



KAWERAU DISTRICT COUNCIL

Pre-election Report 2022



What is a pre-election report?

The pre-election report provides information to the community concerning the Council's anticipated financial performance and financial position for 2022/23 and the three subsequent financial years.

The pre-election report must include the major projects planned for 2022/23 as well as the following 3 years. Also the report includes information on: total rates, the rate increases, borrowing (including any limits) and return on investment, compared to the amounts that Council has specified in its Financial Strategy.

As Kawerau District Council is a local authority which has a resident population of less than 20,000 people, this pre-election report includes the information that is required in clauses 36(1)(b) & (c) and 37 of schedule 10 of the Local Government Act 2002.

However, if anyone requires any further financial information or explanation of the figures in this report then they should contact Peter Christophers, Group Manager Finance and Corporate Services, Kawerau District Council.

Rates, rate increase, borrowing and return on investments (compared to the financial strategy)

The following table lists the total amount of rates, the rate increase, borrowing and investment returns along with the limits specified in Councils Financial Strategy for 2022/23 (as per Councils Long Term Plan 2021 – 2031) compared with the two previous years:

	Annual Report	Long Term Plan	Annual Plan
	2020/21	2021/22	2022/23
Total rates:	\$10,673,155	\$11,244,050	\$11,953,620
Rate Increase limit (%) (Inflation plus 2%)	3.3%	5.6%	7.9%
Rate Increase actual (%)	2.9%	5.3%	6.3%
Rates as % of total revenue (limit 88%)	64.8%	75.1%	71.4%
Total borrowing for year excluding leases*	\$0	\$2,000,000	\$4,000,000
Borrowing limit (< 50% of total assets)	\$0	\$39,433,200	\$51,906,000
Investment return	\$17,574	\$16,990	\$34,390
Investment return (%)	0.4%	0.4%	0.7%

*Currently Council has no public debt apart from finance leases for photocopiers and telephones, however, Council intends to borrow up to \$12 million over 6 years from 2022 to fund the replacement of all steel and AC water pipes. The total borrowing will be well within Council's borrowing limit.

Annual Plan 2022/23 \$	FUNDING IMPACT STATEMENT	Long Term Plan		
		2023/24 \$	2024/25 \$	2025/26 \$
SOURCES OF OPERATING FUNDS				
10,762,550	General rates, UAGC and rate penalties	10,960,620	11,406,680	11,929,630
1,191,070	Targeted rates	1,235,440	1,248,920	1,275,500
241,020	Subsidies and grants for operating purposes	255,340	242,210	248,840
1,660,500	Fees and charges	1,704,500	1,772,930	1,805,870
34,390	Interest and dividends from investments	30,070	32,560	34,070
2,020,000	Fuel tax, fines, infringements and other receipts	624,340	626,500	693,720
15,909,530	TOTAL OPERATING FUNDING (A)	14,810,310	15,329,800	15,987,630
APPLICATIONS OF OPERATING FUNDING				
13,079,140	Payment to staff and suppliers	12,047,790	12,139,630	12,452,230
110,000	Finance costs	129,000	177,300	231,800
0	Other operating funding applications	0	0	0
13,189,140	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	12,176,790	12,316,930	12,684,030
2,720,390	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	2,633,520	3,012,870	3,303,600
SOURCES OF CAPITAL FUNDING				
834,750	Subsidies and grants for capital purposes	587,290	388,240	399,490
0	Development and Financial contributions	0	0	0
1,995,490	Increase/(decrease) in debt	1,983,500	1,982,000	1,980,000
0	Gross proceeds from sale of assets	0	0	0
0	Lump sum contributions	0	0	0
4,020,000	Other dedicated capital funding	1,280,000	0	0
6,850,240	TOTAL SOURCES OF CAPITAL FUNDING (C)	3,850,790	2,370,240	2,379,490
APPLICATIONS OF CAPITAL FUNDS				
Capital expenditure:				
3,300,000	- to meet additional demand	1,040,000	0	0
330,000	- to improve level of service	280,000	0	0
5,220,360	- to replace existing assets	5,210,090	5,333,500	5,913,080
720,270	Increase/(decrease) in reserves	(45,780)	49,610	(229,990)
0	Increase/(decrease) of investments	0	0	0
9,570,630	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	6,484,310	5,383,110	5,683,090
(2,720,390)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(2,633,520)	(3,012,870)	(3,303,600)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Annual Plan	STATEMENT OF FINANCIAL POSITION			
2022/23		Long Term Plan		
\$		2023/24	2024/25	2025/26
		\$	\$	\$
ASSETS				
Current assets				
5,074,310	Cash and other financial assets	5,075,172	5,228,644	5,154,777
1,720,340	Trade and other receivables	1,785,960	1,823,120	1,900,730
417,910	Inventories	483,120	332,830	199,180
0	Other Financial Assets	0	0	0
7,212,560	Total current assets	7,344,252	7,384,594	7,254,687
Non-current assets				
96,502,730	Property, plant and equipment	75,120,545	82,736,955	84,897,355
60,240	Intangible assets	62,670	65,140	67,570
36,250	Investment in CCOs	36,250	36,250	36,250
96,599,220	Total non-current assets	75,219,465	82,838,345	85,001,175
103,811,780	TOTAL ASSETS	82,563,717	90,222,939	92,255,862
LIABILITIES				
Current liabilities				
2,791,880	Trade and other payables	2,925,826	2,921,306	3,013,436
10,000	Provisions	10,000	0	0
763,990	Employee benefit liabilities	704,610	716,590	730,880
16,500	Borrowings/Leases	18,000	20,000	19,000
3,582,370	Total current liabilities	3,658,436	3,657,895	3,763,316
Non-current liabilities				
181,340	Provisions/Deferred Revenue	131,447	126,189	121,142
61,120	Employee benefits	53,570	54,480	55,560
12,668,600	Borrowings/Leases	6,039,920	8,019,920	10,000,920
12,668,600	Total non-current liabilities	6,224,937	8,200,589	10,177,622
16,493,430	TOTAL LIABILITIES	9,883,373	11,858,485	13,940,938
EQUITY				
34,649,520	Retained earnings	34,754,563	34,325,153	34,412,893
52,668,830	Other reserves	37,925,781	44,039,301	43,902,031
87,318,350	TOTAL EQUITY	72,680,344	78,364,454	78,314,924

MAJOR PROJECTS PLANNED	Annual Plan	Long Term Plan		
	2022/23	2023/24	2024/25	2025/26
	\$	\$	\$	\$
Road and Carpark Resealing	144,800	145,295	149,492	153,838
Footpath Renewals and Kerb Replacement	235,000	245,000	252,105	259,416
Street Light Renewals	32,000	32,000	32,938	33,883
Road Pavement Treatment	90,000	60,000	61,740	63,530
Minor Safety Improvements	46,000	36,050	37,095	38,171
Audio, Video, Lighting, Bins and Road Alignment	361,200	311,578	32,497	33,439
Stormwater Pipe Replacement & flood protection	250,000	50,000	751,400	785,960
Water Reticulation Renewals	2,564,000	2,715,400	2,560,148	3,201,689
UV Tube Replacement	17,000	14,320	14,992	15,681
Sewerage Pipe, Pump and Plant Renewals	1,206,000	1,428,660	818,990	868,310
Contaminated Landfill – Concept Plan	50,000	0	0	0
Library Collection Renewals	74,400	75,890	77,330	78,720
Library/Museum building/fixtures renewals	14,110	27,720	97,890	11,560
Swimming complex renewals	44,000	7,600	6,500	12,000
Halls/Public Toilet renewals	39,800	39,890	89,350	13,910
Sportsfields, Reserves and Playground renewals	113,150	83,100	84,530	92,120
Council Buildings	35,000	38,950	36,160	48,940
Vehicle and Plant Replacement	157,800	135,687	159,180	136,943
IT and Communication Equipment Replacement	64,500	31,120	36,143	32,340
Other Capital Projects	11,600	11,830	35,020	32,630
Retirement Village Units	3,300,000	1,040,000	0	0
Total	8,850,360	6,530,090	5,333,500	5,913,080