











2025-26 Summary Annual Report

CENTRAL OTAGO DISTRICT COUNCIL

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The Mayor and CEO message

The Mayor Tamah Alley



This year has been one of saying yes to opportunities.

As I approach the end of my second year as Mayor of Central Otago, I often reflect on what a privilege it is to serve this remarkable district. It's been another year of remarkable progress and growth, alongside the impact of ongoing reform.

Like many communities across New Zealand, Central Otago has faced significant challenges this year. Rising costs continue to place pressure on households, businesses and Council alike. Around 75% of Council's expenditure is invested in roading, water infrastructure and waste services. Well over half of the 2025/26 rates increase was driven by Three Waters expenditure. At the same time, our annual overhead costs such as insurance and power continue to rise. We know many ratepayers are feeling the impact of rates increases, and we understand those concerns.

Alongside these financial pressures, local government continues to navigate a period of considerable change. Proposed reforms to local government, discussions around future governance arrangements, Council's Headstart amalgamation proposal, and our ongoing work with Otago Central Lakes partners on a Regional Deal, and Resource Management Act reform have all required careful attention and a willingness to think differently about the future.

While the economic outlook remains challenging, our focus is clear. We are committed to finding efficiencies, exploring new funding and financing tools, and ensuring we deliver essential services as effectively and affordably as possible. At the same time, we must continue investing in the things that make Central Otago such a special place to live: strong communities, a healthy environment, quality infrastructure, and opportunities for future generations.

One of the achievements I am particularly proud of this year is the continued success of the Mayor's Taskforce for Jobs programme. With the support of Local Government New Zealand and the Ministry of Social Development, our programme helped 25 young people into employment and supported many more to build confidence, develop skills and take their next step towards training or work. Programmes like this remind us that local government is about more than infrastructure and services. It is about people, connections and helping create opportunities for everyone to thrive.

Looking ahead, our work remains focused on supporting a productive local economy, improving access to affordable housing, planning for future growth, and ensuring we can meet the infrastructure demands of a rapidly changing district. These are not challenges Council can solve alone, but they are challenges we are committed to tackling alongside our communities, businesses, iwi, and partners.

Central Otago continues to be a wonderful place to call home. I am optimistic about our future and excited by the opportunities ahead. Together, we can ensure our district remains a safe, healthy and thriving place for generations to come.

CEO Peter Kelly



The pace and intensity of Council's work remained high throughout 2025/26, as we responded to ongoing economic pressures, new challenges and a changing national environment. Cost pressures, including inflation, insurance, energy and global fuel prices, continued to place pressure on Council budgets and household affordability. Throughout the year, we worked hard to keep rates as manageable as possible while continuing to invest in the services and infrastructure our communities rely on.

Council also spent much of the year engaging with Government on significant reforms that may shape the future of local government. This included consideration of potential structural change, the Headstart amalgamation proposal submitted by CODC for Government consideration. We have also been preparing for resource management reform, with legislation expected in late 2026, to ensure we are well placed for changes to the way we manage our environment and natural resources.

Work has also continued with Government and regional partners on a regional deal, focused on securing the tools and investment needed to support future growth. Southern Waters has continued to develop the future delivery model for drinking water, wastewater and stormwater services from 1 July 2027. Fast-track applications have become a significant piece of workstream which draws heavily on both internal staff and external consultant resources for our region.

There have also been important milestones across the district. Te Puna Mahara was formally blessed and opened in July 2026, following two years of construction work. Construction of the new Community Hub at the Omakau Recreation Reserve also began in late 2025 and is progressing well, with completion expected in April 2027.

Alongside these major projects, Council continued to deliver the day-to-day services that support our communities. During the year, we processed 44,679 customer interactions, maintained 1,929 kilometres of roading and 1,200 hectares of reserve land, and received Toitū carbon reduce certification for the sixth year, having more than halved emissions from our baseline year.

As the Mayor has stated in her forward our focus remains on securing new funding and financing tools to help meet the costs of future development and infrastructure. At the same time, we are looking for ways to lift the productivity of our local economy, improve access to affordable housing and healthcare, and continue safeguarding a safe, healthy and thriving community and environment.

We have also moved at pace through the initial stages of the 2027–37 Long-term Plan, which will be consulted on in early 2027 and adopted in July 2027. With a number of legislative and service delivery changes likely to be considered before the plan is adopted, we will need to remain flexible and prepared for future decisions that may affect how services are delivered.

To close with the idea of unity: Ehara taku toa i te toa takitahi, engari he toa takitini. Our strength does not come from ourselves alone; our strength comes from the many.

We are proud to work closely with our community, shoulder to shoulder, as we navigate the changes ahead together.

Ngā mihi





Tamah Alley
Central Otago Mayor

Peter Kelly
CEO

Our Services and Facilities

Waters

Meeting New Zealand Drinking Water Standards remained a key focus in 2025/26. Council continued to invest in water treatment upgrades and operational capability, with major capital projects delivered during the year including the following.

Capital projects

Dunstan Water Reticulation Extension To support future residential growth, Council extended water and wastewater infrastructure along Dunstan Road following the rezoning of land under Plan Change 19. The project was completed by Fulton Hogan in June 2026.

Ranfurly & Patearoa Water Treatment Upgrades Council completed a $4.2 million upgrade of the Patearoa and Ranfurly water treatment plants, installing new filtration and UV treatment systems. The upgrades ensure compliance with drinking water regulations and improve water quality and reliability for both communities.

Alexandra Water Main Renewals Council completed key renewals of Alexandra's water network under a $2.7 million programme delivered by HEB Construction. The project included replacing the nearly 100-year-old Bridge Hill main and a 70-year-old Enterprise Street pipeline serving **local** schools and childcare facilities, improving the reliability, pressure, and long-term resilience of the town's water supply network.

Wastewater

Our wastewater activity remains focused on strengthening capability and capacity to effectively manage wastewater operations, with reducing inflow and infiltration into the network remaining a key priority now and into the future.

Capital projects

Dunstan Wastewater Reticulation Extension to support future residential growth, Council extended the wastewater network along Dunstan Road in Alexandra, connecting the new development area to the existing Clyde–Alexandra pipeline.

Ranfurly Wastewater Treatment Plant Desludging Council also completed desludging works at the Ranfurly Wastewater Treatment Plant, restoring treatment capacity, improving operational efficiency, and supporting ongoing environmental performance.

Stormwater

Council is developing stormwater hydraulic models for selected stormwater systems across the district. This will aid in understanding flood risks, support infrastructure planning, decision making and signalled regulatory requirements.

Roading Services

Roading highlights

Council continued to invest in maintaining and improving Central Otago's roading network, with a strong focus on resilience, safety, and extending the life of key assets. In 2025/26 this included drainage upgrades, sealed and unsealed road renewals, footpath improvements, road safety education, speed limit changes, and significant bridge works.

Key achievements included renewing 294m of culverts, 73m of kerb and channel, and 12.4km of rural side drainage; resurfacing 11km of sealed roads; completing 71km of road metalling on the unsealed network; and renewing 1.114km of footpaths. Council also delivered a range of road safety initiatives, including driver fatigue stops, heavy vehicle awareness, motorcycle awareness, and bike ambassador programmes.

Deloitte. for Identification

A district speed limit review resulted in safer speed limits being introduced on selected roads and townships following public consultation. Major bridge work included the refurbishment of the historic Little Valley Bridge, securing an important transport link between Alexandra and Little Valley. Council also progressed its strategic bridge management approach by removing several unsafe, low-use bridges where replacement was not considered practical or cost-effective.

Environmental

Council continued to focus on reducing waste to landfill and improving environmental outcomes through regional collaboration, targeted planning, infrastructure improvements and community education. Key work included strengthening regional waste governance with the five Otago territorial authorities, progressing shared priorities for construction and demolition waste, batteries, rural waste and emergency waste management, and completing a regional stocktake of civil defence waste preparedness.

Locally, Council completed a kerbside waste audit to inform future waste minimisation initiatives and upgraded the Alexandra Transfer Station trade waste system to improve safe waste management and compliance. Community education also remained a priority, with the “Recycling Basics” campaign, Enviroschools programme and four Repair Café events supported by Central Otago REAP helping residents reduce contamination, encourage reuse and divert nearly three-quarters of a tonne of items from landfill.

Planning and Regulatory

Planning and Regulatory activity remained busy across licensing and building services. Council processed a high volume of alcohol licensing applications, including 149 special licences and 254 manager’s certificates, while the Building Department transitioned to Objective Build in May 2026. All building consents processed through the new system were completed within statutory timeframes, alongside continued processing of consents and code compliance certificates, 347 residential pool barrier inspections, 54 Building Warrant of Fitness audits, and 1,735 building-related service requests.

Dog Control managed 6,534 dogs in Council’s registration system, with 6,053 registered at the time of reporting, representing 92.64% of the registration base while registrations were still underway. The team also responded to 771 dog control service requests, with huntaways remaining the district’s most popular dog breed.

Environmental Health achieved a positive Food Act Quality Management System audit, with no findings raised and a recommendation that Council’s recognition as a Food Act verification agency be approved for a further three years. The team responded to 81 service requests, registered 21 new businesses, audited or verified 233 food premises, inspected other regulated premises, and supported noise control compliance through 256 service requests, 23 Excessive Noise Directions and one stereo seizure.

Planning work continued to be shaped by major fast-track applications, national resource management reform and ongoing resourcing pressures. Council was involved in significant proposals across mining, ski area infrastructure, housing, commercial and industrial development, and pumped hydro, while Government direction to pause current policy plan development shifted focus toward replacement RMA legislation, future regional spatial planning and private plan changes, including Plan Change 23 and Plan Change 24.

Pools, Parks, and Cemeteries

Key achievements for pools included annual maintenance shutdowns at Alexandra and Cromwell Pools, with filter works, painting, tile repairs and new starting blocks completed. Swim School remained steady overall, with new student enrolments increasing by around 20%, showing continued demand for swimming and water safety education.

For cemeteries, Council continued digitising cemetery records to improve public access and future-proof important community information. Records for Millers Flat and Manuherekia cemeteries were digitised, work continued on Tarras and Blackhills, and development plans to extend both Cromwell and Naseby cemeteries were approved.

For parks and open spaces, Council continued its planting partnership with Haehaeata Trust at Half Mile Recreation Reserve and maintained open spaces through the Open Spaces Maintenance Contract. Key projects included completion of Stage 1 of Kāmoanahaehae – Riverside Park plaza, adoption of the Cromwell Racecourse Reserve Management Plan, adoption of the updated Reserves Naming Policy, development of a safer off-road track link to Linger and Die, and ongoing irrigation upgrades across the district.

Property, Property Statutory and Community Facilities

Key achievements included refurbishing the Tarbert Street office into a modern workplace and completing Te Puna Mahara – Cromwell Memorial Event Centre, which was formally blessed and opened in July 2026. The facility was delivered on time and on budget and provides theatre, cinema, museum, gallery, meeting, café, bar, creative and community spaces.

Major community projects also progressed, including the Cromwell CBD Redevelopment, planning for the Roxburgh Entertainment Centre rebuild, and construction of the Manuherekia Valleys Community Hub, which began in late 2025 and remains on track for completion in April 2027.

Council completed improvements to community buildings, including the Maniototo Art Centre, Maniototo Stadium, Maniototo Rugby Clubrooms and Wallace Memorial Room rental unit. Elderly persons housing continued to perform strongly, with 95.45% occupancy, 100% tenant satisfaction and targeted maintenance to improve safety and amenity. Public toilets recorded 1,290,705 visits, a 14% increase on the previous year, while overall vandalism reduced following overnight locking at some sites.

The Statutory Property Team managed 200 lease and licence agreements generating more than $1.5 million annually, strengthened lease management and reporting, and progressed airport planning and residential development activity at Gair Avenue, Cromwell and Dunstan Park, Alexandra.

Service Centres and Libraries

Service centres continued to provide an accessible and responsive front door to Council services, managing more than 61,330 customer interactions across phone, email, online and face-to-face channels. The team strengthened its “no wrong door” approach, with 79.51% of enquiries resolved at first point of contact, reduced transfers to other staff, and strong customer satisfaction results, including 90% satisfaction with Council office reception services and positive service request feedback for friendliness, efficiency and effectiveness.

Libraries continued to support community learning, connection, recreation and digital inclusion through the shared library service with Queenstown Lakes District Council. A key milestone was completion of the draft Central Otago Libraries Strategy, while libraries remained highly valued, recording 96% satisfaction, 160,446 visits, more than 1,080 activities and events, 149,459 physical items borrowed, and 186,563 e-Items issued, alongside strong use of WiFi, public computers and printing services.

Community, Economic and Strategic Development

Community activity focused on strengthening local connection, participation and wellbeing. Key achievements included progressing Welcoming Communities to Stage Two MBIE accreditation, supporting newcomer and multicultural networks, delivering community learning events, distributing $368,704 in grants to 27 groups, supporting local projects through Huddle, finalising the Teviot Valley Community Plan and completing the 2026 Residents' Survey.

Economic activity supported local employment, business growth, tourism and regional promotion. Council adopted the Economic Development Strategy 2025–2035, secured funding for the Mayor's Taskforce for Jobs programme and helped place 25 young people into employment, while Tourism Central Otago delivered destination management activity through media, trade, business events, regional trail marketing, local event support and collaborative campaigns supported by more than $800,000 in central government funding. Regional Identity work was refreshed, and Eden Hore Central Otago continued to grow through the Eden in Dunedin exhibition and an expanding visitor trail across the district.

Governance and Corporate Services

Other activity focused on strengthening governance, planning, risk management and internal processes to support better Council and community outcomes. The Long-Term Plan remained a key foundation for collaboration, consultation and strategic planning, while the Risk and Procurement team took on long-term and annual planning, business reporting, and continued quarterly risk reviews. Procurement activity also continued across the organisation, including the successful establishment of a panel for specialist planning support.

Digital work continued to improve access to information and modernise service delivery. Property file digitisation reached 93%, with future work planned to make property files available online. Council also continued working with local trust and church cemetery stakeholders to preserve cemetery records and make them accessible online through Council's website and geographic information system.

People activity focused on implementing the People and Culture Strategy, with an emphasis on capability, wellbeing, safety and organisational culture. Key initiatives included refining staff safety processes, continuing de-escalation training, introducing a Lone Worker Policy and Garmin satellite devices for remote workers, progressing a Learning and Development Framework, delivering the second year of the Mentoring Programme, and designing a future leadership development programme.

Planning for our future

District Vision

In April 2025, Council endorsed Central Otago – Our Place in the World, a fifty-year district vision shaped through community engagement on what people value about living, working in and visiting Central Otago. The vision is now informing future planning and decision-making, including Council activity, the community outcomes in the 2025–34 Long-term Plan and the new Economic Development Strategy.

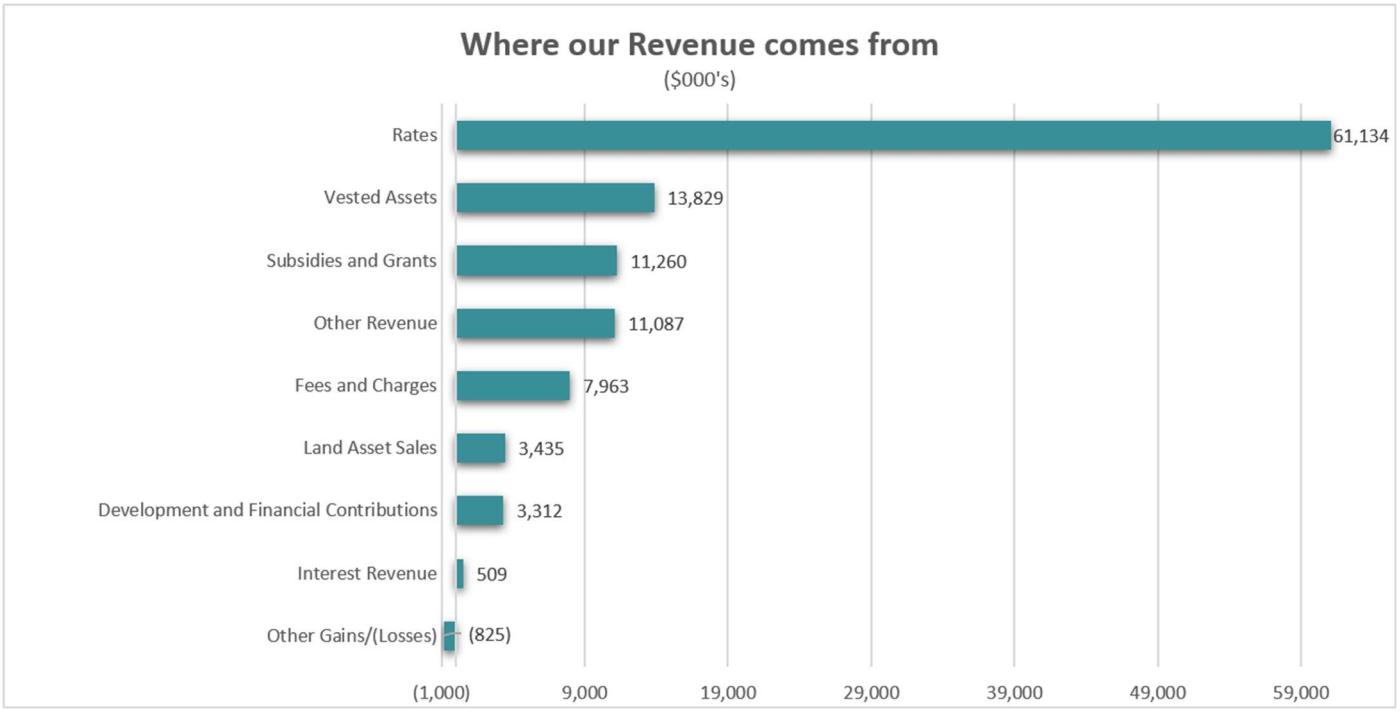
Aukaha partnership

Council's partnership with Aukaha continued to strengthen through four partnership hui held during the year, supporting ongoing engagement with mana whenua and strengthening relationships with Te Rūnanga o Ōtakou, Kāti Huirapa Rūnaka ki Puketeraki, Te Rūnanga o Moeraki and Hokonui Rūnanga.

Our Results

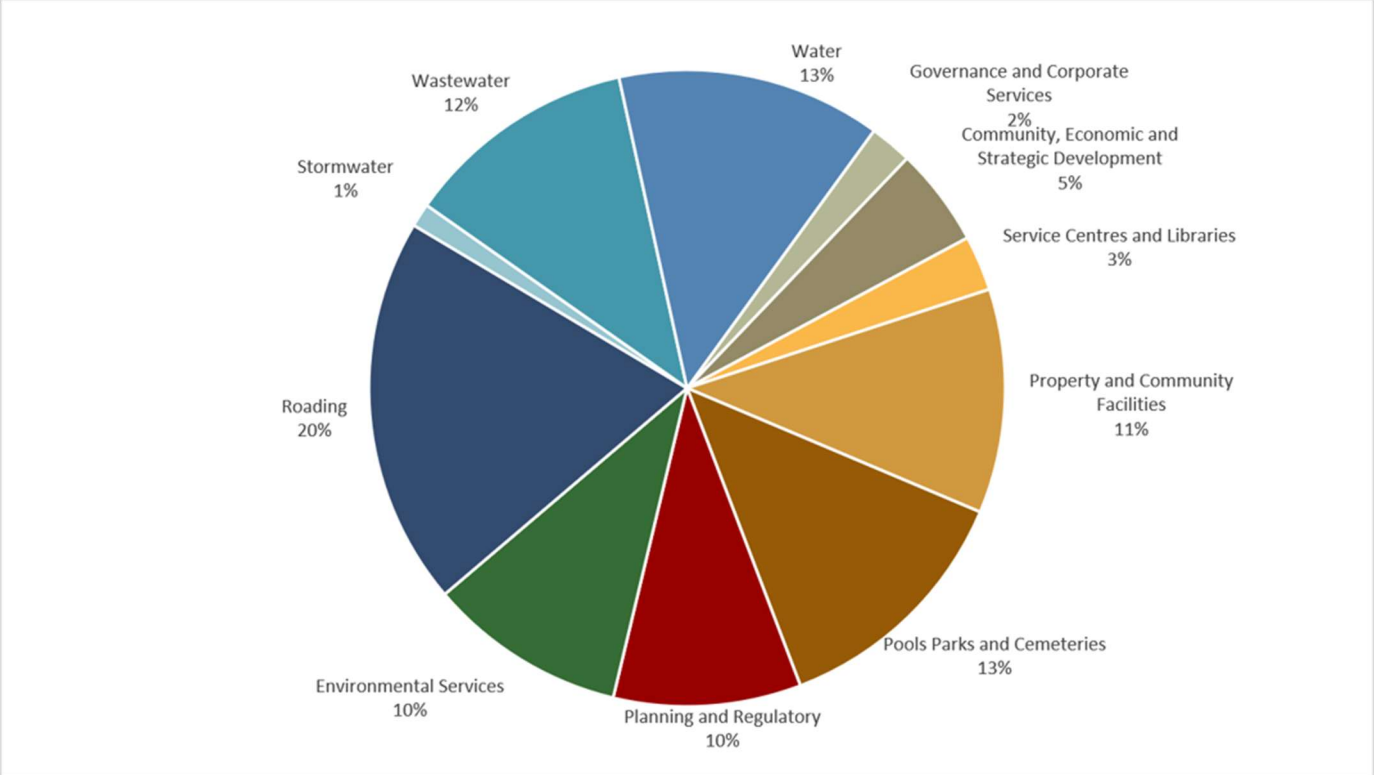
Council ended the year with a surplus of $28.062 million after tax. See page 20 the financial summary explanation.

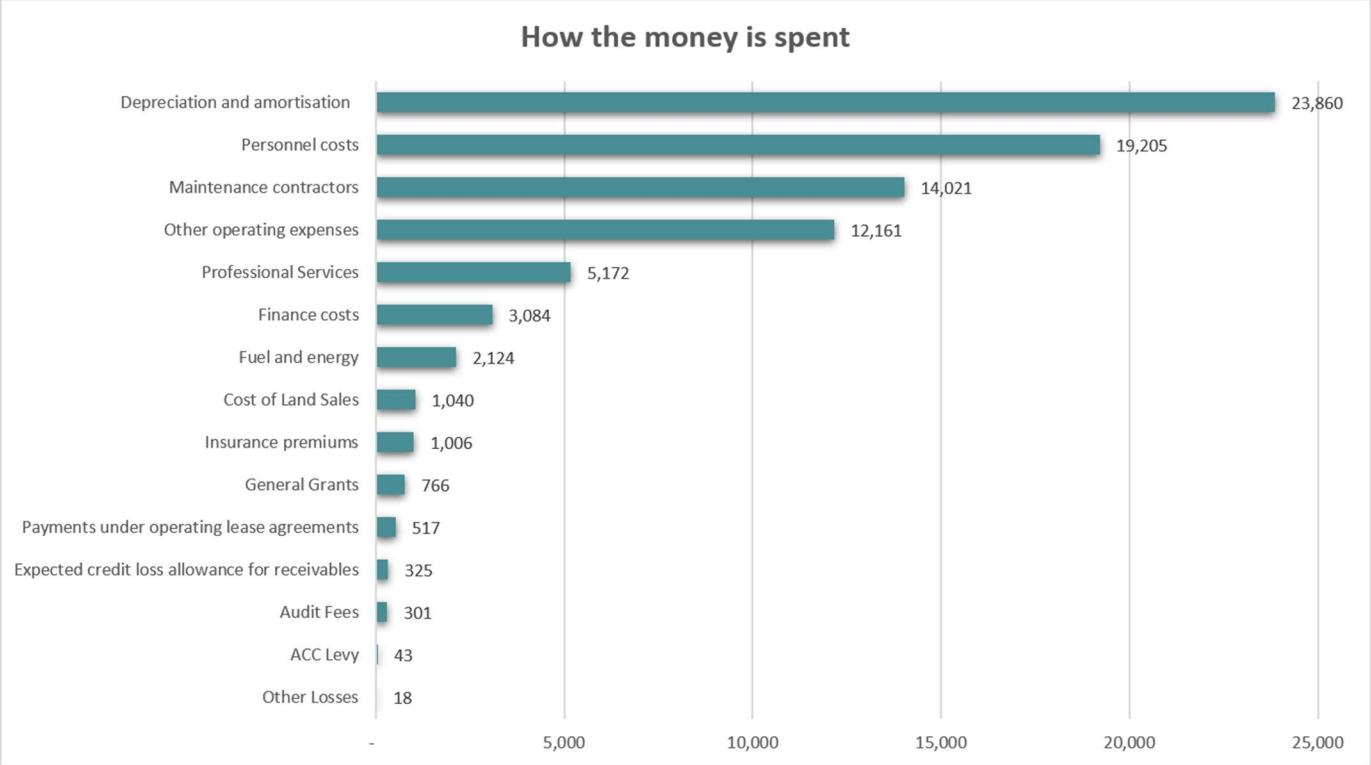
5-Year Financial Performance	2025/26 $000	2024/25 $000	2023/24 $000	2022/23 $000	2021/22 $000
Rates revenue *	61,134	52,973	43,992	38,522	35,545
Other revenue**	50,571	28,270	34,961	48,251	48,536
Total revenue	**111,705**	**81,243**	**78,953**	**86,773**	**84,081**
Employee benefit expenses	19,205	15,449	15,154	12,896	12,491
Depreciation and amortisation	23,860	20,769	19,495	17,396	10,629
Other expenses	40,578	37,100	35,548	35,648	32,565
Total expenditure	**83,643**	**73,318**	**70,197**	**65,940**	**55,685**
Net surplus (deficit)*	28,062	7,925	8,756	20,833	28,396
Working capital (net)	4,759	(10,009)	4,931	(4,678)	5,600
Total assets	**1,446,714**	**1,318,523**	**1,200,485**	**1,180,333**	**1,110,883**
Cash flows from operating activities	35,330	27,353	16,955	18,002	22,192
*** Note: includes revenue from water meter charges. For a more detailed explanation on the surplus, refer to page 20 for Explanation of variances.**					
**** Note: includes vested assets**	13,829	516	9,156	12,759	10,032



How the money is spent by Activity

Total expenditure of $83.64 million





Key Facts and Figures for 2025/26

- $111.7 million - Council's total revenue
- $83.6 million - Council's total expenditure
- $23.6 billion - District rateable capital value as at 30 June 2026
- $11 billion - District rateable land value as at 30 June 2026
- $96 million – Council debt
- 15,534 - The number of rateable properties in our district
- $1.4 billion - The current book value of our district's non-current assets

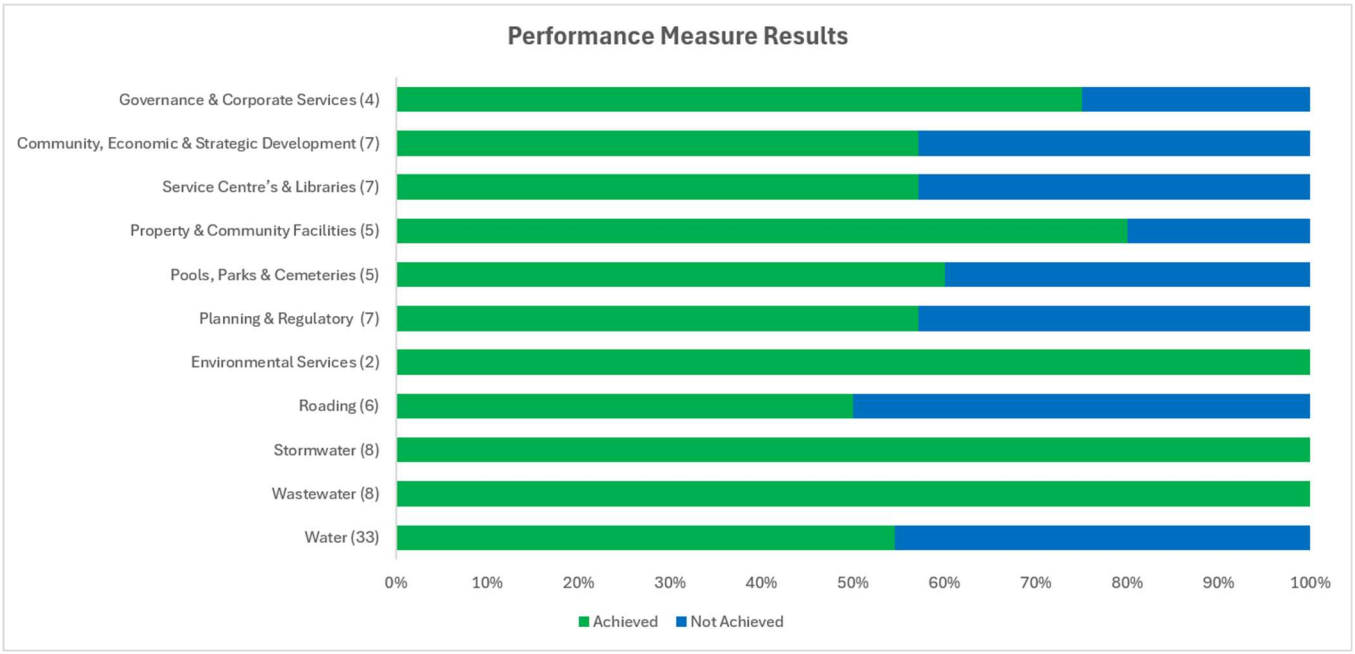
Borrowing Limits

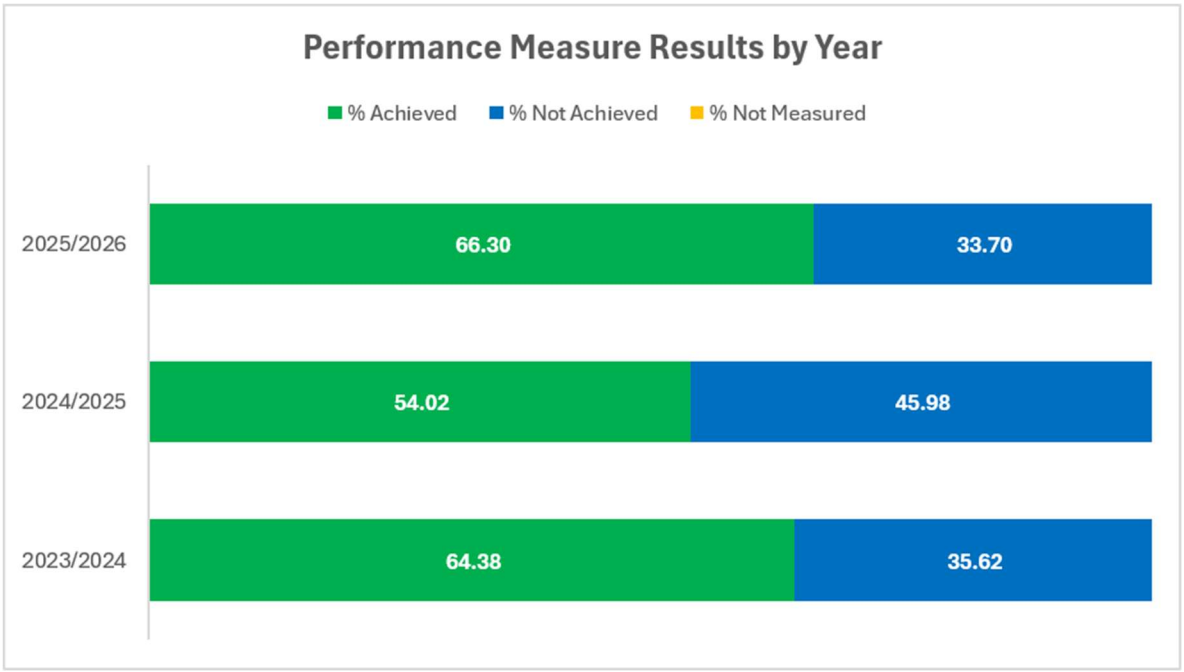
Item	Borrowing Limit/ LGFA Lending Covenant	Actual Results
Net external debt as a percentage of total revenue	<280%	71%
Net external debt as a percentage of total value of assets	<10%	5%
Net external interest as a percentage of total revenue	<20%	3%
Net external interest as a percentage of annual rates revenue (debt secured under debenture)	<30%	4%
liquidity (term debt + committed loan facilities + available cash or cash equivalents) over existing external debt	>110%	130%

How we Measure Success

Council has 11 activity groups and each of these has its own section in the full Annual Report. This is snapshot of our results. The graphs below provide a summary of the results, showing the percentage of targets achieved and not achieved.

We use a range of measures to monitor our service performance. The measures cover attributes relating to our service delivery such as timeliness, responsiveness, accessibility, safety, statutory compliance, and sustainability.





**Refer to page 25 in the full Annual Report 2025/26 document where we have documented the changes in the service performance measures*

Water

The number of performance measures achieved in 2025/26 was 18 of 33.
Current performance measure reporting were established in the LTP 2025-34.

- Bacterial compliance of drinking water was almost met in the Lake Dunstan Supply but was non-compliant in the rest for various reasons including weather events and power outages.
- Protozoal compliance of drinking water was non-compliant in all water Supplies.
- Annual real losses from the network reticulation system (leaks, metering, and inaccuracies) met target and reduced by 2% from last year.
- Average consumption of water per day was maintained at less than the aim of < 600L/person/day and was also reduced from the previous year.
- Water network urgent callouts met targets.

Wastewater

- All of the 8 performance measures in 2025/26 were achieved.
- Current performance measure reporting were established in the LTP 2025-34.
- The number of complaints decreased from 8.7 per 1,000 connections in 2024/25 to 5.9 in 2025/26.
- Compliance with discharge consents for abatement notices, infringement notices, enforcement orders, and convictions all met target. 2 abatement notices were received this reporting year.
- A slight increase in the number of dry weather sewerage overflows from the sewerage scheme compared to the previous year, with 1.79 per 1,000 connections compared to 1.04 in the previous year.

Stormwater

All targets were achieved this year, the same as last year.

- Response times to attend flood events remained on target. There were no flooding events during 2025/26.
- There were no public complaints relating to stormwater.
- Compliance with discharge consents for abatement notices, infringement notices, enforcement orders, and convictions all met target.

Roading

There are 6 performance measures for roading in the new LTP 2025-34, with 3 achieved.

- The average time for the issue of a consent was 2.7 days and above the aim of 2 days. The result was significantly impacted by the processing times for access agreements and generic TMPs, which averaged 12.1 days and 8.8 days, respectively. Although these application types accounted for only 9.2% of applications, they had a material impact on the overall result. Excluding these application types reduces the average processing time to 1.8 days.
- The average quality of sealed roads measured by smooth travel exposure improved from 96% to 97% and still exceeding the target of ≥ 90%.
- During the financial year, 2.1% of sealed roads were resurfaced. This is an improvement on the previous year but lower than 3.9% per annum DIA target for resurfacing. The target is 3.9%. The affordability of achieving this performance measure has diminished in recent years and exceeds network needs.
- Customer service request response times within 10 days was marginally lower than the target but the target would have been exceeded if not for the delays in the system data-capture.
- There was a decrease of 3 fatalities and serious injury from crashes on local roading network from the previous year.
- The percentage of footpaths that fall within the Council's level of service standard for the condition of footpaths exceeding the new target of 65%.

Environmental Services

There are 2 performance measures for solid waste in the new LTP 2025-34 with both achieved.

- There was a reduction of 23 kilograms of waste to landfill per rateable property. This reduction is likely due to changes in commercial customer activity at the transfer stations rather than a direct representation of reduced waste generation across the District.
- 92% of consent conditions are fully compliant. A small number of conditions were assessed as low-risk non-compliant, generally relating to reporting, signage, or fencing requirements. Actions are underway to address all identified issues before the next audit. Low-risk non-compliance refers to matters that present a low risk of adverse environmental effects or are administrative or technical in nature, such as the late submission of a monitoring report.

Planning and Regulatory

There are 7 performance measures for planning and regulatory in the new LTP 2025-34, 4 of the 7 were achieved.

- Resource consents processed within statutory timeframes did not meet the target of ≥ 95% but improved to 75% compared with 59% in the previous year. This year had a significant uptake in public enquiries.
- Customer satisfaction with the consent process was down to 36% this year and reflective of the small pool of respondents and continuing challenges in the department.
- 86% of building consents issued within the statutory timeframe of 20 working days, compared to a target of 97%. Following the transition to Objective Build, 100% of building consents processed through the new system were completed within the statutory timeframe. Prior to the transition delays were the result of This was due to vacancies and onboarding of new staff.
- 100% of LIMs issued within the statutory timeframes.
- All measures were meet in Environmental Health. 100% of Applications for Registration of food businesses completed within 10 working days stayed at 100%, as did the percentage of corrective action requests and improvement notices resulting from non-conformances/compliances completed within the specified period.

Pools, Parks, and Cemeteries

There are 3 performance measures and 2 compliance standards for the LTP 2025-34.

- Residential survey results of customer satisfaction with parks and reserves decreased from 92% to 88% but still were within target.
- Customer satisfaction in the process of cemeteries and burials was 81% and an significant improvement on last year which was 69%.
- Across the pools and programmes offered, customer satisfaction was 79% just under the target of 80%.
- The Annual “Pool Safe” audit and “Playground Safety Standards” audit both passed.

Property, Property Statutory and Community Facilities

There are 3 performance measures and 2 compliance standards for the LTP 2025-34.

- The percentage of residents satisfied with community buildings increased from 75% last year to 81%, however did not achieve the target of 90%.
- Full compliance with building WOF requirements were met in 2025/26.
- There were no complaints from airport users or notifications from Civil Airways Corporation resulting in full compliance for this target.
- The percentage of customer survey respondents satisfied with public toilets decreased from 93% last year to 92% which achieved the target of 90%.
- The percentage of EPH tenancy survey respondents satisfied with their unit decreased from 100% last year to 98%.

Service Centres and Libraries

There are 7 performance measures for the service centres and libraries in the LTP 2025-34.

- Levels of satisfaction with contact regarding service requests being fast and efficient was 77% achieving the target of more than 75%, this is up on the previous year result of 74%.
- Satisfaction levels for the service being friendly and courteous dropped to under the target to 86%, although the satisfaction levels with how issues were dealt with effectively was up 4% to 74%.
- Satisfaction with initial contact with Council improved to 81%. 92% found the service was friendly and courteous similar to the previous year. And there was a minor decrease in how issues were dealt with to 71%.
- According to the customer survey, library users satisfied with the quality of services with 96% the same as the previous year.

Community, Economic and Strategic Development

There are 7 performance measures for the group in the LTP 2025-34, with 4 being achieved.

- The percentage of council administered documents in the policy and strategy register that are current and have been reviewed within specified timeframes has met target of 80%.
- The percentage of respondents who felt they are informed about Council Activities decreased to 67% from 71% in 2024/25 and did not achieve the target.
- The number of respondents who believed they had adequate opportunities to have their say in Council activities decreased to 63% from 80% the previous year and did not achieve the target.
- 95% of the grants budget were distributed to community organisations and the level of satisfaction with the community development focus was 67%. These are two new measures introduced in the LTP 2025-34.

Governance and Corporate Services

There are 4 performance measures for governance and business services in the LTP 2025-34 and 3 were achieved.

- The percentage of respondents satisfied with the performance of elected members increased from 51% last year to 57% in 2025/26.
- Council met target with no complaints regarding council's democratic processes upheld by the Ombudsman or Privacy commissioner. There were no complaints relating to privacy breaches.
- The adoption of the 2024/25 Annual Report missed the Statutory Deadline.
- No complaints have been upheld relating to the protection of individuals privacy when dealing with council.

Summary Financials for the year ended 30 June 2026

2024/25 Actuals $000	Summary Financials	2025/26 LTP Year 1 $000	2025/26 Actuals $000
	Summary Statement of Comprehensive Revenue & Expenses		
81,243	Total revenue	107,170	111,705
81,243	**Total Revenue**	**107,170**	**111,705**
71,198	Total Expenditure (excluding finance costs and valuation losses)	80,994	80,559
2,120	Finance Costs	4,309	3,084
73,318	**Total expenditure**	**85,303**	**83,643**
-	Tax Expense	-	-
7,925	**Surplus/(Deficit) before tax**	**21,868**	**28,062**
91,826	Total gains on asset revaluations	25,726	51,763
2	Gains (losses) on revaluation of sale of financial assets	-	-
99,753	**Total comprehensive income**	**47,594**	**79,825**
	Summary Statement of Changes in Equity		
1,154,748	**Opening Public Equity 1 July**	**1,163,995**	**1,254,500**
99,753	Total comprehensive income	47,593	79,825
-	Transfers	-	-
1,254,500	**Closing Public Equity 30 June**	**1,211,589**	**1,334,325**
	Closing public equity comprises of:		
478,004	**Accumulated funds**	**501,145**	**507,324**
776,497	**Revaluation reserve**	**710,444**	**827,000**
-	**Other reserves**	**-**	**-**
	Summary Statement of Financial Position		
1,254,500	Total ratepayers equity	1,211,589	1,334,325
	Represented by:		
21,380	Total current assets	38,895	43,988
1,297,143	Total non current assets	1,313,964	1,402,725
1,318,523	**Total assets**	**1,352,860**	**1,446,714**
	Less:		
31,389	Total current liabilities	10,762	39,230
32,635	Total non current liabilities	130,510	73,159
64,023	**Total liabilities**	**141,272**	**112,389**
1,254,500	**Net assets**	**1,211,589**	**1,334,325**
	Summary Statement of Cash Flows		
27,353	Net cash inflow (outflow) from operating activities	33,179	35,330
(51,751)	Net cash inflow (outflow) from investing activities	(75,134)	(67,389)
15,000	Net cash inflow (outflow) from financing activities	45,369	46,000
(9,398)	**Net increase (decrease) in cash and cash equivalents**	**3,414**	**13,941**
14,787	Opening cash 1 July	21,902	5,389
5,389	**Closing cash 30 June**	**25,316**	**19,330**

Notes to the Summary Financial Statements

The information included in this summary financial report has been extracted from Council's full audited Annual Report and authorised for use by the Chief Executive Officer on 28 October 2026. The full Annual Report was adopted by Council on 28 October 2026, and the full Annual Report and this summary received an unmodified audit opinion.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Central Otago District Council has designated itself as a tier 1 Public Benefit Entity (PBE) for the purposes of the PBE International Public Sector Accounting Standards (IPSAS). The information in this summary report has been prepared in accordance with PBE FRS 43: Summary Financial Statements.

The full financial statements comply with PBE IPSAS.

The accounting policies have been applied consistently to all periods presented in these financial statements. Council considers the carrying value of infrastructure assets reported reflect their fair value. The financial statements are presented in NZ dollars, and all values are rounded to the nearest thousand dollars ($000).

For information on the service performance judgements and assumptions, see pages 23-24 of the full Annual Report 30 June 2026.

The Council has prepared this summary financial report in order to provide users with a succinct overview of Council performance. Users of the summary financial report should note that the information contained therein cannot be expected to provide as complete an understanding as provided by the full Annual Report of the Council. Users who require additional information are encouraged to access Council's full Annual Report on our website www.codc.govt.nz.
Users who do not have access to the website can request a printed version from the following:

Central Otago District Council
PO Box 122
Alexandra 9340

Financial Summary

Council ended the year with an after-tax surplus of $28.062 million compared to the budgeted surplus of $21.867 million.

Revenue was $4.5M higher than planned. This is mainly due to rates income, subsidies and grants, fees and charges and other income. Planned income from development contributions and interest revenue were lower than expected. Development and financial contributions are received from developers as part of resource consent terms and are used to contribute to capital projects that have a growth impact, these contributions are dependent on developers. Interest revenue is due to lower-than-expected interest revenue as operating cashflows have been utilised before uplifting external debt, combined with lower market interest rates on term deposits and lower than expected income.

Overall expenditure for the financial year was lower than anticipated by $1.6M. Personnel costs are higher because direct staff expenditure was reclassified. The salary capital offset split between direct personnel costs and overhead costs. The $1.3M overhead portion was reallocated to other expenses. The depreciation variance reflects the 30 June 2025 fixed asset revaluations, which increased the value of the assets held by Council translating to higher depreciation. Finance costs are lower due to lower than expected external debt and utilising cash flows before uplifting external debt. The other expenses variance is mainly due to Cost of land sale variance of $3.198M, which is the result of the land asset sale not progressing as per LTP budget or forecast. The remaining variance is contributed by insurance expense, water supply contract expense, waste management cost, and salary capital offset split as discussed in personnel costs.

Capital expenditure is behind schedule with uncompleted work being rescheduled for the 2026/27 year. Projects that are underway are in a mixture of design and implementation planning, under construction or consenting stages.

Related Parties

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

During the 2026 financial year, Council incurred $1,557,590 of establishment costs in relation to Southern Waters. These costs have been recognised as an interest-bearing loan to Southern Waters Limited. Council resolved to act as lead authority for the establishment of Southern Waters pursuant to a Deed of Amendment and Cost Sharing, along with Deed of Accession with Clutha District Council, Gore District Council and Waitaki District Council.

Events Subsequent to Balance Date

Disclosures – 3 Waters

Future delivery of water services: Southern Waters Ltd

The Local Government (Water Services) Act 2025 establishes the enduring framework for the delivery of water services in New Zealand under the Government's Local Water Done Well programme. Under this framework, Central Otago District Council (the Council), together with Clutha District Council, Gore District Council and Waitaki District Council (the Shareholder Councils), has resolved to deliver drinking water,

wastewater and stormwater services through a jointly owned water organisation, Southern Waters Ltd (Southern Waters).

The Shareholder Councils' Joint Water Services Delivery Plan was accepted by the Secretary for Local Government on 3 October 2025. Waitaki District Council, which had withdrawn from the arrangement in July 2025, resolved to rejoin on 24 February 2026 and, following approval by the other three Shareholder Councils, adopted the Shareholders' Agreement, Constitution and Commitment Agreement on 14 April 2026.

Southern Waters is a council-controlled organisation under the Local Government Act 2002 and a water organisation under the Local Government (Water Services) Act 2025. Southern Waters Ltd was incorporated on 1 May 2026. There are two types of shareholdings:

- A Shares: (voting) Each Shareholder Council holds an equal shareholding and equal voting rights.
- B Shares: (non-voting) will be issued to Shareholding Councils on completion of their Transfer Agreement based on the principle of allocation proportional to the Net Asset Value of a Shareholding Council’s assets that have been transferred to the Company pursuant to the Transfer Agreement. The allocation of B Shares will be reviewed on the admission of any new Shareholding Council in line with this principle.

The company will be governed by an independent board, with shareholder expectations set and performance monitored through a Stakeholders' Representative Group comprising two representatives from each Shareholder Council, together with mana whenua and rural water representation.

Transfer of water services

Southern Waters is expected to assume responsibility for the delivery of water services across the four districts from 1 July 2027. Council's water supply, wastewater and stormwater assets are expected to transfer to Southern Waters on or about that date, together with associated liabilities, employees, contracts and other rights and obligations. The legislation prevents the privatisation of these assets, which will remain in public ownership through the Shareholder Councils' shareholdings.

The terms of the transfer agreement, the principle of allocation proportional to the Net Asset Value of a Shareholding Council’s assets will be transferred to the Southern Waters Limited. Net transfer will consider assets and liabilities that will be transferred. The consideration to be received by Council will be limited to the borrowings transferred to Southern Waters. This in turn will require cash reserves to be transferred from Council to Southern Waters (where in surplus), cash reserves that are in deficit will be treated as borrowings. These matters are being developed through a transfer agreement between the Shareholder Councils and Southern Waters and remain subject to negotiation, legislative requirements and, where applicable, approval by the Local Government Funding Agency and other lenders.

Effect on the Financial Statements

The financial statements have been prepared on the basis that Council continues to own and operate its water services assets at 30 June 2026. No adjustments have been made to the recognition, classification or measurement of assets, liabilities, revenue or expenses as a result of the proposed transfer.

Extracts from the Annual Report 30 June 2026 relating directly to water services activities are from page 181 in the full Annual Report 2025-2026.

Establishment costs

On 17 December 2025 Council agreed to act as lead council for the establishment of Southern Waters under a Deed of Amendment and Cost Sharing with Clutha District Council and Gore District Council.

Waitaki District Council became a party to the deed by Deed of Accession on 14 April 2026. Under the deed, Council funds all establishment costs of Southern Waters until the company is established and operational, and the Shareholder Councils share those costs in equal parts. The deed contains repayment events under which the other Shareholder Councils must immediately repay their pro-rata share to Council. The Shareholder Councils intend that the costs will ultimately be recovered from Southern Waters once it is established, but no agreement to that effect can be entered into until the company is incorporated. Establishment costs were estimated by Morrison Low at approximately $8.8 million. This estimate is indicative and actual costs may differ.

Council has incurred $1,557,590 of costs during the 2026 year in relation to the establishment of Southern Waters. These costs have been recognised as a loan to Southern Waters Limited and is interest bearing. This is included in the Statement of Financial Position as a Non-current asset under Other financial assets and note 13. Community loans.

Uncertainties

Significant uncertainties remain regarding:

- the final value and composition of assets and liabilities to transfer, and the accounting consequences for Council;
- the extent to which existing Council debt will be transferred, novated or repaid, and the impact on Council's borrowing capacity and compliance with financial covenants;
- the number of employees who will transfer to Southern Waters on terms satisfying the Schedule 1 exemption, and Council's resulting redundancy exposure;
- the financial impact on ratepayers of the transition from rates-funded water services to charges set by Southern Waters, which will be subject to economic regulation by the Commerce Commission;
- the impact on Council's remaining organisation, including shared services, overheads and staffing, once water services transfer;
- recovery of establishment costs funded by Council as lead council, should Southern Waters not be incorporated by 31 December 2026 or the project not proceed; and
- any changes to the timing of transfer or the composition of the Shareholder Councils.

The 2025–34 Long-term Plan was prepared on the assumption that water services would transfer to a jointly owned council-controlled organisation. Council's Annual Plan for 2026/27 reflects the planned transfer date of 1 July 2027. Council will consider these matters further in preparing its 2027–37 Long-term Plan.

Disclosure - Local government proposed reforms

In 2026, the New Zealand Government introduced the Head Start reform programme as part of its wider local government reform agenda (Simplifying Local Government). The programme provides a voluntary pathway for councils to propose alternative governance structures, including the potential establishment of unitary authorities, with the objective of simplifying local government, reducing duplication, and improving service delivery and regional planning. The Government has advised that wider structural reforms are expected to occur ahead of the 2028 local government elections.

Deloitte. for Identification

In addition, the Government has indicated that a backstop pathway will apply to regions that do not progress through the voluntary Head Start process. Under the backstop pathway, a compulsory reorganisation process would be applied, with further reform details and governance arrangements to be confirmed through legislation expected in 2027. The backstop reforms are intended to take effect following the 2028 local elections.

The Otago Mayoral Forum commissioned a report that detailed various options for the Otago region. During the process Waitaki District Council resolved to consider options outside the Otago region. Council submitted a Head Start proposal that would see Clutha District Council, Central Otago District Council and Queenstown Lakes District Council amalgamate. This was submitted jointly with Clutha District Council, but without the support of Queenstown Lakes District Council. Queenstown Lakes District Council and Dunedin City Council put in a Head Start proposal that would see Dunedin City Council and Clutha District Council amalgamate, and Central Otago District Council and Queenstown Lakes District Council amalgamate. This was submitted without the support of Central Otago District Council and Clutha District Council.

No Head Start proposal in the country has been approved through to the next stage. As announced on 24 September 2026, Cabinet is expected to consider these proposals in early 2027. If the proposals are endorsed by Cabinet, they will be developed in detail and considered for final approval later in 2027, with Head Start changes intended to be in place ahead of the 2028 local government elections.

The Council continues to monitor developments and assess any potential implications for its governance, operations, assets, liabilities, and service delivery. At balance date, the nature, timing, and financial implications of any changes that may affect the Council remain uncertain. Accordingly, no financial impact has been recognised in these financial statements, and as such they have been prepared on a going concern basis.

Disclosure – Otago Central Lakes Regional Deal

Otago Central Lakes councils and the New Zealand Government have signed a Regional Deal on Tuesday 6th October 2026. The Regional Deal is aimed at ensuring the region can keep pace with growth while remaining a great place to live, work and visit. The Deal creates a long-term partnership between local and central government to work together, alongside mana whenua and the private sector to better coordinate planning and investment over the next 30 years. Otago Central Lakes councils include the Central Otago District Council, Queenstown Lakes District Council and the Otago Regional Council.

The Deal is built around eight interconnected priority areas that will guide investment, decision-making and delivery across the region. Combined, these priorities enable the housing, infrastructure, services, investment, and partnerships required to support thriving communities across Otago Central Lakes.

The eight key priority areas

1. Funding and financing mechanisms to enable growth
2. Affordable, quality housing
3. Reliable transport
4. Provision of health services
5. Energy resilience and innovation
6. Attracting investment and talent
7. Enabling key sectors
8. Partnership for growth.

At balance date, the nature, timing, and financial implications of any changes that may affect the Council remain uncertain. Accordingly, no financial impact has been recognised in these financial statements, and as such they have been prepared on a going concern basis.

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Central Otago District Council's summary of the annual report for the year ended 30 June 2026

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

The summary of the annual report comprises the following information on pages 6 to 24:

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

Opinion

In our opinion:

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

Summary of the annual report

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

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2026 in our auditor's report dated 28 October 2026.

Our auditor's report on the full annual report includes an emphasis of matter paragraph drawing attention to note 29 of the financial statements in the full annual report, which outlines the uncertainty relating to potential future changes as a result of the local government reform.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

Other than in our capacity as auditor, we have no relationship with, or interests in, the Council.



Mike Hawken,
for Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand
28 October 2026



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DISTRICT COUNCIL

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