS 48 Service Performance Reporting and presents Council's performance in achieving its strategic objectives and levels of service for the reporting period.

**Standards issued and not yet effective and not early adopted**

There are currently no issued Standards which meet this criteria.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

### 1.3 Basis of consolidation

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, expenses and cash flows of entities in the Group on a line by line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

The Group financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation of an entity begins from the date the Council and Group obtains control of the entity and ceases when the Council and Group loses control of the entity.

### 1.4 Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into functional currency (NZD) using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the surplus or deficit in the period they arise.

### 1.5 Goods and Services Tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense. 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. Net GST paid to, or received from, the IRD, including GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### 1.6 Budget figures

The budget figures are approved by the Council in the Long Term Plan 2024-2034 and the 2025/26 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing the financial statements.

### 1.7 Cost allocation

Rotorua Lakes Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

*Direct costs:*

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner, with a specific significant activity. Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

*Indirect costs:*

Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. Indirect costs are allocated as overheads across all activities utilising an appropriate driver.

There have been no changes to the cost allocation methodology during the year.

### 1.8 Critical accounting estimates and judgements

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions 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 amount of assets and liabilities within the next financial year are:

- Note 13 provides information about the estimates and assumptions applied in determining the fair value of land, buildings, infrastructural assets and art collections.
- Note 19 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

### Critical judgements in applying accounting policies

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

- Note 2 provides information about the judgements applied in accounting for donated or vested land and buildings with use or return conditions.
- Note 10 provides information about the judgements applied in determining the fair value of subsidiaries
- Note 13 provides information about the judgements applied in determining the classification of property held.
- Note 22 provides information about the judgements applied in accounting for the suspensory loan from Housing New Zealand.
- Note 8 provides information about the judgements applied in determining impairment of debtors.



# 2 - REVENUE

### Accounting Policy
Revenue is measured at the fair value of consideration received or receivable to the extent that it is probable that economic benefits or service potential will flow to the Group and the revenue can be reliably measured.

### Critical accounting estimates and judgement
***Accounting for donated or vested land and buildings with use or return conditions***
The Council has received land and buildings from non exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

## 2a Rates
### Accounting Policy
Rates are set annually by a resolution of Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when the Council has struck the rate and that rate becomes payable.

The following policies for rates have been applied:

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

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| General rates | 91,121 | 82,102 | 90,984 | 81,973 |
| **Targeted rates attributable to activities:** | | | | |
| Water, excluding water supply rates | 8,808 | 8,212 | 8,808 | 8,212 |
| Targeted water supply rates | 7,217 | 7,043 | 7,217 | 7,043 |
| Sewerage | 29,288 | 28,254 | 29,288 | 28,254 |
| Refuse and sanitation | 9,328 | 8,301 | 9,328 | 8,301 |
| Lakes enhancement rate | 1,775 | 1,555 | 1,775 | 1,555 |
| Eastern sewerage capital rates | 10,527 | 4,194 | 10,527 | 4,194 |
| Business development targeted rates | 8,396 | 8,725 | 8,396 | 8,725 |
| Urban sewerage development rates | 78 | 76 | 78 | 76 |
| Rates penalties | 1,828 | 1,608 | 1,828 | 1,608 |
| Less rates charges to Council properties | (3,760) | (3,747) | (3,760) | (3,747) |
| **Total rates, excluding targeted water supply rates** | 164,606 | 146,323 | 164,469 | 146,194 |

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates revenue. That Deed defines annual rates revenue as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates revenue of the Council for the year ended 30 June 2026 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown above..

## Rates remissions

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Total gross rates | 165,785 | 147,665 | 165,648 | 147,536 |
| **Rates remissions:** | | | | |
| - General rates remissions | 548 | 514 | 548 | 514 |
| - Targeted rates remissions | 630 | 828 | 630 | 828 |
| **Total remissions** | 1,179 | 1,342 | 1,179 | 1,342 |
| Rates (net of remissions) | 164,606 | 146,323 | 164,469 | 146,194 |

## Non-rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens, and reserves. These non rateable properties may be subject to targeted rates in respect of sewerage, water, refuse, and sanitation. The non rating of non rateable land does not constitute a remission under the Council's rates remission policy.

## Rating base information

The number of rating units within the district or region of Rotorua Lakes Council at 30 June 2026 was 31,697 (2025: 31,254).

The total capital value of rating units within the district or region of Rotorua Lakes Council at 30 June 2026 was $29,017,586,400 (2025: $28,372,301,700).

The total land value of rating units within the district or region of Rotorua Lakes Council at 30 June 2026 was $14,150,448,300 (2025: $14,042,905,600).

## 2b Subsidies and grants

### Accounting Policy

*Waka Kotahi / NZ Transport Agency (NZTA) roading subsidies*

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

*Other grants received*

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

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| NZTA roading subsidies | 11,538 | 9,499 | 11,538 | 9,499 |
| Capital grants and subsidies | 13,854 | 30,858 | 13,854 | 30,858 |
| Other operating grants, subsidies and donations | 2,085 | 2,781 | 5,617 | 3,197 |
| **Total subsidies and grants** | **27,477** | **43,138** | **31,009** | **43,554** |

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

## 2c Development and financial contributions

### Accounting Policy

Development 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 and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Financial contributions | 2,785 | 2,928 | 2,785 | 2,928 |
| **Total development and financial contributions** | **2,785** | **2,928** | **2,785** | **2,928** |

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## 2d Other revenue

### Infringement fees and fines
Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2 year period.

### Provision of commercially based services
Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

### Vested or donated physical assets
For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

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

For long lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue.

A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

### Donated and bequeathed financial assets
Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

### Dividend income
Dividends are recognised when the right to receive payment has been established.

### Building and resource consent revenue
Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

### Entrance Fees
Entrance fees are fees charged to users of the Council's local facilities such as the museum (when operational). Revenue from entrance fees is recognised upon entry to such facilities.

### Sales of goods
Revenue from the sale of goods is recognised when a product is sold to the customer.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Traffic and parking infringements | 1,849 | 1,969 | 1,849 | 1,969 |
| Rendering of services (other trading revenue) | 4,543 | 4,533 | 21,151 | 17,306 |
| Petrol tax | 534 | 557 | 534 | 557 |
| Vested assets | 743 | 1,280 | 743 | 1,280 |
| Fees and charges | 9,403 | 9,324 | 9,403 | 9,324 |
| Lease and rental revenue | 2,922 | 3,316 | 1,637 | 3,180 |
| Other revenue | 206 | 93 | 603 | 668 |
| Gain/(loss) on fair value of investments | (53) | (47) | (53) | (47) |
| Found assets | - | - | - | - |
| **Total other revenue** | 20,147 | 21,025 | 35,867 | 34,237 |



# 3 - FINANCE REVENUE AND COSTS

## Accounting Policy

### Interest income
Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

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

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Finance income** | | | | |
| Interest income: | | | | |
| - term and call deposits | 1,402 | 3,050 | 1,245 | 2,806 |
| **Total finance income** | **1,402** | **3,050** | **1,245** | **2,806** |

| | | | | |
|---|---|---|---|---|
| **Finance costs** | | | | |
| Interest expense: | | | | |
| - interest on bank borrowings | 19,642 | 19,351 | 19,637 | 19,356 |
| - non-hedged accounted interest rate swaps | **-** | **756** | **-** | **756** |
| **Total finance costs** | 19,642 | **20,107** | 19,637 | **20,112** |
| **Net finance costs** | **18,240** | **17,057** | **18,392** | **17,306** |

# 4 - PERSONNEL COSTS

## Accounting Policy

### Superannuation Schemes

**Defined contribution schemes**
Employer contributions to KiwiSaver, the Government Superannuation Scheme are expensed in the surplus or deficit as incurred.

**Defined benefit schemes**
The Council makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi employer defined benefit scheme.

Insufficient information is available to use defined benefit plan accounting as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme. Further information on this scheme is disclosed in Note 22.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Salaries and wages | **45,621** | 40,817 | **55,286** | 51,685 |
| Defined contribution plan employer contributions | **1,319** | 1,164 | **1,548** | 1,428 |
| Increase/(decrease) in employee entitlements | **653** | 1,259 | **653** | 1,259 |
| **Total personnel costs** | **47,593** | **43,240** | **57,487** | **54,372** |

Employer contributions to defined contribution plans include contributions to KiwiSaver and the Defined Benefit Plan (DBP) Contributors Scheme.

During the year, Council made five severance payments totalling $229,449 (2025 : $77,163). The value of each severance payment was $30 175, $103 017, $4 702, $30 175 and $61 380.

# 5 - OTHER EXPENSES

### 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.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

### Grant expenditure

The Council's grants awarded have no substantive conditions attached.

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

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

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Fees incurred for services provided by our audit firm<br><br>The Council and group's financial statments and service performance information for the year ended 30 June 2025 are audited by Audit New Zealand on behalf of the Auditor General.<br><br>During the year, the following fees were incurred for services provided by our audit firm: | | | | |
| Audit of the financial statements | **425** | 414 | **425** | 414 |
| *The audit fee disclosed for the financial statements represents the fee for the annual statutory audit engagement carried out under the Auditor-General's auditing standards, as described in the audit report on pages 90(94). This fee also includes the audit of the summary annual report, also a statutory requirement, which is completed in conjunction with this engagement and not billed separately.* | | | | |
| Audit of financial statements - fees recovery from prior year | 52 | - | 52 | - |
| Audit or review related services | 52 | 45 | 52 | 45 |
| Assurance engagement in relation to the Debenture Trust Deed | - | 12 | - | 12 |
| Fees to other providers for Council's subsidiaries audits | - | - | 89 | 120 |
| Other assurance services and other agreed-upon procedures engagements | 1 | 39 | 1 | 39 |
| Grant and contributions | 601 | 766 | 601 | 766 |
| Contractors and physical works | 53,730 | 46,954 | 53,730 | 41,900 |
| Insurance premiums | 2,899 | 3,247 | 2,899 | 3,272 |
| Consultants and legal advice | 5,606 | 6,714 | 6,336 | 7,780 |
| Marketing and promotion | 133 | 72 | 1,693 | 2,553 |
| Energy | 2,905 | 2,828 | 3,373 | 3,182 |
| ACC | 170 | 174 | 192 | 229 |
| Bad debts written off | 1,464 | 142 | 1,464 | 142 |
| Elected member remuneration (incl. hearing fees) | 1,262 | 1,098 | 1,262 | 1,098 |
| Impairment of receivables | (2) | (8) | (2) | (8) |
| Loss on disposal of property, plant and equipment | 1,740 | 6,680 | 1,740 | 6,712 |
| Operating lease expense | - | - | (212) | 257 |
| Other expenditure | 25,927 | 20,796 | 28,447 | 19,847 |
| Impairment of property, plant and equipment | - | 12,447 | - | 12,447 |
| Loss/ Gain on interest rate swap | 1,268 | 185 | 1,268 | 185 |
| **Total other expenses** | **98,233** | **102,593** | **103,410** | **100,980** |

# 6 - TAXATION

## Accounting Policy

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Components of tax expense** | | | | |
| Current tax expense | - | - | - | - |
| Deferred tax expense | - | - | (151) | 531 |
| Tax expense | - | - | (151) | 531 |

| **Relationship between tax expense and accounting profit** | | | | |
|---|---|---|---|---|
| Surplus/(deficit) before tax | (1,176) | 3,070 | (240) | 4,162 |
| Tax at 28% | (329) | 859 | (67) | 1,164 |
| Plus/(less) tax effect of: | | | | |
| Non taxable revenue | - | - | (35) | (26) |
| Non deductible expenditure | 522 | (2,311) | 581 | (2,282) |
| Loss to carry forward | (759) | 1,208 | (759) | (238) |
| Tax loss not recognised | - | - | - | (264) |
| Group loss offset | 566 | 244 | 86 | 2,219 |
| Deferred tax on temporary differences | - | - | 43 | (61) |
| Deferred tax adjustment | - | - | - | - |
| Deferred tax not recognised | - | - | - | 19 |
| Prior year adjustment - group loss offset | - | - | - | - |
| Tax expense | 0 | - | (151) | 531 |

| | Property, plant and equipment $'000 | Employee entitlements $'000 | Other provisions $'000 | Tax losses $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group Deferred tax assets/(liabilities)** | | | | | |
| **Balance at 30 June 2024** | **(6,883)** | **36** | **52** | **6,074** | **(721)** |
| Charged to surplus or deficit | 233 | 3 | 3 | (770) | (531) |
| Charged to other comprehensive revenue and expense | - | - | - | - | - |
| **Balance at 30 June 2025** | **(6,650)** | **39** | **55** | **5304** | **(1,252)** |
| Charged to surplus or deficit | 265 | 30 | (38) | (83) | 174 |
| Charged to other comprehensive revenue and expense | - | - | - | - | - |
| **Balance at 30 June 2026** | **(6,385)** | **69** | **17** | **5,221** | **(1,078)** |

| | | | | | |
|---|---|---|---|---|---|
| **Disclosed in the balance sheet as:** | | | | | |
| Deferred tax asset | (281) | - | - | 5,221 | 4,940 |
| Deferred tax liability | (6,104) | 68 | 18 | - | (6,018) |
| **Balance at 30 June 2026** | **(6,385)** | **68** | **18** | **5,221** | **(1,078)** |

Council has not recognised a deferred tax asset in relation to tax losses of $17,643,798 (2025: $17,949,334). However, this asset has been recognised at group level.

# 7 - CASH AND CASH EQUIVALENTS

### Accounting Policy

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

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Cash at bank and on hand | 12,488 | 15,856 | 17,269 | 19,119 |
| **Total cash and cash equivalents** | **12,488** | **15,856** | **17,269** | **19,119** |

The carrying value of cash at bank and short term deposits with maturities less than three months approximates their fair value.

Cash, cash equivalents and bank overdrafts include the above for the purpose of the Statement of Cash Flows.

# 8 - RECEIVABLES

### Accounting Policy

Receivables are held for collection of contractual cash flows and classified as a financial asset measured at amortised cost.

Loans include loans to subsidaries and associcates, and community loans (loans and receivables)

Loans made at nil or below market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and the present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, loans to subsidiaries and associates, and community loans are measured at amortised cost using the effective interest rate method, less any expected credit losses (ECL).

These assets are assessed for indicators of impairment. Impairment is established when there is evidence that the council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Current receivables** | | | | |
| Rates receivables | 14,794 | 13,678 | 14,794 | 13,678 |
| Other receivables | 11,692 | 15,115 | 12,820 | 17,373 |
| GST receivable | 1,697 | 2,481 | 1,697 | 2,481 |
| Finance lease receivables | 1 | 8 | 1 | 8 |
| Prepayments | 3,018 | 2,880 | 3,290 | 3,103 |
| **Current gross receivables** | **31,202** | **34,162** | **32,602** | **36,643** |
| Allowance for credit losses | (3,752) | (2,471) | (3,815) | (2,508) |
| **Total current portion** | **27,450** | **31,691** | **28,787** | **34,135** |
| **Non-current portion receivables** | | | | |
| Loans to subsidiaries (refer Note 10) | - | - | - | - |
| Finance lease receivables | - | - | - | - |
| **Total non-current portion** | **-** | **-** | **-** | **-** |
| **Total receivables** | **27,450** | **31,691** | **28,787** | **34,135** |
| **Total receivables comprise:** | | | | |
| Receivables from non-exchange transactions - this includes outstanding amounts for rates, grants, infringements, and fees and charges that are partly subsidised by rates | 9,295 | 20,792 | 9,295 | 20,593 |
| Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates | 18,155 | 10,899 | 19,492 | 13,542 |
| | **27,450** | **31,691** | **28,787** | **34,135** |

## Allowance for credit losses

In measuring ECL's, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

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

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

Rates are "written off":

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

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

- Section 90A: $244,123 (2025: $1,319,875)
- Section 90B: $Nil (2025: $Nil)

## Other Receivables

The ageing profile of receivables at year end is detailed below:
The status of receivables as at 30 June 2026 and 2025 are detailed below:

| | 2026 | | | 2025 | | |
|---|---|---|---|---|---|---|
| | Gross $'000 | Impairment $'000 | Net $'000 | Gross $'000 | Impairment $'000 | Net $'000 |
| **Council** | | | | | | |
| Not past due | 11,487 | (16) | 11,471 | 16,464 | (32) | 16,432 |
| Past due 1(60) days | 1,186 | (61) | 1,125 | 4,382 | (152) | 4,230 |
| Past due 61(120) days | 6,591 | (779) | 5,812 | 947 | (205) | 742 |
| Past due > 121 days | 11,938 | (2,896) | 9,042 | 12,369 | (2,082) | 10,287 |
| **Total** | **31,202** | **(3,752)** | **27,450** | **34,162** | **(2,471)** | **31,691** |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Not past due | 12,861 | (53) | 12,808 | 18,945 | (32) | 18,913 |
| Past due 1(60) days | 1,186 | (61) | 1,125 | 4,382 | (152) | 4,230 |
| Past due 61(120) days | 6,591 | (779) | 5,812 | 947 | (205) | 742 |
| Past due > 121 days | 11,938 | (2,896) | 9,042 | 12,369 | (2,119) | 10,250 |
| **Total** | **32,576** | **(3,789)** | **28,787** | **36,643** | **(2,508)** | **34,135** |

All receivables greater than 30 days in age are considered to be past due.
The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write offs.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Individual impairment | 1,850 | 1,010 | 1,887 | 1,010 |
| Collective impairment | 1,902 | 1,461 | 1,902 | 1,498 |
| **Total provision for impairment** | **3,752** | **2,471** | **3,789** | **2,508** |

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors is as follows:

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Not past due | - | - | - | - |
| Past due 1(60) days | 22 | 88 | 59 | 88 |
| Past due 61(120) days | 530 | 14 | 530 | 14 |
| Past due > 121 days | 1,298 | 908 | 1,298 | 908 |
| **Total individual impairment** | **1,850** | **1,010** | **1,887** | **1,010** |

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

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| As at 1 July | 2,471 | 1,702 | 2,508 | 1,735 |
| Additional provisions made during the year | 1,369 | 792 | 1,369 | 796 |
| Provisions reversed during the year | - | - | - | - |
| Receivables written-off during the period | (88) | (23) | (88) | (23) |
| **At 30 June** | 3,752 | 2,471 | 3,789 | 2,508 |

The Council and Group holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

# 9 - ASSOCIATES

## Accounting Policy

An associate is an entity over which the Council and Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of another entity but is not control or joint control of those policies.

Investments in associates are measured using the equity method in the Council and Group financial statements.

## Equity method of accounting in Group financial statements

Under the equity method of accounting, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Council and Group's share of the change in net assets of the entity after the date of acquisition. The Council and Group's share of the surplus or deficit is recognised in the Council and Group surplus or deficit. Distributions received from the investee reduce the carrying amount of the investment in the Council and Group financial statements.

If the share of deficits of the entity equals or exceeds the interest in the entity, the Council and Group discontinues recognising its share of further deficits. After the Council and Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council and Group has incurred legal or constructive obligations or made payments on behalf of the entity. If the entity subsequently reports surpluses, the Council and Group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Associates of the Council and Group:
- Mountain Bike Events Limited
- Pukaki Trust
- Rotorua Museum Centennial Trust

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Mountain Bike Events Limited | 9 | 72 | 9 | 72 |
| Pukaki Trust | - | - | - | - |
| Rotorua Museum Centennial Trust | - | - | - | - |
| **Total associates** | **9** | **72** | **9** | **72** |

## Mountain Bike Events Limited

For the purposes of the PBE IPSAS 34 – 38 standards, Mountain Bike Events Limited is assessed by Council as an associate due to Council having significant influence over the company. On balance the following key judgements and assumptions in making this assessment were:

- Council has the right to appoint two of a maximum of six directors thereby exerting influence but not power;
- Non financial benefits arise from the company promoting major events in Rotorua;
- Council holds 4,900 shares out of a total of 10,000 shares, representing 49% of ordinary shares on issue; and
- Council has no control of the organisation but does have some rights and exposure to its variable benefits.

For the 30 June 2022 - 2027 financial years the Council approved sponsorship funding of $250,000 per year. There is no binding arrangement in place with Mountain Bike Events Limited which would give rise to significant restrictions of any kind.

### Pukaki Trust

Pukaki Trust was established by Trust Deed on 13 November 2001 to provide for the care, conservation and custody of the Pukaki carving on behalf of the Crown. It requires there to be four trustees represented as follows:

- Minister for Culture and Heritage;
- One Ngati Whakaue representative;
- One appointee of the Auckland Museum Trust Board; and
- One appointee of Rotorua Lakes Council.

For the purposes of the PBE IPSAS 34 – 38 standards, Pukaki Trust is assessed by Council as an associate due to Council having significant influence of the Trust. The following key judgements and assumptions in making this assessment are:

- In accordance with the Trust Deed, Council has the right to appoint one of four trustees, giving it a 25% portion of influence over the Trust's policies, financial affairs and governance;
- Council derives a non financial benefit from the Trust in the care and protection of a Crown taonga, the Pukaki carving;
- Council provides Pukaki Trust with funding; and
- Council performs the financial administration of the Trust.

Council pays the expenses of the Trust on its behalf and has not yet been reimbursed by the Trust. Council has no binding arrangements in place with the Pukaki Trust which would give rise to significant restrictions of any kind.

### Rotorua Museum Centennial Trust

The Rotorua Museum Centennial Trust was established by Trust Deed on 17 March 2006 to raise funds to celebrate, in 2008, the centennial of Rotorua Museum and also to apply such funds towards a proposed expansion of the Rotorua Museum. The Trust's purpose is also to promote public awareness of, and interest in, care of the architectural and historic importance of the Rotorua Museum and its surroundings. Trustees may number up to twelve but no less than five. Mayor Tania Tapsell is a current Trustee of the Trust.

For the purposes of the PBE IPSAS 34 – 38 standards, Rotorua Museum Centennial Trust is assessed by Council as an associate due to Council having significant influence of the Trust. The following key judgements and assumptions in making this assessment were:

- Council derives a non financial benefit from the Trust in the enhancement and increased public awareness of, and interest in, Rotorua Museum and its surroundings;
- The Mayor of Rotorua is one of five appointed Trustees;
- The Trust Deed cannot be altered without a further resolution of the Council; and
- Council performs the financial administration of the Trust.

Council does not provide funding to the Rotorua Museum Centennial Trust and has no binding arrangements in place with the Trust which would give rise to significant restrictions of any kind.

# 10 - OTHER FINANCIAL ASSETS

### Accounting Policy

### Shares in subsidiaries

**Rotorua Regional Airport Limited**
**RotoruaNZ**
**Infracore Limited**
**Kauae Cemetery Trust Board**

The Council and Group consolidates in the Group financial statements those entities it controls. Control exists where the Council and Group is exposed, or has rights, to variable benefits (either financial or non financial) and has the ability to affect the nature and amount of those benefits from its power over the entity. Power can exist over an entity if, by virtue of its purpose and design, the relevant activities and the way in which the relevant activities of the entity can be directed has been predetermined by the Council and Group.

Investments in subsidiaries is measured at fair value through other comprehensive revenue and expense using the net asset backing value method in the Council financial statements. The net asset backing method is assessed as an appropriate fair value technique as the assets and liabilities on the entities' balance sheets are predominantly carried at fair value rather than cost.

Investments in subsidiaries are assessed at each year end for impairment. A significant or prolonged decline in the fair value of the investment below its costs is considered to be objective evidence of impairment. If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit. Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

The Council and Group will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. The difference reflects the goodwill to be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

### Shares in other entities

**BOP Local Authority Shared Services Limited**
**Waikato Local Authority Shared Services Limited**
**Civic Financial Services Limited**

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are initially recognised at fair value plus transaction costs and are designated at fair value through other comprehensive revenue and expense. After initial recognition, the shares and listed bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its costs is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of the listed bonds increases and the increase can be objectively related to an event after the impairment loss was recognised the impairment loss is reversed in the surplus or deficit.

### Borrower notes

Borrower notes are subordinated convertible debt instruments that the Council is required to subscribe for when borrowing from LGFA being an amount equal to 5.0% of the amount borrowed (2025: 2.5%). LGFA will redeem borrower notes or convert to equity under specific circumstances when the Council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cashflow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield curve

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Current portion** | | | | |
| Term deposits | 24,265 | 4,266 | 24,534 | 4,530 |
| Loans to related parties | - | 1,400 | - | - |
| **Total current portion** | **24,265** | **5,666** | **24,534** | **4,530** |
| | | | | |
| **Investment in CCO's and other similar entities:** | | | | |
| Unlisted shares Rotorua Regional Airport Limited | 70,886 | 69,916 | - | - |
| Unlisted shares RotoruaNZ | 998 | 1,030 | - | - |
| Unlisted shares InfraCore Limited | - | 1,796 | - | - |
| Loan to realated parties | 8,350 | 9,750 | - | - |
| **Total investment in CCO's and other similar entities** | **80,234** | **82,492** | **-** | **-** |
| | | | | |
| **Investment in other entities:** | | | | |
| Unlisted shares Waikato Local Authority Shared Services Limited | 126 | 104 | 126 | 104 |
| Unlisted shares BOP Local Authority Shared Services Limited | 2 | 1 | 2 | 1 |
| Unlisted shares Civic Financial Services Limited | 167 | 167 | 167 | 167 |
| Borrower notes | 16,333 | 11,994 | 16,333 | 11,994 |
| **Total investment in other entities** | **16,628** | **12,266** | **16,628** | **12,266** |
| | | | | |
| **Total non-current portion** | **96,862** | **94,758** | **16,628** | **12,266** |
| | | | | |
| **Total other financial assets** | **121,127** | **100,424** | **41,162** | **16,796** |

| | **Rotorua Regional Airport Limited** | **RotoruaNZ** | **Infracore Limited** |
|---|---|---|---|
| **Number of shares** | 28,645,000 | 100 | 2,366,081 |
| Cost Price | 22,322,821 | 232,493 | 2,366,000 |
| Book value as at1 July 2024 | 69,104,675 | 383,579 | 2,028,307 |
| Revaluation gain/(loss) through other comprehensive revenue and expense | 810,890 | 646,433 | (232,416) |
| Acquisition/(disposal) of shares | - | - | - |
| Revaluation gain/(loss) through Surplus/(Deficit) | - | - | - |
| **Book value as at 30 June 2025** | **69,915,565** | **1,030,012** | **1,795,891** |
| | | | |
| Book value as at 1 July 2025 | 69,915,565 | 1,030,012 | 1,795,891 |
| Revaluation gain/(loss) through other comprehensive revenue and expense | 970,280 | (31,666) | (323,266) |
| Acquisition/(disposal) of shares | - | - | (1,472,625) |
| Revaluation gain/(loss) through Surplus/(Deficit) | - | - | - |
| **Book value as at 30 June 2026** | **70,885,845** | **998,346** | **-** |

| **Other financial assets** | **Waikato LASS Limited** | **BOP LASS Limited** | **Civic Financial Services Limited** |
|---|---|---|---|
| Number of shares | 134,220 | 5 | 175,906 |
| Cost Price | 181,511 | 15,968 | 167,911 |
| Book value as at 1 July 2024 | 109,053 | 8,967 | 163,793 |
| Revaluation gain/(loss) through other comprehensive revenue and expense | - | - | - |
| Acquisition/(disposal) of shares | - | - | - |
| Revaluation gain/(loss) through Surplus/(Deficit) | (4,601) | (7,862) | 2,914 |
| **Book value as at 30 June 2025** | **104,452** | **1,105** | **166,707** |
| | | | |
| Book value as at 1 July 2025 | 104,452 | 1,105 | 166,707 |
| Revaluation gain/(loss) through other comprehensive revenue and expense | - | - | - |
| Acquisition/(disposal) of shares | - | - | - |
| Revaluation gain/(loss) through Surplus/(Deficit) | 21,711 | 464 | 211 |
| **Book value as at 30 June 2026** | **126,163** | **1,569** | **166,918** |

## Unlisted shares

## Subsidiaries

### Rotorua Regional Airport Limited

For the purposes of the PBE IPSAS 34 – 38 standards, Rotorua Regional Airport Limited is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A reasonable level of economic dependence exists; and
- A special relationship exists to the extent of the interests of the Rotorua region's tourism industry.

Rotorua Lakes Council and Rotorua Regional Airport Limited are subject to a Service Funding Agreement dated 18 February 2016. In the agreement, Council is committed to providing funding to the airport for a 20 year term due to the company purchasing the airport assets and maintaining acceptable levels of stewardship. Currently, the funding sits at $172,500 incl GST per month. Rotorua Regional Airport Limited also has a loan from Council for the sum of $8,350,000 which it is repaying on an interest only basis in the short term.

### RotoruaNZ

For the purposes of the PBE IPSAS 34 – 38 standards, RotoruaNZ is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A reasonable level of economic dependence exists, including a letter of comfort dated 11 September 2015 stating Council's intention to supply sufficient funding and support to the company to ensure it operates efficiently;
- A special relationship exists to the extent of the interests of the Rotorua region's tourism industry; and
- The activities of the company were predetermined by Council prior to incorporation.

Council provides monthly funding of $888,337 (incl GST) to Rotorua Economic Development Limited as part of the Statement of Intent when the functions performed by the company were separated from within Council.

### InfraCore Limited

For the purposes of the PBE IPSAS 34 – 38 standards, InfraCore Limited is assessed by Council as a subsidiary due to Council having control of the organisation and rights or exposure to its variable benefits. The key judgements and assumptions in making this assessment are:

- Council is the sole shareholder;
- A high level of economic dependence exists. Council have agreed in the Letters of Comfort dated 30 June 2016 and 19 August 2020 to provide working capital where necessary and support the success of the company; and
- The activities of the company were predetermined by Council prior to incorporation.

On 31 October 2024 Council entered into a sale and purchase agreement with Infracore Limited to purchase their assets and take over their liabilities. The loan to Infracore Limited totalling $910,000 pursuant to the loan agreement dated 22 June 2016, was offset as part of the sale and purchase agreement. During the 2026 financial year the company has been wound up and no longer exists as a legal entity.

### Kauae Cemetery Trust Board

Kauae Cemetery Trust Board was formed by a Maori Land Court Order on 4 February 2003 and is controlled by a Board of eight trustees. Four of the trustees must be of Ngati Whakaue descent and four trustees represent Rotorua Lakes Council. The Board fixes the scale of fees, appoints a secretary, sexton and grave diggers. It has delegated the administrative operations of the urupa to Council.
For the purposes of the PBE IPSAS 34 – 38 standards, Kauae Cemetery Trust Board is assessed by Council as a subsidiary due to Council having a special relationship with the Trust. The key judgements and assumptions in making this assessment are:

- Council has the ability to direct the relevant activities of the Trust via a majority representation of Trustees;
- Council provides the majority of services to the Kauae Cemetery including operational and administrative support; and
- Council derives some non financial benefits from the Kauae Cemetery Trust Board activities, ie if the Trust Board did not provide cemetery services, the Council would have to provide an alternative for people in the district. The Trust Board and Council therefore have congruent activities. These non financial benefits are deemed to be variable as the Council is exposed to the performance risk of the Trust Board.

Council has no binding arrangements in place with Kauae Cemetery Trust Board which would give rise to significant restrictions of any kind. Council does not provide financial support to Kauae Cemetery Trust Board.

## Other financial assets

### Civic Financial Services Limited

The cost price of the share investment in Civic Financial Services Limited amounts to $167,911.The recoverable amount is approximated by using the net asset backing method and amounts to $166,918 (2025 $166,707). The shares in this entity are fair valued through Other Comprehensive Revenue and Expense. The net change in fair value for this year is a increase of $211 (2025: 2,914). The Council holds 175,906 ordinary shares.
Council has no binding arrangements in place with Civic Financial Services Limited which would give rise to significant restrictions of any kind. The gain of $211 was recognised through surplus/deficit this year (2025: gain of $2,914 recognised through surplus/deficit).

### Waikato Local Authority Shared Services Limited

The cost price of the share investment in Waikato Local Authority Shared Services Ltd amounts to $181,511. The recoverable amount is approximated by using the net asset backing method and amounts to $126,163 (2025: $104,452). The shares in this entity are fair valued through surplus/deficit. The net change in fair value for this year is an increase of $21,711 (2025: decrease of $4,601). The Council holds 134,220 shares.

The Waikato LASS share investment comprises:

- 1 ordinary share;
- 126,703 Shared Valuation Database shares; and
- 7,516 WRAP service shares, which are uncalled as at balance date.

The service shares are non voting and do not carry the right to share in any distributions of the company.

Council makes an annual contribution to the operating costs of Waikato Local Authority Shared Services Limited. The increase of $21,711 was recognised through surplus/deficit this year (2025: decrease of $4,601).

Council has no binding arrangements in place with Waikato Local Authority Shared Services Limited which would give rise to significant restrictions of any kind.

### BOP LASS Limited

The The cost price of the share investment in BOP LASS Limited amounts to $15,968. The recoverable amount is approximated by using the net asset backing method and amounts to $1,569 (2025: $1,105). The shares in this entity are fair valued through surplus/deficit. The net change in fair value for this year is an increase of $464 (2025: $7,862 decrease). The Council holds 5 ordinary shares.

Council makes an annual contribution to the operating costs of BOP LASS Ltd. The gain of $464 (2025: $7,862 loss) was recognised through surplus/deficit this year.

Council has no binding arrangements in place with BOP LASS Limited which would give rise to significant restrictions of any kind.

### Impairment

A total impairment write back of $22,386 (2025: $ 37,610) has been recognised in the surplus/deficit of the Statement of Comprehensive Revenue and Expense. This related to investment in subsidiaries and other entities.



Image caption here

# 11 - INVENTORY

## Accounting Policy

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first in first out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non exchange transactions are measured at fair value at the date of acquisition. Any write down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Non-commercial inventory:** | | | | |
| Water and sewerage reticulation spare parts | 70 | 358 | 70 | 358 |
| Other | 278 | 28 | 276 | 28 |
| Total non-commercial inventory | 348 | 386 | 346 | 386 |
| **Commercial inventory:** | | | | |
| Nursery store | 71 | 243 | 71 | 243 |
| Museum retail stock | 27 | 29 | 27 | 29 |
| Other | - | - | 554 | 457 |
| Total commercial inventory | 95 | 272 | 652 | 729 |
| **Total inventories** | **444** | **658** | **998** | **1,115** |

No inventories are pledged as security for liabilities (2025: $Nil). However, some inventories are subject to retention of title clauses.

### Non commercial inventory

The carrying amount of inventory held for distribution that is measured at current replacement cost as at 30 June 2026 amounted to $347,559 (2025: $385,855).

The write down of inventory held for distribution because of a loss in service potential amounted to $Nil (2025: $Nil). There have been no reversals of previous write downs (2025: $Nil).

The loss in service potential of inventory held for distribution is determined on the basis of obsolescence.

### Commercial inventory

The write down of commercial inventory to net realisable value during the year amounted to $Nil (2025: $Nil). There have been no reversals of write downs (2025: $Nil).

# 12 - NON-CURRENT ASSETS HELD FOR SALE

### Accounting Policy

Non current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. They 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 surplus or deficit.

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

Non current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

As at 30 June 2026, Council had one property surplus to requirements and held available for sale. The sale of this asset is expected to be concluded within twelve months from balance date.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Non-current assets held for sale are: | | | | |
| Land | 348 | 348 | 348 | 348 |
| **Total non-current assets held for sale** | **348** | **348** | **348** | **348** |

# 13 - PROPERTY, PLANT AND EQUIPMENT

### Accounting Policy

Property, plant and equipment of the Council and Group are classified into three categories:

- Operational assets

These include property, plant and equipment used to provide core council services, either as a community service, for administration or as a business activity. These operational assets include land, buildings, library books, motor vehicles, art collections, public artworks, plant and equipment, and landfill post closure.

- Infrastructure assets

These include land under roads and systems and networks integral to the city's infrastructure. These assets are intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded. These infrastructure assets include land, parks and reserves, recreational forests, roading and footpaths, sewerage assets and water assets. Each class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

- Restricted assets

Restricted assets include property and improvements where the use or transfer of title outside the Group or the Council is subject to restrictions. This includes restriction imposed by legislation (such as land declared as a reserve under the Reserves Act 1977), or othe restrictions (such as land or buildings acquired under a bequest or donation that restricts the purpose for which the asset can be used). These restricted assets include airport infrastructure, land and landfill pre closure.

Property Plant and Equipment - Artworks

During 2023, Rotorua Lakes Council changed its accounting policy for Public Artworks from a revaluation model to a cost model.

In prior years, the entity has not been able to establish a readily available "active" market for valuation purposes, in order to determine an accurate fair value for Public Artworks. These artworks have been procured due to their cultural significance and beautification of the Rotorua District.

The change in policy provides a more practical and faithfully representative way of accounting for these artworks.

There is no adjustment to the value of the Public Artworks, as these assets have been historically recorded at cost less accumulated depreciation and impairment due to their low value.

### *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 the Council and Group and the cost of the item can be measured reliably.

Initial recognition:
Property, plant and equipment is measured at initial costs directly attributable to acquisition of the items or valuation, less accumulated depreciation and impairment losses.

Where an asset is acquired in a non exchange transaction for nil or nominal consideration the asset is initially measured at fair value as at the date of acquisition.

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 the Council or Group 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.

Disposals:
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset or when no further economic benefits or service potential are expected. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Revaluations:
Land (operational, infrastructural and restricted), buildings (operational and restricted), art collections, infrastructural assets (including landfill pre closure) and airport are revalued at fair value with sufficient regularity to ensure that their carrying amount does not differ materially from fair value, and at least every three years (except for airport assets which are at least every 5 years). The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off cycle asset classes are revalued.

The value of recreational forests is at deemed cost. All other assets are carried at depreciated historical cost.

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

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

The value of land and buildings is their market value as determined by a registered valuer.

Depreciation:
Depreciation is provided on all fixed assets with certain exceptions. The exceptions are:

- Land is not depreciated.
- Roading, wastewater reticulation, stormwater systems and water reticulation assets are depreciated as noted below. A number of the components of the roading network, such as excavation, sub base materials and compaction, are not depreciated as these assets have an infinite life. Stormwater channels are also considered to have an infinite life and are not depreciated. Signs and markings are not depreciated as these assets are maintained to the same level.
- The useful lives of Rotorua Museum collections and the library reference collection are considered to be extremely long (with potential for appreciation of value). Therefore, due to its insignificance, no depreciation has been brought to charge.

RLC Works trucks are depreciated on the basis of diminishing value and at a rate of 40%, calculated to allocate motor vehicles' cost over their estimated useful lives.

All other assets are depreciated on a 'straight line' basis at rates that will write off their cost or valuation over their expected useful economic lives.

The expected lives of major classes of assets are:

| | | |
|---|---|---|
| **Plant and equipment** | 1 - 96 years | 1% to 100% |
| **Parks and reserves** | 1 - 130 years | 1% to 100% |
| **Motor Vehicles** | 5 - 10 years | 20% |
| **Airport Assets** | | |
| **Runway, Taxiways, Aprons** | 1 - 45 years | **2.4% to 20%** |
| **Other paved areas** | 1 - 45 years | **2.4% to 10%** |
| **Surround security fences** | 10 years | **10%** |
| **Landfill improvements** | 5 - 100 years | **1% to 50%** |
| **Buildings** | | |
| **Structure** | 1 - 101 years | 1% to 10% |
| **Services** | 1 - 91 years | 2% to 5% |
| **Fit-out** | 1 - 91 years | 0.8% to 50% |
| **Roof** | 1 - 88 years | 1.3% to 33.3% |
| **Roads and footpaths** | | |
| **Seals - first coat and base** | 2 - 80 years | 1.25% |
| **Seal - second coat** | 3 - 80 years | 5% |
| **Footpaths** | 4 - 111 years | 0.6% to 1% |
| **Streetlights (Poles, Brackets & Lamps)** | 2 - 61 years | 33.3% |
| **Bridges** | 11 - 162 years | 1% to 1.4% |
| **Water** | | |
| **Treatment plants & facilities** | 1 - 100 years | 1% to 20% |
| **Water and reticulation (other assets)** | 15 - 100 years | 1% to 6.7% |
| **Sewage system** | | |
| **Treatment plants & facilities** | 2 - 120 years | 1% to 33.3% |
| **Wastewater & reticulation (other assets)** | 12 - 110 years | 0.9% to 8.3% |
| **Stormwater drainage** | 3 - 155 years | 1% to 50% |

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

### *Impairment of property, plant, and equipment*

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

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

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. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit. 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 surplus or deficit.

Value in use for non cash generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

### *Value in use for non cash generating assets*

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

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

### *Recreation forestry assets*

Standing forestry assets are held for the prime purpose of recreation at deemed cost.

Council may from time to time harvest minor portions of a forest. At the time of sale a proportion of deemed cost of area of forest evidenced within a felling plan is offset against proceeds and felling costs at the time. The net value is recognised in the surplus or deficit.

Recreational forest assets not managed for harvesting into agricultural produce, or being transformed into additional biological assets are reported as property, plant and equipment in accordance with the policies for property, plant and equipment. Forestry maintenance costs are recognised in the surplus or deficit when incurred.

### Investment property

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 its cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that the cost is incurred, and excludes costs of day to day maintenance.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property, through valuation or retirement, are recognised in the surplus or deficit.

### Critical accounting estimates and judgement

*Classification of property*

The Council 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 them. These properties are held for service delivery objectives as part of the Council's social housing policy. These properties are held as property, plant and equipment rather than as investment property.



# 13 - PROPERTY, PLANT AND EQUIPMENT

| Council 2026 | Cost / revaluation 1 Jul 2025 $'000 | Accumulated depreciation and impairment charges 1 Jul 2025 $'000 | Carrying amount 1 Jul 2025 $'000 | Current year additions $'000 | Transfers from capital work in progress $'000 | Assets transferred (to)/from held for sale $'000 |
|---|---|---|---|---|---|---|
| **Operational assets** | | | | | | |
| Land | 103,737 | - | 103,737 | - | - | - |
| Building | 248,238 | 1,017 | 249,255 | - | 2,518 | - |
| Library books | 616 | - | 616 | - | - | - |
| Motor vehicles | 5,361 | (2,396) | 2,965 | - | 2,777 | - |
| Public Artwork | 22,641 | - | 22,641 | - | 20 | - |
| Fine Art collections | 5,120 | (143) | 4,977 | - | - | - |
| Plant and equipment | 23,182 | (13,306) | 9,876 | - | 2,449 | - |
| **Total operational assets** | **408,895** | **(14,828)** | **394,067** | **-** | **7,764** | **-** |
| **Infrastructural assets** | | | | | | |
| Geothermal | 2,212 | (348) | 1,864 | - | 1,067 | - |
| Parks and reserves | 58,828 | (4,409) | 54,419 | - | 1,901 | - |
| Recreational forests | 1,827 | - | 1,827 | - | - | - |
| Roading and footpaths | 677,718 | (10,034) | 667,684 | - | 9,293 | - |
| Sewerage - treatment plant and facilities | 67,953 | (3,409) | 64,544 | - | 2,222 | - |
| Sewerage - other | 245,239 | (10,282) | 234,957 | - | 3,963 | - |
| Water - treatment plant and facilities | 50,544 | (1,908) | 48,636 | - | 3,165 | - |
| Water - other | 152,461 | (7,376) | 145,085 | - | 1,576 | - |
| Stormwater | 205,998 | (4,475) | 201,523 | - | 590 | - |
| Land under roads | 46,723 | - | 46,723 | - | - | - |
| **Total infrastructural assets** | **1,509,503** | **(42,241)** | **1,467,262** | **-** | **23,777** | **-** |
| **Restricted assets** | | | | | | |
| Airport | - | - | - | - | - | - |
| Land | 190,521 | - | 190,521 | - | - | - |
| Landfill | 6,903 | (34) | 6,869 | - | - | - |
| **Total restricted assets** | **197,424** | **(34)** | **197,390** | **-** | **-** | **-** |
| **Total Council** | **2,115,822** | **(57,103)** | **2,058,719** | **-** | **31,541** | **-** |

| Other transfers $'000 | Current year disposals $'000 | Current year impairment charges $'000 | Current year depreciation $'000 | Revaluation surplus/ depreciation write back $'000 | Other cost & depreciation movements $'000 | Cost/ revaluation 30 Jun 2026 $'000 | Accumulated depreciation and impairment charges 30 Jun 2026 $'000 | Carrying amount 30 Jun 2026 $'000 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| - | - | - | - | - | - | 103,737 | - | 103,737 |
| 139 | (282) | - | (9,927) | - | - | 250,772 | (9,071) | 241,701 |
| - | - | - | - | - | - | 616 | - | 616 |
| - | (104) | - | (959) | - | - | 7,870 | (3,191) | 4,679 |
| - | - | - | - | - | - | 22,641 | - | 22,641 |
| - | - | - | - | - | - | 5,139 | (143) | 4,996 |
| (115) | (108) | - | (2,614) | - | - | 25,040 | (15,553) | 9,487 |
| **24** | **(494)** | **-** | **(13,500)** | **-** | **-** | **415,815** | **(27,958)** | **387,857** |
| | | | | | | | | |
| | | | | | | | | |
| - | - | - | (123) | - | - | 3,279 | (470) | 2,809 |
| - | - | - | (4,018) | - | - | 60,729 | (8,427) | 52,302 |
| - | - | - | - | - | - | 1,827 | - | 1,827 |
| - | (44) | - | (10,275) | - | - | 686,962 | (20,305) | 666,657 |
| 14 | (166) | - | (3,478) | - | - | 70,092 | (6,855) | 63,237 |
| (178) | (502) | - | (7,434) | 25,242 | - | 257,811 | (1,764) | 256,047 |
| 3,454 | (107) | - | (1,643) | 3,145 | - | 57,098 | (449) | 56,649 |
| (3,416) | (56) | - | (4,750) | 23,465 | - | 162,669 | (754) | 161,905 |
| - | (582) | - | (4,754) | - | - | 205,993 | (9,212) | 196,781 |
| - | - | - | - | - | - | 46,723 | - | 46,723 |
| **(126)** | **(1,457)** | **-** | **(36,475)** | **51,852** | **-** | **1,553,183** | **(48,246)** | **1,504,937** |
| | | | | | | | | |
| | | | | | | | | |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 190,521 | - | 190,521 |
| - | - | - | (136) | - | - | 6,903 | (170) | 6,733 |
| **-** | **-** | **-** | **(136)** | **-** | **-** | **197,424** | **(170)** | **197,254** |
| | | | | | | | | |
| **(102)** | **(1,951)** | **-** | **(50,111)** | **51,852** | **-** | **2,166,422** | **(76,374)** | **2,090,048** |

# 13 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Council 2025 | Cost / revaluation 1 Jul 2024 $'000 | Accumulated depreciation and impairment charges 1 Jul 2024 $'000 | Carrying amount 1 Jul 2024 $'000 | Current year additions $'000 | Transfers from capital work in progress $'000 | Assets transferred (to)/from held for sale $'000 |
|---|---|---|---|---|---|---|
| **Operational assets** | | | | | | |
| Land | 78,438 | - | 78,438 | - | - | 278 |
| Building | 227,086 | (18,089) | 208,997 | - | 29,343 | 2,473 |
| Library books | 4,920 | (2,729) | 2,191 | - | - | - |
| Motor vehicles | 3,699 | (2,062) | 1,637 | - | 2,044 | - |
| Public artwork | 20,002 | - | 20,002 | - | - | - |
| Fine Art collections | 5,094 | (143) | 4,951 | - | 25 | - |
| Plant and equipment | 23,029 | (14,043) | 8,986 | - | 3,158 | - |
| **Total operational assets** | **362,268** | **(37,066)** | **325,202** | **-** | **34,570** | **2,751** |
| **Infrastructural assets** | | | | | | |
| Land | - | - | - | - | 1,425 | - |
| Parks and reserves | 53,639 | - | 53,639 | - | 10,955 | - |
| Recreational forests | 1,827 | - | 1,827 | - | - | - |
| Roading and footpaths | 670,194 | - | 670,194 | - | 7,729 | - |
| Sewerage - treatment plant and facilities | 64,603 | - | 64,603 | - | 3,441 | - |
| Sewerage - other | 243,542 | (4,997) | 238,545 | - | 1,908 | - |
| Water - treatment plant and facilities | 49,355 | (924) | 48,431 | - | 454 | - |
| Water - other | 150,054 | (3,673) | 146,381 | - | 3,912 | - |
| Stormwater | 161,215 | - | 161,215 | - | 45,091 | - |
| Land under roads | 46,723 | - | 46,723 | - | - | - |
| **Total infrastructural assets** | **1,441,152** | **(9,594)** | **1,431,558** | **-** | **74,915** | **-** |
| **Restricted assets** | | | | | | |
| Airport | - | - | - | - | - | - |
| Land | 155,602 | - | 155,602 | - | - | - |
| Landfill | 5,277 | (292) | 4,985 | - | 7 | - |
| **Total restricted assets** | 160,879 | (292) | 160,587 | - | 7 | - |
| **Total Council** | **1,964,299** | **(46,952)** | **1,917,347** | **-** | **109,492** | **2,751** |

| Other transfers $'000 | Current year disposals $'000 | Current year impairment charges $'000 | Current year depreciation $'000 | Revaluation surplus/ depreciation write back $'000 | Other cost & depreciation movements $'000 | Cost/ revaluation 30 Jun 2025 $'000 | Accumulated depreciation and impairment charges 30 Jun 2025 $'000 | Carrying amount 30 Jun 2025 $'000 |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |
| - | - | - | - | 25,021 | - | 103,737 | - | 103,737 |
| (2,958) | (4,004) | 2,215 | (9,559) | 22,748 | - | 248,238 | 1,017 | 249,255 |
| (13) | (2,179) | - | - | 616 | - | 616 | - | 616 |
| - | (47) | - | (668) | - | - | 5,361 | (2,396) | 2,965 |
| - | - | - | - | 2,638 | - | 22,641 | - | 22,641 |
| - | - | - | - | - | - | 5,120 | (143) | 4,977 |
| 815 | (346) | 17 | (2,754) | - | - | 23,182 | (13,306) | 9,876 |
| **(2,156)** | **(6,576)** | **2,232** | **(12,981)** | **51,023** | | **408,895** | **(14,828)** | **394,067** |
| | | | | | | | | |
| 625 | (103) | - | (82) | - | - | 2,212 | (348) | 1,864 |
| 1,531 | (7,365) | (43) | (4,302) | 4 | - | 58,828 | (4,409) | 54,419 |
| - | - | - | - | - | - | 1,827 | - | 1,827 |
| - | (196) | - | (10,043) | - | - | 677,718 | (10,034) | 667,684 |
| - | (144) | - | (3,356) | - | - | 67,953 | (3,409) | 64,544 |
| - | (170) | - | (5,347) | 21 | - | 245,239 | (10,282) | 234,957 |
| 799 | (59) | - | (989) | - | - | 50,544 | (1,908) | 48,636 |
| (799) | (680) | - | (3,730) | - | - | 152,461 | (7,376) | 145,085 |
| - | (299) | - | (4,485) | - | - | 205,998 | (4,475) | 201,523 |
| - | - | - | - | - | - | 46,723 | - | 46,723 |
| **2,156** | **(9,016)** | **(43)** | **(32,334)** | **25** | **-** | **1,509,503** | **(42,241)** | **1,467,262** |
| | | | | | | | | |
| - | - | - | - | - | - | - | - | - |
| - | (120) | - | - | 35,040 | - | 190,521 | - | 190,521 |
| - | (6) | - | (120) | 2,002 | - | 6,903 | (34) | 6,869 |
| - | (126) | - | (120) | 37,042 | - | 197,424 | (34) | **197,390** |
| **-** | **(15,718)** | **2,189** | **(45,435)** | **88,090** | **-** | **2,115,822** | **(57,103)** | **2,058,719** |

# 13 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group 2026 | Cost / revaluation 1 Jul 2025 $'000 | Accumulated depreciation and impairment charges 1 Jul 2025 $'000 | Carrying amount 1 Jul 2025 $'000 | Current year additions $'000 | Transfers from capital work in progress $'000 | Assets transferred (to)/from held for sale $'000 |
|---|---|---|---|---|---|---|
| **Operational assets** | | | | | | |
| Land | 103,736 | - | 103,736 | - | - | - |
| Buildings | 273,427 | (831) | 272,596 | 226 | 2,518 | - |
| Library books | 616 | - | 616 | - | - | - |
| Motor vehicles | 7,969 | (3,135) | 4,834 | 497 | 2,777 | - |
| Public artwork | 22,641 | - | 22,641 | - | 20 | - |
| Fine Art collections | 5,120 | (143) | 4,977 | - | - | - |
| Plant and equipment | 25,778 | (14,850) | 10,928 | 705 | 2,448 | - |
| Geothermal | 2,212 | (348) | 1,864 | - | 1,066 | - |
| **Total** | **441,499** | **(19,307)** | **422,192** | **1,428** | **8,830** | **-** |
| **Infrastructural assets** | | | | | | |
| Land | 27,255 | - | 27,255 | - | - | - |
| Parks and reserves | 58,828 | (4,409) | 54,419 | - | 1,901 | - |
| Recreational forests | 1,827 | - | 1,827 | - | - | - |
| Roading and footpaths | 677,718 | (10,034) | 667,684 | - | 9,293 | - |
| Sewerage - treatment plant and facilities | 67,953 | (3,409) | 64,544 | - | 2,222 | - |
| Sewerage - other | 245,239 | (10,282) | 234,957 | - | 3,963 | - |
| Water - treatment plant and facilities | 50,544 | (1,908) | 48,636 | - | 3,165 | - |
| Water - other | 152,461 | (7,376) | 145,085 | - | 1,576 | - |
| Stormwater | 205,998 | (4,475) | 201,523 | - | 593 | - |
| Land under roads | 46,723 | - | 46,723 | - | - | - |
| **Total infrastructural assets** | **1,534,546** | **(41,893)** | **1,492,653** | **-** | **22,713** | **-** |
| **Restricted assets** | | | | | | |
| Airport | 36,566 | (3,461) | 33,105 | 86 | - | - |
| Land | 191,026 | - | 191,026 | - | - | - |
| Landfill | 6,902 | (34) | 6,868 | - | - | - |
| **Total restricted assets** | **234,494** | **(3,495)** | **230,999** | **86** | **-** | **-** |
| **Total Group** | **2,210,539** | **(64,695)** | **2,145,844** | **1,514** | **31,543** | **-** |

| Other transfers $'000 | Current year disposals $'000 | Current year impairment charges $'000 | Current year depreciation $'000 | Revaluation surplus/ depreciation write back $'000 | Other cost & depreciation movements $'000 | Cost/ revaluation 30 Jun 2026 $'000 | Accumulated depreciation and impairment charges 30 Jun 2026 $'000 | Carrying amount 30 Jun 2026 $'000 |
|---|---|---|---|---|---|---|---|---|
| - | - | - | - | - | - | 103,736 | - | 103,736 |
| 139 | (282) | - | (10,795) | - | - | 275,170 | (10,853) | 264,317 |
| - | - | - | - | - | - | 616 | - | 616 |
| - | (104) | - | (1,026) | - | - | 10,730 | (3,752) | 6,978 |
| - | - | - | - | - | - | 22,641 | - | 22,641 |
| - | - | - | - | - | - | 5,139 | (143) | 4,996 |
| (115) | (126) | - | (2,914) | - | - | 27,850 | (16,934) | 10,916 |
| - | - | - | (123) | - | - | 3,279 | (470) | 2,809 |
| **24** | **(512)** | **-** | **(14,858)** | **-** | **-** | **449,161** | **(32,152)** | **417,009** |
| | | | | | | | | |
| - | - | - | - | - | - | 27,255 | - | 27,255 |
| - | - | - | (4,018) | - | - | 60,729 | (8,427) | 52,302 |
| - | - | - | - | - | - | 1,827 | - | 1,827 |
| - | (44) | - | (10,275) | - | - | 686,962 | (20,305) | 666,657 |
| 14 | (166) | - | (3,478) | - | - | 70,096 | (6,855) | 63,241 |
| (178) | (502) | - | (7,434) | 25,242 | - | 257,811 | (1,764) | 256,047 |
| 3,454 | (107) | - | (1,643) | 3,145 | - | 57,098 | (449) | 56,649 |
| (3,416) | (56) | - | (4,750) | 23,465 | - | 162,669 | (754) | 161,905 |
| - | (581) | - | (4,754) | - | - | 205,993 | (9,213) | 196,780 |
| - | - | - | - | - | - | 46,723 | - | 46,723 |
| **(126)** | **(1,456)** | **-** | **(36,352)** | **51,852** | **-** | **1,577,163** | **(47,777)** | **1,529,386** |
| | | | | | | | | |
| - | - | - | (1,589) | - | - | 34,700 | (3,099) | 31,601 |
| - | - | - | - | - | - | 191,026 | - | 191,026 |
| - | - | - | (136) | - | - | 6,902 | (169) | 6,733 |
| **-** | **-** | **-** | **(1,725)** | **-** | **-** | **232,628** | **(3,266)** | **229,360** |
| **(102)** | **(1,968)** | **-** | **(52,935)** | **51,852** | **-** | **2,259,952** | **(83,197)** | **2,175,755** |

# 13 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| Group 2025 | Cost / revaluation 1 Jul 2024 $'000 | Accumulated depreciation and impairment charges 1 Jul 2024 $'000 | Carrying amount 1 Jul 2024 $'000 | Current year additions $'000 | Transfers from capital work in progress $'000 | Assets transferred (to)/from held for sale $'000 |
|---|---|---|---|---|---|---|
| **Operational assets** | | | | | | |
| Land | 78,438 | - | 78,438 | - | - | 278 |
| Buildings | 251,836 | (19,212) | 232,624 | 444 | 29,343 | 2,473 |
| Library books | 4,920 | (2,729) | 2,191 | - | - | - |
| Motor vehicles | 8,414 | (4,494) | 3,920 | 494 | 2,044 | - |
| Public artwork | 20,002 | - | 20,002 | - | - | - |
| Fine Art collections | 5,094 | (143) | 4,951 | - | 25 | - |
| Plant and equipment | 27,032 | (16,518) | 10,514 | 657 | 3,158 | - |
| Geothermal | - | - | - | - | - | - |
| **Total** | **395,736** | **(43,096)** | **352,640** | **1,595** | **34,570** | **2,751** |
| | | | | | | |
| **Infrastructural assets** | | | | | | |
| Lands | 27,255 | - | 27,255 | - | - | - |
| Parks and reserves | 53,639 | - | 53,639 | - | 10,955 | - |
| Recreational forests | 1,827 | - | 1,827 | - | - | - |
| Roading and footpaths | 670,194 | - | 670,194 | - | 7,729 | - |
| Sewerage - treatment plant and facilities | 64,603 | - | 64,603 | - | 3,441 | - |
| Sewerage - other | 243,542 | (4,997) | 238,545 | - | 1,908 | - |
| Water - treatment plant and facilities | 49,355 | (924) | 48,431 | - | 454 | - |
| Water - other | 150,054 | (3,673) | 146,381 | - | 3,912 | - |
| Stormwater | 161,215 | - | 161,215 | - | 45,091 | - |
| Land under roads | 46,723 | - | 46,723 | - | - | - |
| **Total infrastructural assets** | **1,468,407** | **(9,594)** | **1,458,813** | **-** | **73,490** | **-** |
| | | | | | | |
| **Restricted assets** | | | | | | |
| Airport | 36,538 | (1,952) | 34,586 | 27 | - | - |
| Land | 156,107 | - | 156,107 | - | - | - |
| Landfill | 5,276 | (290) | 4,986 | - | 7 | - |
| **Total restricted assets** | **197,921** | **(2,242)** | **195,679** | **27** | **7** | **-** |
| | | | | | | |
| **Total Council** | **2,062,064** | **(54,932)** | **2,007,132** | **1,622** | **108,067** | **2,751** |

| Other transfers $'000 | Current year disposals $'000 | Current year impairment charges $'000 | Current year depreciation $'000 | Revaluation surplus/ depreciation write back $'000 | Other cost & depreciation movements $'000 | Cost/ revaluation 30 Jun 2025 $'000 | Accumulated depreciation and impairment charges 30 Jun 2025 $'000 | Carrying amount 30 Jun 2025 $'000 |
|---|---|---|---|---|---|---|---|---|
| - | - | - | - | 25,020 | - | 103,736 | - | 103,736 |
| (2,958) | (4,007) | 2,215 | (10,284) | 22,748 | - | 273,427 | (831) | 272,596 |
| (13) | (2,179) | - | - | 616 | - | 616 | - | 616 |
| - | (2,648) | - | (782) | - | - | 7,969 | (3,135) | 4,834 |
| - | - | - | - | 2,638 | - | 22,641 | - | 22,641 |
| - | - | - | - | - | - | 5,120 | (143) | 4,977 |
| 815 | (2,270) | 17 | (2,989) | - | - | 25,778 | (14,850) | 10,928 |
| 625 | (103) | - | (82) | - | - | 2,212 | (348) | 1,864 |
| **(1,531)** | **(11,207)** | **2,232** | **(14,137)** | **51,022** | **-** | **441,499** | **(19,307)** | **422,192** |
| | | | | | | | | |
| - | - | - | - | - | - | 27,255 | - | 27,255 |
| 1,531 | (7,365) | (43) | (4,302) | 4 | - | 58,828 | (4,409) | 54,419 |
| - | - | - | - | - | - | 1,827 | - | 1,827 |
| - | (196) | - | (10,043) | - | - | 677,718 | (10,034) | 667,684 |
| - | (144) | - | (3,356) | - | - | 67,953 | (3,409) | 64,544 |
| - | (170) | - | (5,347) | 21 | - | 245,239 | (10,282) | 234,957 |
| 799 | (59) | - | (989) | - | - | 50,544 | (1,908) | 48,636 |
| (799) | (680) | - | (3,730) | - | - | 152,461 | (7,376) | 145,085 |
| - | (299) | - | (4,485) | - | - | 205,998 | (4,475) | 201,523 |
| - | - | - | - | - | - | 46,723 | - | 46,723 |
| **1,531** | **(8,913)** | **(43)** | **(32,252)** | **25** | **-** | **1,534,546** | **(41,893)** | **1,492,653** |
| | | | | | | | | |
| - | - | - | (1,509) | - | - | 36,566 | (3,461) | 33,105 |
| - | (120) | - | - | 35,040 | - | 191,026 | - | 191,026 |
| - | (6) | - | (120) | 2,002 | - | 6,902 | (34) | 6,868 |
| **-** | **(126)** | **-** | **(1,629)** | **37,042** | **-** | **234,494** | **(3,495)** | **230,999** |
| | | | | | | | | |
| **-** | **(20,246)** | **2,189** | **(48,018)** | **88,089** | **-** | **2,210,539** | **(64,695)** | **2,145,844** |

### Core infrastructure asset disclosures

| Council 2026 | Last valuation date | Replacement Cost 2026 $'000 | Replacement Cost 2025 $'000 |
|---|---|---|---|
| Water supply: | | | |
| – treatment plants and facilities | 2026 | 114,152 | 97,794 |
| – other assets (such as reticulation systems) | 2026 | 277,765 | 277,540 |
| Sewerage: | | | |
| – treatment plants and facilities | 2024 | 165,070 | 162,926 |
| – other assets (such as reticulation systems) | 2026 | 517,391 | 452,191 |
| Stormwater drainage | 2024 | 290,723 | 290,721 |
| Roads and footpaths | 2024 | 1,127,502 | 1,118,257 |

*The above replacement costs exclude capital work in progress.

**Critical accounting estimates and judgement**
Estimating the fair value of land, buildings, infrastructure and art collections assets

**Land (operational, infrastructural and restricted)**
The fair value of land is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Beca Limited, and was effective as at 31 March 2026.

Land is valued at fair value using market based evidence based on its highest and best use with reference to comparable land values. Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which is based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Land is valued as if vacant and incorporates the influences of size, contour, quality, location, zoning, designation and current and potential usage.

**Buildings (operational and restricted)**
The fair value of buildings is reviewed at three yearly intervals. The most recent valuation was performed by independent registered valuer Beca Limited. The valuation is effective as at 31 March 2026.

The non specialised properties have been valued on a market based approach with research and analysis of market data compiled and applied to the valuation of these assets.

For the specialised properties which are rarely if ever traded on the open market, valuations are based on depreciated replacement cost approach. In assessing if a building is specialist in nature, Beca has taken into regard the surrounding neighbourhood and likely alternative use demand.

The depreciated replacement cost reflects the minimum cost to provide the current level of utility or service. In this way the DRC approach is often referred to as the optimised depreciated replacement cost (ODRC) approach.

The ODRC approach method uses the assessment of replacement cost new of a modern equivalent asset as the starting point and applies optimisation and depreciation to adjust for age, condition, use and performance and remaining useful life.

Infrastructural asset classes: sewerage, water, drainage and roads

Where fair value of a class of assets is not able to be reliably determined using market based evidence, depreciated replacement cost (DRC) is considered to be the most appropriate basis for determination of fair value.

The ODRC approach method uses the assessment of replacement cost new of a modern equivalent asset as the starting point and applies optimisation and depreciation to adjust for age, condition, use and performance and remaining useful life.

**Infrastructural asset classes: sewerage, water, drainage and roads**
Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using this method. These include:

- The replacement costs where appropriate reflect optimisation due to over design or surplus capacity.

- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (replaced by the Business Price Index in 2015) for civil constructions to convert them to current dollar value at the valuation date.

- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected 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 the Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand 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 asset management planning activities, which provides further assurance over useful life estimates.

The fair value of infrastructural assets will be revised at three yearly 'rolling' intervals. The most recent valuation of the Wastewater reticulation system was performed by independent registered valuers Beca Limited and was reviewed by Council. The most recent valuations of the Water reticulation system and the Water treatment plant and facilities were performed in-house by Council and reviewed by Beca Limited.

The effective dates of these valuations are:

- Water reticulation system: 31 March 2026
- Wastewater reticulation system: 31 March 2026
- Wastewater treatment plant & facilities: 30 June 2024
- Water treatment plant & facilities: 31 March 2026
- Stormwater and land drainage system: 30 June 2024
- Roading network: 30 June 2024
- Parks and reserves assets: 30 June 2024
- Landfill assets: 31 March 2025

A fair value assessment was performed for all non revalued assets classes as at 30 June 2026, the fair value assessment was prepared in-house by Council, applying available price indices. Management then reviewed the value movement against the asset class's last revaluation, with any movement above 10% considered material.

When applying the assessment of fair value to these asset classes, the increase in value was not considered material, and accordingly management has concluded these asset classes did not require revaluation for 30 June 2026.

The valuation for wastewater reticulation system is included within the classification 'sewerage other'.

### Airport

An independent valuation of the Airport assets was performed by Beca Projects NZ Limited to determine the fair value of the assets as at 30 June 2023. The next valuation is scheduled for 30 June 2027.

### Art collections

The Museum art collections are valued at fair market value. Determination of fair value is made by:

- if an active market exists for the same or similar asset the market prices are deemed to be the fair value; or
- if there is no active market fair value should be determined by other market based evidence ad judged by us as active and knowledgeable partic ipants in the market.

### Accounting estimate - Public Artworks

The Public Artworks are accounted for using the cost model. Under this model the public artworks are initially recognised at their acquisition cost and subsequently adjusted for depreciation and impairment. The useful life is determined based on factors such as wear & tear, exposure to environmental conditions and any specific preservation efforts. Impairment is assessed annually to identify permanent decrease in value and this is recognised as a loss in the income statement and a reduction to the carrying amount of the public artwork to its recoverable amount.

### Impairment

Impairment losses of $0 (2025 losses of: $7,189,977) have been recognised for the year. The impairment has been recognised in the Statement of Comprehensive Revenue and Expense in the line item 'impairment of property, plant and equipment'. This relates to the impairment of Work in Progress for the Wastewater Treatment Plant because the work could not proceed in its intended form.

### Forestry assets

Council's forestry assets are recognised as recreational forests, as part of Council's operating assets. The Council owns five forestry stands located at:

- Near the Rotorua Landfill measures 6.8 hectares of Pinus Radiata with a current age of 7 years.
- Great West Road spring reserve measures 2.5 hectares of Pinus Radiata with a current age of 5 years.
- Hill Road spring reserve measures 1.6 hectares of Pinus Radiata forest with a current age of 35 years.
- Reservoir Road spring reserve measures 7.6 hectares of Pinus Radiata forest with a current age of 22 years.
- Tokorangi Forest measures 112.2 hectares and consists of multiple species including Redwood, Douglas Fir, Pinus Radiata, Pinus Patula, Eucalyptus, Larch and Blackwood. The age of each stand of species varies, depending on the year of planting and ranges from 10 to 121 years.

### Tokorangi Forest (Redwood Forest)

In 1993 the Crown Forest License for the Tokorangi Forest (Redwood Forest) was transferred to the Council from the Crown in recognition of the significant recreation resource with the valuable aesthetic and landscape features that the forest represents for the people of Rotorua, as well as its national and international visitors. There are covenants in place that restrict the license to this effect. The majority of the forest will therefore not be managed commercially.

The land on which the forest grows is owned by the Central North Island Iwi Collective. Council has the license to continue managing the forest until 2049.

## Work in progress

### Accounting Policy

Work in progress is recognised at cost less impairment and is not depreciated.
Property, plant and equipment in the course of construction by class of asset is detailed below:

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Operational assets** | | | | |
| Buildings | 67,102 | 37,752 | 67,102 | 37,752 |
| Motor vehicles | 530 | - | 530 | - |
| Art collections | - | 19 | - | 19 |
| Plant and equipment | 3,542 | 741 | 3,542 | 741 |
| **Infrastructural assets** | | | | |
| Parks and reserves | 7,222 | 3,764 | 7,222 | 3,764 |
| Geothermal | 2,786 | 2,595 | 2,786 | 2,595 |
| Roading and footpaths | 6,967 | 5,038 | 6,967 | 5,038 |
| Sewerage - treatment plant facilities | 77,521 | 69,319 | 77,521 | 69,319 |
| Sewerage- other | 37,646 | 27,648 | 37,646 | 27,648 |
| Stormwater | 9,687 | 4,194 | 9,687 | 4,194 |
| Water - treatment plant facilities | 15,462 | 11,589 | 15,462 | 11,589 |
| **Total work in progress** | **228,465** | **162,659** | **228,465** | **162,659** |

## Leasing

The net carrying amount of plant and equipment held under financing leases is $Nil (2025: $Nil).

## Security

No tangible assets are pledged as security for liabilities.

# 14 - INTANGIBLE ASSETS

### Accounting Policy
Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the assessed useful economic life or pattern of consumption. The amortisation expense is recognised in the surplus or deficit as an expense category consistent with the function of the intangible asset.

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Impairment losses are recognised immediately in surplus or deficit. For further details, refer to the policy for impairment of Property, Plant and Equipment in Note 13. The same approach applies to the impairment of intangible assets.

### Goodwill
Goodwill on acquisition of businesses and controlled entities (subsidiaries) is included in 'intangible assets'. Goodwill on acquisition of associates is included in 'investments in associates' and is tested for impairment as part of the overall investment balance.

Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. An impairment loss recognised for goodwill is not reversed.

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment losses relating to goodwill cannot be reversed in future periods.

### Software acquisition and development
Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Staff training costs, costs associated with maintaining computer software and costs associated with the development and maintenance of Council's website are recognised as an expense when incurred.

### Carbon credits
Purchased carbon credits are recognised initially at cost on acquisition. They are not amortised, but are instead tested for impairment annually, and otherwise revalued to fair value annually. They are 'derecognised' when they are used to satisfy carbon emission obligations.

### Amortisation
The carrying value of an intangible asset with a finite life is amortised on a 'straight line basis' over its useful life. Amortisation begins when the asset is available for use, and ceases at the date that the asset is 'derecognised'. The amortisation charge for each period is recognised in the surplus or deficit.

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

| | |
|---|---|
| Computer Software | 2 - 30 years |

### Software as a Service (SaaS)

In April 2021, the IFRS Interpretations Committee (IFRIC), a committee supporting profit oriented reporting, published an agenda decision clarifying how configuration and customisation costs incurred in implementing SaaS should be accounted for. The New Zealand Accounting Standards Board has not issued similar guidance, however, in the absence of a PBE standard specifically dealing with such costs, management considers the IFRIC decision relevant to the accounting for similar types of arrangements of the group in accordance with PBE IPSAS 31 Intangible assets.

The group revised its accounting policy in relation to configuration and customisation costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The IFRIC concluded where SaaS arrangements are service contracts providing the customer with the right to access the SaaS provider's application software over the contract period. Costs incurred to configure or customise software in a cloud computing arrangement, can be recognised as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on premises systems and meets the definition of and recognition criteria for an intangible asset.

These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight line basis. The useful lives are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in accounting estimate. Costs that do not result in intangible assets are expensed as incurred, unless they are paid to the supplier(s) of the cloud based software and/or to the supplier's agent, to significantly customise the cloud based software for the group, in which case, the costs paid upfront may be recorded as a prepayment for services and amortised over the expected term of the cloud computing arrangement.

At 30 June 2026 Council have assessed their software values and costs and applied the accounting policy. No other Council software previously classified as intangible has been assessed to be SaaS.

| Cost | Goodwill $'000 | Computer software $'000 | Carbon credits $'000 | Total Council $'000 | Total Group $'000 |
|---|---|---|---|---|---|
| **Balance as at 1 July 2025** | - | 9,537 | 204 | 9,741 | 11,062 |
| Additions from internal development | - | - | - | - | - |
| Other transfers | - | - | - | - | - |
| Additions acquired separately | - | 566 | - | 566 | 566 |
| Revaluations | - | - | 14 | 14 | 14 |
| Disposals | - | (592) | - | (592) | (592) |
| Prior year corrections | - | - | - | - | - |
| **Balance as at 30 June 2026** | **-** | **9,511** | **218** | **9,729** | **11,050** |

| Cost | Goodwill $'000 | Computer software $'000 | Carbon credits $'000 | Total Council $'000 | Total Group $'000 |
|---|---|---|---|---|---|
| **Balance as at 1 July 2024** | 95 | 23,907 | 172 | 24,174 | 25,391 |
| Additions from internal development | - | 649 | - | 649 | 759 |
| Other transfers | - | - | - | - | - |
| Additions acquired separately | - | - | - | - | - |
| Revaluations | - | - | 32 | 32 | 32 |
| Disposals | - | (3,455) | - | (3,455) | (3,460) |
| Prior year corrections | (95) | (11,564) | - | (11,659) | (11,659) |
| **Balance as at 30 June 2025** | **-** | **9,537** | **204** | **9,741** | **11,062** |

| Accumulated amortisation and impairment | Goodwill $'000 | Computer software $'000 | Carbon credits $'000 | Total Council $'000 | Total Group $'000 |
|---|---|---|---|---|---|
| **Balance as at 1 July 2025** | - | 6,956 | - | 6,956 | 7,955 |
| Amortisation charge | - | 2,965 | - | 2,965 | 2,965 |
| Amortisation charge reversal | - | (929) | - | (929) | (929) |
| Disposals | - | (45) | - | (45) | (45) |
| Impairment | - | - | - | - | - |
| Revaluations | - | - | - | - | - |
| Prior year corrections | - | - | - | - | - |
| **Balance as at 30 June 2026** | **-** | **8,946** | **-** | **8,946** | **9,945** |

| Accumulated amortisation and impairment | Goodwill $'000 | Computer software $'000 | Carbon credits $'000 | Total Council $'000 | Total Group $'000 |
|---|---|---|---|---|---|
| **Balance as at 1 July 2024** | 95 | 8,450 | - | 8,545 | 9,492 |
| Amortisation charge | - | 1,961 | - | 1,961 | 2,013 |
| Disposals | - | (3,455) | - | (3,455) | (3,455) |
| Impairment | - | - | - | - | - |
| Revaluations | - | - | - | - | - |
| Prior year corrections | (95) | - | - | (95) | (95) |
| **Balance as at 30 June 2025** | **-** | **6,956** | **-** | **6,956** | **7,955** |

| Carrying amounts | | | | | |
|---|---|---|---|---|---|
| **As at 30 June 2025** | - | 2,581 | 204 | **2,785** | **3,107** |
| **As at 30 June 2026** | - | 565 | 218 | **782** | **1,103** |

### Carbon credits

As at 30 June 2026 the Council's residual closing balance of 3,956 carbon credit units were revalued based on the market spot rate at balance date.

The Council considers there has been no impairment of carbon units held, as they are expected to be fully utilised in satisfying carbon obligations from its landfill operations. Carbon units have been assessed as having an indefinite useful life as they have no expiry date and will continue to have economic benefit for as long as the Emissions Trading Scheme is in place.

### Goodwill

The carrying amount of the goodwill on the Museum Cafe was impaired to nil in the 2021 financial year due to the on going work surrounding the Museum and cafe closure.

### Security

There are no restrictions over the title of any intangible assets. No intangible assets are pledged as security for liabilities. for liabilities.

## Work in progress

### Accounting Policy

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

| Intangibles | | | | |
|---|---|---|---|---|
| Computer software | 1,803 | 1,272 | 1,803 | 1,272 |
| **Total work in progress** | **1,803** | **1,272** | **1,803** | **1,272** |

# 15 - DEPRECIATION AND AMORTISATION EXPENSE BY ACTIVITY

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Directly attributable depreciation and amortisation expense by group of activity** | | | | |
| Community Leadership | 6,591 | 6,149 | 9,547 | 8,788 |
| Community Wellbeing | 12,630 | 12,692 | 12,630 | 12,692 |
| District Development | 20 | 81 | 20 | 81 |
| Sport, Recreation and Environment | - | - | - | - |
| Roads and Footpaths | 10,514 | 10,332 | 10,514 | 10,332 |
| Sewerage and Sewage | 11,017 | 8,802 | 11,017 | 8,802 |
| Stormwater and Land Drainage | 4,702 | 4,458 | 4,702 | 4,458 |
| Waste Management | 136 | 120 | 136 | 120 |
| Water Supplies | 6,481 | 4,762 | 6,481 | 4,762 |
| **Total directly attributable depreciation and amortisation by group of activity** | **51,246** | **47,396** | **54,202** | **50,035** |
| Depreciation and amortisation not directly related to group of activities | 34 | 58 | 34 | 58 |
| **Total depreciation and amortisation expense** | **52,125** | **47,454** | **55,081** | **50,093** |

# 16 - PAYABLES AND DEFERRED REVENUE

## Accounting Policy

Short term creditors and other payables are recorded at their face value.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Exchange - non-current portion** | | | | |
| Deposits and bonds | | | | |
| **Exchange - current portion** | | | | |
| Trade payables and accrued expenses | 16,415 | 17,397 | 18,424 | 17,784 |
| Deposits and bonds | - | 223 | - | 223 |
| Accrued interest | 3,609 | 3,541 | 3,609 | 3,541 |
| Development and financial contributions in advance | 2,796 | 2,211 | 2,796 | 2,211 |
| Retentions accrued for contract work | 1,203 | 1,559 | 1,203 | 1,559 |
| Other payables | - | - | - | 14 |
| Metered water and revenue received in advance | 1,140 | 737 | 1,140 | 737 |
| **Total payables under exchange transactions** | **25,163** | **25,668** | **27,172** | **26,069** |
| **Non-exchange - current portion** | | | | |
| Trade payables and accrued expenses | 768 | 1,716 | 1,923 | 2,748 |
| Deposits and bonds | 984 | 817 | 984 | 817 |
| Revenue received in advance | - | - | - | - |
| Rates received in advance (excluding metered water) | 3,847 | 4,188 | 3,847 | 4,188 |
| Grants received in advance | 1,994 | 813 | 2,161 | (39) |
| Other payables | 3,236 | 3,886 | 3,236 | 3,886 |
| Deferred grant revenue | - | - | - | - |
| Taxes payable | - | - | 184 | 177 |
| **Total payables under non-exchange transactions** | 10,829 | 11,420 | **12,335** | **11,777** |
| **Total payables and deferred revenue - current portion** | 35,992 | 37,088 | **39,507** | **37,846** |

Payables and deferred revenue are non interest bearing and are normally settled on 30 day terms. Therefore, the carrying value of payables and deferred revenue approximates their fair value.

Deferred grant revenue and grants received in advance consist of grants received which have substantive conditions attached to the value provided. These conditions include for instance, requiring the full amount to be used or used in accordance with agreed terms otherwise the value is to be returned to the Grantor.

# 17 - BORROWINGS

## Accounting Policy

Borrowings are initially recognised at their fair value plus transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Interest due on the borrowings is subsequently accrued and added to the borrowing's balance.

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

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Current portion** | | | | |
| Bank facilities | - | - | - | - |
| LGFA borrowings | 75,244 | 76,000 | 75,244 | 76,000 |
| Registered debenture stock | - | - | - | - |
| Other loans | - | - | - | - |
| **Total current portion** | **75,244** | **76,000** | **75,244** | **76,000** |
| **Non-current portion** | | | | |
| Bank facilities | - | - | - | - |
| LGFA borrowings | - | - | - | - |
| Registered debenture stock | 451,000 | 393,000 | 451,000 | 393,000 |
| Other loans | - | - | - | - |
| **Total non-current portion** | **451,000** | **393,000** | **451,000** | **393,000** |
| **Total borrowings** | **526,244** | **469,000** | **526,244** | **469,000** |
| **Fair values of non-current borrowings** | | | | |
| LGFA borrowings | 451,000 | 393,000 | 451,000 | 393,000 |
| Registered debenture stock | - | - | - | - |
| Other loans | - | - | - | - |
| **Total** | **451,000** | **393,000** | **451,000** | **393,000** |

## LGFA borrowings

Borrowing from the Local Government Funding Agency (LGFA) of $276,000,000 (2025: $312,000,000) is at a fixed interest rate for the term of the stock.

Borrowing from the local Government Funding Agency (LGFA) of $250,244,329 (2025: $157,000,000) is at floating interest rates. The interest rate is reset quarterly, based on the equivalent bank bill rate plus a margin for credit risk.

## Security

All Council's borrowings are secured by a floating charge over the future rate revenue of the district through the operation of a Debenture Trust Deed.

The Council does not have an overdraft facility.

## Reconciliation of movements in liabilties from financing activities

This table below provides a reconciliation between the opening and closing balance of liabilities with cash flows that were or future cash flows that will be classified as a financing activity in the statement of cash flows.

| | Council | | Group | |
|---|---|---|---|---|
| | **LGFA Borrowings** | Other loans | **LGFA Borrowings** | **Other loans** |
| **Balance as at 1 July 2025** | 469,000 | - | 469,000 | - |
| Cash inflows | 133,244 | - | 133,244 | - |
| Cash outflows | (76,000) | - | (76,000) | - |
| Non-cash changes (further breakdown should be included where material) | - | - | - | - |
| **Balance as at 30 June 2026** | **526,244** | **-** | **526,244** | **-** |

| | **Limit** | Actual 2026 $'000 | **Actual 2025 $'000** |
|---|---|---|---|
| **Treasury Policy compliance ratios** | | | |
| Net Debt / Total Revenue | <295% | 234.00% | 243.00% |
| Net Interest / Total Revenue | <20% | 9.00% | 9.00% |
| Net Interest / Annual Rates Income | <30% | 11.00% | 12.00% |
| Liquidity [a]* | >110% | 113.00% | 113.00% |
| Liquidity [b]** | | | |

* Liquidity [a]: (external debt + cash or near cash financial investments + unutilised but committed loan facilities, to existing external debt)

** Liquidity [b]: (cash or near cash financial investments + unutilised but committed loan facilities  emergency risk funding of $15,000,000, to equal a minimum period of forecast net cash outflow including maturing debt on a rolling basis)

The weighted average effective interest rate on borrowings is 3.9% (2025: 4.2%).

# 18 - EMPLOYEE ENTITLEMENTS

## Accounting Policy

### Short-term employee entitlements:

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, sick leave and e Bike loans. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

### Long-term employee entitlements:

Entitlements that are payable beyond 12 months, after the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

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

### 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.

The expense relating to these provisions is presented in the Statement of Comprehensive Revenue and Expense net of any reimbursement.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Current portion** | | | | |
| Payroll payables | 896 | 967 | 1,090 | 1,164 |
| Accrued Pay | 1,084 | 792 | 1,097 | 799 |
| Accrued leave | 3,683 | 3,272 | 4,351 | 3,835 |
| Long service leave | - | - | - | - |
| Employee Loans | (66) | (95) | (66) | (95) |
| **Total current portion** | **5,597** | **4,936** | **6,472** | **5,703** |
| **Non-current portion** | | | | |
| Long service leave | 16 | 26 | 16 | 26 |
| Retirement gratuities | 77 | 75 | 77 | 75 |
| **Total non-current portion** | 93 | 101 | 93 | 101 |
| **Total employee entitlements** | **5,690** | **5,037** | **6,565** | **5,804** |

# 19 - PROVISIONS

### Accounting Policy

The Council and Group 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 measured at the present value of expenditures expected to be required to settle the obligation, using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'. Refer to Note 3.

### ACC Accredited Employers Programme:

The Council belongs to the ACC Accredited Employers Programme (the "Full Self Cover Plan") whereby the Council accepts the management and financial responsibility for employee work related illnesses and accidents. Under the programme, the Council is liable for all its claims costs for a period, the Council pays a premium to ACC for the value of residual claims, and from that point the liability for ongoing claims passes to ACC.

The liability for the ACC Accredited Employers Programme is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to balance date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Current provisions are represented by:** | | | | |
| ACC Accredited Employers Programme | - | - | - | - |
| Weathertightness claims | 18 | 18 | 18 | 18 |
| **Non-current provisions are represented by:** | | | | |
| Landfill aftercare provision | 3,126 | 2,743 | 3,126 | 2,743 |
| Provision for refund of rates | 69 | 69 | 69 | 69 |
| **Total non-current provisions** | **3,195** | **2,812** | **3,195** | **2,812** |
| **Total provisions** | **3,213** | **2,830** | **3,213** | **2,830** |

### Movements for each class of provisions are as follows:

| **Movement in current provisions** | **Weather-tightness claims $'000** | **Landfill aftercare $'000** | **Refund of rates $'000** | **ACC accreditation $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Council and Group 2026** | | | | | |
| Balance at 1 July 2025 | 18 | 2,743 | 69 | - | 2,830 |
| Change in provision | - | 383 | - | - | 383 |
| **Balance at 30 June 2026** | **18** | **3,126** | **69** | **-** | **3,213** |

| **Movement in current provisions** | **Weather-tightness claims $'000** | **Landfill aftercare $'000** | **Refund of rates $'000** | **ACC accreditation $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Council and Group 2025** | | | | | |
| Balance at 1 July 2024 | 18 | 2,036 | 69 | - | 2,123 |
| Change in provision | - | 707 | - | - | 707 |
| **Balance at 30 June 2025** | **18** | **2,743** | **69** | **-** | **2,830** |

### Weathertightness claims

There are currently no claims lodged with the Weathertight Homes Resolution Service (WHRS) and the Financial Assistance Package as at 30 June 2026 (2025: no claims). Council has recognised a provision of $18,000 for actual and any potential future claims, which has been based on historical average claim levels and other information held.
The actual costs to Council may vary significantly from the amount of the provision currently recognised, particularly the estimations of unreported claims, which is based on historical data collected on the number of claims lodged. This allows assumptions to be made on the percentage of homes that experience issues and that will likely result in a successful weathertightness claim.

### Landfill aftercare costs

Council has resource consent to operate the Rotorua Landfill until 31 January 2030. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. The current Waste Management New Zealand Ltd contract expires as at 30 June 2031 and to that point in time WMNZ are responsible for the cash flow involved. RLC cash flow impact commences 1 July 2031.

The cash outflows for landfill post closure costs are expected to cease in 2066. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The future cash outflows for the provision have been estimated taking into account existing technology and known changes to legal requirements.

The overall Landfill Aftercare Provision has increased by $382,961 in the 2026 financial year to $3,126,242 with the following significant assumptions having been made in estimating the provision:

- Inflation factor The inflation factor that has been applied in estimating the future cash outflows is the forward CPI rate published by the Treasury.
- Discount rate The discount rate that has been applied to discount the estimated future cash outflows is the risk free spot rate published by the Treasury.
- Length of aftercare The assumption for the length of aftercare has remained at 35 years (2025: 35 years).

The cash outflows for the landfill are expected to cease in 2066 when the strength of any discharges are expected to have reduced to a level at which they are unlikely to have any adverse effects on the environment. The management of the landfill site will continue to be contracted to an external party to maintain the landfill site beyond the current consent and into the foreseeable future.

The future management of the landfill will influence the timing of recognition of some liabilities. In 2018 Council selected Waste Management New Zealand Limited as a partner to work with to review the future development of the site. Due to identified financial, environmental and health and safety risks with the landfill, Council and Waste Management New Zealand Limited have capped and sealed the current landfill stages after constructing a transfer station on site to act as a collection point for the District waste before being loaded to another waste disposal facility. The landfill has potential airspace for more stages, however the investment required to develop additional stages is subject to further study with regards to the viability of the landfill as a regional facility. The Council assumes the landfill will remain capped until 2030 at which point the resource consent will expire, the landfill will close and the cash outflows in relation to the maintenance and monitoring of the site will start. The landfill aftercare provision does not reflect the Request for Proposal implications, due to their current uncertainty.

### Refund of rates

This relates primarily to a provision created for historical errors for rates charged in prior years.

# 20 - EQUITY

## Accounting Policy

Net assets/equity is the community's interest in the Rotorua Lakes Council and is measured as the difference between total assets and total liabilities. Net Assets/equity is disaggregated and classified into a number of components.

The components of net assets/equity are:

- Accumulated funds; and
- Reserves, consisting of:
  - Self funding reserves;
  - Council created reserves;
  - Restricted reserves;
  - Fair value through equity reserve; and
  - Asset revaluation reserves.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Accumulated funds** | | | | |
| Balance as at 1 July | 638,735 | 641,609 | 647,236 | 649,799 |
| Net surplus/(deficit) | (1,176) | 3,070 | (89) | 3,631 |
| Revaluation Reserve Write back | - | - | - | - |
| Transfers (to)/from council-created reserve | 7 | 11 | 7 | 11 |
| Transfers (to)/from restricted reserve | (29) | (1) | (29) | (1) |
| Transfers (to)/from asset revaluation reserves on disposal of PPE and intangible assets | 412 | (4,489) | 412 | (4,489) |
| Airport transfer from asset revaluation reserve to accumulated funds | - | - | - | (208) |
| Prior Year Equity Correction | - | - | (115) | (47) |
| Development and financial contributions | (1,547) | (1,465) | (1,547) | (1,461) |
| Impairment on Infracore investment | - | - | (323) | - |
| **Balance as at 30 June** | **636,402** | **638,735** | **645,552** | **647,236** |

| | | | | |
|---|---|---|---|---|
| **Reserves** | | | | |
| Council-created reserves | 42 | 49 | 42 | 49 |
| Restricted reserves | 11,410 | 9,819 | 11,410 | 9,819 |
| Fair value through equity reserve | 40,860 | 40,246 | 4,001 | 5,218 |
| Asset revaluation reserve - property, plant and equipment | 1,222,676 | 1,171,236 | 1,257,695 | 1,205,039 |
| Asset revaluation reserve - intangibles | 489 | 502 | 489 | 502 |
| **Total reserves** | **1,275,477** | **1,221,852** | **1,273,637** | **1,220,627** |

## Self-funding reserves

Self funding reserves are reserves established at Council's will for activities that will generate enough revenue over time to cover the cost of their operation. The reserve balances represent accumulated balances to date of such activities. Council does not currently have any self funding reserves.

## Council-created reserves

Council created reserves are established by Council resolution. Transfers to and from these reserves are at the discretion of Council.

| | Opening balance 1 July 2025 $'000 | Deposits $'000 | Withdrawals $'000 | Interest earned / charged $'000 | Transfer to accumulated funds $'000 | Closing balance 30 June 2026 $'000 |
|---|---|---|---|---|---|---|
| **Council and Group 2026** | | | | | | |
| Reporoa Domain | 43 | 3 | (10) | - | - | 36 |
| Waikite Domain | 6 | - | - | - | - | 6 |
| **Total restricted reserves - 2026** | **49** | **3** | **(10)** | **-** | **-** | **42** |

| | Opening balance 1 July 2024 $'000 | Deposits $'000 | Withdrawals $'000 | Interest earned / charged $'000 | Transfer to accumulated funds $'000 | Closing balance 30 June 2025 $'000 |
|---|---|---|---|---|---|---|
| **Council and Group 2025** | | | | | | |
| Reporoa Domain | 53 | - | (10) | - | - | 43 |
| Waikite Domain | 6 | - | - | - | - | 6 |
| **Total restricted reserves - 2025** | **59** | **-** | **(10)** | **-** | **-** | **49** |

The Reporoa and Waikite Domain reserves were established to account for the domain board committee current account balances. These were established when the Reserves Act came into effect. The reserve recognises a future call on funding towards improvements to various categories of capital assets; for example, the Waikite Domain reserve assists with the development of the Waikite Hot Pools.

## Restricted reserves

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

Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

| | Opening balance 1 July 2025 $'000 | Deposits $'000 | Withdrawals $'000 | Interest earned / charged $'000 | Closing balance 30 June 2026 $'000 |
|---|---|---|---|---|---|
| **Council and Group 2026** | | | | | |
| Reserves development | 9,691 | 1,562 | - | - | 11,253 |
| Creative NZ Reserve | 128 | 29 | - | - | 157 |
| **Total restricted reserves - 2026** | **9,819** | **1,591** | **-** | **-** | **11,410** |

| | Opening balance 1 July 2024 $'000 | Deposits $'000 | Withdrawals $'000 | Interest earned / charged $'000 | Closing balance 30 June 2025 $'000 |
|---|---|---|---|---|---|
| **Council and Group 2025** | | | | | |
| Reserves development | 8,129 | 1,562 | - | - | 9,691 |
| Creative NZ Reserve | 128 | - | - | - | 128 |
| **Total restricted reserves - 2025** | **8,257** | **1,562** | **-** | **-** | **9,819** |

## Restrictions

Reserve development Section 108 of the Resource Management Act 1991 requires funds to be set aside for the development of reserves.

Creative NZ Reserve Funds are held and used in accordance with the policies of organisations external to Council; for example Council allocates funds on behalf of Creative New Zealand on application for funding. Funding rounds occur approximately two times per year, dependent on funds available.

## Fair value through equity reserve

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

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Opening balance | 40,246 | 39,021 | 5,218 | 2,399 |
| Transfers (to)/from accumulated funds | - | - | - | - |
| Valuation gains/(losses) taken to equity | 614 | 1,225 | (1,217) | 2,819 |
| Prior year movement | - | - | - | - |
| **Balance 30 June** | **40,860** | **40,246** | **4,001** | **5,218** |

## Asset revaluation reserves - Property, Plant and Equipment

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

**2026 asset revaluation reserve for each asset class consist of:**

| Council 2026 | Opening balance 1 July 2025 $'000 | Transfers relating to prior period $'000 | Transfers between asset classes $'000 | Revaluation gains / (losses) during year $'000 | Transfer to accumulated funds on disposals $'000 | Other transfers $'000 | Closing balance 30 June 2026 $'000 |
|---|---|---|---|---|---|---|---|
| Art collections | 16,743 | - | - | - | - | - | 16,743 |
| Buildings | 123,491 | - | - | - | (326) | - | 123,165 |
| Land - operational | 44,780 | - | - | - | - | - | 44,780 |
| Land - restricted | 123,758 | - | - | - | - | - | 123,758 |
| Landfill | 7,866 | - | - | - | - | - | 7,866 |
| Library books | 616 | - | - | - | - | - | 616 |
| Parks & reserves | 15,168 | - | - | - | - | - | 15,168 |
| Roading and footpaths | 499,713 | - | - | - | (34) | - | 499,679 |
| Stormwater | 114,953 | - | - | - | 120 | - | 115,073 |
| Geothermal | 64 | - | - | - | - | - | 64 |
| Sewerage - other | 117,551 | - | - | 25,242 | (254) | - | 142,539 |
| Water - other | 106,533 | - | - | 26,610 | 82 | - | 133,225 |
| **Total** | **1,171,236** | **-** | **-** | **51,852** | **(412)** | **-** | **1,222,676** |

| Group 2026 | Opening balance 1 July 2025 $'000 | Transfers relating to prior period $'000 | Transfers between asset classes $'000 | Revaluation gains / (losses) during year $'000 | Transfer to accumulated funds on disposals $'000 | Other transfers $'000 | Closing balance 30 June 2026 $'000 |
|---|---|---|---|---|---|---|---|
| Art collections | 16,743 | - | - | - | - | - | 16,743 |
| Buildings | 129,395 | - | - | - | (325) | 1,215 | 130,285 |
| Land - operational | 45,760 | - | - | - | - | - | 45,760 |
| Land - restricted | 143,752 | - | - | - | - | - | 143,752 |
| Landfill | 7,866 | - | - | - | - | - | 7,866 |
| Library books | 616 | - | - | - | - | - | 616 |
| Parks and reserves | 15,168 | - | - | - | - | - | 15,168 |
| Roading and footpaths | 503,991 | - | - | - | (34) | - | 503,957 |
| Stormwater | 114,953 | - | - | - | 120 | - | 115,073 |
| Geothermal | 64 | - | - | - | - | - | 64 |
| Sewerage - other | 120,143 | - | - | 25,242 | (254) | - | 145,131 |
| Water - other | 106,588 | - | - | 26,610 | 82 | - | 133,280 |
| **Total** | **1,205,039** | **-** | **-** | **51,852** | **(411)** | **1,215** | **1,257,695** |

**2025 asset revaluation reserve for each asset class consist of:**

| Council 2025 | Opening balance 1 July 2024 $'000 | Transfers relating to prior period $'000 | Transfers between asset classes $'000 | Revaluation gains / (losses) during year $'000 | Transfer to accumulated funds on disposals $'000 | Other transfers $'000 | Closing balance 30 June 2025 $'000 |
|---|---|---|---|---|---|---|---|
| Art collections | 14,105 | - | - | 2,638 | - | - | 16,743 |
| Buildings | 103,949 | - | 685 | 22,750 | (4,203) | 310 | 123,491 |
| Land - operational | 19,760 | - | - | 25,020 | - | - | 44,780 |
| Land - restricted | 89,323 | - | - | 35,040 | (46) | (559) | 123,758 |
| Landfill | 1,205 | - | - | 2,002 | 4,669 | (10) | 7,866 |
| Library books | 335 | - | - | 616 | - | (335) | 616 |
| Parks and reserves | 4,009 | - | (24) | 4 | 4,121 | 7,058 | 15,168 |
| Roading and footpaths | 500,232 | - | - | - | (89) | (430) | 499,713 |
| Stormwater | 115,362 | - | - | - | (21) | (388) | 114,953 |
| Geothermal | - | - | - | - | - | 64 | 64 |
| Sewerage - other | 87,779 | - | - | 20 | 84 | 29,668 | 117,551 |
| Water - other | 141,938 | - | - | - | (27) | (35,378) | 106,533 |
| **Total** | **1,077,997** | **-** | **661** | **88,090** | **4,488** | **-** | **1,171,236** |

| Group 2025 | Opening balance 1 July 2024 $'000 | Transfers relating to prior period $'000 | Transfers between asset classes $'000 | Revaluation gains / (losses) during year $'000 | Transfer to accumulated funds on disposals $'000 | Other transfers $'000 | Closing balance 30 June 2025 $'000 |
|---|---|---|---|---|---|---|---|
| Art collections | 14,105 | - | - | 2,638 | - | - | 16,743 |
| Buildings | 111,865 | - | 685 | 22,750 | (4,203) | 310 | 129,395 |
| Land - operational | 20,740 | - | - | 25,020 | - | - | 45,760 |
| Land - restricted | 109,317 | - | - | 35,040 | (46) | (559) | 143,752 |
| Landfill | 1,205 | - | - | 2,002 | 4,669 | (10) | 7,866 |
| Library books | 335 | - | - | 616 | - | (335) | 616 |
| Parks and reserves | 4,009 | - | (24) | 4 | 4,121 | 7,058 | 15,168 |
| Roading and footpaths | 504,510 | - | - | - | (89) | (430) | 503,991 |
| Stormwater | 115,362 | - | - | - | (21) | (388) | 114,953 |
| Geothermal | - | - | - | - | - | 64 | 64 |
| Sewerage - other | 90,371 | - | - | 20 | 84 | 29,668 | 120,143 |
| Water - other | 141,993 | - | - | - | (27) | (35,378) | 106,588 |
| **Total** | **1,114,410** | **-** | **661** | **88,090** | **4,488** | **-** | **1,205,039** |

## Asset revaluation reserve - Intangibles

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Carbon credits** | | | | |
| Opening balance | 502 | 470 | 502 | 470 |
| Revaluation gains/(losses) during year | (13) | 32 | (13) | 32 |
| Transfer to accumulated funds on disposal | - | - | - | - |
| **Closing balance** | **489** | **502** | **489** | **502** |

## Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act also sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council created reserves:

- Self funding reserves;
- Council created reserves; and
- Restricted reserves.

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

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

There have been no externally imposed capital requirements to which the Council has been subject to.

# 21 - CAPITAL COMMITMENTS AND OPERATING LEASES

## Capital commitments

Capital commitments represent capital expenditure contracted for at balance sheet date but not yet incurred.

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Capital commitments** | | | | |
| Parks and reserves | 718 | 1,020 | 718 | 1,020 |
| Roading network | 12,735 | 14,292 | 12,735 | 14,292 |
| Buildings | 6,347 | 27,076 | 6,347 | 27,076 |
| Stormwater | - | 1,642 | - | 1,642 |
| Wastewater - other | - | - | - | - |
| Wastewater treatment | 23,547 | 42,324 | 23,547 | 42,324 |
| Water - other | 609 | 3,620 | 609 | 3,620 |
| Water treatment | - | - | - | - |
| Intangible assets | 140 | 194 | 140 | 194 |
| Plant and equipment | 129 | 18 | 129 | 460 |
| Land | - | 6 | - | 6 |
| Animal control | 24 | 2 | 24 | 2 |
| Facilities | 813 | 2,560 | 813 | 2,560 |
| Laboratory | - | 241 | - | 241 |
| SHMC | 3 | 3 | 3 | 3 |
| **Total capital commitments** | **45,065** | **92,998** | **45,065** | **93,440** |

## Operating leases as lessee

The Council and Group lease property, plant and equipment in the normal course of its business. The leases have non cancellable terms that range between 22 and 1,189 months. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Not later than one year | 106 | 114 | 367 | 374 |
| Later than one year but not later than two years | 83 | 106 | 83 | 343 |
| Later than two years but not later than five years | 88 | 140 | 1,006 | 849 |
| Later than five years | 321 | 321 | 379 | 611 |
| **Total non-cancellable operating leases** | **598** | **681** | **1,835** | **2,177** |
| | | | | |
| Total capital commitments | 45,065 | 92,998 | 45,065 | 93,440 |
| | | | | |
| **Total commitments** | **45,663** | **93,679** | **46,900** | **95,617** |

The total minimum future sublease payments expected to be received under non-cancellable subleases at balance date is $Nil (2025: $Nil)

In general, leases can be renewed at the Council or Group's option, with rents set by reference to current market rates for items of equivalent age and condition. For some lease agreements, the Council or Group has the option to purchase the asset at the end of the lease term.

For the majority of lease agreements, there are no restrictions placed on the Council or Group by any of the leasing arrangements.

### Operating leases as lessor

The Council and Group lease land, buildings, parks, reserve land and commercial premises under operating leases. The leases have non cancellable terms that range between 12 and 636 months. The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Not later than one year | 1,160 | 1,269 | 1,160 | 1,212 |
| Later than one year but not later than two years | 940 | 1,160 | 940 | 1,113 |
| Later than two years but not later than five years | 1,928 | 2,235 | 1,928 | 2,597 |
| Later than five years | 4,531 | 4,531 | 4,531 | 4,821 |
| **Total non-cancellable operating leases** | **8,559** | **9,195** | **8,559** | **9,743** |

No contingent rents have been recognised during the period.

# 22 - CONTINGENCIES

### Contingent liabilities

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Financial guarantees | - | - | - | - |
| Suspensory loan | | | | |
| Housing New Zealand Corporation suspensory loan | - | 1,567 | - | 1,567 |
| Legal proceedings | | | | |
| The Group's effective exposure to legal claims | 1,023 | 12,747 | 1,023 | 12,747 |
| **Total contingent liabilities** | **1,023** | **14,314** | **1,023** | **14,314** |

### Financial guarantees

### Accounting Policy

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

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

Financial guarantees are subsequently measured at the higher of:

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

The value of the guarantees disclosed as contingent liabilities reflects the Group's assessment of the undiscounted portion of financial guarantees that are not recognised in the Statement of Financial Position.

### Suspensory loan

The Housing New Zealand suspensory loan has been spent on specific social housing projects in accordance with the loan agreement. The Council is not required to repay the principal, including interest and costs, provided the Council meets the conditions of the loan during a 20 year period commencing December 2005. The loan is secured by first ranking mortgage over the land.

### Critical accounting estimates and judgement

### Accounting for suspensory loan from Housing New Zealand

The Council's view is the suspensory loan from Housing New Zealand is in substance a grant with conditions attached and is therefore accounted for under PBE IPSAS 23 Revenue from Non Exchange Transactions. The Council considers there are two possible accounting treatments for the grant under PBE IPSAS 23; either recognising the grant evenly over the 20 year condition period, or recognising the grant as revenue at the end of the conditions in 2025. As the suspensory loan in totality would be repayable, should any of the conditions not be met during the condition period to 2025.

### Legal proceedings

The Council is currently facing five legal claims (2025: fourteen). An estimate of Council's share of exposure is $1,022,918 (2025: $12,747,000), and includes an estimate for other known situations out of which a formal claim may arise. The Council does not accept the validity of all these claims and is in the process of resolving them through normal legal avenues.

### Unquantified claims

### Weathertightness claims

As disclosed in Note 19 a provision of $18,000 (2025: $18,000) has been recognised for weathertightness claims. Included in this amount is an estimate of $Nil (2025:$Nil) being the Council's exposure to potential future claims which have not yet been advised until the statutory limitation period expires. Claims must be made within 10 years of the construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

### RiskPool

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

### National Provident Fund

The Council is a participating employer in the National Provident Fund (NPF) Defined Benefit Plan Contributors Scheme ("the Scheme"), which is a multi employer defined benefit scheme. If the other participating employers ceased to participate in the Scheme, the Council could be responsible for the entire deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, the Council could be responsible for an increased share of the deficit.

As at 31 March 2026 the Scheme had a deficit of $243,000 (95.4% of the liabilities) (2025: deficit of $166,000, 99%). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25.

Acturial Review: The employer contribution rate applicable to 31 March 2026 is four times contributors' contributions. The rate will be reviewed again at 31 March 2027 and any change would be implemented from 1 April 2027.

## Local Government Funding Agency
### Uncalled Capital

As at 30 June 2026, the Council is one of 30 local authority shareholders of the New Zealand Local Government Funding Agency Limited (LGFA). The Council has uncalled capital of $1.9m (2025: $1.9m). When aggregated with the uncalled capital of other shareholders, $20m is available for LGFA to call if an imminent default is identified.

### Guarantees

As at 30 June 2026, the Council is one of 74 local authority guarantors of the LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. As at 30 June 2026 the LGFA has a local currency credit rating from S&P Global Ratings of AAA and a foreign currency rating of AA+ and a local currency rating and foreign currency rating of AA+ from Fitch .

Together with the other guarantors, the Council is a guarantor of all of the LGFA's guaranteed borrowings. Any call on the guarantee will be made on a pro-rata basis according to each guarantor's prior year annual rates revenue. If a guarantor fails to pay its pro-rata share, the other guarantors will be called on for payment on a pro-rata basis. At 30 June 2026, the LGFA had guaranteed borrowings totaling $26.55 billion (2025: $25.53 billion).

PBE Accounting Standards require the council to measure the LGFA guarantee liability at the higher of, the loss allowance at balance date determined by the ECL model, and the amount initially recognised. At the end of the financial year, the Council has assessed the 12-month expected credit losses of the guarantee liability, based on market information on the underlying assets held by the LGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the LGFA in the next 12 months. Therefore, the Council 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:

- it is not aware of any local authority debt default events being notified in New Zealand; and
- local government legislation would enable local authorities to levy a rate to raise sufficient funds to meet any debt obligations if further funds were required.

# 23 - RELATED PARTY TRANSACTIONS

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

Related party disclosures have also not been made for transactions with entities within the Group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such Group transactions.

| | **Actual 2026 $'000** | Actual 2025 $'000 |
|---|---|---|
| **Council members** | | |
| Senior Management Team, including the Chief Executive | 2,546 | 2,292 |
| Councillors | 1,148 | 1,098 |
| **Total Group key management remuneration** | **3,694** | **3,390** |

| | | |
|---|---|---|
| **Full-time equivalent members** | | |
| Full-time equivalent Senior Management Team | 7.5 | 8 |
| Full-time equivalent Councillors | 11 | 11 |
| **Total full-time equivalent personnel** | **18.5** | **19** |

Due to the difficulty in determining the full time equivalent for Councillors, the full time equivalent figure is taken as the number of Councillors.
Included in key management personnel compensation is $66,783 (2025: $49,232) to defined contribution plans.

# 24 - REMUNERATION

## Chief Executive's remuneration

The Chief Executive of Rotorua Lakes Council is appointed under Part 4, section 42, of the Local Government Act 2002. The Chief Executive received the following remuneration:

| | Council | |
|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 |
| Salary | 366,445 | 351,643 |
| Vehicle (including Fringe Benefit Tax) | 18,358 | 18,358 |
| **Total Chief Executive's remuneration** | **384,803** | **370,001** |

The Chief Executive's remuneration includes their salary, employer superannuation contributions, and non-financial benefits such as a vehicle, parking and medical insurance.

## Elected representatives

| | **Total 2026 $'000** | Total 2025 $'000 |
|---|---|---|
| **Mayor** | | |
| Tapsell T | 171,421 | 162,598 |
| Tapsell T - Mayor's vehicle | 12,147 | 12,421 |
| **Councillors** | | |
| Barker K | 108,464 | 112,960 |
| Brown G | 108,464 | 102,481 |
| Kai Fong S | 154,990 | 151,519 |
| Kereopa L | 21,259 | 68,418 |
| Lee R | 79,417 | 69,647 |
| Sanford B | 56,862 | - |
| Maxwell T H | 83,478 | 68,590 |
| O'Brien C | 21,259 | 68,418 |
| Paterson D | 79,417 | 68,418 |
| Raukawa-Tait M | 59,908 | - |
| Wang F | 94,756 | 109,421 |
| Waru R | 31,889 | 102,626 |
| Temara-Benfell T | 59,908 | - |
| **Total Councillor remuneration** | **1,143,639** | **1,097,517** |
| Rotorua Lakes/Rural Community Boards | 91,886 | 136,849 |
| **Total elected representatives' remuneration** | **1,235,525** | **1,234,366** |

The monetary remuneration consists of honoraria and meeting allowances, and is determined by the remuneration authority under the local government elected members determination 2023 24. Professional indemnity and trustee liability insurance is also provided to the Councillors against any potential legal litigation which may occur while undertaking Council business.

**Council employees**

| | Number of employees | |
|---|---|---|
| | **2026** | 2025 |
| < $60,000 | 36 | 67 |
| $60,000 – $79,999 | 204 | 188 |
| $80,000 – $99,999 | 118 | 101 |
| $100,000 – $119,999 | 77 | 63 |
| $120,000 - $139,999 | 46 | 41 |
| $140,000 - $159,999 | 17 | 15 |
| $160,000 - $179,999 | 11 | 10 |
| $180,000 - $199,999 | 8 | 5 |
| $200,000 - $239,999 | 6 | 5 |
| $240,000 - $339,999 | 6 | 6 |
| $380,000 - $399,999 | 1 | 1 |
| **Total employees** | 530 | 502 |

Total remuneration includes non financial benefits provided to employees.

At balance date, the Council employed 460 (2025: 476) full-time employees, with the balance of staff representing 48.00 (2025: 16.00) full-time equivalent employees. A full-time employee is determined on the basis of a 40 hour working week.

# 25 - AGENCY RELATIONSHIPS

Council is involved in administering expenditure and revenue on behalf of other organisations as described below.

These agency transactions have not been included in the Council's current year operating results. Council has however, included the net movement in agency debtors and creditors in its Statement of Cash Flows, and included the Council's asset or liability in relation to the agencies in its Statement of Financial Position. Council derives commission revenue to compensate for the cost of administration.

| | **2026 $'000** | **Percentage %** | **2025 $'000** | **Percentage %** |
|---|---|---|---|---|
| Bay of Plenty Local Authority Petrol Tax Distribution for the year ended 30 June: | | | | |
| Kawerau District Council | 55 | 1.90% | 57 | 1.90% |
| Opotiki District Council | 62 | 2.10% | 64 | 2.10% |
| Rotorua Lakes Council | 547 | 18.50% | 560 | 18.60% |
| Taupo District Council | 397 | 13.40% | 401 | 13.30% |
| Tauranga District Council | 1,254 | 42.50% | 1,279 | 42.50% |
| Western BOP District Council | 384 | 13.00% | 392 | 13.00% |
| Whakatane District Council | 255 | 8.60% | 257 | 8.50% |
| | **2,954** | **100.00%** | **3,010** | **100.00%** |

### State Highways administration

| | **2026 $'000** | 2025 $'000 |
|---|---|---|
| Expenditure on State Highways roading network (Reimbursed from New Zealand Transport Agency) | 245 | 260 |



Image caption here

# 26 - FINANCIAL INSTRUMENTS

## (a) Financial instrument categories

| FINANCIAL ASSETS | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Mandatorily measured at FVTSD** | | | | |
| Shares in associates | 9 | 72 | 9 | 72 |
| Borrower notes | 16,333 | 11,994 | 16,333 | 11,994 |
| **Total measured at FVTSD** | **16,342** | **12,066** | **16,342** | **12,066** |
| | | | | |
| **Amortised Cost** | | | | |
| Cash and cash equivalents | 12,488 | 15,856 | 17,269 | 19,119 |
| Receivables (including community loans) | 31,084 | 37,473 | 23,799 | 28,543 |
| Term deposits | 24,265 | 4,266 | 24,534 | 4,530 |
| **Total Amortised Cost** | **67,837** | **57,595** | **65,602** | **52,192** |
| | | | | |
| **Fair value through other comprehensive revenue and expense** | | | | |
| Unlisted shares | 72,179 | 73,014 | 295 | 272 |
| **Total fair value through other comprehensive revenue and expense** | **72,179** | **73,014** | **295** | **272** |
| | | | | |
| **Total financial assets** | **156,358** | **142,675** | **82,239** | **64,529** |

| FINANCIAL LIABILITIES | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Mandatorily measured at FVTSD** | | | | |
| Interest rate swaps | 754 | 185 | 754 | 185 |
| **Amortised cost** | | | | |
| Payables and deferred revenue | 26,215 | 29,139 | 29,379 | 31,522 |
| LGFA borrowings | 526,244 | 469,000 | 526,244 | 469,000 |
| Secured loans | - | - | - | - |
| Service concession loan | - | - | - | - |
| Debentures | - | - | - | - |
| **Total financial liabilities** | **553,213** | **498,324** | **556,377** | **500,707** |

## (b) Fair value hierarchy

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- Quoted market price (Level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (Level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

- Valuation techniques with significant non observable inputs (Level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position:

| | | Valuation Technique | | |
|---|---|---|---|---|
| **2026** | **Total $'000** | **Quoted market price $'000** | **Observable inputs $'000** | **Significant non-observable inputs $'000** |
| **30 June 2026 - Council** | | | | |
| **Financial assets** | | | | |
| Borrower notes | 16,333 | - | 16,333 | - |
| Shares in associates | 9 | - | - | 9 |
| Unlisted shares | 72,179 | - | - | 72,179 |
| **Total financial assets** | **88,521** | **-** | **16,333** | **72,188** |
| | | | | |
| **Financial liabilities** | | | | |
| Registered debenture stock | - | - | - | - |
| Bank facilities | - | - | - | - |
| LGFA borrowings | 387,244 | 312,000 | 75,244 | - |
| Other Loans | 139,000 | - | 139,000 | - |
| **Total financial liabilities** | **526,244** | **312,000** | **214,244** | **-** |

| | | | | |
|---|---|---|---|---|
| **30 June 2026 - Group** | | | | |
| **Financial assets** | | | | |
| Borrower notes | 16,333 | - | 16,333 | - |
| | | | | |
| **Shares in associates** | **9** | **-** | **-** | **9** |
| Unlisted shares | 295 | - | - | 295 |
| | | | | |
| **Financial liabilities** | | | | |
| Registered debenture stock | - | - | - | - |
| Bank facilities | - | - | - | - |
| LGFA borrowings | 526,244 | 312,000 | 214,244 | - |
| Other Loans | - | - | - | - |

| 2025 | Valuation Technique | | | |
|---|---|---|---|---|
| | Total $'000 | Quoted market price $'000 | Observable inputs $'000 | Significant non-observable inputs $'000 |
| **30 June 2025 - Council** | | | | |
| **Financial assets** | | | | |
| Borrower notes | 11,994 | - | 11,994 | - |
| Shares in associates | 72 | - | - | 72 |
| Unlisted shares | 73,014 | - | - | 73,014 |
| **Financial liabilities** | | | | |
| Registered debenture stock | - | - | - | - |
| LGFA borrowings | 469,000 | 157,000 | 312,000 | - |

| **30 June 2025 - Group** | | | | |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Borrower notes | 11,994 | - | 11,994 | - |
| Shares in associates | 72 | - | - | 72 |
| Unlisted shares | 272 | - | - | 272 |
| **Financial liabilities** | | | | |
| Registered debenture stock | - | - | - | - |
| LGFA borrowings | 469,000 | 157,000 | 312,000 | - |
| Other Loans | - | - | - | - |

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

**Valuation techniques with significant non-observable inputs (Level 3)**

The table below provides a reconciliation from the opening balance to the closing balance for the Level 3 fair value measurements:

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Balance at 1 July | 73,014 | 36,934 | 272 | 36,899 |
| Capital movement | (12) | - | - | - |
| Write off of investment through surplus and deficit | - | - | - | - |
| Change in fair value of investment through surplus and deficit | 22 | (10) | 23 | (10) |
| Gains and losses recognised in other comprehensive revenue and expense | (845) | 1,225 | - | - |
| Prior year adjustment | - | 34,865 | - | (36,617) |
| Balance at 30 June | 72,179 | 73,014 | 295 | 272 |

Any hedging must be approved by Council.

Specific valuation techniques used to value financial instruments include:

The fair value of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

## (c) Financial instrument risks

The Council and Group's acitivities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risks.

The Council and Group has a series of policies to manage the risks associated with financial instruments and is risk averse, seeking to minimise any exposure from its treasury activities. The Council has established liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

## Market risk

### Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. At present the Council is not exposed to any equity securities price risk as the Council holds no listed equity instruments.

### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council purchases plant and equipment associated with the construction of certain infrastructural assets from overseas, which may require it to enter into transactions denominated in a foreign currency. As a result of these activities, exposure to currency risk arises.

### Interest rate risk

Fair value interet 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. Borrowings issued at fixed rates expose the Council and Group to fair value interest rate risk.

Cash flow interest rate risk

- Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at a variable interest rate expose the Council to cash flow interest rate risk.

To manage these risks the Council's current fixed rate maturity profile limits, in accordance with the Council's Treasury Policy, are:

| Term of exposure | Minimum Fixed Rate | Maximum Fixed Rate |
|---|---|---|
| Year 1 | 40% | 90% |
| Years 2 and 3 | 30% | 80% |
| Year 4 | 25% | 75% |
| Year 5 to Year 12 | 0% | 70% |
| Year 13 and over | -% | 25% |

To achieve this, the Coucil uses interest rate swaps. Interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates that are generally lower than those available if the Council borrowed at fixed rates directly. Note 17 provides further information on term loan interest rates and maturity profile.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council or Group causing the Council and Group to incur a loss.

Financial instruments which potentially subject the Council and Group to credit risk consist of bank balances, term deposits, rates, other receivables and community loans.

The Council places its cash and short term deposits with high credit quality financial institutions. Accordingly, the Council does not require any collateral or security to support these financial instruments with institutions or organisations it deals with.

The Council is exposed to credit risk as a guarantor of all of the LGFA's guaranteed borrowings. Information about this exposure is explained in note 22.

## Maximum exposure to credit risk

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| Cash at bank and term deposits | **12,488** | 15,856 | **17,269** | 19,119 |
| Term deposits | **24,265** | 4,266 | **24,534** | 4,530 |
| Receivables (including community loans) | **31,084** | 37,473 | **23,799** | 29,508 |
| Borrower notes | **16,333** | 11,994 | **16,333** | 11,994 |
| Shares in associates | **9** | 72 | **9** | 72 |
| Unlisted shares | **72,179** | 73,014 | **295** | 272 |
| Financial guarantees | **-** | - | **-** | - |
| **Total credit risk** | **156,358** | 142,675 | **82,239** | 65,495 |

The Council is exposed to credit risk as a guarantor of all of the NZ LGFA's borrowings. Information about this exposure is explained in note 22.

## Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates::

| | Council | | Group | |
|---|---|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 | **Actual 2026 $'000** | Actual 2025 $'000 |
| **Counterparties with credit ratings:** | | | | |
| Cash at bank and term deposits (AA-) | 12,488 | 15,856 | 17,269 | 19,119 |
| Total cash at bank and term deposits | 12,488 | 15,856 | 17,269 | 19,119 |
| | | | | |
| Borrower notes (AA+) | 16,333 | 11,994 | 16,333 | 11,994 |
| Total government bonds | 16,333 | 11,994 | 16,333 | 11,994 |
| | | | | |
| **Counterparties without credit ratings:** | | | | |
| Unlisted shares | 72,179 | 73,014 | 295 | 272 |
| Shares in associates | 9 | 72 | 9 | 72 |
| Total shares | 72,188 | 73,086 | 304 | 344 |
| | | | | |
| Existing counterparty with no defaults in the past | 8,350 | 11,150 | - | - |
| Total loans to subsidiaries | 8,350 | 11,150 | - | - |

Debtors and other receivables mainly arise from the Council's statutory function. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentration of credit risk with respect to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

## Liquidity risk

### Management of liquidity risk

Liquidity risk is the risk that Council and the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

The Council 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 Council's long term planning process.

The Council has a maximum amount that can be drawn down against its bank facilities of $55,000,000 (2025: $45,000,000). There are no restrictions on the use of this facility. The Council is exposed to liquidity risk as a guarantor of all of the LGFA's guaranteed borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 22.

## Contractual maturity analysis of financial liabilities

The table below analyses the Council and Group's financial liabilities into relevant maturity groupings based on the remaining period as at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

| | Carrying amount $'000 | Contractual cash flows $'000 | Less than 1 year $'000 | 1(2) years $'000 | 2(5) years $'000 | More than 5 years $'000 |
|---|---|---|---|---|---|---|
| **Council 2026** | | | | | | |
| Payables | 26,215 | 26,215 | 26,215 | - | - | - |
| Financial guarantees | - | - | - | - | - | - |
| Registered debenture stock | - | - | - | - | - | - |
| Bank facilities | - | - | - | - | - | - |
| LGFA borrowings | 526,244 | 616,231 | 97,488 | 131,807 | 294,756 | 92,180 |
| Interest rate swaps | 60,000 | (153,381) | (44,628) | (43,390) | (44,982) | (20,381) |
| Other loans | - | - | - | - | - | - |
| **Total** | **612,459** | **489,065** | **79,075** | **88,417** | **249,774** | **71,799** |
| **Council 2025** | | | | | | |
| Payables and deferred revenue | 29,139 | 30,721 | 30,721 | - | - | - |
| Financial guarantees | - | - | - | - | - | - |
| Registered debenture stock | - | - | - | - | - | - |
| Bank facilities | - | - | - | - | - | - |
| LGFA borrowings | 469,000 | 1,296,383 | 95,336 | 847,661 | 322,226 | 31,160 |
| Interest rate swaps | 60,000 | 61,667 | 263,133 | 187,957 | (389,423) | - |
| Other loans | - | - | - | - | - | - |
| **Total** | **558,139** | **1,388,771** | **389,190** | **1,035,618** | **(67,197)** | **31,160** |
| **Group 2026** | | | | | | |
| Payables | 29,379 | 29,379 | 29,379 | - | - | - |
| Financial guarantees | - | - | - | - | - | - |
| Registered debenture stock | - | - | - | - | - | - |
| Bank facilities | - | - | - | - | - | - |
| LGFA borrowings | 526,244 | 616,230 | 97,487 | 131,807 | 294,756 | 92,180 |
| Interest rate swaps | 60,000 | (153,381) | (44,628) | (43,390) | (44,982) | (20,381) |
| Other loans | - | - | - | - | - | - |
| **Total** | **615,623** | **492,228** | **82,238** | **88,417** | **249,774** | **71,799** |
| **Group 2025** | | | | | | |
| Payables and deferred revenue | 31,522 | 33,733 | 33,733 | - | - | - |
| Financial guarantees | - | - | - | - | - | - |
| Registered debenture stock | - | - | - | - | - | - |
| Bank facilities | - | - | - | - | - | - |
| LGFA borrowings | 469,000 | 1,296,383 | 95,336 | 847,661 | 322,226 | 31,160 |
| Interest rate swaps | 60,000 | 61,667 | 263,133 | 187,957 | (389,423) | - |
| Other loans | - | - | - | - | - | - |
| **Total** | **560,522** | **1,391,783** | **392,202** | **1,035,618** | **(67,197)** | **31,160** |

## Contractual maturity analysis of financial assets

The table below analyses the Council and Group's financial assets into relevant maturity groupings based on the remaining periods as at balance date to the contractual maturity date.

| | Carrying amount $'000 | Contractual cash flows $'000 | Less than 1 year $'000 | 1(2) years $'000 | 2(5) years $'000 | More than 5 years $'000 |
|---|---|---|---|---|---|---|
| **Council 2026** | | | | | | |
| Cash and cash equivalents (including short term deposits 3 months or less) | 12,488 | 12,488 | 12,488 | - | - | - |
| Term deposits | 24,265 | 24,265 | 24,265 | - | - | - |
| Receivables | 31,084 | 31,084 | 31,084 | - | - | - |
| Other financial assets: | | | | | | |
| Borrower notes | 16,333 | 20,208 | 1,793 | 3,615 | 9,322 | 5,478 |
| Shares in associates | 9 | 9 | 9 | - | - | - |
| Unlisted shares | 72,179 | 72,179 | 72,179 | - | - | - |
| **Total** | **156,358** | **160,233** | **141,818** | **3,615** | **9,322** | **5,478** |
| **Council 2025** | | | | | | |
| Cash and cash equivalents (including short term deposits 3 months or less) | 15,856 | 15,856 | 15,856 | - | - | - |
| Term deposits | 4,266 | 4,266 | 4,266 | - | - | - |
| Receivables | 37,473 | 37,473 | 26,323 | - | 11,150 | - |
| Other financial assets: | | | | | | |
| Borrower notes | 11,994 | 11,994 | 1,961 | 1,493 | 8,040 | 500 |
| Shares in associates | 72 | 72 | 72 | - | - | - |
| Unlisted shares | 73,014 | 73,014 | 73,014 | - | - | - |
| **Total** | **142,675** | **142,675** | **121,492** | **1,493** | **19,190** | **500** |
| **Group 2026** | | | | | | |
| Cash and cash equivalents (including short term deposits 3 months or less) | 17,269 | 17,269 | 17,269 | - | - | - |
| Term deposits | 24,534 | 24,534 | 24,534 | - | - | - |
| Receivables | 23,799 | 23,799 | 18,358 | - | 5,441 | - |
| Other financial assets: | | | | | | |
| Borrower notes | 16,333 | 20,208 | 1,793 | 3,615 | 9,322 | 5,478 |
| Shares in associates | 9 | 9 | 9 | - | - | - |
| Unlisted shares | 295 | 295 | 295 | - | - | - |
| **Total** | **82,239** | **86,114** | **62,258** | **3,615** | **14,763** | **5,478** |
| **Group 2025** | | | | | | |
| Cash and cash equivalents (including short term deposits 3 months or less) | 19,119 | 19,119 | 19,119 | - | - | - |
| Term deposits | 4,530 | 4,530 | 4,530 | - | - | - |
| Receivables | 28,543 | 29,508 | 18,358 | - | 11,150 | - |
| Other financial assets: | | | | | | |
| Borrower notes | 11,994 | 11,994 | 1,961 | 1,493 | 8,040 | 500 |
| Shares in associates | 72 | 72 | 72 | - | - | - |
| Unlisted shares | 272 | 272 | 272 | - | - | - |
| **Total** | **64,530** | **65,495** | **44,312** | **1,493** | **19,190** | **500** |

## Sensitivity analysis

The following table illustrates the potential surplus and deficit and equity (excluding accumulated funds) impact for reasonably possible market movements, with all other variables held constant, based on the Council and Group's financial instrument exposure as at balance date:

| Council | 2026 $'000 | | | | 2025 $'000 | | | |
|---|---|---|---|---|---|---|---|---|
| | (100)bps surplus | (100)bps other equity | +100bps surplus | +100bps other equity | (100)bps surplus | (100)bps other equity | +100bps surplus | +100bps other equity |
| **INTEREST RATE RISK** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - |
| **Borrowings:** | | | | | | | | |
| - Debenture stock / LGFA / Bank facilities | 2,129 | - | (2,129) | - | 1,451 | - | (1,451) | - |
| Interest rate derivatives | (363) | - | 345 | - | (2,494) | - | 2,494 | - |
| Total sensitivity | 1,766 | - | (1,784) | - | (1,043) | - | 1,043 | - |

| Group | 2026 $'000 | | | | 2025 $'000 | | | |
|---|---|---|---|---|---|---|---|---|
| | (100)bps surplus | (100)bps other equity | +100bps surplus | +100bps other equity | (100)bps surplus | (100)bps other equity | +100bps surplus | +100bps other equity |
| **INTEREST RATE RISK** | | | | | | | | |
| **Financial assets** | | | | | | | | |
| Cash and cash equivalents | - | - | - | - | - | - | - | - |
| **Borrowings:** | | | | | | | | |
| - Debenture stock / LGFA / Bank facilities | 2,129 | - | (2,129) | - | 1,451 | - | (1,451) | - |
| Interest rate derivatives | (363) | - | 345 | - | (2,494) | - | 2,494 | - |
| Total sensitivity | 1,766 | - | (1,784) | - | (1,043) | - | 1,043 | - |

## Explanation of interest rate risk sensitivity

The interest rate sensitivity is based on a reasonable possible movement in interest rates, with all other variables held constant, measured as a basis points (bps) movement. For example, a decrease in 100 bps is equivalent to a decrease in interest rates of 1%.

# 27 - EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations of major variations against the budget information at the start of the financial year are as follows:

### Statement of Comprehensive Revenue and Expense

Rotorua Lakes Council recorded a deficit of $1.2m compared to a budgeted surplus of $57.8m.
The major reasons for the variance of $59m between actual and budgeted result are as follows:

### Revenue

Revenues were $40.6m lower than budget with major variances including:

- Rates revenue was $4.7 million above budget, primarily due to higher-than-anticipated capital contributions received for the Sewerage Schemes.
- Subsidies and grants revenue was $39.5 million below budget for the year due to delays in the delivery of the capital programme, resulting in planned funding milestones not being achieved within the reporting period. This variance is largely offset by the corresponding underspend in capital expenditure.
- Development and financial contributions were $6.8 million below budget. This shortfall is primarily due to timing delays between resource consent applications and the commencement of housing developments. Additionally, a number of consents were lodged prior to the re implementation of the new development contributions policy, which impacted the timing and recognition of associated revenues.
- Finance income exceeded budget by $823,000, driven by the strategic placement of surplus funds into term deposits under favourable market conditions. This generated a positive arbitrage outcome, with investment returns helping to offset borrowing costs.

### Expenditure

Expenses were $18.4m higher than budget, with major variances including:

- Other expenditure exceeded budget by $19.8 million for the year. This variance was primarily driven by the impairment and disposal of property, plant and equipment no longer in use. As these transactions are generally unplanned and are not incorporated within Long Term Plan (LTP) forecasts, they contributed significantly to the variance. The overspend was further impacted by a one off legal expense, along with higher operating costs resulting from inflationary pressures and increased fuel prices during the final quarter of the year.
- The revaluation gain exceeded budget by $28.3 million, primarily due to ongoing investment in water and wastewater infrastructure, growth related asset additions, improvements in asset data quality and completeness, and updated replacement cost assumptions. These factors resulted in a higher asset valuation than anticipated when the budget was prepared and better reflect the current scale, condition, and replacement cost of Council's infrastructure networks.

### Statement of Financial Position

Overall net assets are $230.2m above budget. Significant variances are as follows:

### Current Assets

Cash and cash equivalents were lower than budget by $23.5m, this is largely as a result of term deposits being reclassified as other financial assets. The corresponding increase is disclosed within the Other Financial Assets note.
Receivables were $11.9m below budget at year end. The variance is primarily attributable to stronger collection performance and the timing of revenue recognition and invoicing activities. In addition, lower than anticipated levels of development contribution and grant funded activity resulted in fewer amounts outstanding at balance date
This variance of $24.3m is largely as a result of term deposits being reclassified from cash and cash equivalents to other financial assets. The corresponding decrease is disclosed within cash and cash equivalents note.



### Non-current Assets

Investments in Council Controlled Organisations were $12.5m below budget as a result of the impairment of Council's investment in Infracore. As the entity has ceased trading and been wound down, the carrying value of the investment has been reduced to reflect its recoverable amount.

Property, plant and equipment was $18.7m below budget, largely reflecting delays in the capital programme, which resulted in fewer assets being commissioned during the year than planned. The balance was also impacted by unbudgeted asset disposals. Several significant projects are currently at practical completion and remain recorded as work in progress at year end. These assets will be transferred to property, plant and equipment upon completion and will be reflected in future reporting periods.

### Current Liabilities

Payables and deferred revenue were $16.5m below budget due to the delays in the the Capital Programme, which reduced capital related creditor balances. This was further influenced by the early settlement of supplier invoices ahead of year end to support the implementation of three waters ring fencing requirements.

Short term borrowings exceeded budget by $9.2m, primarily due to higher working capital funding requirements in the last quarter of the year. The variance reflects the timing of cash inflows and outflows, including capital programme expenditure, debt management activities, and investment decisions.

### Non - current liabilities

Gross debt was $26m below budget at year end primarily due to delays in the commencement of the Stormwater Growth Programme. As a result, capital expenditure was lower than planned and the associated borrowing requirements did not eventuate, reducing the need for debt drawdowns during the year.



# 28 - INSURANCE

The following information relates to the insurance of Council assets as at 30 June:

| | Council | |
|---|---|---|
| | **Actual 2026 $'000** | Actual 2025 $'000 |
| The total value of all Council assets covered by insurance contracts | **2,131,061** | 2,081,912 |
| The maximum amount to which insured assets are insured | **2,131,061** | 2,081,912 |
| The total value of all Council assets covered by financial risk sharing arrangements | **1,128,095** | 1,069,248 |
| Maximum amount available to the Council under risk sharing arrangements | **250,000** | **250,000** |
| Total value of assets that are self insured | **149,018** | **148,630** |
| Value of funds maintained for self insurance | **149,018** | **148,630** |

Rotorua Lakes Council is part of the Bay of Plenty Local Authority Shared Services (BOPLASS), a regional collective of local authorities for insurance purposes. Through the collective economies of scale Council has access to the best processes and cover.

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidiary towards the restoration of roads.

The Risk Management Strategy (RMS) and Reinsurance Management Strategy (REMS) identify the group's policies and procedures, processes and controls that comprise its risk management and control systems. These system address all material risks, financial and non financial, likely to be faced by the Group. Annually, the Board certifies to Australian Prudential Regulation Authority (APRA) that adequate strategies have been put in place to monitor those risk, that the Group has system in place to ensure compliance with legislative and prudential requirements and that the board has satisfied itself a to the compliance with the RMS and REMS.

# 29 - EVENTS AFTER BALANCE DATE

### Local Water Done Well

The Local Government (Water Services) Act 2025 establishes the enduring framework for the delivery, regulation and financial management of local water services. Rotorua Lakes Council submitted its Water Services Delivery Plan in August 2025, and the Plan was accepted by the Secretary for Local Government in October 2025.

Under the accepted Plan, Council continues to deliver drinking water, wastewater and stormwater services in-house while it evaluates future delivery options. This evaluation includes an asset-owning multi-council water services council-controlled organisation with Kawerau, Opotiki and Whakatane district councils.
At 30 June 2026, Council continued to own, control and operate its water services assets and activities. No water service assets, liabilities, debt, revenue streams, employees or operational responsibilities had transferred to another organisation.

The regional Waters Working Group completed its investigation after balance date. Any decision to establish or join a water organisation remains subject to Council decision-making, consultation, detailed design, agreement with participating councils and completion of necessary legal, governance, financial and operational arrangements. The timing and financial effects of any future transfer cannot yet be reliably estimated.

On 23 September 2026, Council resolved to consult on its preferred option of continuing to delivery drinking water, wastewater and stormwater services through an in-house business unit, while also consulting on an alternative multi-council CCO with Whakatane, Opotiki and Kawerau district councils.

Public consultation commenced on the 1st of October 2026 and Council is schedule to make a final decision in December 2026. No water service assets, liabilities, employees or operations have transferred to another entity as at the date of signing these financial statements.

As at the date these financial statements were authorised for issue, no decision has been made to transfer Council's water services to another organization. Accordingly, Council continues to own and operate its water services, and no water service assets, liabilities, employees or operatons have transferred. The timing, nature and financial effects of any future changes to Council's water service delivery arrangements remain uncertain and cannot currently be reliably estimated.

### Head Start pathway

Council participated in the Government's Head Start process to explore local government re-organisation and potential unitary authority models. Council established assessment criteria covering:

- Financial health
- Communities of interest
- Mana whenua views and commitments
- Economic alignment
- Local voice and representation
- Ability to deliver Government priorities

The Ability to deliver Government priorities workstream included significant analysis, community engagement, iwi engagement and discussions with neighbouring councils.

In September Council subsequently voted to participate in the Head Start programme and submitted an application with Tauranga City Council as part of a three unitary (Western, Eastern and Central) Bay of Plenty Proposal. The submission was late but received verbal ministerial approval to proceed.

On 24 September 2026, the Government announced that Cabinet will consider Head Start proposals in early 2027. Should a proposal receive Cabinet endorsement, further detailed development and final approval processes are expected during 2027. Any approved local government re-organisation would be intended to take effect before the 2028 local government elections.

At the date these financial statements were authorised for issue, no final decision has been made. The outcome, timing, structure and financial implications of the reform therefore remain uncertain. The financial statements have been prepared on a going conern basis as Council continues to operate and provide services under its existing governance arrangements while the outcome and timing of the reform remain uncertain.

If Council's Head Start proposal does not proceed, Council may remain subject to the Government's "Backstop" process. This process is the government-led reorganisation pathway for councils that do not submit, or do not succeed with, a voluntary reform proposal under the "Head Start" process. Under the Backstop, central government determines the future governance structure rather than councils designing it themselves. Based on the current timelines, cabinet plan to consider head start proposals early 2027 and legislation and implementation planning is scheduled during 2027-2028 but timing is yet to be confirmed.

# 30 - PRIOR YEAR ERROR CORRECTION

During the 2025/26 year, the Council identified a material prior period error relating to the amortisation of its on-premises TechnologyOne software assets.

In 2021, TechnologyOne advised Council that support for its on-premises deployment would cease in October 2024, later extending the date to October 2026. However, Council did not reassess the remaining useful lives and amortisation periods of the on-premises software when information became available indicating that its expected period of use had shortened. Consequently, amortisation expense was understated, while intangible assets and accumulated funds were overstated, in prior periods.

The error has been corrected retrospectively by restating the comparative financial information for the year ended 30 June 2025 and adjusting opening accumulated funds at 1 July 2024 for the correction relating to earlier periods.

The prior period correction comprises $5,257,000 relating to the year ended 30 June 2025 and $6,306,000 relating to periods before 1 July 2024. The effects on the individual financial statement line items for the Council and Group are set out below.

| | Notes | 2025 Before adjustments $'000 | 2025 Correction of error $'000 | 2025 After adjustments $'000 |
|---|---|---|---|---|
| **Council** | | | | |
| **Impact on Statement of comprehensive revenue and expense:** | | | | |
| Depreciation and amortisation expense | 15 | (42,197) | (5,257) | (47,454) |
| Total operating expenditure | | (208,137) | (5,257) | (213,394) |
| Surplus/(deficit) before tax | | 8,327 | (5,257) | 3,070 |
| **Impact on Statement of financial position:** | | | | |
| Intangible assets | 14 | 14,349 | (11,563) | 2,786 |
| Total non-current assets | | 2,331,829 | (11,563) | 2,320,266 |
| Total assets | | 2,386,105 | (11,563) | 2,374,542 |
| Accumulated funds | | 650,298 | (11,563) | 638,735 |
| Total equity | | 1,872,150 | (11,563) | 1,860,587 |
| **Impact on Statement of changes in equity:** | | | | |
| Balance as at 1 July | 20 | 1,773,719 | (6,306) | 1,767,413 |
| Surplus/(deficit) after tax | | 8,327 | (5,257) | 3,070 |
| **Balance as at 30 June** | | **1,872,150** | **(11,563)** | **1,860,587** |

| | | | | |
|---|---|---|---|---|
| **Group** | | | | |
| **Impact on Statement of comprehensive revenue and expense:** | | | | |
| Depreciation and amortisation expense | 15 | (44,836) | (5,257) | (50,093) |
| Total operating expenditure | | (220,300) | (5,257) | (225,557) |
| Surplus/(deficit) before tax | | 8,888 | (5,257) | 3,631 |
| **Impact on Statement of financial position:** | | | | |
| Intangible assets | 14 | 14,671 | (11,563) | 3,108 |
| Total non-current assets | | 2,341,810 | (11,563) | 2,330,247 |
| Total assets | | 2,401,184 | (11,563) | 2,389,621 |
| Accumulated funds | | 658,799 | (11,563) | 647,236 |
| Total equity | | 1,879,426 | (11,563) | 1,867,863 |
| **Impact on Statement of changes in equity:** | | | | |
| Balance as at 1 July | 20 | 1,781,702 | (6,306) | 1,775,396 |
| Surplus/(deficit) after tax | | 8,888 | (5,257) | 3,631 |
| **Balance as at 30 June** | | **1,879,426** | **(11,563)** | **1,867,863** |

The restatements also affected financial statement notes 5, 6, 14, 15 and 20, the reconciliation of net surplus/deficit after tax to net cash flow from operating activities, the financial prudence benchmarks and the funding impact statements, all of which have been restated accordingly.

**ROTORUA LAKES COUNCIL:**
Funding Impact Statement for the year ended 30 June 2026 for Whole of Council

| | 2025 | | 2026 | |
|---|---|---|---|---|
| | Annual Plan 2024/25 ($000) | Actual 2024/25 ($000) | Long Term Plan 2025/26 ($000) | Actual 2025/26 ($000) |
| **Sources of operating funding** | | | | |
| General rates, uniform annual general charges, rates penalties | 85,280 | 80,034 | 93,440 | 89,255 |
| Targeted rates | 61,138 | 66,288 | 66,488 | 75,351 |
| Subsidies and grants for operating purposes | 5,448 | 7,405 | 5,432 | 7,651 |
| Fees and charges | 16,815 | 12,791 | 13,064 | 15,475 |
| Interest and dividends from investments | 601 | 2,866 | 579 | 134 |
| Local authorities fuel tax, fines, infringement fees, and other receipts | 6,841 | 7,000 | 6,825 | 3,982 |
| **Total operating funding (A)** | **176,124** | **176,384** | **185,828** | **191,848** |
| **Applications of operating funding** | | | | |
| Payments to staff and suppliers | 126,148 | 126,481 | 128,096 | 142,824 |
| Finance costs | 19,131 | 20,107 | 21,787 | 19,642 |
| Other operating funding applications | - | - | - | - |
| **Total applications of operating funding (B)** | **145,279** | **146,588** | **149,883** | **162,467** |
| | | | | |
| **Surplus (deficit) of operating funding (A – B)** | **30,845** | **29,796** | **35,945** | **29,382** |
| **Sources of capital funding** | | | | |
| Subsidies and grants for capital expenditure | 25,203 | 35,733 | 61,578 | 19,827 |
| Development and financial contributions | 10,056 | 2,928 | 9,609 | 2,785 |
| Increase (decrease) in debt | 51,130 | 22,073 | 37,742 | 57,244 |
| Gross proceeds from sale of assets | 3484 | ( 47) | - | - |
| Lump sum contributions | - | - | - | - |
| Other dedicated capital funding | - | - | - | - |
| **Total capital funding (C)** | **89,873** | **60,687** | **108,929** | **79,856** |
| **Applications of capital funding** | | | | |
| Capital expenditure— | | | | |
| • to meet additional demand | 24,067 | 7,564 | 38,875 | 5,080 |
| • to improve the level of service | 57,425 | 63,016 | 65,285 | 51,887 |
| • to replace existing assets | 39,525 | 27,860 | 41,208 | 38,450 |
| Increase (decrease) in reserves | ( 300) | ( 8,992) | | 12,449 |
| Increase (decrease) of investments | | 1035 | ( 494) | 1,373 |
| **Total applications of capital funding (D)** | **120,717** | **90,483** | **144,874** | **109,240** |
| | | | | |
| **Surplus (deficit) of capital funding (C – D)** | **( 30,843)** | **( 29,797)** | **( 35,945)** | **( 29,384)** |
| | | | | |
| **Funding balance ((A - B) + (C – D))** | **-** | **-** | **-** | **-** |

PAKIHI MANA KAUNIHERA

# COUNCIL CONTROLLED ORGANISATIONS

# NGĀ PAKIHI MANA KAUNIHERA
# **Council Controlled Organisations**

Council Controlled Organisations (CCO) are separate organisations that are owned by the Council and overseen by an independent board of directors.

Council selects and appoints the directors to the board based on their ability to add value to the organisation. Expectations for the CCOs are set by the Council. Council is able to set the level of decision-making for the board and the outcomes they are to achieve.

In contrast to Councils, CCOs are focused on achieving a specific set of business objectives. This brings a unifying focus to the organisation along with efficiencies through a corresponding drive to align resources with the required outcomes. The formation of partnerships and alliances is a further strength of the CCO model.

Commonly perceived as being more commercial and flexible than councils, CCOs are often able to collaborate more effectively with the private sector.

Council has a number of CCOs, these include:

- Rotorua Regional Airport Ltd
- Bay of Plenty LASS Ltd (BOPLASS)
- Co-Lab
- RotoruaNZ Ltd

The following summaries explain what each of the CCO's do and what they have achieved over the past financial year and sets out an overview of their performance.

Targets set are included in each CCO's statement of intent.

**Want to know more? For further information, please see the individual CCOs' statements of intent and annual reports, which are available via their websites.**

# Rotorua Regional Airport Ltd

Rotorua Regional Airport Ltd (RRA) is 100% owned by Rotorua Lakes Council and operates as a Council Controlled Organisation (CCO).

RRA's purpose is to be Te Waharoa (Gateway) of the Central North Island and its vision is to be a uniquely Rotorua hub our community can be proud of.

RRA's core business is to maintain a safe and efficient airport operation in a commercially viable manner, whilst optimising the use of its assets to facilitate and grow tourism and trade, other commercial activity and airport profitability.

RRA is responsible for the ongoing capital development and maintenance of the airport assets and infrastructure.

RRA has a Memorandum of Understanding with Ngāti Uenukukōpako. Ngāti Uenukukōpako assert mana whenua over Rotokawa, which is where the airport is located. While recognising that other iwi and hapū are affected by the airport operations, Rotorua Regional Airport Ltd recognises the deep ancestral connections of Ngāti Uenukukōpako to Rotokawa and the land underlying Rotorua Airport.

### Nature and Scope of Activities

The purpose is to be Te Waharoa (Gateway) of the Central North Island. For the airport this means:

- Enabling Rotorua to fulfil its aspirations and success as the gateway to the Central North Island.
- Enabling safe passage for people and goods, business and life.
- Manaakitanga through the expression of aroha, hospitality, generosity and mutual respect.
- Building unity and connection. We anticipate the arrival of our guests, the needs of our partners and work to meet their needs.
- Our purpose reflects our contribution to the region and therefore enables others to see Rotorua as our base and the Central North Island as our rohe.

**To read the full annual report for Rotorua Regional Airport Ltd and their financial statements visit their website: rotorua-airport.co.nz**

Underpinning this purpose is a vision: "to be a uniquely Rotorua hub our community can be proud of" and the board and management have identified five key priorities for the airport to deliver this vision:

- Be a safe airport
- Help Council achieve its growth aspirations
- Manage & maintain assets to a high standard
- Be financially sustainable
- Be environmentally conscious

RRA's Key priorities and objectives for the financial year 25/26 as set out in the SOI are below.

- Excelling Today
- Ready for Tomorrow
- Quality Asset Management
- Stronger Together
- Be Financially Stable

## PERFORMANCE MEASURES

The following is a Statement of Service Performance relating to the financial and non-financial performance measures and key objectives outlined in the Company's Statement of Intent (SOI) for the year ended 30 June 2026.

| Non-financial measures | FY26 Target | FY26 Actual | Performance | FY25 Actual |
|---|---|---|---|---|
| **Aircraft Movements (1)** | 5,364 | 5,020 | Not Achieved | 5,421 |
| **Passenger Numbers (2)** | 182,881 | 189,045 | Met | 206,008 |
| **Aviation Compliance** | Yes | Yes | Met | Yes |
| **Legal Compliance (3)** | Provided with quarterly reporting | Yes | Met | Provided with quarterly reporting |
| **Asset Management (4)** | By 30 Dec each year | Yes | Not Achieved | Provided |

*Note (1) Aircraft movements data is provided by Airways NZ and Air NZ. Commercial numbers were slightly behind budget due to Air New Zealand reducing the schedule as a result of operational restraints and lower demand. General Aviation aircraft movement numbers were behind budget by 313 movements.*

*Note (2) Passenger numbers are calculated from raw data files provided by the airline carriers. Passenger numbers decreased by 8.2% on previous year and were 3.3% over budget, reflecting the lower Air New Zealand capacity.*

*Note (3) Legal compliance relates to the maintenance of a rolling 3 year legal and regulatory compliance dashboard, which is reported on quarterly to the Board and Rotorua Lakes council.*

*Note (4) Asset management relates to a high-level asset management summary which includes a summary of assets, values, maintenance schedules and renewals information.*

# RotoruaNZ LTD

RotoruaNZ Ltd is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua District.

RotoruaNZs work supports the development of the Rotorua economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all of our people.  RotoruaNZ is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in.

RotoruaNZ's key trading activities and brands are RotoruaNZ, i-SITE, Sir Howard Morrison Centre, Energy Events Centre, and Mai Rotorua.

RotoruaNZ Ltd is a Council Controlled Organisation (CCO) that works in partnership with iwi, private sector business, local government, community organisations and central government to support their growth and enhance the Rotorua identity and reputation. We operate as a neutral entity and a trusted advisor, balancing the needs of each group of stakeholders for the benefit of the destination. RotoruaNZ is committed to sustainability and focused on reducing our environmental footprint.

RotoruaNZ Ltd is led by a Chief Executive and governed by an independent Board of Directors who are appointed by the shareholder Rotorua Lakes Council (RLC).

RotoruaNZ Ltd updated their Statement of Intent for the 25/26 financial year including updated performance measures.

## Nature and Scope of Activities

The purpose of RotoruaNZ Ltd is to unlock the economic potential of Rotorua. This reflects RotoruaNZ,s primary role as the Regional Tourism Organisation (RTO) and Economic Development Agency (EDA).

RotoruaNZ has sharpened focus to deliver against the following objectives:

- Building place brand equity, enhancing vibrancy and delivering economic value through destination promotion and delivery of the Rotorua events strategy.
- Delivering sales across key commercial venues (Energy Events Centre and Sir Howard Morrison Centre), international, business events, education and groups.
- Providing high quality service delivery across visitor services and venue operations (Energy Events Centre and Sir Howard Morrison Centre).
- Delivering economic development initiatives, with a focus on priority sectors – tourism and forestry – and facilitating investment attraction.

**To read the full annual report for RotoruaNZ Ltd and their financial statements visit their website: rotoruanz.com**

*"We acknowledge the significant amount of government funding for tourism and hospotality that Rotorua has successfully secured to boost our local economy."*

# PERFORMANCE MEASURES

The 2025(26) Key Performance Measures: Achieved = 22, Not Achieved = 8

| Measure | June 2025 Actual | Target Year End 2026 | Actual Year End 2026 | Achieved / Not Achieved | Comment |
|---|---|---|---|---|---|
| RotoruaNZ Marketing and communications - Strengthening Rotorua's reputation and building brand equity | | | | | |
| Domestic visitor card expenditure in Rotorua (based on Marketview Tourism Tool dataset) | $336.4m | ≥ $335..0m | $318.6m | **Not Achieved** | Domestic visitor card spending continued to show resilience into early 2026 even as inflationary pressures persisted, however the rapidly increasing fuel prices resulting from the Middle East war dampened domestic visitor spending from March onwards and contributed to the target not being achieved. |
| International visitor card expenditure in Rotorua (based on Marketview Tourism Tool dataset) | $129.2m | ≥ $135.0m | $134.0m | **Not Achieved** | With the return of all pre-COVID Chinese airlines to Auckland airport during the 2025 year there was good growth in international visitor card spending during the 2025/26 summer season. The Middle East war dampened growth from March onwards and contributed to the target not being achieved. |
| Guest nights stayed in Rotorua commercial accommodation (MBIE, Accommodation Data Programme) | 1.814m | ≥ 1.85m | 1.967m | **Achieved** | There was strong growth in commercial accommodation guest nights possibly at least in part driven by increased supply as repurposed properties were returned for use as visitor accommodation, but also underpinned by good growth in demand during the summer and shoulder season months. |
| % of local visitor economy stakeholders satisfied with RotoruaNZ services (RotoruaNZ, Stakeholder Satisfaction Survey) | 72.6% | ≥ 70% | 72.3% | **Achieved** | Question in the RotoruaNZ stakeholder satisfaction survey, asking Rotorua businesses to rate their satisfaction that RotoruaNZ supports 'Rotorua as a whole', 'their industry' and 'their own business'. The figure is calculated as an average of these three selections using % satisfied plus % very satisfied (Tourism, Accommodation and Hospitality & Food Services businesses only). |
| % of domestic travelers that have visited Rotorua overnight within the past 12 months (Angus & Associates, Visitor Insights Programme) | 11% | ≥ 11% | 11% | **Achieved** | Rotorua's market share of overnight domestic visitors has remained the same as the previous year at 11%, which is an improvement over the decline occurring in each of the more recent years. Roading improvements such as the Waikato Expressway have possibly contributed to some substitution of overnight stays for day visitation. |

| Measure | June 2025 Actual | Target Year End 2026 | Actual Year End 2026 | Achieved / Not Achieved | Comment |
|---|---|---|---|---|---|
| % of domestic travelers find Rotorua highly appealing as a destination for a short break or holiday (Angus & Associates, Visitor Insights Programme) | 33% | ≥ 35% | 36% | **Achieved** | Rotorua's domestic traveller appeal has increased over the previous year and is on track for further growth. |
| Net Promoter Score (NPS) of domestic visitors to Rotorua within the past 12 months who would recommend Rotorua as a travel destination (Angus & Associates, Visitor Insights Programme) | +13 | ≥ +15 | +21 | **Achieved** | Rotorua's domestic visitor Net Promoter Score has increased over the previous year and is positive indicating the word of mouth promotion from loyal supporters recommending Rotorua as a travel destination outweighs the voice of detractors. |
| % of domestic travelers considering a short break or holiday in Rotorua in the next 12 months (Angus & Associates, Visitor Insights Programme) | 37% | ≥ +34 | 38% | **Achieved** | Domestic traveller intention to visit Rotorua has increased over the previous year and is an opportunity for converting intention into visitation by ensuring marketing messages pitch time-sensitive reasons to visit and/or new experiences. |
| Destination sales - Delivering sales across key commercial venues (Energy Events Centre and Sir Howard Morrison Centre), international, business events, education and groups, and in-destination | | | | | |
| i-SITE to be financially self-sufficient (Xero, i-SITE profit and loss report) | +$3,531 | ≥ $0 | -$438,080 | **Not Achieved** | Retail revenue is up on the same period of the previous year, however this has been more than offset by a decline in ticket sales revenue and overall has resulted in a net loss. |
| Delegate days at business events won by the RotoruaNZ team in financial year (Momentus, Event bookings; Hubspot, Leads won) | 30,041 | ≥ 24,000 | 25,622 | **Achieved** | Delegate days won in the current year followed a similar pattern to the previous year with much of the business typically secured in the final months of the reporting year. |
| Education and Group Bookings – annual value of school bookings through the Rotorua Education Network (Xero, i-SITE profit and loss report) | $2.867m | ≥ $2.0m | $2.928m | **Achieved** | There has been strong demand for school group bookings with the target achieved and revenue up on the same period of the previous year. |
| Days the four larger commercial spaces in the Sir Howard Morrison Centre (SHMC) are utilised for events | 32.3% | ≥ 32.3% | 34.5% | **Achieved** | Overall utilisation of SHMC was achieved, driven by strong growth in community use.<br><br>1) Utilisation is based on a 'space day' calculation, which is the total number of potential days across the key spaces being utilised.<br><br>2) Building maintenance bookings are excluded from the sum of 'space days' utilised and attendees.<br><br>3) Details for events are often updated as more information becomes available. For example actual attendance is often not available immediately after an event has been held and therefore the sum of previously reported quarterly attendance does not reconcile to the year-end value. |

| | | | | | |
|---|---|---|---|---|---|
| • SHMC Commercial utilisation | 18.0% | ≥ 18.0% | 15.2% | **Not Achieved** | Although the SHMC commercial utilisation target was not achieved, it did improve over the previous year despite a significant annual commercial event pencil booked for an entire month cutting down 3 days at short notice leaving insufficient time to secure another booking. |
| • SHMC Community utilisation | 14.4% | ≥ 14.4% | 19.4% | **Achieved** | Community utilisation of SHMC was well ahead of the previous year and exceeded target. |
| The number of people attending events in the four larger commercial spaces at the SHMC (Momentus, Event bookings) | 52,331 | ≥ 52,300 | 65,831 | **Achieved** | There was a steady demand for people attending events hosted at the SHMC in the current year with strong growth over the previous year. |
| Days the five larger commercial spaces in the Energy Events Centre (EEC) are utilised for events | 22.9% | ≥ 22.9% | 17.4% | **Not Achieved** | • EEC had a long shutdown, negatively impacting utilisation due to Montana committing a significant investment into the kitchen as part of their exclusive catering contract.<br><br>• RLC decided to make the most of this construction period and similarly invested a significant amount which stretched the project out longer than expected.<br><br>• The moving dates of the project created uncertainty in real availability.<br><br>• NZICC opened in Auckland this FY which absorbed a large number of typical domestic conferences, this impacted regional conferencing across the rest of NZ.<br><br>Notes 2(4) for SHMC above also apply to EEC |
| • EEC Commercial utilisation | 20.8% | ≥ 20.8% | 16.1% | **Not Achieved** | As above |
| • EEC Community utilisation | 2.2% | ≥ 2.2% | 1.3% | **Not Achieved** | As above |
| The number of people attending events in the five larger commercial spaces at the EEC (Momentus, Event bookings). | 62,384 | ≥ 62,300 | 42,991 | **Not Achieved** | As above |
| Major events and events delivery support - Strengthening Rotorua's reputation, enhancing vibrancy and delivering economic impact | | | | | |
| Distribution of event funding<br>• Tier 1 | 53% | 30(50)% | 45% | **Achieved** | Provided funding to one Tier 1 event: Crankworx |
| • Tier 2 (>= $30k funding each) | 27% | 20(40)% | 34% | **Achieved** | Provided funding to five Tier 2 events |
| • Tier 3 (< $30k funding each) | 20% | 20(40)% | 21% | **Achieved** | Provided funding to eight Tier 3 events |
| Number of events funded<br>• Tier 1 | 1 | ≥ 1 | 1 | **Achieved** | As above |
| • Tier 2 (Xero, Event Investment Fund transaction report) | 6 | ≥ 5 | 5 | **Achieved** | As above |

| | | | | | |
|---|---|---|---|---|---|
| Visitor services and venue operations - Providing high quality service delivery across operational teams | | | | | |
| Client satisfaction with service delivery for events held at SHMC & EEC (RotoruaNZ, Post-Event Venue Evaluation Survey) | 77.9% | ≥ 75% | 86.8% | **Achieved** | Client satisfaction is high with many respondents complimenting the venue staff on their excellent service delivery. |
| Strategy and investment - Delivering economic development initiatives, with a focus on priority sectors – tourism and forestry – and facilitating investment attraction | | | | | |
| The number of Te Arawa economic development projects directly supported by RotoruaNZ (RotoruaNZ, Investment business records) | 2 | ≥ 2 | 2 | **Achieved** | • Supported Maori-led regional infrastructure fund application for cultural tourism product<br>• Directly supporting CNI Iwi Holdings with an investment and vision plan for Te Putake o Tawa |
| The number of actions supported or delivered by RotoruaNZ in the Forest Futures Action Plan (RotoruaNZ, Investment business records) | 2 | ≥ 2 | 2 | **Achieved** | • Delivered Biofactory RIF application with BSI and Biofactory and supported with comms plan<br>• Supported Biofactory with WSP project on detailed costings for both building and infrastructure |
| The number of projects identified in the Rotorua Destination Management Plan directly delivered or supported by RotoruaNZ (RotoruaNZ, Investment business records) | 4 | ≥ 4 | 4 | **Achieved** | • Inner city blueprint work has continued to be led by RotoruaNZ<br>• Inner city development site work completed and passed by council<br>• Inner City Activations workstream development<br>• Food and Beverage research conducted with Rotorua locals and Auckland visitors |
| The number of submissions written by RotoruaNZ and/ or projects supported to apply for a government fund (RotoruaNZ, Investment business records) | 3 | ≥ 3 | 3 | **Achieved** | • Ports and Maritime Inquiry submission completed<br>• Draft Geothermal Strategy submission completed<br>• BOPRC Annual Plan and LTP amendment submission |
| % of local businesses satisfied with the quality of RotoruaNZ's destination data and insights developed to support decision making by businesses (RotoruaNZ, Stakeholder Satisfaction Survey) | 74.1% | ≥ 70% | 76.8% | **Achieved** | Question in the RotoruaNZ stakeholder satisfaction survey, asking Rotorua businesses to rate RotoruaNZ effectiveness at providing 'Data, research and insights'. The figure is calculated using the weighted average of responses on the five point effectiveness scale. |

** 'Actual' values published in the table above were correct as at their respective year ending period, but many are subject to revision as more information becomes available (eg. actual event attendance is not always immediately available post event; card expenditure is revised if errors in merchant classification and/or geographical location are identified) and therefore the 'Actual' values published in the table above may not reconcile to the latest value published by the source.*

# Bay of Plenty Local Authority Shared Services Ltd (BOPLASS)

BOPLASS (Bay of Plenty Local Authority Shared Services Ltd) is a Council Controlled Organisation (CCO) formed and owned by the nine councils that operate within the Bay of Plenty and Gisborne regions. The Council Controlled Organisation was incorporated in 2007/2008 to investigate, develop and deliver joint procurement and shared services projects where delivery is more effective for any combination of some or all of the councils.

The councils that operate within the Bay of Plenty and Gisborne regions formed a CCO to investigate, develop and deliver joint procurement and shared services projects where delivery is more effective for any combination of some or all councils.

**To read the full annual report for BOPLASS and their financial statements visit their website: boplass.govt.nz**

## Nature and Scope of Activities

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

**Joint Procurement**

- Being the collective procurement of services or products by two or more councils from and external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

**Shared Services**

- Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

The principal nature and scope of the activities of BOPLASS Ltd is to:

- Use Joint Procurement to add value to goods and services sourced for its constituent councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.

- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.
- Represent the collective views of its Shareholders in matters with which it is associated.

## PERFORMANCE MEASURES

| Target 2025/26 | Result | Narration |
|---|---|---|
| Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.<br><br>Manage and/or renegotiate existing contracts.<br><br>Contracts are reviewed annually to test for market competitiveness.<br><br>New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable. | Achieved | Contracts negotiated and/or renewed for:<br><br>**NZ Archaeological Association (NZAA) (GIS)** – NZAA implemented new licensing and fees in 2025, resulting in a proposed substantial cost increase for all BOPLASS councils. BOPLASS has negotiated a collective agreement with NZAA ensuring BOPLASS councils now receive a tailored service with significant financial savings.<br><br>No alternative suppliers<br><br>**Media Monitoring service (Media Services)** – A collective contract continues to provide BOPLASS councils with a more cost-effective and broader service including print, online, broadcast media, social media and 'social listening' services that analyse social media feedback or sentiment.<br><br>GIS software and services – Key contracts for councils' geospatial software have been reviewed and renewed through collective BOPLASS agreements:<br><br>• FME Software<br>• ESRI Enterprise Licensing Agreement<br><br>Contracts renegotiated and renewed – no alternative suppliers<br><br>**Media Copyright Agency (MCA) (Media Services)** – A collective contract providing savings for all BOPLASS councils has been renegotiated with MCA (originally PMCA) for councils' print and media copyright services.<br><br>Sole NZ provider of print and media copyright services<br><br>**IPWEA Membership (Engineering)** – BOPLASS has renegotiated a single BOPLASS membership with The Institute of Public Works Engineering Australasia (IPWEA) covering all councils and providing membership savings.<br><br>No alternative provider in NZ<br><br>**NAMS+ Subscription (Asset Management)** – BOPLASS renewed the collective NAMS+ agreement with discounted joining rates for BOPLASS councils.<br><br>No alternative provider in NZ. |

| Target 2025/26 | Result | Narration |
|---|---|---|
| continued from previous page | continued from previous page | Contracts negotiated and/or renewed for:<br><br>**VertiGIS Studio (GIS)** – Contracts for the previously named Geocortex Essentials and Analytics were renewed as VertiGIS Studio. BOPLASS councils continue to benefit from the renewed collective contract through reduced pricing and collective training.<br><br>No alternative provider in NZ<br><br>**n3 (Procurement)** – A collective purchasing group membership has been negotiated by BOPLASS. Councils achieve significant savings on membership costs and have access to trade pricing through the group scheme. The agreement has been renewed with the same discounted rates.<br><br>No alternative provider in NZ<br><br>**Standards NZ (Procurement)** – BOPLASS has renewed the agreement with Standards NZ for discounted access to the full Standards catalogue at significantly reduced pricing for all BOPLASS councils.<br><br>No alternative provider in NZ<br><br>**Health & Safety Management Software (H&S)** – BOPLASS has renegotiated the collective contract with Ideagen (ex Damstra/ Vault) as H&S management software provider for the BOPLASS and Waikato councils. Negotiations included options for a transition to upgraded software, with no increase in price for BOPLASS councils, including complementary provision of professional services.<br><br>**My Everyday Wellbeing (H&S)** – BOPLASS has re-signed an agreement for the staff online wellbeing platform. Discounted pricing is provided to BOPLASS as a single entity, allowing all participating councils to benefit from the associated savings. Increased participation from MW LASS, Co-Lab and BOPLASS councils has resulted in further financial savings for the collective.<br><br>**Cyber Insurance (Insurance)** – BOPLASS was able to facilitate the renewal of councils' cyber insurance policies on favourable terms with Berkshire Hathaway by working closely with councils to ensure all underwriter requirements were met and demonstrated through the collective approach. This included tailored cyber security insurance training to council IT Managers. Cyber cover is an annual agreement that requires going to market every year. |
| Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.<br><br>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.<br><br>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils. | Achieved | Procurement initiatives which have been investigated during the year are as follows:<br><br>**Aerial Imagery (GIS)** – Two tenders were awarded for urban and coastal orthophotography covering Tauranga, Rotorua, Western BOP, Whakatāne, Ōpōtiki, and Gisborne regions. Aerial capture was completed ahead of schedule in December 2025.<br><br>**Digital Built Aotearoa Foundation** – Underground Asset Register (UAR) (GIS) – BOPLASS has actively engaged with the Digital Built Aotearoa Foundation to assess regional opportunities associated with the NZ Forward Works Viewer (NFWV) and the emerging Underground Asset Register. This national platform is designed to consolidate underground and above-ground asset information into a single, accessible map, improving safety, reducing asset-strike risk, and supporting better coordination of infrastructure works. As part of this work, BOPLASS has negotiated pricing incentives for our group of councils, however, discounted pricing is contingent on all councils' participation.<br><br>**Office supplies (Procurement)** – BOPLASS is leading a secondary procurement process to engage All of Government (AoG) panellists for the provision of general office supplies. Coordinating the procurement process collectively offers efficiencies in time and resources and may provide enhanced leverage with suppliers.<br><br>Project still underway. |

| Target 2025/26 | Result | Narration |
|---|---|---|
| continued from previous page | continued from previous page | **Water CCOs GIS Software (GIS)** – BOPLASS has assessed opportunities to utilise its ESRI enterprise agreement to support the establishment of standalone GIS capabilities within Water Service Organisations.<br><br>**Lone worker field solutions (IT/H&S)** – BOPLASS has been working with the Health and Safety and IT advisory groups to identify new technologies and solutions to support council staff operating in lone worker environments. A common requirement for wearable security devices has been identified, with a collective procurement opportunity currently being developed.<br><br>Project still underway.<br><br>**3D Modelling aerial photography (GIS)** – A contract was awarded to provide 3D textured models based on aerial imagery captured through the BOPLASS aerial imagery programme.<br><br>**First aid supplies (H&S)** – BOPLASS undertook a survey of councils to assess opportunities for the joint procurement of first aid supplies. Due to the relatively low level of expenditure across councils, a BOPLASS-led procurement exercise was not recommended at this stage.<br><br>**Infrastructure Insurance (Insurance)** – The BOPLASS collective insurance programme continues to deliver significant benefits to all member councils. The November 2025 renewals provided further improvements in terms, coverage, and premium rates, with over $2.2M saved across infrastructure and MDBI policies when compared with premiums for the year prior. The 2025 engagement with the markets was particularly successful and was supported by several proactive initiatives such as group loss modelling (saving over $171,000 by doing this collectively), detailed underwriter presentations, and a focus on enhanced data quality. Additional workstreams that continue to support the collective programme include the development of an insurance MOU, parametric and disaster waste insurance options, data analysis, and coordination of insurance workshops. These activities ensure councils maintain strong market positioning and continue to secure optimal outcomes.<br><br>**Health & Safety training panel (H&S)** – BOPLASS has worked in conjunction with Co-Lab to develop a supplier panel through a collective RFP and has entered into agreements with the panel providers on behalf of BOPLASS councils. This provides BOPLASS councils with access to agreed training services at discounted rates.<br><br>**GeoJobe GIS services and software (GIS)** – BOPLASS has engaged with GeoJobe (USA) to investigate opportunities for councils to establish a collective purchasing agreement to reduce costs for councils and provide standard administration tools for ArcGIS online, including portal backup, content migration, and bulk licence allocation.<br><br>Project still underway.<br><br>**Personal safety and security devices (H&S)** – BOPLASS undertook a council survey to understand the current solutions in place across councils. BOPLASS is now working in conjunction with Co-Lab to develop a collective procurement process.<br><br>Project still underway. |

| Target 2025/26 | Result | Narration |
|---|---|---|
| continued from previous page | continued from previous page | **Above Ground Earthquake Loss Modelling (Insurance)** – The existing BOPLASS Material Damage placement does not have an overarching loss limit making it less attractive to underwriters. BOPLASS engaged Aon to undertake a high-level loss modelling exercise to determine and set appropriate loss limits for the region and for BOPLASS councils.<br><br>**GIS training (GIS)** – BOPLASS procured and coordinated specialised GIS ArcPro training across the BOPLASS councils. Substantial savings were achieved through the collective training while also helping to bring all councils up to similar skill levels. |
| Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.<br><br>BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.<br><br>Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually. | Achieved | LASS leads meet regularly to identify additional opportunities for inter-regional procurement and shared services. It has been agreed that all projects under development or consideration by individual LASS will be made available to the other LASS groups, reinforcing a collaborative approach to collectively achieve efficiencies and improved outcomes. BOPLASS is also working with Co-Lab to offer preferential rates for councils wishing to access existing shared services.<br><br>Some of the shared service projects offered to BOPLASS include:<br><br>• Debt Management – MW LASS<br>• Archives – MW LASS<br>• Building Consent Authority Collaboration project – Co-Lab<br><br>BOPLASS is leading or managing, on behalf of other LASS:<br><br>• Waste Operator and Licensing Data System<br>• Staff wellbeing portal<br>• Regional contractor database<br>• Insurance Markets Joint Communications<br>• Occupational Health Services<br>• Postal and Courier Services<br><br>**Engagement with other LG collaborative groups** – BOPLASS continues to offer support to other local government collaborative groups looking to leverage benefits from working collectively.<br><br>**Health & Safety training** – BOPLASS and Co-Lab have established aligned contracts with Health & Safety trainers. To provide improved market leverage and ensure the best value is delivered to all councils, it was agreed to tender for service as a collective covering all BOPLASS and Co-Lab councils.<br><br>**Self-insurance options** – BOPLASS participated in a project led by MW LASS to assess the viability of councils' self-insuring for high-frequency claims, with the aim of increasing deductibles to reduce premiums. Modelling of current claim scenarios indicated this approach would not deliver any anticipated savings, as insurers were unwilling to provide premium relief.<br><br>Current deductible levels remain the most cost effective option for councils.<br><br>**Waste Operator and Licensing Data System (WOLDS)** – BOPLASS is leading the collective WOLDS project for BOPLASS and Co-Lab councils: a cross-regional system designed to centralise waste operator licensing and data reporting through a secure portal. This initiative builds on previous collaborative work to standardise waste bylaws and will deliver consistent regulation, improved data quality, and cost efficiencies for councils and operators. Phase 1 councils will incorporate WOLDS licensing into their fees with operator licensing and data reporting then managed centrally.<br><br>Project still underway. |

| Target 2025/26 | Result | Narration |
|---|---|---|
| continued from previous page | continued from previous page | **LGOIMA requests** – BOPLASS has continued to work in conjunction with the other two LASS in the development of a centralised platform for the sharing of LGOIMA information to assist with establishing consistency and best practice with responses.<br><br>Project still underway.<br><br>**RFP facilitator** – BOPLASS led a procurement process for the appointment of an independent facilitator to lead a collective RFP covering BOPLASS, Co-Lab, MW LASS and Hawke's Bay councils for insurance brokerage services. BOPLASS has entered into a facilitator agreement on behalf of these groups of councils. |
| Identify opportunities to collaborate with other LASS in Procurement or Shared Service projects where alliance provides benefits to all parties.<br><br>BOPLASS to regularly engage with other LASS to identify and explore opportunities for further inter-regional collaboration.<br><br>Quarterly reporting on engagement and a minimum of one new collaborative initiative undertaken annually. | Achieved | **Insurance information workshops** – BOPLASS has coordinated a series of short focused online workshops to enhance council staff understanding of insurance processes. Each session addresses a specific topic relevant to council operations. The first workshop, Insurance 101, established a shared baseline of knowledge, followed by sessions on fine arts insurance (Covering placement and risk management for art and heritage collections), and disaster waste insurance – a known critical area for councils.<br><br>**Cross-Regional Waste Strategy and Waste Infrastructure Plan** – Bay of Plenty and Waikato councils are collaborating on the development of a joint regional waste strategy and waste infrastructure plan, led by Waikato Regional Council. The Ministry for the Environment has provided funding through the Waste Minimisation Fund to support this initiative. BOPLASS and Co- Lab are both supporting the project. This multi-phased project will cover multiple years.<br><br>**Government procurement rules** – BOPLASS has attended government webinars on the updated procurement rules and has worked closely with council procurement managers to ensure alignment with best practice. While the new rules are not mandatory for local government, they emphasise supporting the New Zealand economy and engaging local suppliers – objectives that are particularly relevant for councils. Information sharing and the approach to new regulatory requirements have been undertaken collectively.<br><br>**Water CCOs insurance support** – BOPLASS has assessed options for including the Bay of Plenty water CCOs within the BOPLASS insurance programme. Agreement was reached with insurers and brokers to include water service organisations within the BOPLASS programme. This BOPLASS insurance shared service now encompasses councils, CCOs, and the Water Service Organisation currently being established in the Western Bay of Plenty.<br><br>**CCTV Monitoring** – As a second phase of the BOPLASS CCTV project, BOPLASS is investigating an opportunity to establish CCTV monitoring as a shared service across multiple councils. Centralisation of these services also helps with improved alliance with police requirements.<br><br>Project still underway.<br><br>**Inter-Council Network (ICN)** – The Kordia service currently provides primary connectivity to the ICN for councils, with additional network vendors supporting specific parts of the network. BOPLASS is reviewing future options for this service, including assessing whether the ICN remains fit for purpose in today's technological landscape. The ICN is predominantly used to support council WAN services.<br><br>Project still underway.<br><br>**Zoom Video Conferencing Services** – BOPLASS has provided a managed Zoom video conferencing service for councils over several years, with the service reviewed and renewed annually on their behalf. While Microsoft Teams is generally the primary platform for internal communications, Zoom continues to be used for governance-related activities and council-wide webinars. This year a review was undertaken of all council licencing and usage to ensure the best value was being delivered. |

| Target 2025/26 | Result | Narration |
|---|---|---|
| Communicate with each shareholding council at appropriate levels.<br><br>Actively engage in obtaining political support for identified projects.<br><br>Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council. | Achieved | BOPLASS continues to regularly engage with our constituent councils, senior management, and shareholders to ensure opportunities continue to be developed to the benefit of all stakeholders.<br><br>Additionally, advisory groups, comprising subject matter experts from each council, meet regularly to identify and lead specific projects providing benefits to all councils through collaboration.<br><br>The BOPLASS Statement of Intent, Annual and Half-Yearly reports are provided to council for comment or feedback, and the CEO is available to attend council meetings as requested. |
| Ensure current funding model is appropriate.<br><br>Review BOPLASS expenditure and income and review council contributions and other sources of funding.<br><br>Performance against budgets reviewed quarterly. Company remains financially viable. | Achieved | The sources of BOPLASS funding and the viability of the funding model are regularly reviewed with financial reporting provided to the BOPLASS Board.<br><br>Council contributions were levied with annual council contributions CPI adjusted. Contributions were received from activities that are producing savings.<br><br>An annual contribution from Co-Lab, Regional Software Holdings (RSHL) and BOPLASS councils is received for membership of the MahiTahi Local Government Collaboration Portal.<br><br>Monthly and quarterly performance reviewed. Financial statements and budget variances reported and reviewed at Board meetings.<br><br>Financial position year end 30 June 2026: (8,226) |



# Waikato Local Authority Shared Services Ltd (Co-Lab)

Co-Lab is the trading name of Waikato Local Authority Shared Services Ltd. Co-Lab was incorporated in December 2005 as a Council Controlled Organisation (CCO) under the Local Government Act.

Co-Lab is owned in equal portion by the 12 Waikato/ Rotorua local authorities and was established as a vehicle through which these councils could collaborate and identify opportunities for undertaking activity on a shared basis.

The board is made up five Council representative directors and an independent chair.

Co-Lab's vision is that council collaboration through Co-Lab maximises community wellbeing. The company's purpose is to achieve this vision by helping councils identify and realise shared opportunities.

### Nature and Scope of Activities

Co-Lab has 3 main functions:

1. Acts as an "ideas laboratory" – working with councils to investigate and develop opportunities to work together.
2. Delivers shared services to councils.
3. Enters joint procurement arrangements Co-Lab seeks to develop opportunities that will reduce costs, create value for councils, or enable innovation.

In 2024, Co-Lab Management created a 3-year strategy to see the company:

- Improve the way that it communicates the value it provides to shareholders, and increase that value.
- Focus on growing shared services, which may include providing services to councils who are not shareholders, but never at the expense of value to shareholders.
- Employ great people with diversity of thought so shareholders receive high-quality services.

The strategy builds on the Benefits of Collaboration Framework, which clarifies the value and measures of regional collaboration through Co-Lab into three main outcomes: reducing costs, creating value and enabling innovation and collaboration.

**To read the full annual report for Co-Lab and their financial statements visit their website: colabsolutions.govt.nz**

# PERFORMANCE MEASURES

| STRATEGIC GOAL | 3 YEAR OBJECTIVE | 3 YEAR TRACKING | ANNUAL TARGET | FY 25(26) | FY 24(25) |
|---|---|---|---|---|---|
| **GOAL 1:** Shareholding Councils understand we provide them value | We know the value we provide shareholders has improved by 15%, by 30 June 2027* (baseline y/e 30 June 24). *Based on the regional benefits of collaboration (not an individual councils' benefits from collaboration). | On track | Year-on-year increase in the value we provide to councils. | **FY25(26):** $14.7m in value we provide to councils as measured by our benefit analysis. | **FY24(25):** $11.4m in value we provide to councils as measured by our benefit analysis. |
| | By 30 June 2027, 80% of shareholders agree they get value from Co-Lab. | On track | 80%+ of council survey respondents believe those Co-Lab services they received meet or exceed their expectations (evidenced by an annual survey) | **FY25(26):** 85% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations. The survey response rate was 32% (307 were invited and 99 responses received) | **FY24(25):** 88% of council survey respondents believe those Co-Lab services they received met or exceeded their expectations (evidenced by an annual survey) in FY25. The survey response rate was 41% (350 were invited to participate with 142 responses received). |
| **GOAL 2:** Deliver value by growing the scale of our shared service function | 24 new instances of Co-Lab shared services being utilised, by June 2027 (baseline y/e 30 June 24). As outlined in our 2026 Statement of Intent, we will increase this to 28 for FY2027. | On track | Year-on-year increase in the utilisation of services we provide to councils. | **FY25(26) entities onboarded:**<br>• 2 Co-Lab Water Services<br>• 1 RIMU Service<br>• 6 Co-Lab Building Services<br>• 3 Professional Services Panel | **FY24(25) entities onboarded:**<br>• 5 RATA Spaces and Places councils<br>• 1 Smart Water<br>• 1 ECM<br>• 1 Sampling & Analysis<br>• 1 Co-Lab Building Services<br>• 1 Professional Services Panel |
| | | | Year-on-year increase in the number of services available to councils. | **FY25(26):** Introduced RIMU | **FY24(25):**<br>• Introduced RATA Spaces & Places<br>• Launched Co-Lab Building Services |
| | All shareholders take up at least one additional shared service. | On track | Year-on-year increase in the utilisation of services we provide to councils. | **FY25(26):** 8 existing services taken up. | **FY24(25):** 4 existing services taken up. |
| **GOAL 3:** Diverse, talented and motivated people work for us | Maintain staff engagement above 85%. | On track | Maintain staff engagement above 85% | **FY25(26):** The overall engagement score was 90%. The survey response rate was 40% (61 were invited to participate with 25 responses received). | **FY24(25):** The engagement score was 86%. The survey response rate was 45% (49 were invited to participate with 22 responses received). |
| | Staff turnover is less than 15%. | On track | Staff turnover is less than 15%. | **FY25(26):** 16.7% staff turnover. | **FY24(25):** 10.5% staff turnover. |
| | Our vacancies are filled by suitable candidates within 3 months. (baseline y/e 30 June 24) | On track | Vacancies are filled by suitable candidates within 3 months. | **FY25(26):** Target met for most vacancies.<br><br>Three exceptions arose due to unsuccessful recruitment rounds or recruitment being placed on hold. | **FY24(25):** The one advertised position was vacant for two months. |

# TE TAUĀKĪ TŪHURATANGA
# DISCLOSURE STATEMENTS

## ANNUAL REPORT DISCLOSURE STATEMENT FOR THE YEAR ENDING 30 JUNE 2025.

### WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's actual financial performance in relation to various benchmarks, to enable an 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 Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

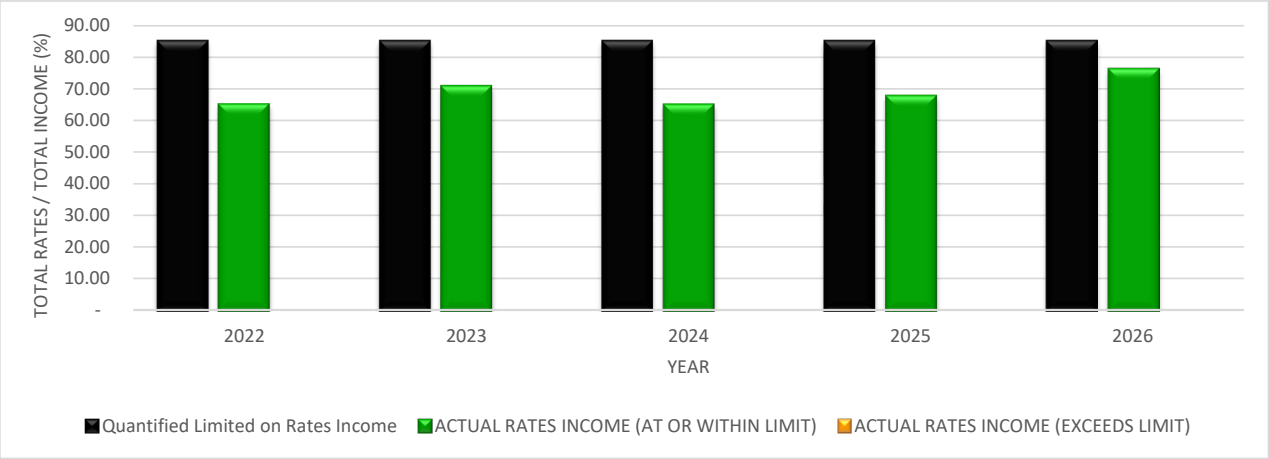
### RATES AFFORDABILITY BENCHMARK

The council meets the rates affordability benchmark if:

- actual rates revenue equals or is less than each quantified limit on rates; and
- actual rates increases equal or are less than each quantified limit on rates increases.

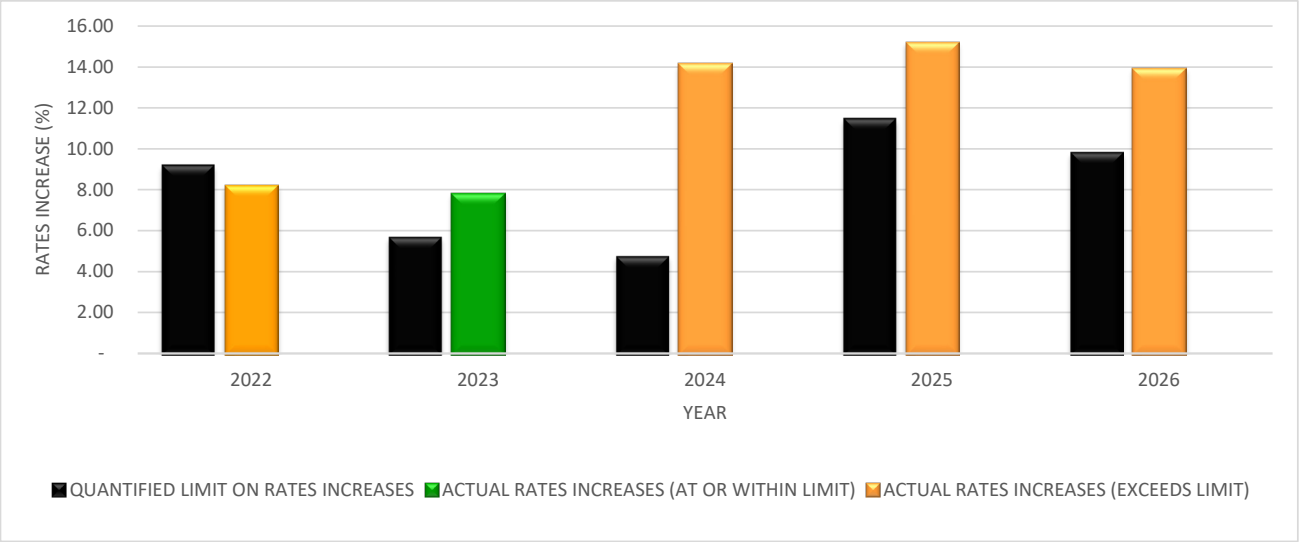
### RATES (INCOME) AFFORDABILITY

The following graph compares the Council's actual rates revenue with a quantified limit on rates contained in the financial strategy, included in the Long-Term Plan. The quantified limit is that Council will limit total rates as a proportion of total revenue for 2025/26 to is less than 85%.



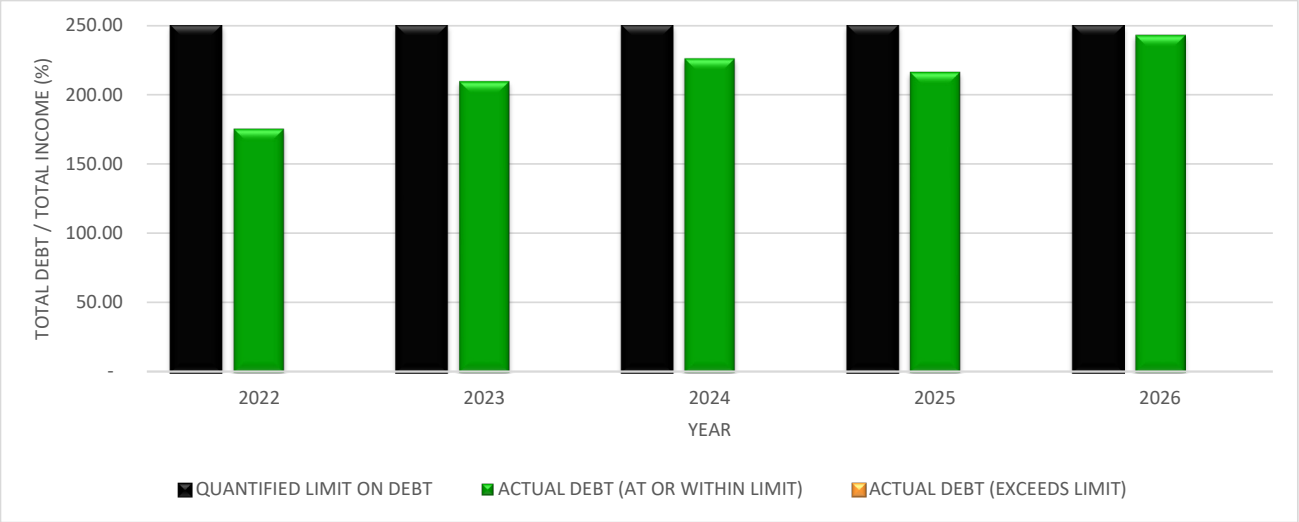
## RATES (INCREASES) AFFORDABILITY

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the Long-Term Plan. The quantified limited for 2025/26 was set at 9.78%.

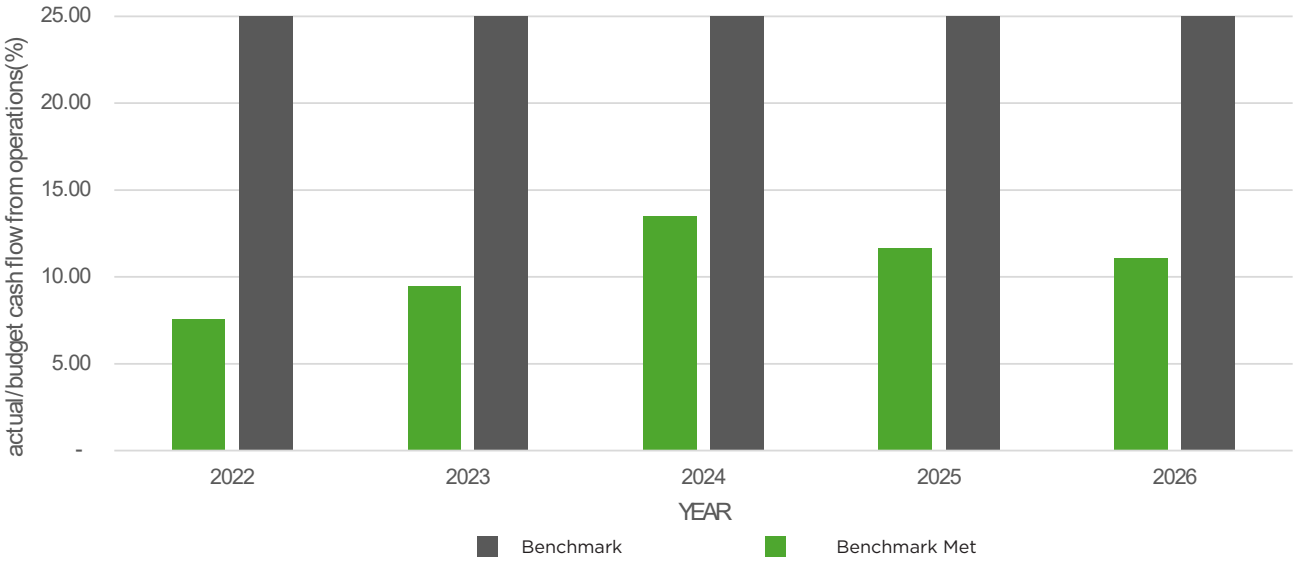



## DEBT AFFORDABILITY BENCHMARK

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 Long-term Plan. The quantified limit is that total debt will be lower than 250% of total income.

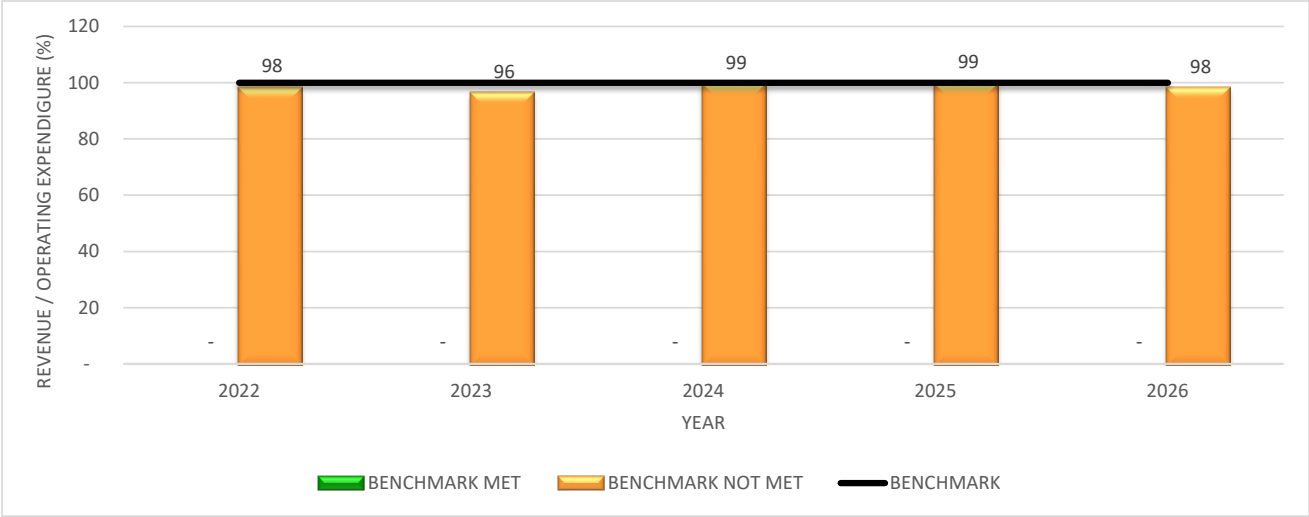


The following graph compares Council's actual debt with a quantified limit on borrowing stated in the financial strategy included in the Council's Long Term Plan. The quantified limit is net interest on external debt as a percenage of annual rates revenue does not exceed 25%. This is a measure in line with the 2024-34 Long Term Plan.




## BALANCED BUDGET BENCHMARK

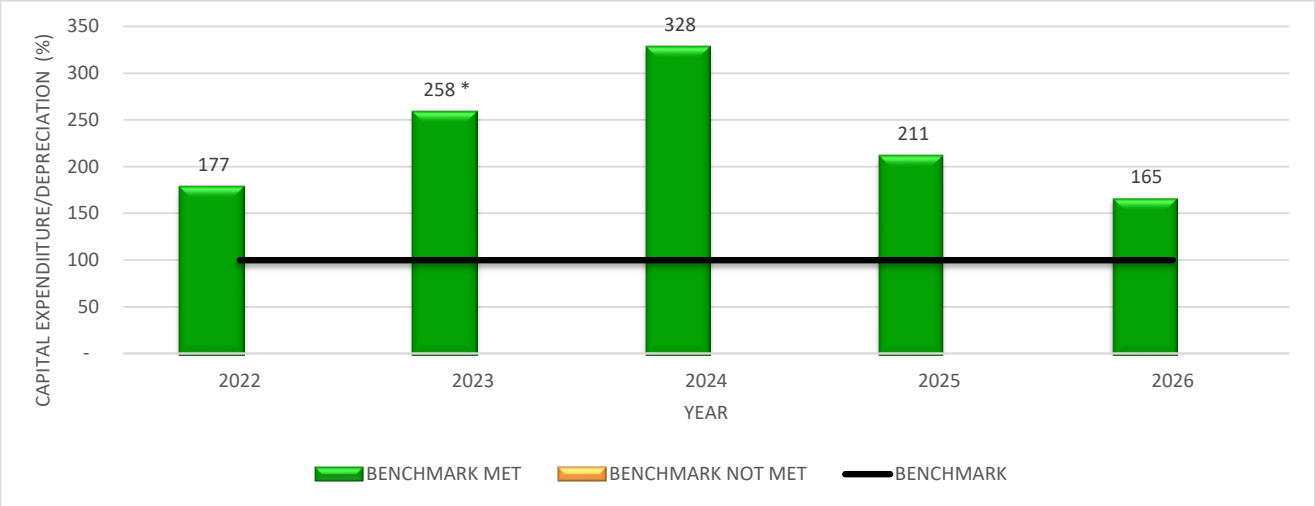
The following graph displays the Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial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




Prior year numbers were restated to correct an error in total expenditure. This reduced the benchmark % from 102% to 99%.

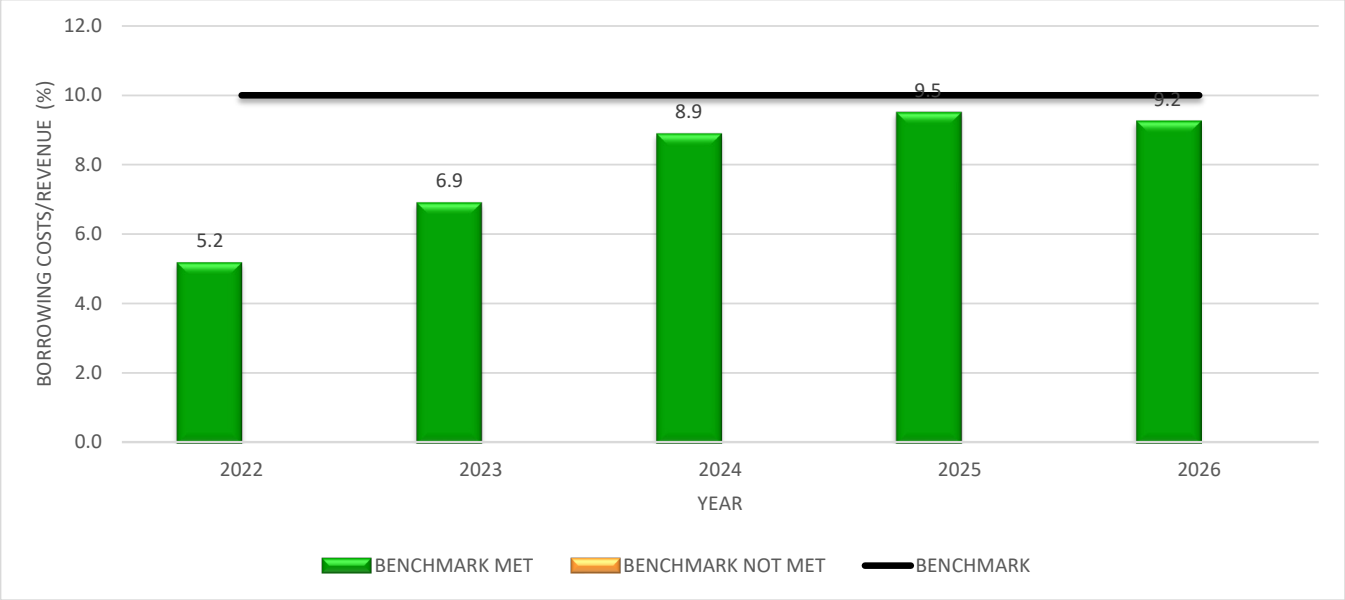
## ESSENTIAL SERVICES BENCHMARK

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



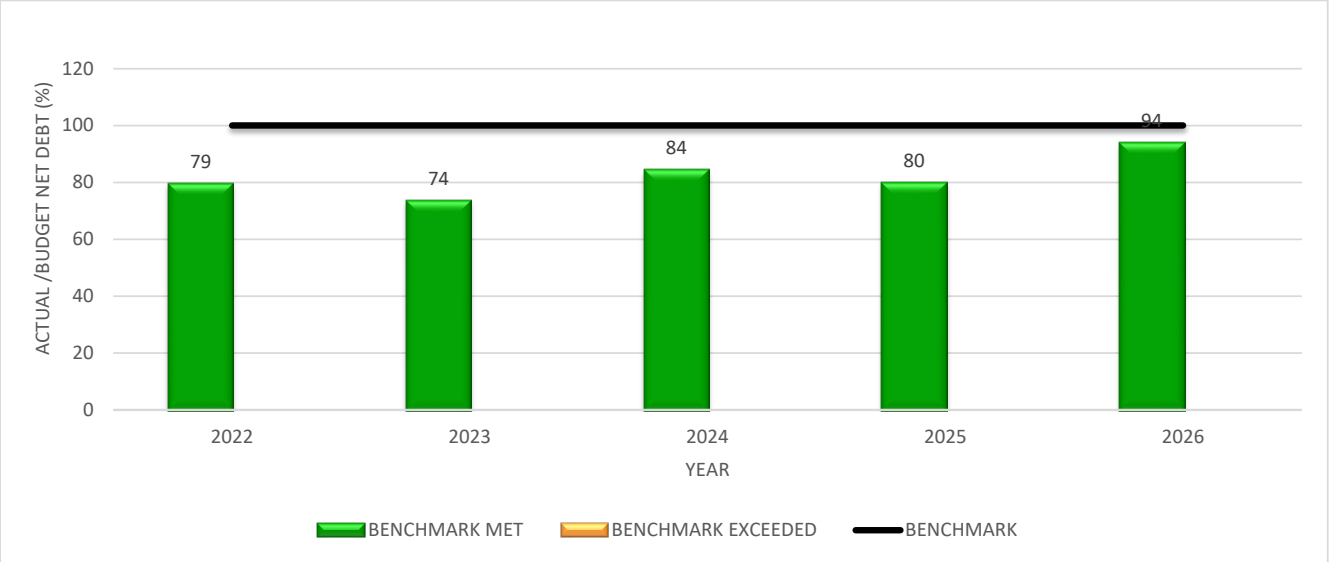

## DEBT SERVICING BENCHMARK

The following graph displays 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 are equal to or less than 10% of its revenue.



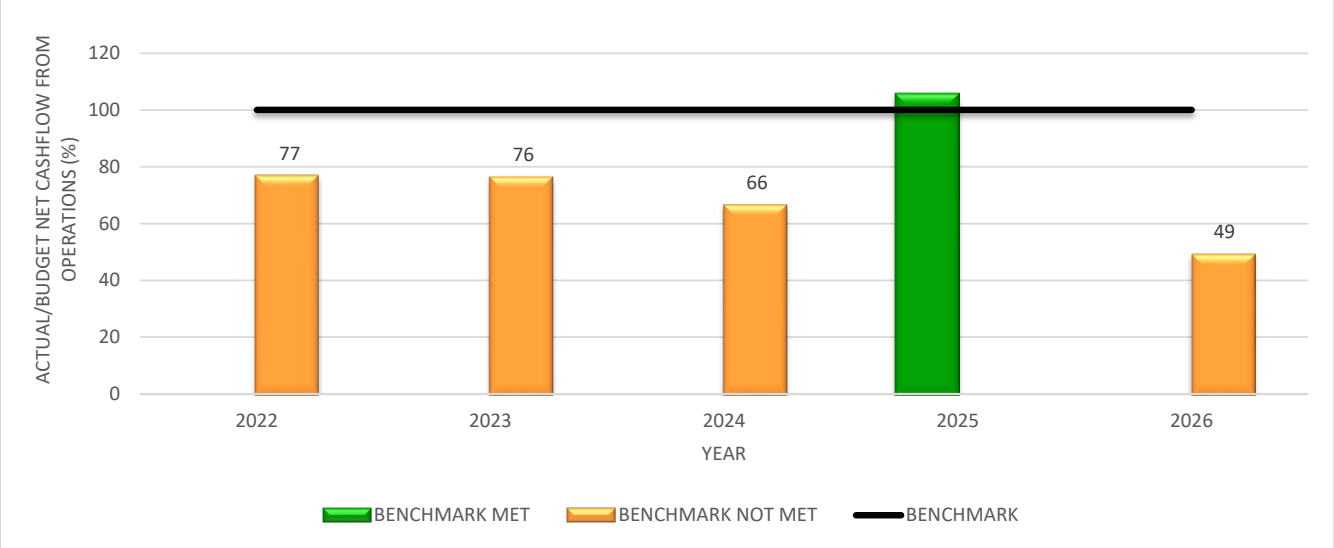
## DEBT CONTROL BENCHMARK

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.




## OPERATIONS CONTROL BENCHMARK

This graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.









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