



**I, Matthew Lawson, Tumu Whakarae | Chief Executive, hereby give notice that
an Ordinary Meeting of Council will be held on:**

Date: Wednesday, 29 October 2025
Time: 9:00 am
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Ordinary Council Meeting

29 October 2025

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Benita Cairns, Cr Jeremy Harker, Cr Trevor Waikawa, Cr Michelle Tahuri, Cr Roslyn Thomas, Cr Sara Bird

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 CHAIRPERSON'S ANNOUNCEMENTS**
- 5 LATE ITEMS OF URGENT BUSINESS**
- 6 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 15.1 requests to speak must be made to the Chief Executive Officer at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

8 GENERAL ITEMS

8.1 QRS ANNUAL REPORT JUNE 2025

Author: Frances Manase, Kaiurungi Mana Ārahi | Governance Officer

Authoriser: Te Aroha Cook, Group Manager – Community Services and Development

Appendices: 1. QRS Annual Report June 2025 [↓](#)

PURPOSE

- 1.1. The purpose of this report is to present the Quality Roding and Services (Wairoa) Ltd (QRS) Annual Report for the year ended 30 June 2025.

RECOMMENDATION

The Kaiurungi Mana Ārahi | Governance Officer RECOMMENDS that Council receive the QRS Annual Report 2024/25 report.

1. BACKGROUND

- 1.1 The company's Board authorised the report, attached as Appendix 1, on 18 September 2025.
- 1.2 Representatives from QRS will attend the Council meeting to present the company's annual report.
- 1.3 The company's Annual Report was delivered to Council on 30 September 2025, within the deadline prescribed by s67(1) of the Local Government Act 2002. The report complies with LGA s67(2) to s69.
- 1.4 The final declared distribution of \$0.25 million was paid to Council on 30 September 2025.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.



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FOREWORD FROM THE MAYOR



Tēnā koutou katoa,

Quality Roading and Services (QRS) epitomises a by Wairoa for Wairoa approach.

Time and again, our communities are experiencing the benefits of having a locally owned contracting company with infrastructure and specialised staff on the ground looking after our people.

Wairoa is isolated, and in recent years, we have seen the impact of severe weather and flooding events. Each time we have been hit, QRS has been at the forefront, working with other local contractors, to do the best it can for our community.

QRS is a significant employer in our district, and it is inspiring to see the company employing local people, upskilling them, and

growing their capacity to meet employment requirements.

As a council-controlled trading organisation, QRS returns its profits to its owner, Wairoa District Council, and the community, in the form of dividends, sponsorship, and donations. These contributions help offset council-related expenses and directly support our ratepayers and community.

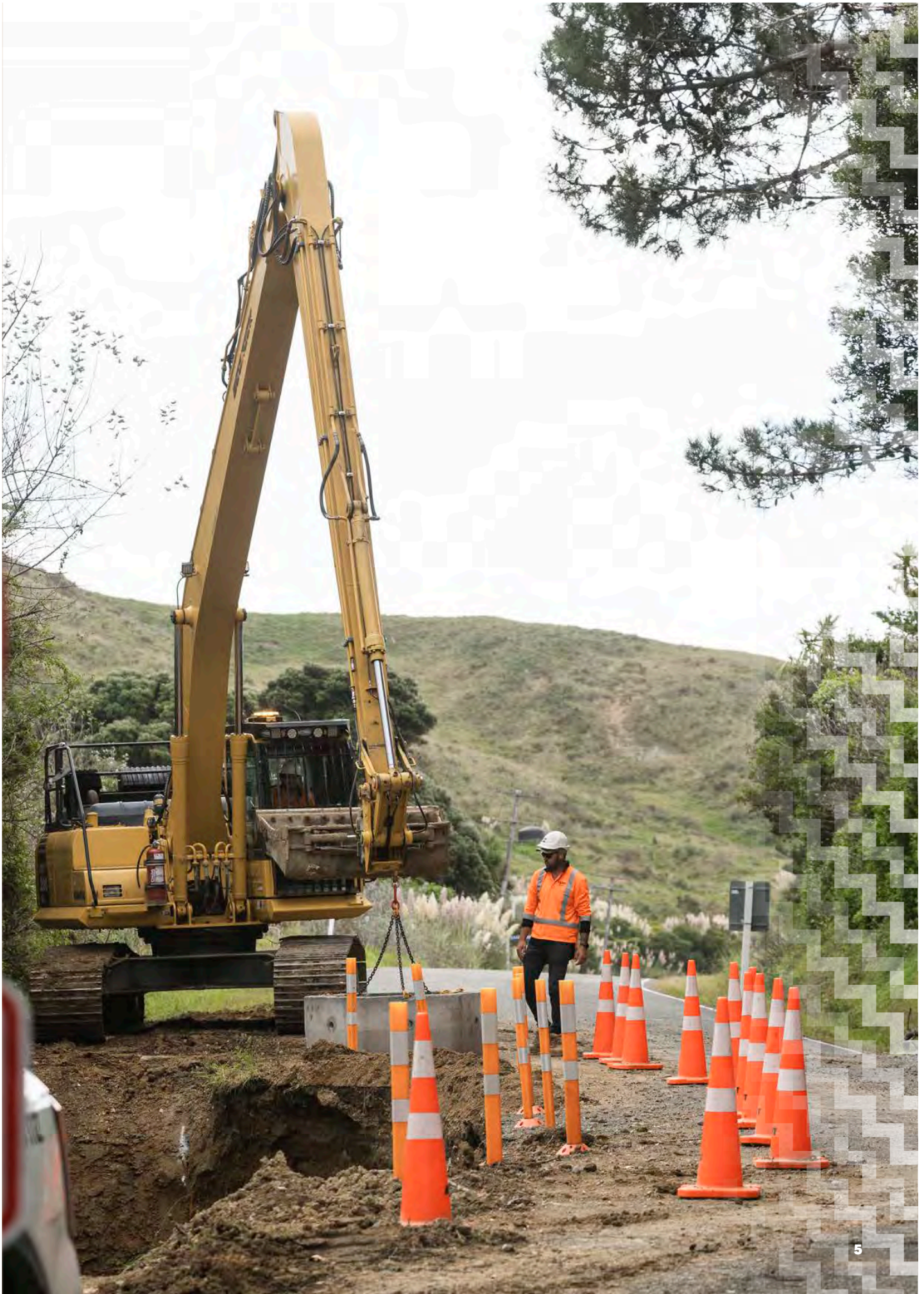
Over the past year, it has been encouraging to see QRS take on major contracts, such as project managing the construction of the new permanent Te Reinga Bridge, where additional expertise has been brought in to deliver the specialised components of the project. The company is also demonstrating an innovative approach through projects like EcoReef, an eco-friendly concrete block solution used for erosion control. It is reassuring to see QRS front-footing changes within the construction industry which is helping to future-proof the organisation.

A recent development has been growing aspiring directors through a QRS intern director programme. The programme aims to support potential directors by providing the experience of working with the QRS board and assisting in building a governance portfolio.

Diversifying into complementary businesses, growing local talent and supporting our community are cornerstones of QRS, and we look forward to watching the company continue to thrive.

Craig Little

Mayor, Wairoa District Council



YOUR COMPANY



Section 1 | Your Company

Section 2 | Our Community

A large, silver Kenworth truck is parked on a dirt road. The truck is facing the camera, showing its front grille, headlights, and bumper. The license plate reads "PPT222". The background features a grassy hillside and a wooden fence. A dark blue rounded rectangle is overlaid on the upper right portion of the image, containing white text.

As a multi award-winning civil construction company, we provide solutions and excellence across a range of infrastructure and roading solutions.

Section 3 | Our Services

Section 4 | Financial Report

CHAIR'S REPORT



Kia ora koutou,

It is my pleasure to present the 2025 Annual Report for Quality Roding and Services, Wairoa.

The company has had another successful year where we have met, or exceeded, all of our Statement of Corporate Intent measures.

In 2025, QRS transitioned from the reactionary clean-up and recovery works following Cyclone Gabrielle to a more typical pre-cyclone trading environment, focused on tendering and planned projects in a competitive market.

We have maintained disciplined tendering and cost management processes. Securing a contract is one measure of success; delivering it to specification, on time, and on budget is another. Our staff continue to excel in execution, ensuring repeat business with key clients such as Wairoa District Council (WDC) and NZ Transport Agency Waka Kotahi (NZTA).

The relationship with our owner, WDC, remains strong across governance, management,

and operational levels. This is a mature and respectful partnership, grounded in a shared vision for the district's future. I want to acknowledge the council's leadership during Wairoa's recovery from Cyclone Gabrielle and, more recently, the river mouth floods. A steady focus from the district's representatives has helped position our community for the next stage of development.

An initiative this year has been the introduction of an intern director position, in partnership with WDC. The purpose is to provide a Wairoa resident with a year-long opportunity to participate at board level, developing their understanding of governance and building the district's pool of future leaders. Our inaugural intern director, Fulton Storey, has already brought diversity of thought and valuable contributions to board discussions. Fulton is also benefitting from a training programme delivered by the Institute of Directors New Zealand.

Strategic partnerships remain a strength of QRS. We align ourselves with organisations that share our values and complement our capabilities. Our strategy and implementation partner Pivot & Pace, continues to help drive our planning process and goals. We have also partnered with Lattey Group to support the manufacture and supply of EcoReef.

Our collaboration with other contractors gives our customers access to specialist expertise and equipment. These partnerships will be instrumental in delivering complex remediation projects for Transport Rebuild East Coast. By pooling resources and technical skills, we can improve efficiencies and deliver high-quality outcomes for our clients.

This year we achieved Accredited Employer Work Visa status. This allows QRS to employ skilled migrant workers when no suitable Wairoa candidates are available. The programme is designed to prioritise New Zealanders while providing accredited employers with a streamlined process to fill genuine skill shortages. Where QRS cannot find skilled locals to fill gaps in our business we look forward to bringing overseas workers into the district to help grow capability and skill levels.

To our outstanding staff, thank you. Day after day, you tackle rugged terrain and all weather with skill, determination, and pride. You embrace every opportunity to upskill, strengthening your own future and that of your families and whānau, while driving the success of our company. You are the people who quite literally build Wairoa from the ground up, and your contribution leaves a lasting mark on our community.



Guy Gaddum

Chair, August 2025

CEO REPORT



Kia ora,

It's my privilege to present this year's annual report as chief executive of Quality Roading and Services (QRS).

We've delivered a solid result in a challenging environment. Revenue of \$38 million and a pre-tax profit of \$2.4 million were eased by the changing market compared with last year, but the figures remain ahead of our annual budgets. These numbers reflect a shift from handling large volumes of fast-paced emergency cyclone response work to managing greater numbers of scheduled contracts that are competitively tendered. Rising input costs have also played a part but we remain in good financial health and focused on long-term value for Wairoa and the wider region.

This year, we're proud to have:

- returned \$300,000 to Wairoa District Council (WDC)
- employed 138 staff, most of whom are local, and
- invested \$72,000 into community sponsorships, well above our \$50,000 target, supporting everyone from Wairoa JAB to the Hindu Association,

and supplying concrete to help rebuild Nuhaka School.

It's likely that every household in Wairoa has benefited in some way from QRS, whether it be through connecting communities with roads, providing a financial return to WDC, offering sponsorship, or creating local employment opportunities.

This year we've made significant progress expanding into complementary areas. Our investments in Bluck's Pit and EcoReef are starting to deliver. EcoReef in particular offers exciting potential. It's made from local concrete, which in turn comes from local aggregate. When used to protect our coastlines, bridge supports, and roads, EcoReef is part of a full-circle process that offers strong environmental and economic benefits. Bluck's Pit also brings returns to the local landowner.

We have won the contract to project manage the Te Reinga Bridge replacement, a milestone that proves QRS has the people and capability to lead complex projects. We're on track to open the bridge by Christmas.

Our new consortium with three like-minded companies from Hawke's Bay, Gisborne, and the East Coast, was created to provide smart and competitive solutions for recovery work in Tairāwhiti. By combining our skills, plant, and technical expertise, we're delivering remediation works while also ensuring that more of the economic benefit stays within our regions.

In other developments, thanks to a \$500,000 grant from Kānoa, we're upgrading our Kaimoana Rd depot to enhance our resilience to natural disaster events. This investment will

help minimise the impact on us, allowing us to maximise our response for the community.

We're also grateful to Te Puni Kōkiri, which has committed \$870,000 to help us upskill and train staff. This comes at a time when we're strengthening succession planning and offering clear pathways for staff to grow whether into leadership, operational, or technical roles.

Despite a slowing workflow, we've retained our full workforce and that's important as secure local jobs help Wairoa's future. Our safety culture also continues to improve, with the Switched On! campaign promoting strong behaviours on-site. Staff who go 'above the line' are now recognised at regular team meetings, reinforcing our commitment to safety.

This year we're proud of our Net Promoter Score (NPS) of 46. In plain terms, that means our clients trust us and are likely to recommend us. For a roading construction company, where high pressure and tight timelines can sometimes lead to complaints, a score in the 40s is excellent. We also gain valuable customer feedback on what's working and what we could improve.

In the coming year, a key focus will be re-securing our contract with WDC for unsealed road maintenance. This contract underpins our financial strength and secures employment for locals.

We also aim to play a role in:

- WDC's recovery works
- the Waikare Gorge bridge replacement
- the Wairoa Flood Mitigation project
- the Wairoa River bar resolution
- state highway maintenance contracting, and
- Tairāwhiti recovery work, with our consortium.

Wherever we can, we want local work done by local people. Every dollar that stays in the

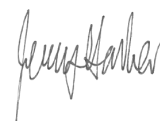
district multiplies its impact through wages, sponsorships, business growth, and more.

Thank you to everyone involved with QRS over the past year. We continue to receive strong support and trust from our shareholder, which enables us to focus on what we do best. I'm also grateful to QRS board directors for their guidance and strategic insight. It gives me and the senior leadership team the confidence to lead effectively, grow the business, and generate revenue.

And finally, most importantly, I want to thank our staff. In all conditions, our formidable team keeps this district moving: repairing and maintaining roads, building vital infrastructure, and managing drainage and earthworks.

Thank you for your dedication to this company and your community.

Ngā mihi,



Jeremy Harker

August 2025

By 2035 QRS is New Zealand’s preferred construction company connecting our people and our communities.



Vision
Connecting and growing our communities



Values
EQUALITY. PRIDE. RESPECT



Brand promise
Your people, your solution, you’re sorted.

Strategic Plan 2024-2035



Retain owner’s trust



Invest in staff



Diversify our services



Expand beyond Wairoa



A long-term, formal, enduring relationship with local iwi in action



Secured the supply chain for the concrete plant



Identified and recruited key capabilities

Measuring progress



Revenue



Profit



NPS or customer loyalty



Staff engagement



Staff numbers



Diversification

Your daily work and annual appraisal goals are the stepping-stones to achieving your division’s goals.
Your division’s goals are the stepping-stones to achieving QRS’s vision.

2024-2025 Business Plan

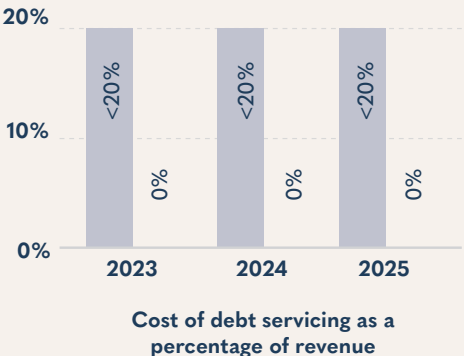
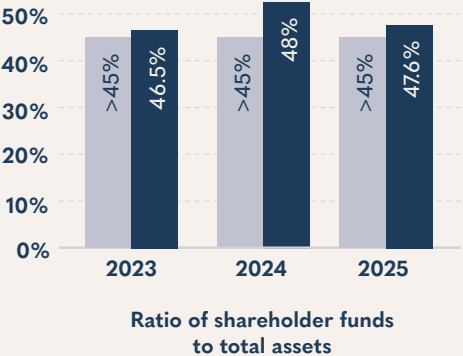
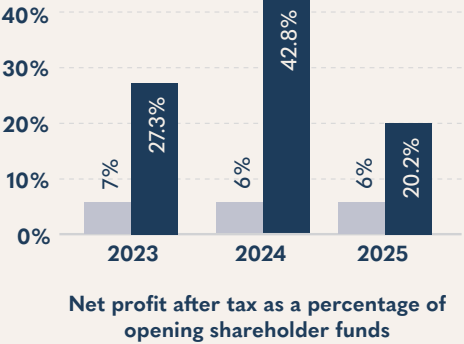
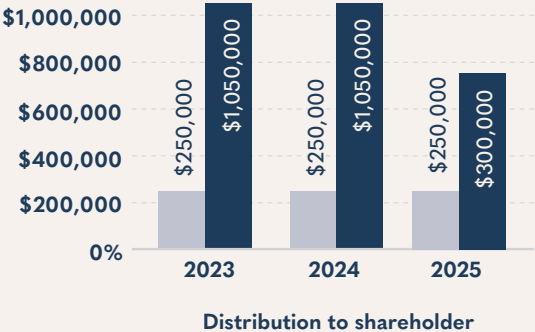
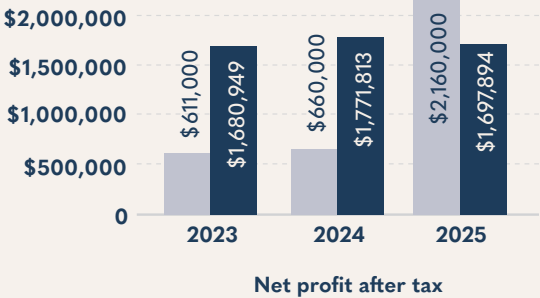
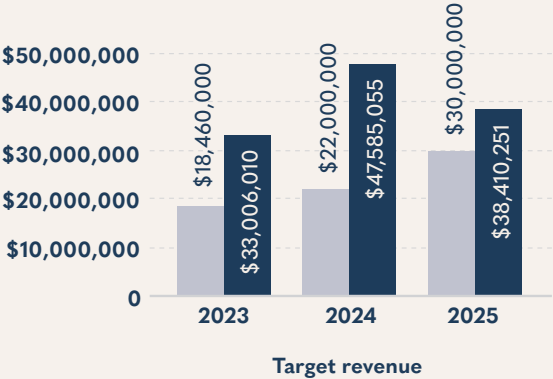


Focus areas	Strategic objective	Critical success factors	Key performance indicators
Shareholder relationship	Assist with Wairoa District Councils (WDC) goals	Achieve Statement of Corporate Intent targets	- Quarterly governance interaction with WDC 145 staff \$50,000 community sponsorship - Minimum pre-tax distribution \$250,000 - Ratio of shareholder funds to total assets >45% - NPS 30-40 0 complaints
Stakeholder relationship	Create opportunities through new relationships & enhancing existing ones	Relationships that add value to everyone	0 complaints 0 contractual non-compliance or non-conformance notices - NPS 30-40
People & capability	Grow capability Embrace change	Great people living our values	- Succession plans reviewed quarterly - Achieve performance & development targets - Staff engagement via Q12 survey >26% - Sub-contractors pre-qualified =100% 0 Collaboration Policy breaches - Quarterly staff turnover <15%

Focus areas	Strategic objective	Critical success factors	Key performance indicators
Financial performance & position	Grow financial performance	Achieve Statement of Corporate Intent financial targets	- Revenue \$30m - Pre-tax profit \$3m - Shareholder return on opening equity 6% - Secure 100% budget for following 3 months - Overheads 15% of revenue
Safety & wellbeing	Safety & wellbeing is embedded in company culture	Our people drive safety & wellbeing Everyone gets home safe & well	- Lost time injury frequency rate =0 - Medical treatment injury frequency rate =0 - Total recordable injury frequency rate =0 0 operator damage - Health & safety audits score >80% - Incidents reported within 24 hours 100% drug and alcohol free 0 unexplained staff absences 100% staff receive health check
Quality & environment	Achieve high level of quality & environmental performance	Retain existing ISO accreditations Reduce carbon footprint	0 abatement notices - Environmental audit scores >80% - Quality audit scores >80% - PACE scores >80% - Carbon footprint audit completed

Statement of Corporate Intent

Target
Actual





138
employees
(as of June 2025)

96
Wairoa

8
Mahia

1
Awamate

2
Cricklewood
Road

5
Iwitea

4
Mohaka

1
Nuhaka

1
Patunamu

3
Raupunga

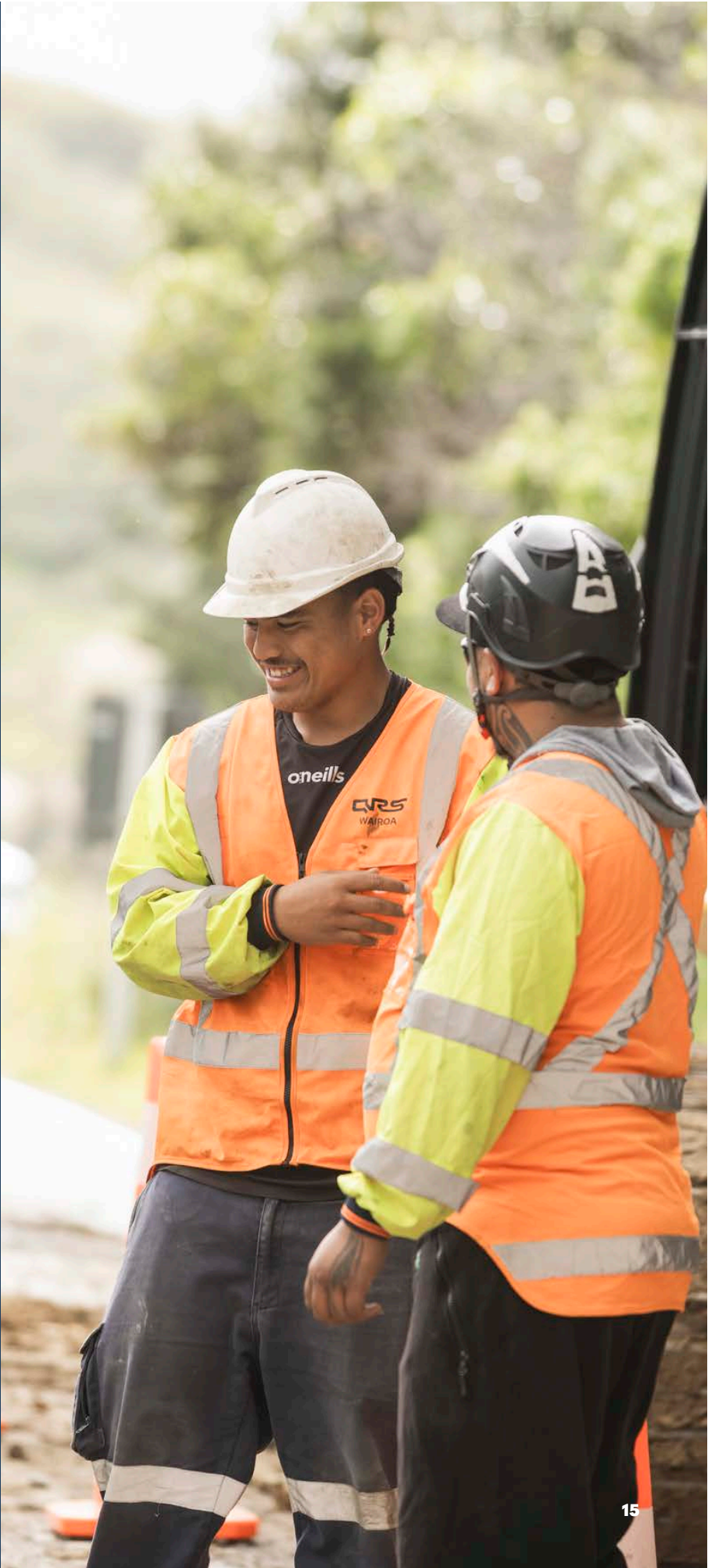
1
Tiniroto

6
Tuai

1
Waihua

1
Whakaki

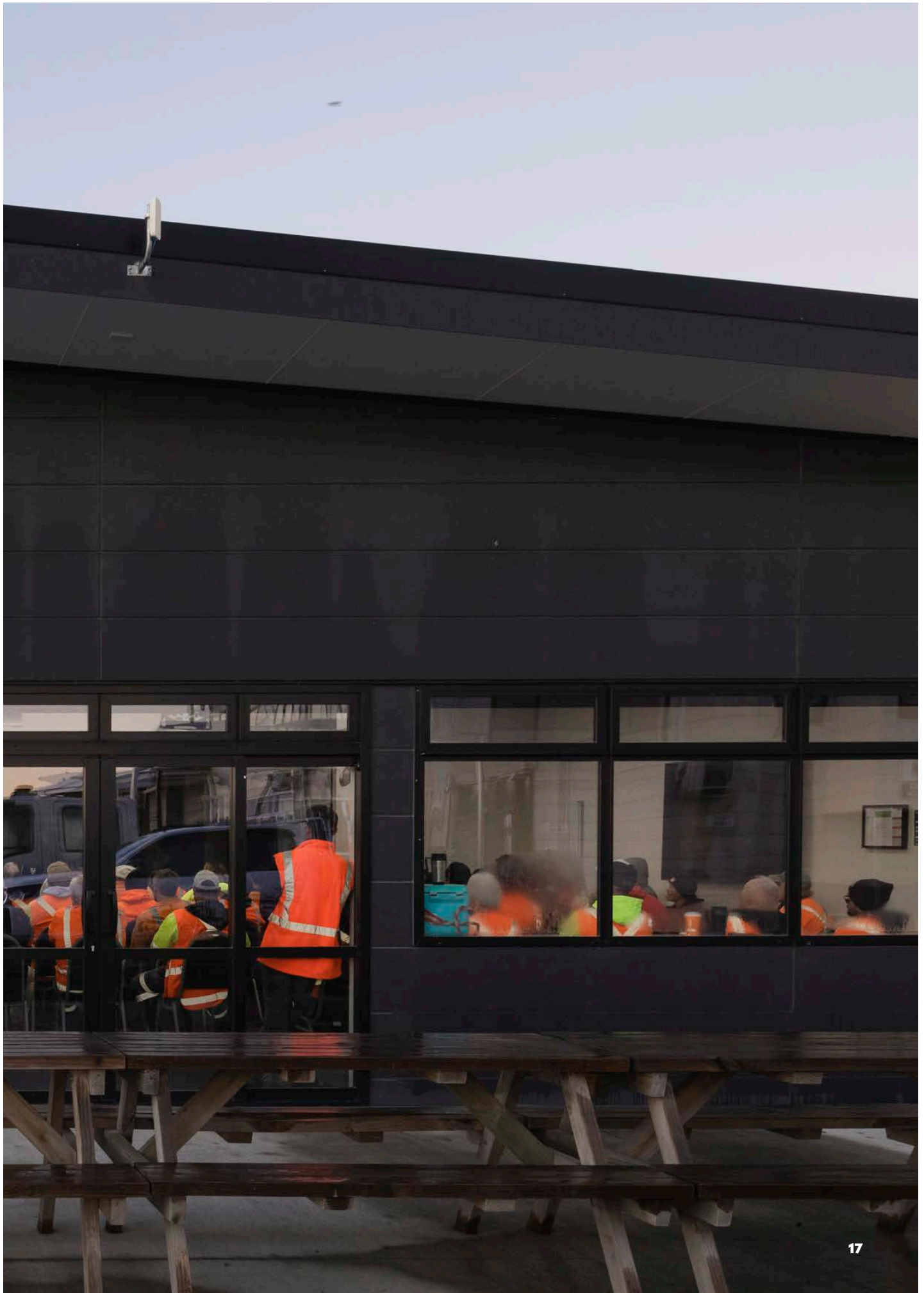
8
Frasertown



Meet our Site Supervisors

Our site supervisors are the backbone of our roading and civil infrastructure company. Across all our divisions they turn plans into action coordinating crews, managing safety, and ensuring quality work gets done on the ground, every day.





Construction division site supervisors Paul Reedy, Thomas Perston (now a project supervisor), Rob Ruru and Trevor Lange.





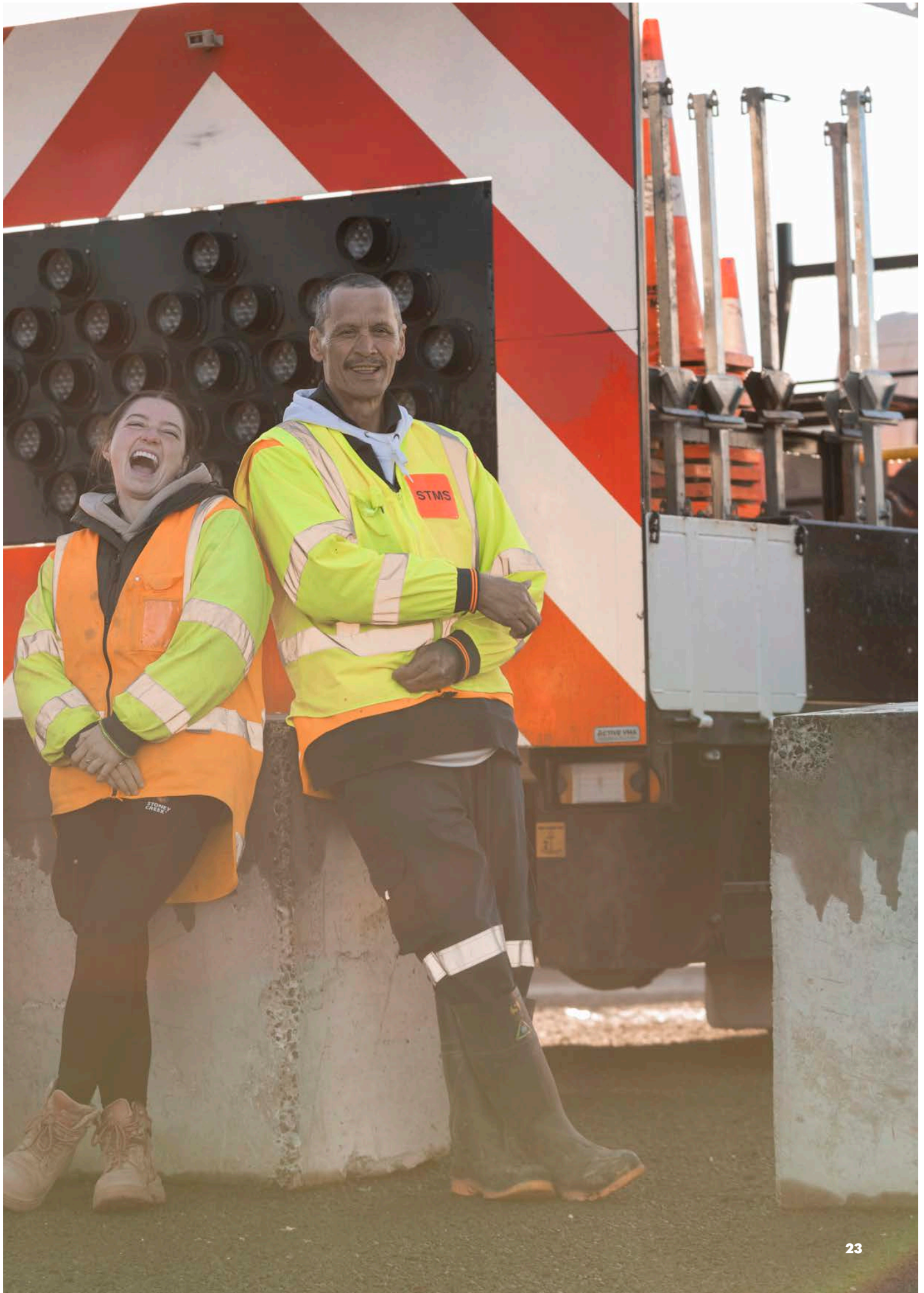
Routine maintenance site supervisors Jason Te Amo,
Stacey Pompey and Che Smith





Temporary traffic management site supervisors David McKenzie-Thompson, Isa Robertson, Jahnaka McIntyre, and Aaron Ruawai. Not pictured: Jaxon Ruawai and Atareta Smith.





Quarry manager John Davidson with construction site supervisors Morgan Simpson and Aaron Munro.



Routine site supervisors Ra-Tahi Robertson
and David Mildon.



Routine maintenance site supervisors Toots Rowlands, Kalaney Ruwhiu and Lewis Down.

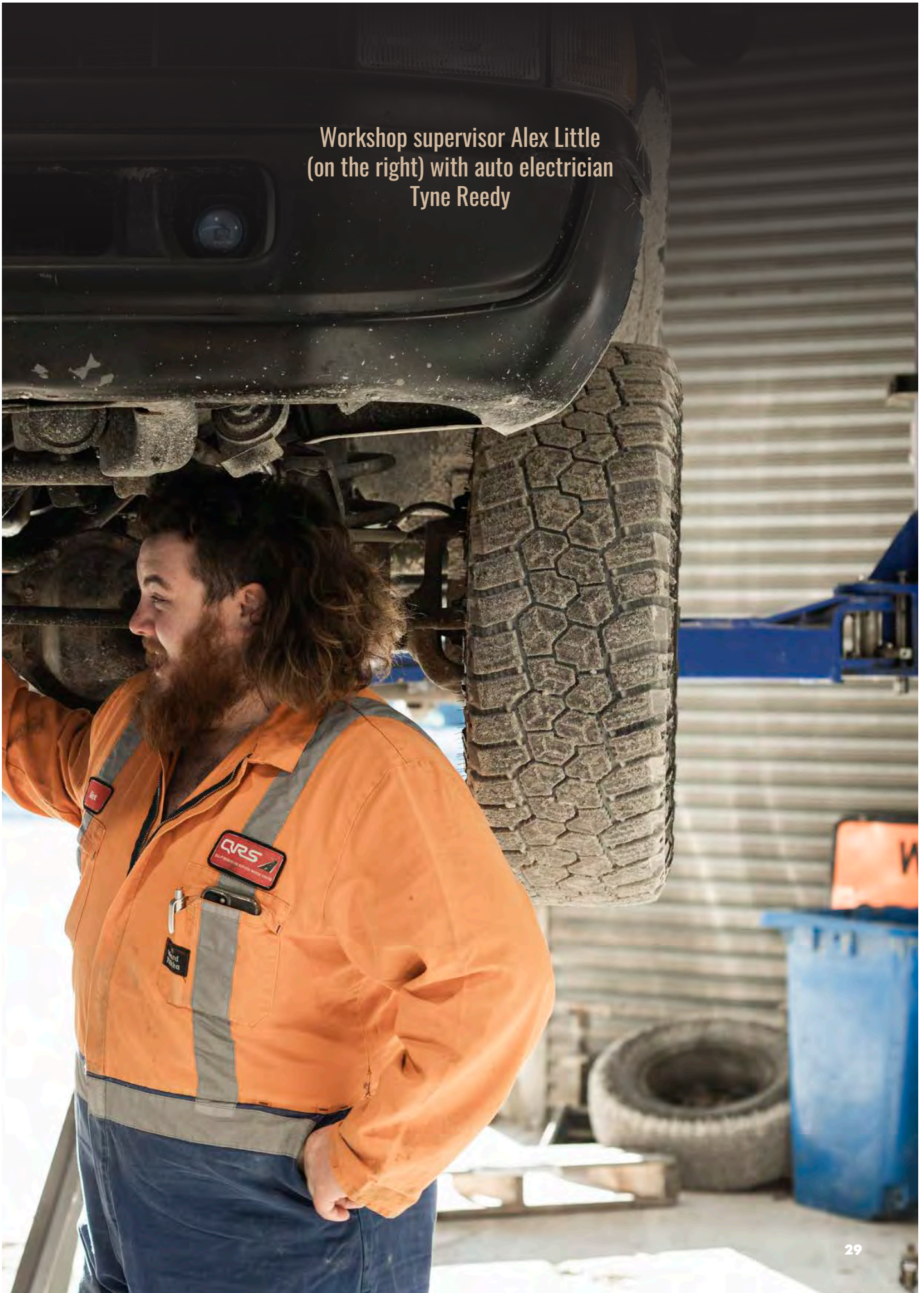






28

Workshop supervisor Alex Little
(on the right) with auto electrician
Tyne Reedy



Construction site supervisor Mohi Smith



30



Construction site supervisor Stephen Hooper

OUR COMMUNITY



Section 1 | Your Company

Section 2 | Our Community



We deliver returns to our owner Wairoa District Council while giving back to the community in sponsorship and support

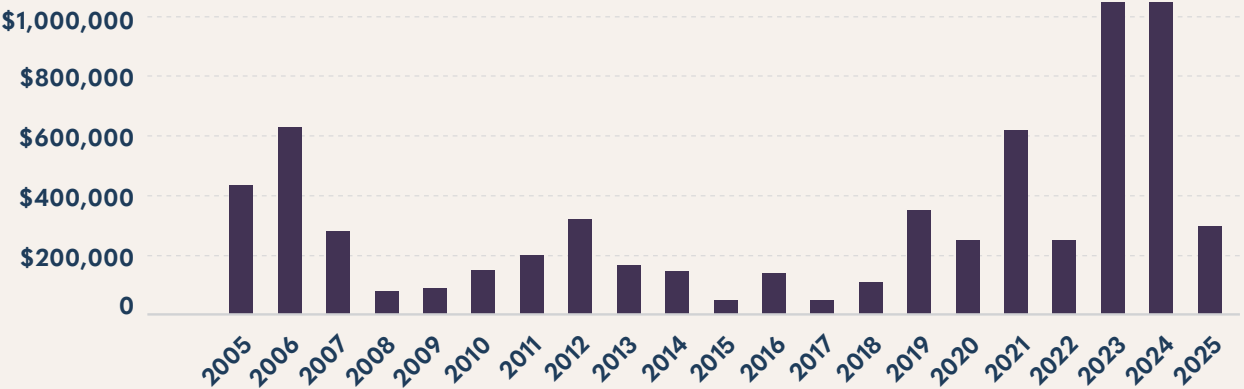
Section 3 | Our Services

Section 4 | Financial Report

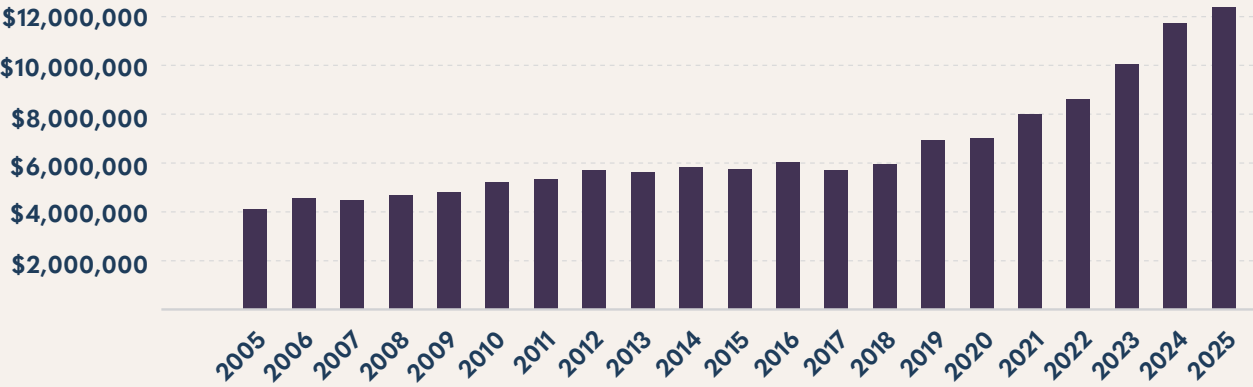
DECADES OF DISTRIBUTION

Quality Roothing and Services is 100 percent owned by Wairoa District Council. We’re known as a council-controlled trading organisation, and as such, we distribute a portion of our profit back to our owner. Over the past 20 years we have returned over \$7m back to WDC in distributions and over \$15m in total returns.

DISTRIBUTION



EQUITY GROWTH

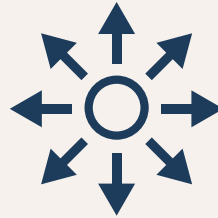


20 Years of Value



\$8,304,000

Equity growth



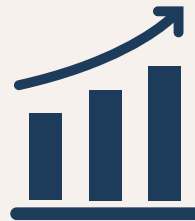
\$6,715,000

Distributions



\$15,019,000

Return to shareholder



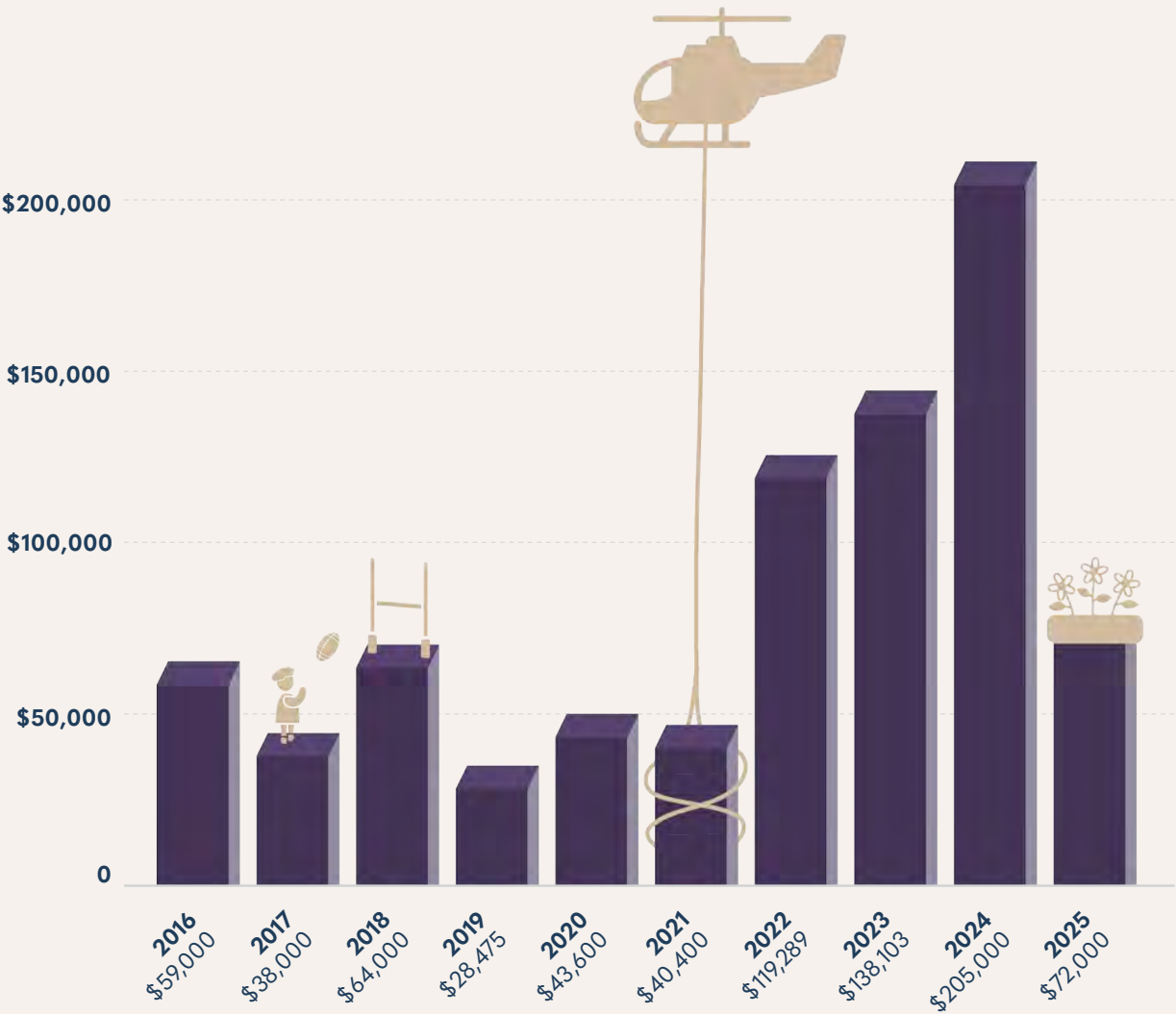
5.70%

Compound annual growth rate



SUPPORT THROUGH SPONSORSHIP

A thriving region exists only with the support of all who live and work in it. We love giving back to the community that supports our company and its staff. Since 2016 we have donated \$808,322 across hundreds of events and ventures in the areas of sports, rangatahi, rural activities, marae, and emergency response.

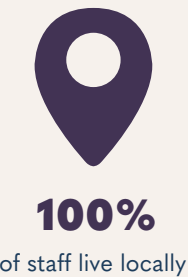
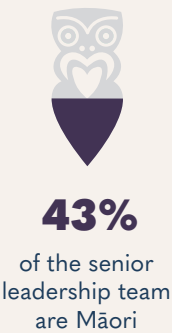
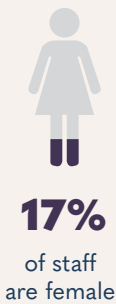
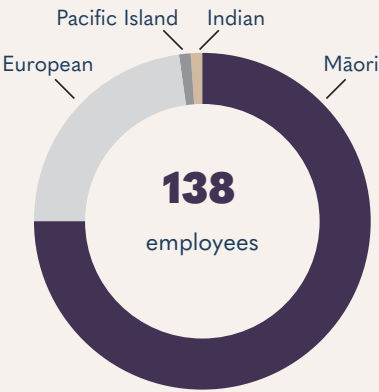




SOCIAL IMPACT

As a business with the community at heart, we’re striving to make a difference to people and the planet, alongside making a profit. We want to have a positive impact on the social, cultural, economic and environmental goals of every community we work in. Our owners, the public, and our customers expect it. And, it ‘s the right thing to do.

Our people



Our whānau



Training



333

licenses or qualifications, assessments passed by our staff



\$565,585

spent on training

Staff contribution



17%

of staff support local organisations and community projects



86%

of the senior leadership team support local organisations and community projects

Community contribution



\$72,000

in sponsorship



\$6m

spent with local suppliers and subcontractors



\$10.8m

paid in wages



\$300,000

distribution paid which translates to \$58 off the Uniform Annual General Charge for every ratepayer

Health



92%

drug test pass rate



100%

staff receive annual health check



180

days in a row with no lost time due to injuries



30%

of staff used QRS sponsored gym memberships

ENVIRONMENT CARE

We’ve made changes to better manage our environmental impact, particularly in response to the Resource Management Act and evolving best practices. Sediment and erosion control has been a focus.

Tools like silt fences, bunding, sediment traps, and stabilised site entrances are now more advanced and regularly monitored to reduce runoff and protect waterways. We’ve introduced drone technology to monitor site conditions and environmental effects.

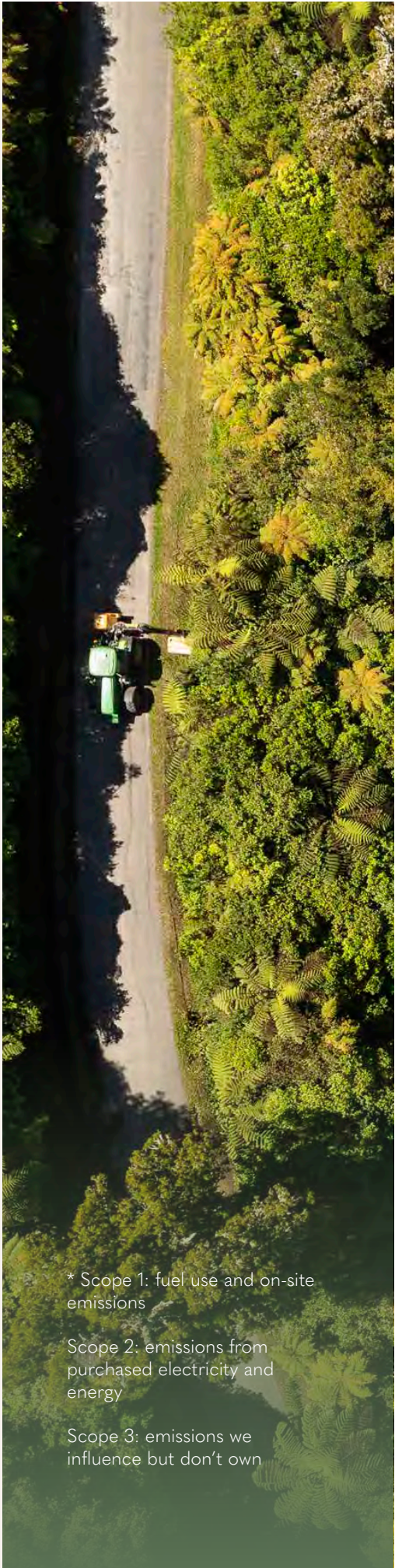
We’ve strengthened our internal carbon accounting to better track and manage emissions, enabling more accurate insights and reduction opportunities.

Greenhouse gas emission insight broken down by scope*

	Total emissions tCO ₂ e		
	2023	2024	2025
Scope 1	1,410	1,910	1,870
Scope 2	6	8	19
Scope 3	7,467	12,287	5,307

A focus is reducing emissions from cement (which contributes around 20 percent of our total footprint) by exploring low-carbon alternatives. We’re also engaging with high-emitting suppliers to support their reduction efforts. In addition, we’re reviewing driver efficiency to lower fuel use, emissions, and costs.

Our progress is thanks to a capable team. Business support manager Amanda Mogford helps monitor emissions. Health and safety manager Paul Eaglesome brings experience in process management. Ella Pegram, health, safety, environment, and quality officer, excels in technology, apps, and modelling. Work is bolstered by Bert Hooper who provides operations support and hands-on knowledge of plant and machinery, along with strong communication skills.

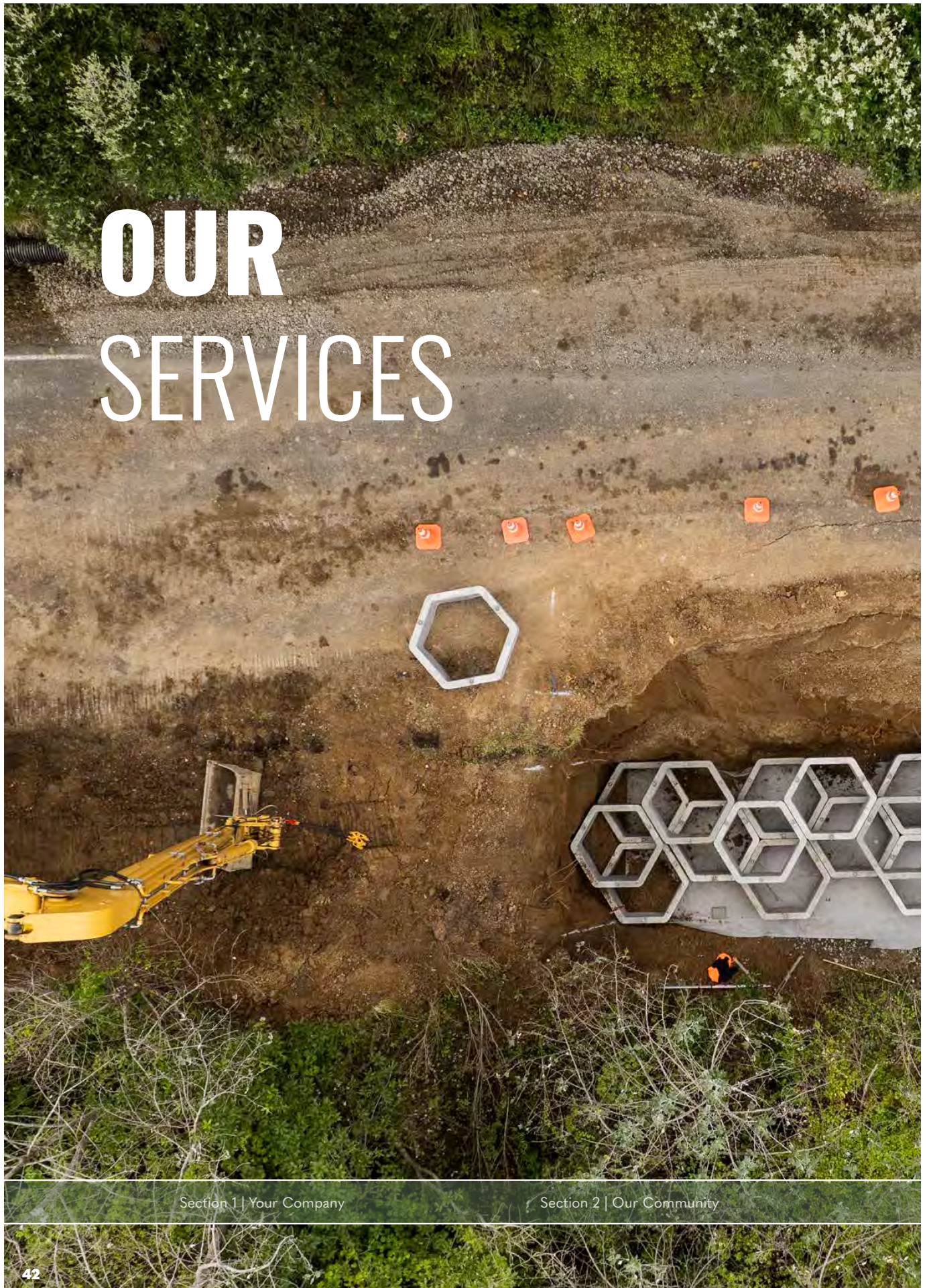


* Scope 1: fuel use and on-site emissions

Scope 2: emissions from purchased electricity and energy

Scope 3: emissions we influence but don't own







We offer a comprehensive range of solutions to our customers while providing economic support for our owner. Take a closer look into our 10 divisions.

Section 3 | Our Services

Section 4 | Financial Report

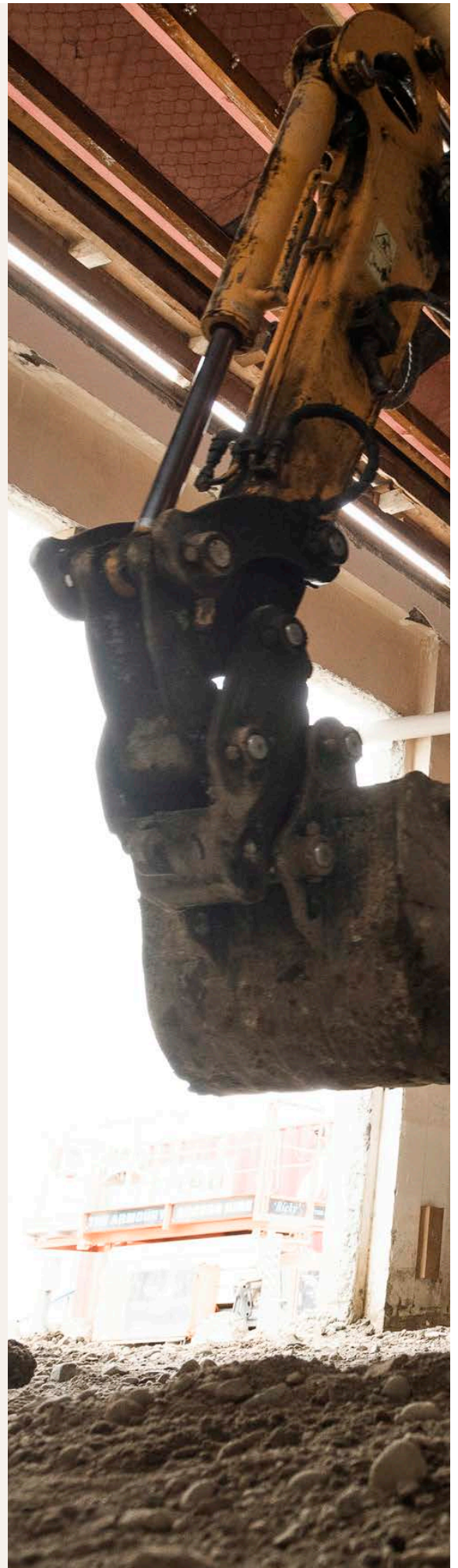
Construction

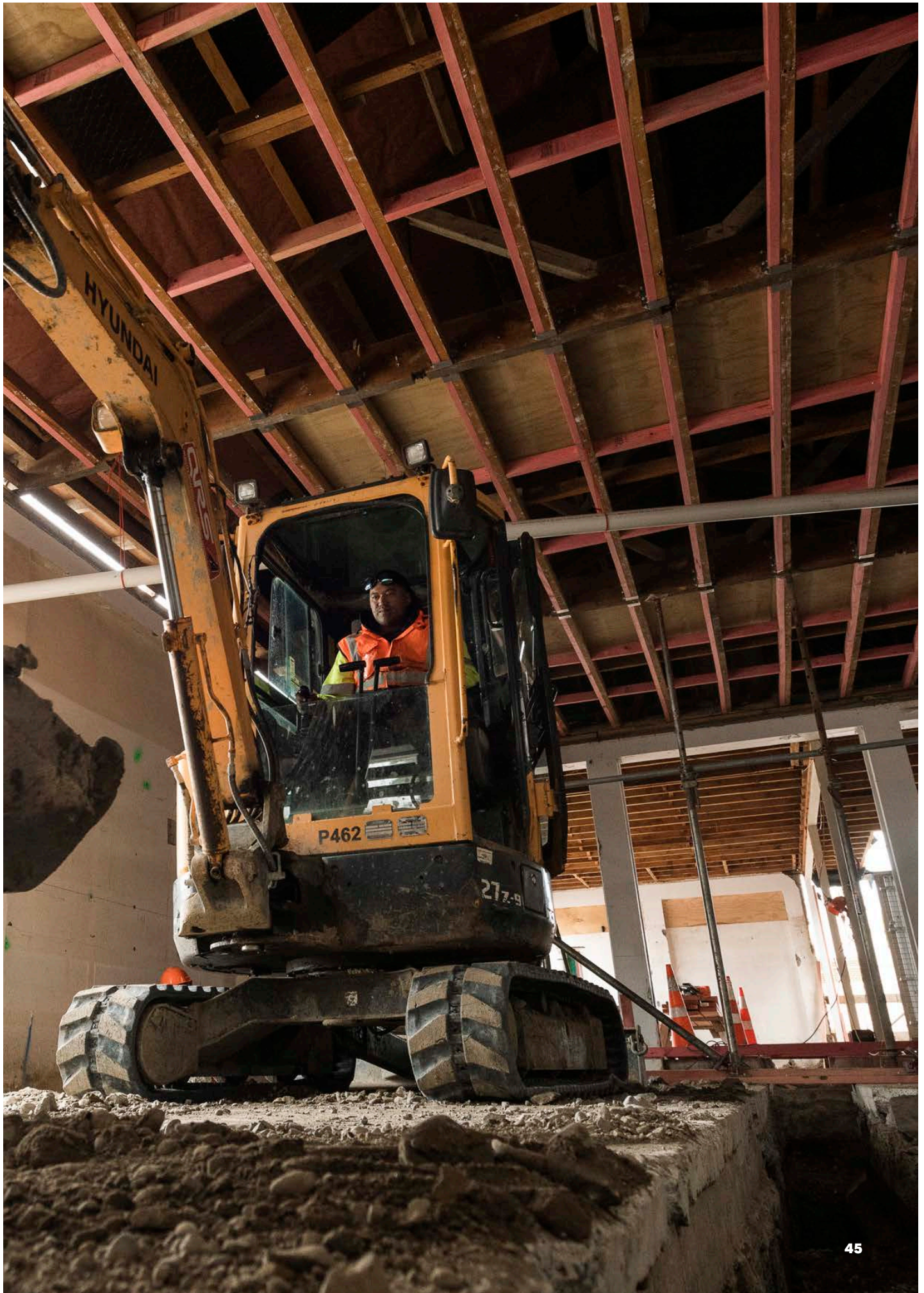
The size and scale of work delivered by our construction division reached new heights this year, culminating in project managing the Te Reinga Bridge replacement.

This milestone reflects the division's growth in capability and complexity of work. Around 45 staff are employed in the construction team, with most projects funded by Wairoa District Council.

Over the year, the team has delivered essential infrastructure work, including flood and silt cleanup in Wairoa township, road retreat works on Cricklewood Road, and mechanically stabilised earth retaining walls on Kotare and Tiniroto Roads.

In addition, the team contributed to community beautification projects, such as concreting around the lighthouse and site preparation and concrete work at the new Wairoa i-SITE.







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EcoReef

Launched in 2024, our EcoReef division represents a bold step in QRS's diversification strategy. Manufactured onsite since February, the hexagonal concrete EcoReef blocks provide a sustainable, efficient solution for erosion control.

QRS secured the license to produce and install EcoReef from Lattey Group, complementing our core strengths in quarrying and concrete manufacturing.

Our first installation in April was at a dropout site below Kaiuku Marae on Mahia East Coast Road. The team installed 135 blocks in just five days, three times faster than installation of a traditional gabion basket solution would have required.

Our four-person team currently produces up to 20 blocks per day. We look forward to upcoming installations on Mahia East Coast Road, and we're exploring opportunities to expand EcoReef sales and production into Gisborne and surrounding regions.

Concrete

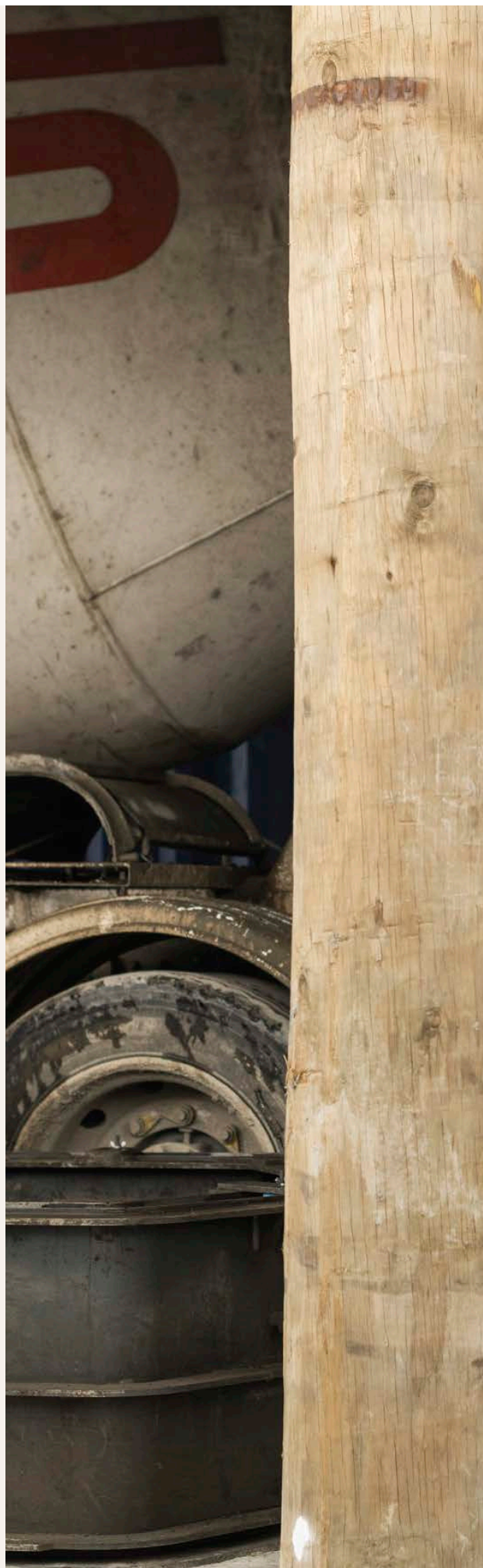
Our Kaimoana Road concrete plant has been supplying certified ready-mix concrete to the Wairoa community for three years. Batching around 300 cubic metres each month, the plant ensures local builders have access to a nearby supply of quality product.

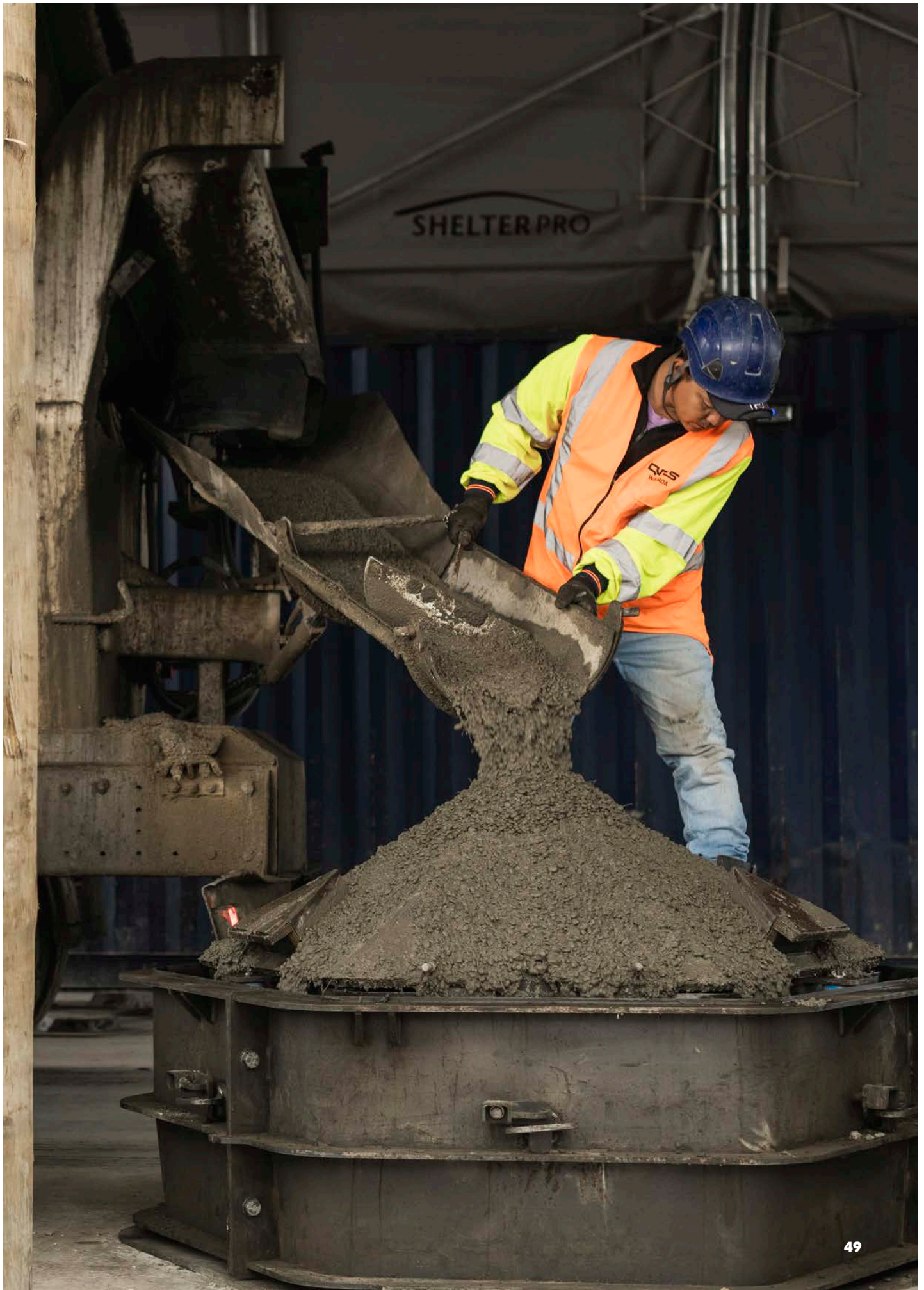
Using aggregate sourced from QRS-leased Bluck's Pit, our vertically integrated operation strengthens the company's long-term sustainability and control over quality.

To date, QRS concrete has been used in everything from urban driveways to major construction projects, including the subdivisions at Tihitihi Pā and Te Rauā. This year, 21 cubic metres of concrete was gifted to Nuhaka School to support its rebuild following Cyclone Gabrielle and subsequent flood damage.

The concrete division employs three fulltime staff, including a batcher, dispatcher, and driver.

This winter, our locally-made concrete is also playing a key role in the Te Reinga Bridge replacement and other major infrastructure projects, further demonstrating its reliability and value to the region.









Routine

The routine maintenance division is a critical part of our company's service to the region, with 51 staff dedicated to the upkeep and safety of our local unsealed roads.

This year, our team has delivered a wide range of services including grading, metalling, drainage, vegetation control, culvert and bridge maintenance, pavement repairs, stabilisation, sealing, pothole repairs, and detritus removal for the Wairoa District Council unsealed roads contract, and as part of our subcontract to Higgins for state highway work. We also provide a 24-hour emergency response service for WDC, and Higgins for state highway work.

Key work sites during the year included Waiaiti Valley Road, Mangaone Road, and Mahia East Coast Road, where the team completed heavy metal buildups. Significant drainage work was also completed on the highway network as part of our subcontracted work.

A key focus this year has been encouraging team leaders to drive performance improvements by finding one percent efficiencies across operations.

Many of our team members are continuing to advance through Connexis training, licensing, and competency programmes.

Temporary traffic management

The temporary traffic management (TTM) division has 28 staff, including a mix of experienced traffic management professionals and young people who are new to employment. Each team member works hard to ensure that everyone arrives home safely.

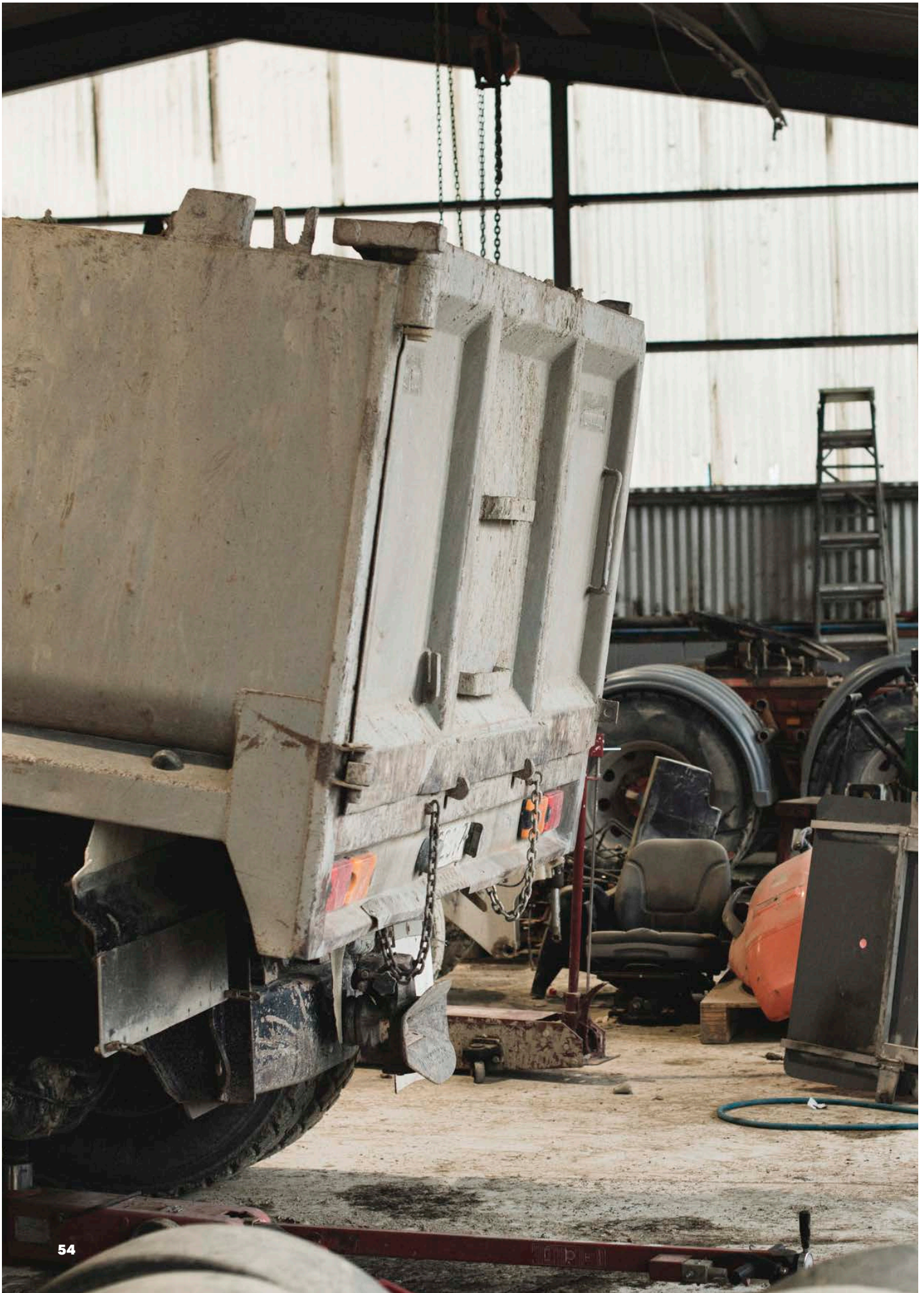
Over the past year, several team members have stepped into new roles or taken on additional training, strengthening our capacity and capability.

Work volume has been varied. The division was busy July to November, followed by a quieter period over summer, before levelling out again in recent months. During this time, we invested in our own traffic management truck, giving the team greater autonomy and flexibility on the job.

Looking ahead, the introduction of the New Zealand Guide to Temporary Traffic Management (NZGTTM) signals significant changes within the industry. Planning and upskilling for this shift is underway.









Workshop

Our in-house workshop has had a solid year, with four staff keeping the wheels turning for the company. The team is led by workshop manager Alex Little, with mechanics Glenn Bradley and Martin Beer, and auto-electrician Tyne Reedy who achieved his qualification this year.

A big improvement in the workshop has been the new mobile column lift. We can move it around as needed, which clears up space and helps us get better access to parts of the trucks. Jobs like pulling a gearbox from a six-wheeler now take half the time they used to.

With the company investing in newer gear, we're seeing fewer breakdowns, which lets us focus on more efficient servicing. We've also taken over regular servicing of company utes, keeping them in good shape and saving the company time and money. We still do a small amount of private truck work, but our main focus is keeping the QRS fleet running.

Quarries

QRS owns one quarry, Otoi, and leases two others, Kākāriki Quarry at Kotemaori and Nicholson's Quarry in the Putere area.

All three sites produce red metal, which is extracted, processed, and stockpiled during summer to ensure a consistent supply for QRS's unsealed roads maintenance contract with Wairoa District Council.

In the 2024–2025 year, 36,000 tonnes of aggregate were supplied and spread on local roads—equivalent to just over 1,630 truck and trailer loads.









Bluck's Pit

This year QRS became leaseholder of Bluck's Pit, a primary step in securing a sustainable supply of local aggregate for our concrete operations and civil works.

The five-year lease agreement with Nuhaka 2C2L2 marks the first time the landowners have partnered with a local company to manage quarry operations on the site, located 28km north of Wairoa.

Bluck's Pit employs four staff who extract and wash aggregate before it is transported for use at QRS's Kaimoana Road concrete batching plant.

The lease offers the opportunity to supply consistent quality product to QRS as well as across Tairāwhiti and Hawke's Bay. Future opportunities, including a proposed operator training centre offering new career pathways in quarrying and civil construction, are planned.

QRS and the Nuhaka shareholders have recently developed a consented clean fill disposal area within Bluck's Pit, providing added environmental and economic benefits for the wider region.

People and Capability

The People and Capability division manages staff, health and safety, and environmental work.

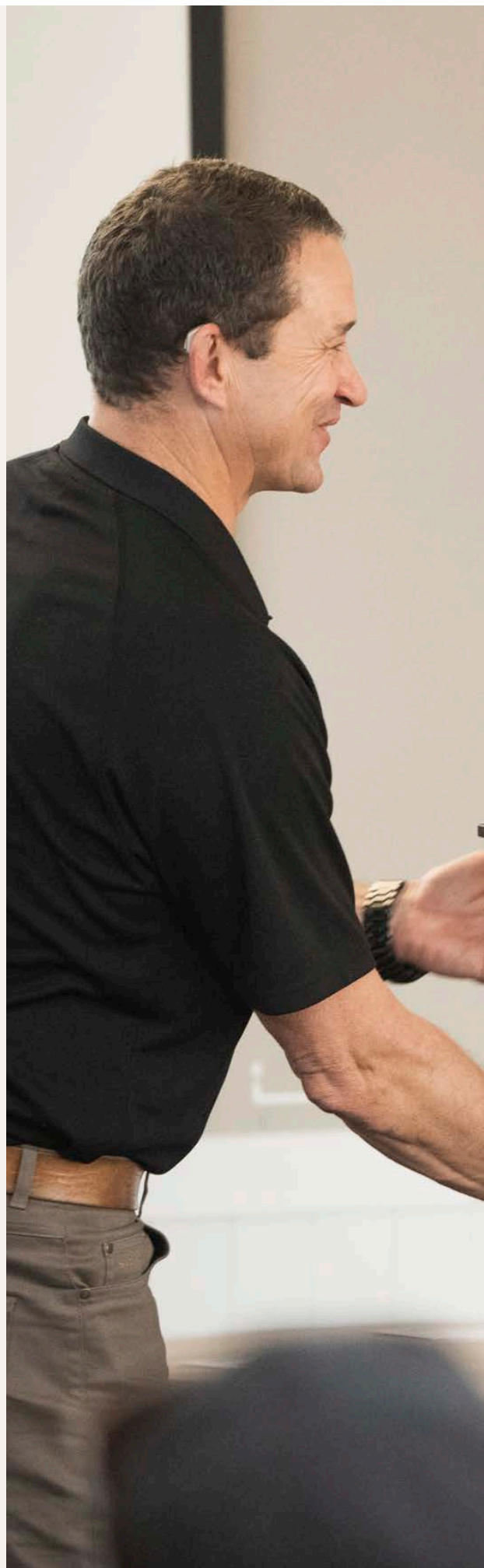
QRS staffing numbers have stayed steady at between 130-140 since last year, a testament to the company's commitment to staff retention during work ebbs and flows.

Over the past 12 months we have increased the number of staff going through professional development training and courses. Staff have earned endorsements in wheels, tracks, and rollers (11), and forklift operation (3). Three staff went through the Wairoa Young Achievers trust leadership course, and one completed a 21-day Outward Bound Course. Staff continue to work through licenses Classes 2-4.

Staff completed Connexis training with help from inhouse trainer Kemp Solomon, and administrative support from Nadia White.

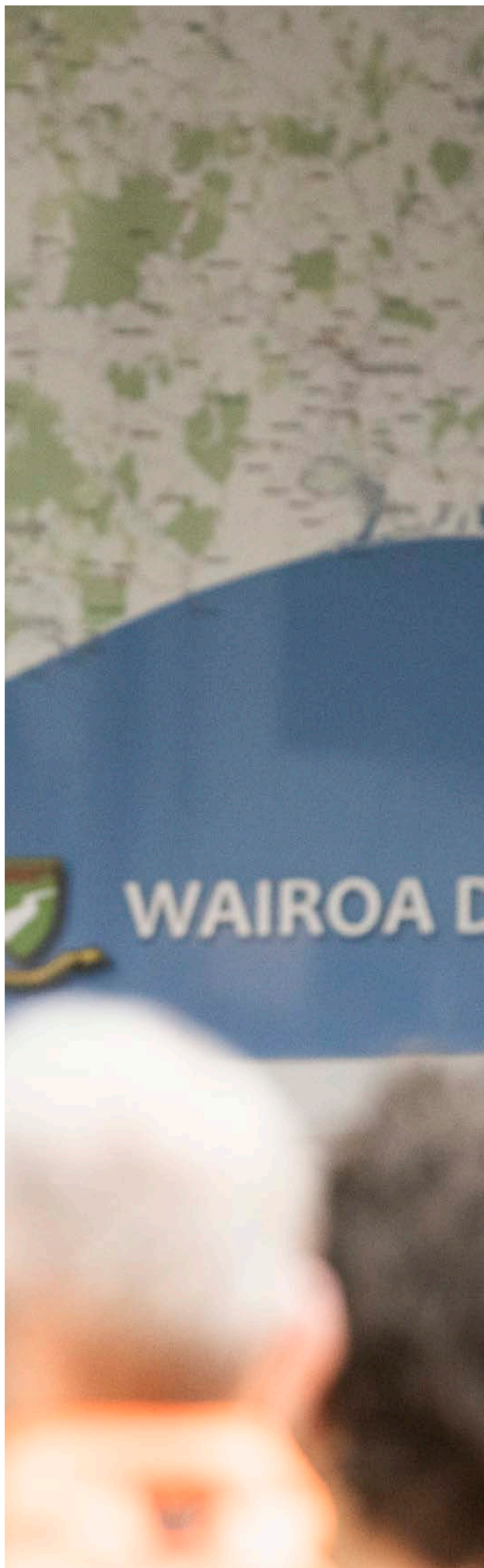
This year nine staff earned Level 3, and six staff earned Level 4, New Zealand Certificate in Infrastructure Works qualifications. Project supervisor Chris McGregor completed a Diploma in Civil Engineering while Trent Zeilstra, Quintin Baty and D'Magio Karangaroa, continue to work towards that qualification.

We have improved the way we care for the mental health and wellbeing of staff. Fifteen staff have completed the Mates4Life no-barriers suicide prevention training.









Corporate

Our corporate and administrative staff work behind the scenes managing cashflow, budgets, and offering business support.

We have benefited enormously this year as the team working with our chief financial officer has brought an analysis and investigation lens to potential business opportunities and the subsequent due diligence needed.

This year we introduced divisional financial briefings, helping our staff make marginal gains while reviewing business decisions.

Corporate staff also helped us restructure our equipment management by reintroducing our stores division as an internal hire centre. Now, divisions hire equipment through a formal process. The system improves scheduling for all projects and aligns with our one percent marginal gains process.

FINANCIAL REPORTING



Section 1 | Your Company

Section 2 | Our Community



Section 3 | Our Services

Section 4 | Financial Report

THE YEAR IN NUMBERS

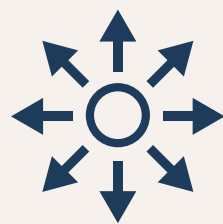
Quality Roding and Services’ strong results this year reflect financial stability and continued investment back into Wairoa and the wider community.



\$38m
revenue



\$2.4m
pre-tax profit



\$300,000
distribution



20.2%
return on shareholder funds

Statement of Comprehensive Income

for the year ended 30 June 2025

	Notes	2025 \$	2024 \$
Revenue	15	38,394,657	47,585,055
Cost of sales		(19,443,497)	(28,839,603)
Gross profit		18,951,161	18,745,452
Personnel expenses	2	11,503,099	10,580,299
Depreciation expense	3, 11	1,997,969	1,640,405
Administrative expenses		2,656,128	2,266,047
Other operating expenses	1	330,237	320,980
Total expenses		16,487,433	14,807,732
Operating profit before net financing costs		2,463,728	3,937,720
Financing income		20,601	22,966
Financing expenses		(153,684)	(221,111)
Net financing costs		(133,083)	(198,145)
Proceeds from insurance		47,727	580,573
Net proceeds from insurance		47,727	580,573
Profit before income tax		2,378,371	4,320,148
Income tax (expense)	10	(680,477)	(2,548,335)
Profit for the year		1,697,894	1,771,813
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,697,894	1,771,813

Statement of Changes in Equity

for the year ended 30 June 2025

	Notes	2025 \$	2024 \$
EQUITY AT BEGINNING OF THE YEAR		11,757,267	10,085,454
Profit for the year		1,697,894	1,771,813
Total recognised revenues and expenses for the year		1,697,894	1,771,813
Other comprehensive income		-	-
Total comprehensive income for the period		-	-
Dividends paid	9	(1,050,000)	(100,000)
EQUITY AT THE END OF THE YEAR		12,405,161	11,757,267

Statement of Financial Position

as at 30 June 2025

	Notes	2025 \$	2024 \$
ASSETS:			
Current assets			
Bank		804,897	661,128
Trade and other receivables	5	8,830,523	8,284,283
Inventories	4	1,450,112	1,029,367
Contract assets		585,592	718,151
Total current assets		11,671,124	10,692,929
Non current assets			
Intangible assets	12	49,480	56,572
Property, plant, and equipment	11	14,173,088	13,456,198
Right of use assets	3	161,299	257,980
Total non current assets		14,383,867	13,770,749
TOTAL ASSETS		26,054,991	24,463,678
EQUITY:			
Share capital	9	1,250,000	1,250,000
Retained earnings	9	11,155,161	10,507,267
TOTAL EQUITY		12,405,161	11,757,267
LIABILITIES:			
Current liabilities			
GST payable		(8,271)	693,712
Trade and other payables	6	5,046,247	2,629,605
Employee benefits	7	1,120,622	991,873

	Notes	2025 \$	2024 \$
Interest-bearing loans and borrowings	8	975,549	87,947
Lease liability	3	82,312	97,549
Taxation payable		340,959	870,464
Contract liabilities		1,130,060	1,386,370
Total current liabilities		8,687,478	6,757,520
Non current liabilities			
Employee benefits	7	138,688	66,834
Quarry aftercare provision	14	94,005	85,753
Interest-bearing loans and borrowings	8	3,795,321	4,731,984
Lease liability	3	90,013	172,327
Deferred tax liability	10	844,325	891,993
Total non current liabilities		4,962,352	5,948,891
TOTAL LIABILITIES		13,649,830	12,706,411
TOTAL EQUITY AND LIABILITIES		26,054,991	24,463,678

For and on behalf of the Board, who authorised the issue of these financial statements on 18 September 2025.



Director



Director

The accompanying accounting policies and notes form part of these financial statements.

Statement of Cash Flow

for the year ended 30 June 2025

	Notes	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		37,980,976	47,155,205
Financing income		20,601	22,966
Proceeds from insurance		47,727	580,573
Total cash provided		38,049,304	47,758,744
Cash was disbursed to:			
Payments to suppliers		21,902,583	32,851,653
Payments to employees		10,776,528	10,007,060
Payment of subvention		-	950,000
Taxes paid		1,257,649	647,562
Financing expense		153,684	221,111
Total cash applied		34,090,444	44,677,386
Net cash inflow from operating activities	13	3,958,860	3,081,358
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from sale of property, plant, and equipment		64,875	3,000
Total cash provided		64,875	3,000
Cash was applied to:			
Purchase of property, plant, and equipment		2,678,817	4,594,638
Purchase of intangibles		4,539	-
Total cash applied		2,683,356	4,594,638
Net cash outflow from investing activities		(2,618,481)	(4,591,638)

	Notes	2025 \$	2024 \$
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from loans and borrowings		12,397,199	10,962,596
Total cash provided		12,397,199	10,962,596
Cash was applied to:			
Payment of distributions		1,050,000	100,000
Repayment of loans and borrowings		12,446,260	9,751,170
Lease payments		97,549	117,976
Total cash applied		13,593,809	9,969,146
Net cash inflow from operating activities		(1,196,610)	993,450
Net decrease in cash held		143,768	(516,830)
Add opening cash and cash equivalents		661,129	1,177,959
Closing cash and cash equivalents		804,897	661,128
CASH BALANCES IN THE STATEMENT OF FINANCIAL POSITION		804,897	661,128

The accompanying accounting policies and notes form part of these financial statements.

Statement of Performance Measures

for the year ended 30 June 2025

	2024		2025	
	\$		\$	
Specific measures of performance stated and defined within the Statement of Intent are:				
	Target	Actual	Target	Actual
Target revenue	\$22,000,000	\$47,585,055	\$30,000,000	\$38,410,251
Net profit after tax	\$660,000	\$1,771,813	\$2,160,000	\$1,697,894
Shareholder distribution forecast	\$250,000	\$1,050,000	\$250,000	\$300,000
Net profit pre-tax of opening shareholder funds	6%	42.8%	6%	20.2%
Ratio of shareholders funds	>45%	48%	>45%	47.6%
Cost of debt servicing/revenue	<20%	0%	<20%	0%

A positive working capital ratio has been maintained throughout the year.

**Distributions to the shareholder consists of the following:
\$50,000 dividend declared and paid in February 2025.
\$250,000 dividend declared in September 2025 and expected to be paid in September 2025. Refer note 19.*

*** Distributions to the shareholder consists of the following:
\$50,000 dividend declared and paid in February 2024.
\$1,000,000 dividend declared and paid in September 2024.*

Statement of Accounting Policies

for the year ended 30 June 2025

Reporting Entity

Quality Roothing and Services (Wairoa) Limited ('QRS' or 'the Company') is incorporated and domiciled in New Zealand and is wholly owned by Wairoa District Council. The Company is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002.

The principal activities for the company are roading maintenance and construction, quarrying, heavy transport, traffic management, concrete batching, and civil construction within the Wairoa district and wider East Coast region.

Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and the requirements of the Companies Act 1993, Financial Reporting Act 2013, and the Local Government Act 2002. The financial statements have also been prepared on a historical cost basis except where specifically provided for within these accounting policies. The financial statements are presented in New Zealand dollars.

Where necessary, certain comparative information has been reclassified to conform to changes in presentation in the current period.

Statement of compliance

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards (IFRSs) and other applicable financial reporting standards, as appropriate for profit-oriented entities in Tier 2 (NZ IFRS reduced disclosure regime). The company is eligible to report in accordance with Tier 2 for profit accounting standards on the basis that it does not have public accountability and is not a large for profit public sector entity.

Changes in accounting policies

All accounting policies are consistent with the prior year.

Accounting policies

The following particular accounting policies which materially affect the measurement of results and financial position have been applied.

a) Revenue

Revenue recognition

QRS is in the business of providing road maintenance and construction, concrete batching and sale of aggregate. Revenue from contracts with customers is recognised when control of the physical work completed on the client's asset or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of aggregate

Revenue from sale of aggregate is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the aggregate. The normal credit term is 30 to 60 days upon delivery.

Variable consideration

QRS does not enter into variable consideration arrangements nor provide any volume rebates. In addition, there are no financing components or warranty obligations beyond normal retentions held by the customer for road construction projects.

b) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

c) Goods and services tax (GST)

The financial statements have been prepared exclusive of goods and services tax with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax, it is recognised as part of the related asset or expense.

d) Employee benefits

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave, and retirement gratuities. The provision for sick leave is based on the additional amount that the company expects to pay as a result of the unused entitlement that has accumulated at balance date.

The provision for gratuities is based on the number of weeks the employee will be paid at retirement, the expected pay rate along with the probability of the employee still being employed by QRS at retirement age.

The provision for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Expected future payments for gratuities and long service leave are discounted using market yields at the reporting date.

Defined contribution pension plan obligations are recognised as an expense in the Statement of Comprehensive Income as incurred.

Government subsidies which compensate the Company for expenses incurred are recognised in the Statement of Comprehensive Income. Subsidies are recognised when they have been used to compensate expenses in a period.

e) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time, value of money and, where appropriate, the risks specific to the liability.

While discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost.

f) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

g) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently at amortised cost less an allowance for any uncollectable amounts. The Company assesses impairment losses by estimating the expected credit loss that may exist within its portfolio of accounts receivable based on its historical experience of credit loss arising from accounts receivable.

A trade receivable represents the company's right to an amount of consideration that is unconditional (ie only the passage of time is required before payment of the consideration is due).

h) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

i) Inventories

Inventories are valued on the basis of the lower of cost, determined on a weighted average method, and net realisable value.

j) Property, plant, and equipment

Property, plant, and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major

inspection is performed, its cost is recognised in the carrying amount of the property plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred. There are six classes of property, plant, and equipment:

- 1. land
- 2. quarries
- 3. buildings
- 4. plant and machinery
- 5. fixtures, fittings, and equipment
- 6. computer hardware.

The carrying values of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised in the Statement of Comprehensive Income in other operating expenses.

k) **Depreciation**

Depreciation is calculated to allocate the cost less estimated residual value of property, plant, and equipment over their estimated useful lives.

Depreciation is provided on a straight line basis on buildings and quarries. Land is not depreciated.

Plant and machinery, fixtures, fittings and equipment, and computer hardware are depreciated using the diminishing value method. The rates for major classes of assets have been estimated as follows:

1. quarries	(3.3% straight line)
2. buildings	(3.3% straight line)
3. plant and machinery	(20% diminishing value)
4. fixtures, fittings, and equipment	(20% diminishing value)
5. computer hardware	(48% diminishing value)
6. right of use asset	(Straight line over the term of the underlying asset).

Depreciation is calculated on a monthly basis from the date of acquisition. The assets’ useful lives, residual values, and depreciation method are reviewed at least every financial year.

l) **Intangible assets**

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to all classes of intangible assets.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised. The amortisation of the software class of intangible assets has been estimated at 20-48 percent diminishing value, depending on the nature of the software.

m) Statement of cash flows

Operating activities include cash received from all income sources of the Company and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets. Financing activities comprise the change in equity and debt capital structure of the Company.

n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by considering any issue costs, and any discount or premium on settlement.

o) Trade and other payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the end of the financial year that are unpaid and arise when QRS becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

p) Joint arrangements

The Company exited its joint arrangement with Wi Pere Trust at the Tangihanga Quarry on 24 June 2021.

The Company is obliged to maintain the resource consent conditions until the earlier of 30 June 2024 or the date on which the area and operations as covered by the consents are used or occupied by any person other than QRS.

q) Significant accounting judgements, estimates, and assumptions

Quarry aftercare

A provision has been made for the present value of anticipated costs of future restoration of quarry sites. The provision includes future cost estimates associated with quarry aftercare. The calculation of this provision requires assumptions such as application of environmental legislation and life of metal extraction from each quarry site. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the Statement of Financial Position by adjusting both the expense or asset (if applicable) and provision.

r) Contract assets and contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the company performs, under a contract, by transferring goods or services to a

customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

s) Subvention payments

A subvention payment is where an organisation with a taxable profit makes a cash payment to an organisation that has tax losses in exchange for those tax losses. The organisations must have some commonality of ownership. QRS is wholly owned by the Wairoa District Council which enables the entities to engage in subvention payments.

The provision for a subvention payment has been recognised in the Statement of Comprehensive Income as an expense.

t) Right of use assets and lease liabilities

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Right-of-use assets and lease liabilities are presented separately in the Statement of Financial Position. Depreciation of right of use assets is included in depreciation in the Statement of Comprehensive Income. The cash outflows related to the principal portion of the lease liability and the related interest are presented within the Statement of Cashflows.

Notes to the Financial Statements

for the year ended 30 June 2025

	2025 \$	2024 \$
1 OTHER OPERATING EXPENSES		
Auditors remuneration including disbursements	97,468	92,283
Directors' fees	170,713	162,884
Impairment of trade receivables (bad and doubtful debts)	30,074	-
Loss on disposal of property, plant, and equipment	(40,488)	34,472
Gain on disposal of property, plant, and equipment	36,257	(1,512)
Amortisation of intangibles	11,631	14,013
Lease payments - rental costs	24,582	18,840
Total other operating expenses	330,237	320,980
2 PERSONNEL EXPENSES		
Wages and salaries	10,776,528	10,007,060
MSD Apprenticeship Boost Funding	-	(1,150)
Long-service leave	78,696	10,449
Sick leave	351,262	282,900
Gratuities	100	2,479
Contribution to defined contribution plans	296,513	278,562
Total personnel expenses	11,503,099	10,580,299

	2025			2024		
	\$			\$		
	Right of use-office equip	Right of use-vehicles	Total	Right of use-office equip	Right of use-vehicles	Total
3 RIGHT OF USE ASSETS						
Cost						
Balance at 1 July	35,532	730,579	766,111	26,791	730,579	757,370
Increases	-	-	-	8,741	-	8,741
Balance at 30 June	35,532	730,579	766,111	35,532	730,579	766,111
Depreciation						
Balance at 1 July	21,637	486,494	508,131	18,428	369,305	387,733
Depreciation for the year	3,471	93,210	96,681	3,209	117,189	120,398
Balance at 30 June	25,108	579,704	604,812	21,637	486,494	508,131
Carrying amounts						
At 1 July	13,895	244,085	257,980	8,363	361,274	369,637
At 30 June	10,424	150,875	161,299	13,895	244,085	257,980
LEASE LIABILITY						
Balance at 1 July	269,876			379,109		
Lease payments	(108,013)			(134,763)		
Interest applied to leases	10,462			16,789		
Lease modification	-			8,741		
Balance at 30 June	172,325			269,876		
Made up of						
Current	82,312			97,549		
Non current	90,013			172,327		
Total lease liability	172,325			269,876		
4 INVENTORIES						
Metal stocks	907,249			828,577		
Other supplies	443,966			177,686		
Work in progress	98,897			23,104		
Total inventories	1,450,112			1,029,367		

Some inventories are subject to retention of title clauses. Work in progress is held at cost.

	Notes	2025 \$	2024 \$
5 TRADE AND OTHER RECEIVABLES			
Trade debtors		1,720,734	1,669,925
Wairoa District Council	17	5,064,297	4,756,034
Retentions		2,014,077	1,837,146
Prepayments		31,415	21,178
Total trade and other receivables		8,830,523	8,284,283
6 TRADE AND OTHER PAYABLES			
Trade creditors		4,705,986	2,457,692
Other		340,261	171,913
Total trade and other payables		5,046,247	2,629,605
7 EMPLOYEE BENEFITS			
Long-service leave		138,688	66,834
Annual leave		587,413	513,119
Sick leave		47,738	32,992
Gratuities		32,147	27,169
Time in lieu		201,656	229,650
Accrued pay		251,667	188,943
Total employee benefits		1,259,309	1,058,707
Made up of			
Current		1,120,621	991,873
Non current		138,688	66,834
Total employee benefits		1,259,309	1,058,707
8 INTEREST BEARING LOANS AND BORROWINGS			
CAT finance		14,872	102,819
Less current portion		(14,872)	(87,947)
Non-current portion		-	14,872
Interest rate		2.49%	2.49%

	2025 \$	2024 \$
Provincial Growth Fund loan	3,720,019	3,679,932
Less current portion	(950,339)	-
Non-current portion	2,769,680	3,679,932
Interest rate	1.09%	1.09%
Wairoa District Council/Local Government Funding Agency loan	1,035,980	1,037,180
Less current portion	(10,339)	(11,539)
Non-current portion	1,025,641	1,025,641
Interest rate	5.719%	5.719%
Made up of		
Current	975,549	87,947
Non current	3,795,321	4,731,984
Total interest bearing loans and borrowings	4,770,870	4,819,931

9 | EQUITY**(a) Share capital**

Opening balance	1,250,000	1,250,000
Closing balance	1,250,000	1,250,000

At 30 June the company had issued 1,250,000 shares which are fully paid. All shares carry equal voting rights and the right to share in any surplus on winding up the company. None of the shares carry fixed dividend rights. The shares do not have a par value.

(b) Retained earnings

Retained earnings at 1 July	10,507,267	8,835,454
Net operating surplus	1,697,894	1,771,813
Interim dividend	(50,000)	(50,000)
Final dividend	(1,000,000)	(50,000)
Retained earnings at 30 June	11,155,161	10,507,267

10 | TAXATION

Profit before taxation	2,378,371	4,320,148
Prima facie taxation/benefit at 28%	665,944	1,209,641
Tax effect of removal of building depreciation	-	1,331,962
Plus taxation effect of permanent differences		
- Prior Period Adjustments	1,117	-
- Non deductible expenses	13,416	6,732
	680,477	2,548,335

	2025 \$	2024 \$
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Income tax expense

Major components of taxation expense are:

Current taxation	728,145	1,240,829
Deferred taxation		
- Origination and reversal of temporary differences	(47,668)	1,307,506
	680,477	2,548,335

	Balance sheet		Income statement	
	2025 \$	2024 \$	2025 \$	2024 \$

Deferred income tax at 30 June relates to the following

Contract retentions	563,942	514,401	(49,541)	(258,475)
Future amortisation	-	13,589	-	1,717
Right of use assets	45,163	72,234	27,071	-
Future depreciation	974,903	1,035,587	74,273	(1,312,666)
Gross deferred tax liabilities	1,584,007	1,635,811	51,803	(1,569,424)

Deferred tax assets

Subcontractor retentions	65,730	29,975	35,755	(287)
Provisions				
Annual leave	140,892	114,856	26,036	4,504
Staff gratuities	9,001	7,607	1,394	694
Sick leave	13,367	9,238	4,129	1,494
Time in lieu	52,091	57,507	(5,417)	5,863
Long-service leave	38,070	18,714	19,356	1,988
Aftercare	38,149	24,011	14,138	(1,016)
Lease asset depreciation	-	-	-	(6,647)
Operating lease payments	-	-	-	7,349
Lease interest	-	-	-	(2,177)
Corporate accruals	17,715	18,160	(445)	(1,358)
Contract liabilities	316,417	388,184	(71,767)	251,512
Lease liability	48,251	75,565	(27,314)	-
Deferred tax assets	739,682	743,817	(4,135)	261,919
Net deferred tax assets	(844,325)	(891,993)	-	-
Deferred tax income/(expense)	-	-	47,668	(1,307,506)

	Land	Quarries	Buildings	Property, plant, equipment	Fixtures, fittings, equipment	Computer hardware	Total \$
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11 | PROPERTY, PLANT, AND EQUIPMENT**2025**

Balance at 1 July	29,433	494,288	6,737,959	17,309,370	317,071	250,030	25,138,151
Additions	-	-	240,536	2,438,281	-	-	2,678,817
Disposals	-	-	-	(622,958)	-	-	(622,958)
Prior year adjustment	-	-	-	(2,420)	-	-	(2,420)
Balance at 30 June	29,433	494,288	6,978,495	19,122,273	317,071	250,030	27,191,590

Depreciation and impairment losses

Balance at 1 July	-	493,386	676,304	10,116,472	187,908	207,886	11,681,956
Depreciation for the year	-	36	213,690	1,652,843	24,950	9,769	1,901,288
Disposals	-	-	-	(562,314)	-	-	(562,314)
Prior year adjustment	-	-	-	(2,429)	-	-	(2,429)
Balance at 30 June	-	493,422	889,994	11,204,573	212,858	217,655	13,018,502

Carrying amounts

At 1 July	29,433	902	6,061,655	7,192,898	129,163	42,144	13,456,195
At 30 June	29,433	866	6,088,501	7,917,701	104,213	32,375	14,173,088

2024

Balance at 1 July	29,433	494,288	4,783,284	15,210,246	264,087	234,659	21,015,996
Additions	-	-	1,954,675	2,571,609	52,984	15,371	4,594,639
Disposals	-	-	-	(472,485)	-	-	(472,485)
Balance at 30 June	29,433	494,288	6,737,959	17,309,370	317,071	250,030	25,138,150

Depreciation and impairment losses

Balance at 1 July	-	493,348	541,465	9,203,270	163,174	197,216	10,598,474
Depreciation for the year	-	38	134,838	1,349,727	24,734	10,670	1,520,007
Disposals	-	-	-	(436,525)	-	-	(436,525)
Balance at 30 June	-	493,386	676,304	10,116,472	187,908	207,886	11,681,955

Carrying amounts

At 1 July	29,433	940	4,241,818	6,006,976	100,913	37,442	10,417,525
At 30 June	29,433	902	6,061,655	7,192,898	129,163	42,144	13,456,198

	2025 \$	2024 \$
12 INTANGIBLE ASSETS		
Cost		
Balance at 1 July	307,016	307,016
Additions	4,538	-
Balance at 30 June	311,555	307,016
Amortisation and impairment losses		
Balance at 1 July	250,444	236,431
Amortisation for the year	11,631	14,013
Balance at 30 June	262,075	250,444
Carrying amounts		
At 1 July	56,572	70,585
At 30 June	49,480	56,572

Security

The Company provides first ranking security through a general security agreement (GSA) to Westpac New Zealand and second ranking security through a GSA to The Ministry of Business, Innovation and Employment - Provincial Growth Fund over certain assets of the Company. CAT Finance hold a specific security interest over a 2020 Caterpillar Motor Grader.

Capital commitments

At balance date, the company had no capital commitments. (2024: \$133,196 for two excavators).

13 | RECONCILIATION OF NET OPERATING PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

Reported net operating profit after taxation	1,697,894	1,771,713
Add back non-cash items:		
Depreciation	1,997,969	1,640,405
Amortisation	11,631	14,013
(Increase)/decrease in deferred taxation	(47,666)	1,307,505
Increase/(decrease) in employee benefits	71,854	7,099
Increase/(decrease) in quarry aftercare provision	8,251	(866)
	3,739,933	4,739,969

	2025 \$	2024 \$
Add back items classified as investment activities		
Net loss on sale of property, plant, and equipment	36,257	34,448
Gain on sale of property, plant, and equipment	(40,488)	(1,488)
	(4,231)	32,960
Movements in working capital		
(Increase)/decrease in trade and other receivables	(413,681)	(429,850)
(Increase)/decrease in inventories	(420,744)	(350,499)
Increase/(decrease) in trade and other payables and GST	1,458,338	(1,654,141)
Increase/(decrease) in employee benefits	128,749	149,651
Increase/(decrease) in tax payable/receivable	(529,505)	593,268
	160,959	(1,691,571)
Net cash inflow from operating activities	3,958,860	3,081,358

14 | OTHER PROVISIONS**QUARRY AFTERCARE PROVISION**

Balance at beginning of the year	85,753	86,619
Provided for during the year	8,252	(866)
Balance at the end of the year	94,005	85,753

A provision is recognised for expected quarry reinstatement costs based on past experience of the level of metal extraction.

It is expected that most of these costs will not be incurred in the next financial year but 10% will be incurred within two years of the balance sheet date. An inflationary factor equivalent to the annual CPI is included in this provision.

15 | REVENUE FROM CONTRACTS

Set out below is the disaggregation of the Company's revenue from contracts with customers.

Maintenance/roading contracts	14,315,905	20,671,519
Capital construction contracts	14,114,024	20,900,730
Other	9,964,728	6,012,806
Total revenue from contracts	38,394,657	47,585,055

16 | BANK FACILITY

A bank facility is available at Westpac Bank, and is secured by a general security agreement over the company's assets. The facility available totals \$500,000 (2024: \$500,000). The current interest rate is 8.35% (2024: 8.90%).

Performance guarantees were given to the Wairoa District Council for \$1,538,423, Wi Pere Trust \$105,000 and Waka Kotahi New Zealand Transport Agency, \$70,204 to the total value of \$1,713,627 (2024: \$275,204) by Westpac Bank, on behalf of Quality Roding and Services (Wairoa) Limited.

	2025	2024
	\$	\$

17 | TRANSACTIONS WITH RELATED PARTIES**PARENT**

The company's purchases and sales from Wairoa District Council were as follows:

Purchases (trading)	107,327	177,398
Sales	30,484,800	34,538,480

Liabilities outstanding at year end were \$1,813 (2024: \$54,636) which is payable on normal trading terms.

The amount outstanding at year end was \$7,031,886 (2024: \$6,474,775), which is receivable on normal trading terms except for, \$1,967,589 (2024: \$1,718,741) contract retentions receivable at closure to defects liability period. The sales to Wairoa District Council account for 69% (2024: 63%) of total sales by the company.

DIRECTORS & EXECUTIVE OFFICER-RELATED PARTIES**Remuneration**

Total remuneration is included in 'personnel costs' (see note 2)		
Total executive officers' remuneration	1,339,202	1,242,350
	1,339,202	1,242,350

Sales transacted with directors and executive officer-related parties during the year payable on normal trading terms were as follows:

	Business transacted \$	Balance owing \$
2025		
Total sales transacted	404,917	252,324
2024		
Total sales transacted	266,933	3,175

G E Gaddum is a director/owner of Gaddum Construction which purchased services from QRS to the value of \$2,015 in 2025 (2024: nil).

Chief executive J Harker is a director of 3 Bears 2020 Ltd which purchased services from QRS to the value of \$397,104 (2024: \$226,403) and is included in the total sales transacted above. J Harker has also served as a Councillor of Wairoa District Council since 2015.

	2025	2024
	\$	\$

18 | CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

Loans and receivables

Cash and cash equivalents	804,897	661,128
Trade and other receivables (note 5)	8,830,523	8,284,283
Total loans and receivables	9,635,420	8,945,411

Financial liabilities measured at amortised cost

Trade and other payables (note 6)	5,046,247	2,629,605
Loans (note 8)	4,770,870	4,819,931
Total creditors and loans	9,817,117	7,449,536

19 | QUALITY ROADING AND SERVICES - SUBSEQUENT EVENTS

On 18 September 2025, the directors approved the payment of a dividend of \$250,000. The final dividend will be paid on 30 September 2025

AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF QUALITY ROADING AND SERVICES (WAIROA) LIMITED'S FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Quality Roding and Services (Wairoa) Limited (the company). The Auditor-General has appointed me, David Borrie, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and statement of performance of the company on his behalf.

We have audited:

- the financial statements of the Company on pages 67 to 72 and 74 to 89, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date and the statement of accounting policies and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of performance of the Company on page 73.

Opinion

In our opinion:

- the financial statements of the Company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2025; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with International Financial Reporting Standards Reduced Disclosure Regime; and



- the statement of performance:
 - accurately reports, in all material respects, the Company's actual performance compared against the performance targets and other measures by which the Company's performance can be judged in relation to the Company's objectives in its statement of intent for the year ended 30 June 2025.
 - has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 29 September 2025. This is the date at which our opinion is expressed.

Basis for our opinion

We carried out our audit 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. Our responsibilities under those standards are further described in the Responsibilities of the auditor for the audit of the financial statements and the statement of performance 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.

Responsibilities of the Board of Directors for the financial statements and the statement of performance

The Board of Directors is responsible on behalf of the Company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the statement of performance in accordance with the Act.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and the statement of performance that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of performance, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.



Responsibilities of the auditor for the audit of the financial statements and the statement of performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of performance, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of performance.

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 financial statements and the statement of performance, 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 Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability 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 financial statements and the statement of performance 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 Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- We evaluate the overall presentation, structure and content of the statement of performance, including the disclosures, and assess whether the statement of performance achieves its statutory purpose of enabling the Company's readers to judge the actual performance of the Company against its objectives in its statement of intent.

We communicate with the Board of Directors 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.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the statement of performance, and our auditor's report thereon.

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

Independence

We are independent of the Company 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) issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Company

A handwritten signature in black ink, appearing to read 'D. Borrie', is shown above the printed name.

David Borrie
Ernst and Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

STATUTORY INFORMATION

Directors

The following persons held office as directors during the year

Guy Gaddum (Chair), Tony Gray,
Lauren Jones, Fenton Wilson

Directors’ interests and transactions

Guy Gaddum

Anchorage Contractors (2007) Ltd	Director, shareholder
Spinergy Properties Ltd	Director, shareholder
Gaddum Construction Ltd	Director, shareholder
Partridge Heavy Haulage Ltd	Owner, shareholder
TEL2023	Owner, shareholder

Tony Gray

Ngati Pukenga Investments Ltd	Director, Chair
Artemis Nominess Ltd	Director
Centralines Limited	Director, Chair of Audit and Finance Committee
Ngā Hua o Ngāti Pūkenga Limited	Director
Foodeast GP Ltd	Director
Local Government Mutual Funds Trustees Limited	Director

Lauren Jones

Poplar Grove Limited	Director, shareholder
New Zealand Red Poll Cattle Breeders Association Incorporated	Reviewer
Ministry for the Environment	Employee
Wairoa District Council	Employee (seconded to provide support during flood recovery)

Fenton Wilson

OSPRI Limited	Director
TB Free New Zealand Limited	Director
National Animal Identification and Traceability (NAIT) Limited	Director
Centralines Limited	Chair
Predator Free NZ Trust	Trustee, Chair
Oruru Land Company Limited	Director, beneficial shareholder
Property Brokers	Property Brokers Licensee
43 South	Advisory board



Share dealings with directors

No director has sold or acquired shares in the company during the year.

Loans to directors

No loans have been made to directors.

Directors’ remuneration

The following amounts of remuneration were paid:

GE Gaddum	\$55,541	LM Jones	\$34,553
AT Gray	\$45,566	FD Wilson	\$34,553

Directors’ indemnity and insurance

The company has insured and indemnified all its directors against liabilities to other parties that may arise from their position as directors. The insurance does not cover liabilities arising from criminal actions.

Employees’ remuneration

During the year, the following number of employees received total remuneration and other benefits between:

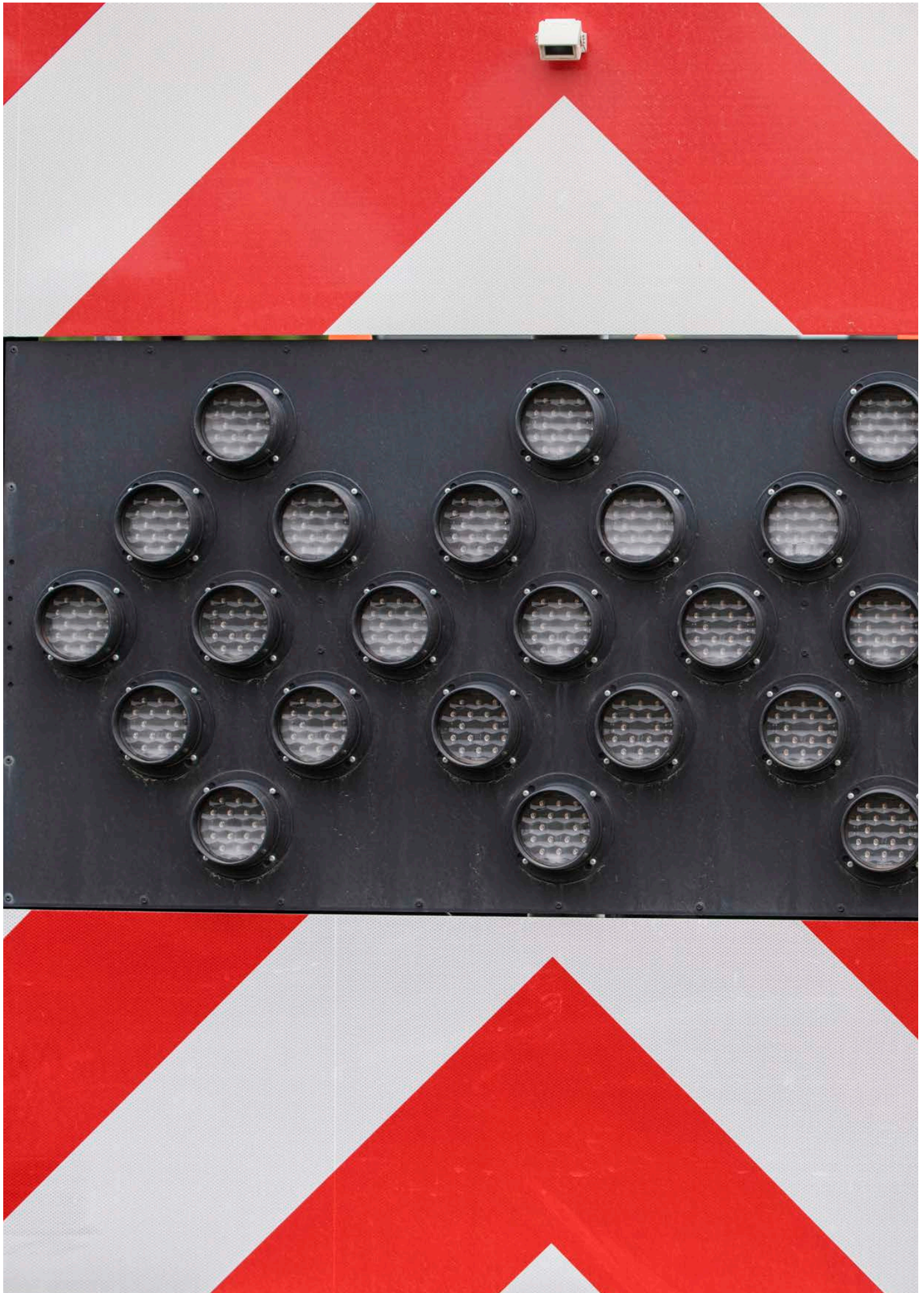
\$310,001 and \$320,000	one employee
\$210,001 and \$220,000	one employee
\$190,001 and \$200,000	one employee
\$170,001 and \$180,000	one employee
\$160,001 and \$170,000	one employee
\$140,001 and \$150,000	one employee
\$130,001 and \$140,000	one employee

Auditor’s remuneration

During the year the following amount was paid to EY on behalf of the Auditor General
For audit work including disbursements: \$97,468.

Description of the business

Quality Roothing and Services (Wairoa) Limited is a council-controlled trading organisation principally involved in civil construction, road maintenance activities, traffic management, heavy transport, quarrying and concrete batching. Other work includes a variety of private sector civil works.



8.2 APPOINTMENT OF DEPUTY MAYOR

Author: Te Aroha Cook, Group Manager – Community Services and Development

Authoriser: Matthew Lawson, Tumu Whakarae | Chief Executive

Appendices: Nil

1. PURPOSE

- 1.1 The purpose of this report is to inform Council that the Mayor has appointed the Deputy Mayor under Section 41A Role and powers of Mayor, of the Local Government Act 2002.
- 1.2 The Mayor has the following powers:
 - a) To appoint the Deputy Mayor:
 - b) To establish the committees of the Territorial Authority:
 - c) To appoint the chairperson of each committee established under paragraph (b), and, for that purpose, a Mayor –
 - i. May make the appointment before the other members of the committee are determined; and
 - ii. May appoint himself or herself.

RECOMMENDATION

The Group Manager – Community Services and Development RECOMMENDS that Council receives the report and notes that the Mayor has appointed Councillor Benita Cairns as Deputy Mayor of Wairoa District Council.

2. BACKGROUND

- 2.1 The reason this report has come before Council is due to Section 41A of the Local Government Act 2002 (the Act) the 'role and powers of mayors which empowers the Mayor to appoint the Deputy Mayor.
- 2.2 It is the Mayor's prerogative as to whether they exercise this right of appointment. Should the Mayor decline to exercise that option, then System A or System B of Schedule 7, Part 1, Clause 25 'Voting systems for certain appointments' would be utilised as the voting system for the election or appointment of a Deputy Mayor.
- 2.3 The following extracts from Schedule 7, Clause 17 of the Act relate to the election and functions of the Deputy Mayor
 - (1) A territorial authority must elect 1 of its members to be its deputy mayor in accordance with clause 25
 - (2) A regional council must elect 1 of its members to be its deputy chairperson in accordance with clause 25.
 - (3) The deputy mayor or deputy chairperson must perform all the responsibilities and duties, and may exercise all the powers, of the mayor or chairperson, -
 - a. With the consent of the mayor or the chairperson, at any time during the temporary absence of the mayor or chairperson;

- b. Without that consent, at any time while the mayor or chairperson is prevented by illness or other cause from performing the responsibilities and duties, or exercising the powers, of his or her office;
 - c. While there is a vacancy in the office of the mayor or chairperson.
- (4) In the absence of proof to the contrary, a deputy mayor or deputy chairperson acting as mayor or chairperson is assumed to have the authority to do so.
- (5) A deputy mayor or deputy chairperson continues to hold his or her office as deputy mayor or deputy chairperson, so long as he or she continues to be a member of the territorial authority or regional council, until the election of his or her successor.

3. VOTING SYSTEMS FOR CERTAIN APPOINTMENTS

- 3.1 Where the Mayor declines to exercise their prerogative to make an appointment for any one (1), or all, of the appointments listed in section 1.2 of this report then Systems A or B under clause 25(3) or 25(4) of Schedule 7 of the Act apply.

3.2 System A

- a) Provides that a person is appointed if he or she receives the vote of a majority of members of the local authority present and voting; and
- b) Has the following characteristics:
 - i. There is a first round of voting for all candidates; and
 - ii. If no candidate is successful in getting a majority in that round, there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and
 - iii. If no candidate is successful in the second round, there is a third, and if necessary subsequent, rounds of voting from which, each time, the candidate with the fewest votes in the previous round is excluded; and
 - iv. In any round of voting, if 2 or more candidates tie for the lowest number of votes, the person excluded from the next round is resolved by lot.

3.3 System B

- a) Provides that a person is elected or appointed if he or she receives more votes than any other candidate; and
- b) Has the following characteristics:
 - i. There is only 1 round of voting; and
 - ii. If two or more candidates tie for the most votes, the tie is resolved by lot.

- 3.4 There is no casting vote in these situations, as Clause 25 provides for any tie to be resolved by lot.

- 3.5 System A provides a greater scope for members to express their preferences.

4. OPTIONS

- 4.1 The options identified are:
- i. **Option A** – To receive the report to Council - Appointment of Deputy Mayor

This demonstrates that elected members understand the legal obligations of Council, the way a Deputy Mayor is appointed or elected, and the duties of a Deputy Mayor.

- ii. **Option B** – To not receive the report to Council – Appointment of Deputy Mayor

The public may perceive that elected members are not fulfilling their legal obligations.

4.2 The preferred option is Option A.

4.3 The reason Option A has been identified as the preferred option is that under Section 41A Role and powers of mayors under the Local Government Act 2022, the Mayor has exercised the right to appoint Councillor Benita Cairns as Deputy Mayor of Wairoa District Council.

5. CORPORATE CONSIDERATIONS

Compliance with legislation and Council Policy

5.1 Local Government Act 2002

What is the cost?

5.2 There are no financial implications to Council as associated costs are provided for in the 2025/2026 Annual Plan.

Māori Standing Committee

5.3 This report has not been referred to the Māori Standing Committee as it is the prerogative of the Mayor to appoint a Deputy Mayor, or where the Mayor declines to exercise that authority, an appointment made by elected members having applied voting System A or B.

6. SIGNIFICANCE

6.1 The level of significance has been assessed as being low as this report is administrative in nature.

7. RISK MANAGEMENT

7.1 Risk has been considered, and no risks have been identified

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

8.3 CHIEF EXECUTIVE INAUGURAL REPORT

Author: Matthew Lawson, Tumu Whakarae | Chief Executive

Authoriser: Matthew Lawson, Tumu Whakarae | Chief Executive

Appendices: Nil

PURPOSE

Pursuant to clause 21(5)(c) of the Seventh Schedule to the Local Government Act 2002, as part of the business to be conducted at this meeting I am required to give a general explanation of the legislation that relates to and controls the way in which councils business may be conducted and some of the key legislative requirements affecting elected members and the conduct of Council's affairs by elected members. This is not an exhaustive list of every legislative requirement. The aim is to bring to your attention of the key issues affecting your role and functions as elected members.

THE TUMU WHAKARAE | CHIEF EXECUTIVE RECOMMENDS THAT COUNCIL RECEIVES THE REPORT.

THE LOCAL GOVERNMENT ACT 2002**1.1****10 Purpose of local government**

(1) The purpose of local government is–

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

- 1.3 The Local Government Act 2002 identifies the structure of local government, the governance and management obligations of councils, decision-making processes, consultative procedures and financial accountability parameters.

2. LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987

- 2.1 This Act governs the availability of information and sets the basis for Council's meeting processes, including agendas, meeting notice, and public admission to meetings. The Act starts from the principle that information should be made publicly available and that meetings should be open to the public, unless one or more specific grounds for withholding information or excluding public apply. Matters relating to requests and release of information are administered by officers of the Council. The Act governs the requirement to give public notice of meetings, the public availability of the agenda and supporting papers for meetings of the council and its committees and subcommittees and the circumstances when the council may resolve to exclude the public from meetings, and the procedure that must be followed for such exclusion.

3. LOCAL AUTHORITIES (MEMBERS' INTEREST) ACT 1968

- 3.1 This Act prohibits certain contracts between the Council and its members, or with persons associated with its members. A breach results in loss of office.
- 3.2 This Act also prohibits an elected member from discussing or voting on an issue in which the member, directly or indirectly, has a pecuniary interest. Any member found to have contravened this part of the Act could be prosecuted, and if convicted, would lose office as a councillor.
- 3.3 If there is any situation where you think you might potentially have a pecuniary interest in any matter being discussed or decided by Council, then you should ask for advice. Information is also available from the office of the Auditor-General at [Guidance for members of local authorities about the local authorities \(Members' Interests\) Act 1968 — Office of the Auditor-General New Zealand](#)

4. CRIMES ACT 1961

- 4.1 Under the Crimes Act 1961 a member of a local authority who obtains or accepts or offers to accept any bribe to do, or not do, something, or who corruptly uses information obtained in an official capacity to get a direct or indirect pecuniary advantage, is liable to a term of imprisonment of up to seven years.

5. SECRET COMMISSIONS ACT 1910

- 5.1 Under the Secret Commissions Act 1910, an elected member who accepts a gift or obtains any advantage from any other party as a reward for doing any act in relation to Council business commits an offence. It is also an offence not to disclose a pecuniary interest in any contract, and also to aid or abet or be involved in any way in an offence under this Act. Conviction can lead to imprisonment for up to seven years.

6. FINANCIAL MARKETS CONDUCT ACT 2013

- 6.1 Under the Financial Markets Conduct Act 2013, elected members are in a similar position to company directors if the Council were to issue financial products, such as equity or debt securities, under its borrowing powers. Elected members may therefore be personally liable if product disclosure statements to investors contain untrue information and may be liable for civil action or criminal prosecution if the requirements of the Act, such as keeping an audited register of financial products issued, are not met.

7. THE HEALTH AND SAFETY AT WORK ACT 2015

- 7.1 The Act allocates duties to those people who are in the best position to control risks to health and safety as appropriate to their role in the workplace, and for the person conducting a business or undertaking (PCBU) (i.e. the Council) to ensure, as far as is reasonably practicable, the safety of workers and others who may be impacted by the work the Council undertakes.
- 7.2 6.3 One of the significant changes is the introduction of “Officers”, who is any person occupying a position in relation to the business or undertaking, that allows the person to exercise significant influence over the management of the business or undertaking.
- 7.3 Officers have obligations of due diligence, which are:
- a) to acquire, and keep up-to-date, knowledge of work health and safety matters;
 - and

- b) to gain an understanding of the nature of the operations of the business or undertaking of the PCBU, and generally of the hazards and risks associated with those operations; and
- c) to ensure that the PCBU has available for use, and uses, appropriate resources and processes to eliminate or minimise risks to health and safety from work carried out as part of the conduct of the business or undertaking; and
- d) to ensure that the PCBU has appropriate processes for receiving and considering information regarding incidents, hazards, and risks and for responding in a timely way to that information; and
- e) to ensure that the PCBU has, and implements, processes for complying with any duty or obligation of the PCBU under this Act; and
- f) to verify the provision and use of the resources and processes referred to in paragraphs (c) to (e).

7.4 The duties of the Officers and of the PCBU are independent of each other. This means if a PCBU has failed to meet its duty, but the Officers exercised due diligence then they would not be personally liable for the health and safety failings.

This is intended as a general explanation only as required by Clause 21(5)(c) of the Seventh Schedule to the Local Government Act. As you can imagine there are numerous different scenarios that might arise and the legislative context and application may vary, even between situations that appear on their face to be similar.

My advice is, if in doubt, ASK! There is no such thing as a silly question when it comes to making sure Council and Councillors act lawfully.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

8.4 AUDIT CLOSING REPORT FOR THE YEAR ENDED 30 JUNE 2025

Author: Gary Borg, Pouwhakarae - Putea Tautawhi Rangapu | Group Manager Finance and Corporate Support

Authoriser: Juanita Savage, Chief of Operations

Appendices: Nil

1. PURPOSE

- 1.1 The purpose of this report is to present the auditor's closing report to Council for the reporting year ended 30 June 2025.

RECOMMENDATION

The Pouwhakarae - Putea Tautawhi Rangapu | Group Manager Finance and Corporate Support RECOMMENDS that Council receives the audit closing report for the year ended 30 June 2025.

2. BACKGROUND

- 2.1 As part of their assurance obligations Council's auditor delivers an Audit Closing Report at the conclusion of the audit of the Annual Report and financial statements, in advance of formalising their opinion on the final document.
- 2.2 This is a procedure that enables the annual audit to be concluded and the auditor to provide observations and recommendations for management and the Committee to consider.
- 2.3 At the time of writing the audit is in its final stages and so closing report will be presented to Council on the day of the meeting.
- 2.4 The closing report details areas of audit focus, audit differences found and other assurance matters and contributes to continuing improvement in monitoring and reporting.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

8.5 WAIROA DISTRICT COUNCIL ANNUAL REPORT 2024-25

Author: Michael West, Business Analyst

Authoriser: Gary Borg, Tumu Whakarae Tuarua | Deputy Chief Executive & Group Manager - Finance and Corporate Support

Appendices: Nil

1. PURPOSE

- 1.1** This paper presents Wairoa District Councils 2024-25 Annual Report and Summary for adoption by Council.

RECOMMENDATION

The Business Analyst RECOMMENDS that Council adopt the 2024-25 Annual Report and the 2024-25 Annual Report Summary.

BACKGROUND

- 1.1** Local Authorities in New Zealand are required to produce Annual Reports of their performance in the preceding year within four months of the end of the financial year under section 94(4)(b) of the Local Government Act 2002.
- 1.2** Given the timings of the Local Body Elections and the annual audit schedule, the Annual Report and Summary Report could not be completed during the last triennium.
- 1.3** Council is now asked to adopt the 2024/25 Annual Report and Summary to ensure legislative timeframes are met.
- 1.4** Upon adoption of the Annual Report and Summary Report, they will be published on the Council website, with hard copies printed and distributed to elected members, staff and made at council facilities.
- 1.5** Elected Members are advised that as at agenda cutoff, audit work was still underway and as such a finalised Annual Report will be provided on the day of the Council meeting.

2. AUDIT OUTCOMES

- 2.1** Each Year the Auditor General appoints auditors to conduct audits of local authorities on his behalf.
- 2.2** Audit site visits were conducted from 29 September to 10 October, as at agenda cutoff audit work was still underway and as such a finalised Annual Report will be provided on the day of the meeting.
- 2.3** Focus areas for this year's audit included water services and transport measures alongside financial performance.

3. 2024-25 FINANCIAL RESULTS

- 3.1** Financial highlights included in the 2024/25 Annual Report include:
- 3.2** Wairoa District Council has recorded a net operating surplus of \$15.3 million for 2024/25, with total revenue of \$79.3 million and expenses of \$64.1 million.

- 3.3 63% of revenue came from subsidies and grants (primarily NZTA, Kānoa, DIA), 28% from rates (\$22.4 million), and 6% from fees and charges (e.g., dog registrations, building consents, landfill).
- 3.4 Capital expenditure totalled \$27.3 million, with \$18.5 million (68%) allocated to transport and roading projects, largely funded by central government.
- 3.5 Total borrowings at the end of the financial year stood at \$9.6 million (12% of revenue).

4. 2024-25 PERFORMANCE RESULTS

- 4.1 Non-Financial focus areas for this year's audit concentrated on Roothing and Water Services.
- 4.2 Audit discussions across these areas have resulted in calculation method changes to our road roughness measure and our water loss measure. These were both due to changes in data sources and have been reflected in the Annual Report.
- 4.3 Overall Council has met 68 of our 102 (67%) non-financial measures – an improvement on last year's result of 60% met. Wairoa District Council has also met 78% of the mandatory measures set by Department of Internal Affairs for all local authorities.
- 4.4 Results across all areas are in line with the previous three years, with the standout area this year been water services (water supply, wastewater and stormwater), with almost 100% of measures fully attained.

5. OPTIONS

- 5.1 The options identified are:
 - a. Adopt the 2024-25 Annual Report and Summary Report before the legislative timeframe of 31 October 2025
 - b. Do not adopt the attached Annual Report and Summary Report.

5.2 Option A: Adopt the 2024-25 Annual Report and Summary Report

By adopting the attached Report and Summary both of which contain completed audit reports, Council will meet its legislative timeframes as set out in section 98(4)(b) of the Local Government Act 2002. This section states local authorities must produce an Annual Report within 4 months of the year in which is being reported on.

5.3 Option B: Non-Adoption of the 2024-25 Annual Report and Summary

Council has the option to not adopt the Annual Report and Summary and direct further work to be completed, however in doing so Council will not meet its legislative timeframes and substantial changes will require a further review by the Ernst and Young audit team.

- 5.4 The preferred option is **Option A – adoption and release for publication the 2024-25 Wairoa District Council Annual Report**, this contributes to the following community outcomes

Cultural wellbeing	Economic wellbeing	Social Wellbeing	Environmental Wellbeing
Valued and cherished community.	Strong and prosperous economy.	Safe, supported and well-led community.	Protected and healthy environment

6. CORPORATE CONSIDERATIONS**What is the change?**

- 6.1** There will be no changes to any policies and procedures as the Annual report is reflective of the previous financial year.

Compliance with legislation and Council Policy

- 6.2** Local Authorities in New Zealand are required to produce Annual Reports of their performance in the preceding year within four months of the end of the financial year under section 94(4)(b) of the Local Government Act 2002.
- 6.3** The 2024-25 Annual Report reports against the activities set out in the 2024-25 Annual Plan and coincides with year 1 of the 2024-27 Long Term Plan.
- 6.4** An Annual Report Summary is also legislatively required to be produced as an aid for the community to understand the performance of their local authority in the preceding year, both the Annual Report and Summary are required to be audited.

What are the key benefits?

- 6.5** Adopting the 2024-25 Annual Report and Summary ensures Council starts this triennium by meeting a legislative target, removes the need for further audit intervention and allows staff to move onto other projects.

What is the cost?

- 6.6** The production of the Annual Report and Summary has been managed in house, hard copy printing of the Annual Report will be completed in house. Audit fees are set aside in annual budgets with the only additional costs expected to be required should further work of these documents be carried out which result in further audit review.

What is the saving?

- 6.7** Adoption of the Annual Report and Summary Report will remove the need for any further audit review of the two documents and as such remove the need for payment of further audit fees.

