



2024/2025 **Ite pakū Pūrongo ā-Tau** **Annual Report** **Summary**

For the year ended 30 June 2025

Te Kaunihera ā rohe o Kawerau Ite pakū Pūrongo ā-Tau Annual Report Summary 2024/2025

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Message From Kahika | Mayor and Tumu Whakarae | Chief Executive

Kia ora mai tātau,
Ngā mihi ki a tātau.

**We warmly welcome you to the annual report of Kawerau District Council
(Te Kaunihera ā Rohe o Kawerau) for the year ended 30 June 2025.**

Kawerau District Council and local government continue to face change and challenges. Following the Local Water Done Well legislation in 2023 and 2024, Council completed an Enhanced Annual Plan for 2024/2025. This past year, Council completed a nine-year Long Term Plan for 2025 to 2034, in parallel with a thorough review and planning for the future delivery of three waters services. The Local Water Done Well legislation requirements to implement targeted water rates, has obvious impacts on ratepayers over the course of the Long Term Plan, so it was beneficial to communicate both together to the community.

With a 12.2% overall rates increase to the community, it was another tough year for residents, businesses and for Council with national and global pressures pushing costs higher across the board.

Council ended the year with a deficit of \$1.7 million, compared to the 2023/2024 deficit of \$1.1 million. In addition to depreciation expenditure impacts, the economic downturn impacted budgeted income, effectively shrinking budgets with rising costs for insurance, equipment, labour and materials. Income was also affected with lower than budgeted grant income due to worst-case scenario stormwater modelling required for the Stoneham Park residential development, significantly delaying the project.

Council spent \$5.8 million on capital projects compared to the annual plan capital budget of \$5.9 million. The major focus was the continued renewals of drinking water reticulation, and water and wastewater plant renewals. By year end, 60% of the drinking water pipes had been renewed. Capital expenditure for three waters infrastructure continues as the major focus in the years ahead.

This Annual Report outlines how Council has delivered on what it had planned and budgeted for the year ended 30 June 2025. This is summarised below:

	Budget	Actual	Variance
Operating Revenue	22,329,280	18,621,187	(3,708,093)
Operating Expense	<u>19,794,810</u>	<u>20,370,342</u>	<u>(575,532)</u>
Operating Surplus/(Deficit)	2,534,470	(1,749,155)	(4,283,625)
Gain on Asset Revaluation	16,391,970	29,905,774	13,513,804
Total Surplus	18,926,440	28,156,619	9,230,179

	Budget	Actual	Variance
Assets	145,010,427	150,001,991	4,991,564
Liabilities	18,908,377	19,483,147	(574,770)
Ratepayers Equity	126,102,050	130,518,844	4,416,794

Council and the community greatly appreciate the support of the following organisations who provided funding throughout the year for events and projects:

- New Zealand Community Trust (NZCT)
- Lion Foundation
- Trust Horizon
- Creative New Zealand Communities Grants
- Ministry for Social Development (for Mayors Taskforce for Jobs)
- Ministry for Youth and Development
- Ministry of Business, Innovation and Employment (MBIE)
- BayTrust

We also wish to acknowledge the support of Tangata Whenua iwi, residents, businesses, stakeholders, and ratepayers.

The guidance and support of Council's Iwi Liaison and Cultural Advisor Te Haukakawa Te Rire has been of immeasurable value to the people within our Council and community. Our Council staff (kaimahi) continue to work hard to honour Tangata Whenua and the principles of the Treaty of Waitangi.

Heoi ano, in closing we wish to acknowledge and thank our community for their ongoing commitment to making Kawerau a place we call home, where we can proudly live, work and play. Your support, guidance and feedback is valued.



Faylene Tunui
MAYOR
KAHIKA



Morgan Godfery, LLB
CHIEF EXECUTIVE OFFICER
TUMU WHAKARAE



This Summary Annual Report was authorised by:

Morgan Godfery
Chief Executive Officer on 29 October 2025 at Kawerau

Independent Auditor's Report

To the readers of Kawerau District Council's summary of the annual report for the year ended 30 June 2025

The summary of the annual report was derived from the annual report of the Kawerau District Council (the Council) for the year ended 30 June 2025.

The summary of the annual report comprises the following information on pages 7 to 15:

- the summary statement of financial position as at 30 June 2025;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2025;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

Opinion

In our opinion:

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

Summary of the annual report

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2025 in our auditor's report dated 29 October 2025.

Without modifying our opinion, we draw attention to page 12, which outlines that in response to the Government's Local Water Done Well reforms, the Council has decided to deliver water services itself.

There is some uncertainty as the proposal is yet to be accepted by the Secretary for Local Government.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to our audits of the Council and our report on the disclosure requirements, we have carried out audit engagement for the 2025-34 Long term plan and performed a limited assurance engagement on the Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the Council.



René van Zyl,
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

30 October 2025

Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2025

\$ 2023/24		\$ Budget	\$ 2024/25
	Revenue		
13,057,847	Rates	14,518,750	14,618,756
2,933,953	Subsidies and grants	4,852,850	1,487,779
1,720,585	Fees and charges	2,540,680	2,050,600
81,650	Interest revenue	52,000	84,081
312,994	Other revenue	365,000	379,971
0	Vested assets	0	0
18,107,029	Total Revenue	22,329,280	18,621,187
	Expense		
6,838,457	Personnel costs	7,335,980	7,247,973
4,606,264	Depreciation and amortisation expense	4,338,620	4,744,406
213,916	Finance costs	350,000	331,013
7,366,878	Other expenses	7,770,210	7,841,451
183,778	Loss on disposal of property, plant and equipment	0	205,499
19,209,293	Total Expense	19,794,810	20,370,342
(1,102,264)	SURPLUS/(DEFICIT)	2,534,470	(1,749,155)
0	Gain on revaluation	16,391,970	29,905,774
(1,102,264)	TOTAL COMPREHENSIVE REVENUE AND EXPENSE	18,926,440	28,156,619

Statement of Changes in Equity

For the Year Ended 30 June 2025

\$		\$	\$
2023/24	Total Equity	Budget	2024/25
103,464,487	Balance at 1 July	107,175,610	102,362,223
(1,102,264)	Total Comprehensive Revenue and Expense	18,926,440	28,156,619
102,362,223	Closing Balance	126,102,050	130,518,842

Equity represented by:

36,867,511	Accumulated funds	45,920,270	35,000,438
65,494,712	Other reserves	80,181,780	95,518,404
102,362,223		126,102,050	130,518,842

Statement of Financial Position

As at 30 June 2025

\$		\$	\$
2023/24		Budget	2024/25
ASSETS			
7,627,185	Current assets	14,702,480	7,176,172
111,878,659	Non-current assets	130,307,947	142,825,819
119,505,844	TOTAL ASSETS	145,010,427	150,001,991
LIABILITIES			
16,922,344	Current liabilities	12,634,577	13,271,395
221,277	Non-current liabilities	6,273,800	6,211,754
17,143,621	TOTAL LIABILITIES	18,908,377	19,483,149
EQUITY			
36,867,511	Accumulated funds	45,920,270	35,000,438
65,494,712	Other reserves	80,181,780	95,518,404
102,362,223	TOTAL EQUITY	126,102,050	130,518,842

Statement of Cashflows

For the Year Ended 30 June 2025

\$		\$	\$
2023/24		Budget	2024/25
2,502,286	Net cash from operating activities	7,049,650	3,151,869
(5,522,355)	Net cash to investing activities	(8,774,680)	(5,684,061)
2,042,537	Net cash from financing activities	1,982,200	1,991,448
	Net increase/(decrease) in cash, cash equivalents and bank overdrafts	257,170	(540,744)
3,779,501	Cash, cash equivalents and bank overdrafts at the beginning of the year	3,224,980	2,801,969
2,801,969	Cash, cash equivalents and bank overdrafts at the end of the year	3,482,150	2,261,225



A powhiri and mihi whakataui in April 2025 acknowledged the landowners who had come into the Kawerau District from Whakatāne following the formal boundary reorganisation processes via the Local Government Commission.

REPORTING ENTITY

Kawerau District Council (KDC) is a local authority in terms of the Local Government Act 2002. The financial statements, for the year ended 30 June 2025, have been prepared in terms of section 98 of the Local Government Act 2002 and in accordance with generally accepted accounting practice. The Summary Financial Statements are for Council and not a group.

The full financial statements have been prepared in accordance with tier 2 Public Benefit Entities (PBE) Reduced Disclosure Regime (RDR) accounting standards (for reporting periods beginning on or after 1 July 2014) and Council confirms in the statement of compliance (in the full financial statements) compliance with these accounting standards for the period covered by this annual report summary.

The summary financial statements comply with Public Benefit Entity report standard 43: Summary Financial Statements.

The full financial statements for the period ended 30 June 2025 were authorised for issue by Council on 29 October 2025. The financial statements for each period presented in the Summary have been audited by Audit New Zealand and received an unmodified audit opinion.

The full Annual Report is available online at kaweraudc.govt.nz or can be obtained at the Council office.

BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property and financial instruments. The figures in the financial statements have been rounded to the nearest dollar (\$).

The Council is a public benefit entity, and the financial statements have been prepared in New Zealand dollars. The functional currency of KDC is New Zealand dollars.

The specific disclosures included in the summary financial statements have been extracted from the full financial statements and these summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

EXPLANATION OF SIGNIFICANT VARIANCES

Explanations for major variations from Council's estimated figures for 2024/25 are as follows:

Statement of Comprehensive Revenue and Expense

The significant variances from the estimated figures include less "subsidies and grants" revenue resulting from the delays to the Stoneham Park residential development and NZTA declining subsidy for some the budgeted roading projects. Fees and Charges income is lower than budget as there were significantly less fees from refuse disposal resulting from less volumes being received.

There was additional depreciation expenditure following asset additions during the year and also losses arising from the disposal of assets.

Statement of Financial Position

Cash and cash equivalents are lower than budget due to some residential sales not proceeding and inventory is lower due to delays with Stoneham Park development.

Non-current assets (as well as other reserves) were higher than budget due to the revaluation of assets at 30 June 2025 being much higher than anticipated.

Liabilities overall were close to budget.

Statement of Cash Flow

Subsidies and grants were considerably lower than anticipated due to delays to the “Stoneham Park” residential development and NZTA did not approve funding for some of the roading projects. Consequently, expenditure for investing activities was also lower than budget. There was reduced fees and charges revenue due to lower refuse disposal volumes for the year.

There was additional expenditure for the purchase of assets resulting from projects carried forward from the previous year. This additional expenditure was offset by two Occupation Right Agreements (ORA's for retirement village) sales as well as two ORA renewals received for the year, which had not been expected. There are no units available for sale at 30 June 2025.

The budget had anticipated there would be a \$423k higher opening cash balance as more residential sales had been predicted during 2023/24.

STATEMENT OF COMMITMENTS

As at 30 June 2025 there were outstanding contracts for work still to be done totaling \$2,314,263 (2024 \$1,735,403).

Capital commitments were for Water reticulation renewals of \$2,069,785 and wastewater treatment plant upgrade \$244,478.

STATEMENT OF CONTINGENT LIABILITIES

Council currently has no outstanding loan guarantees for community organisations (2024 - \$Nil).

Kawerau District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non- weathertight defects (in a mixed claim involving both weathertight and non- weathertight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

EVENTS AFTER BALANCE DATE

Water Service Reforms

The water services reform legislation, namely the Water Services Entities Act 2022, the Water Services Legislation Act 2023 and the Water Services Economic Efficiency and Consumer Protection Act 2023, was repealed on 17 February 2024. The Government has recently enacted the Local Government Water Services Preliminary Arrangements Act 2024. The new legislation requires Council to deliver a Water Services Delivery Plan (WSDP) to the Secretary for Local Government by 3 September 2025. The plan must include the anticipated or proposed model or arrangements and implementation plan for delivering water services.

Council submitted the Water Services Delivery Plan to the Secretary of Local Government on the 3rd of September 2025. Council is awaiting the outcome of the review and approval of the WSDP by the Secretary.



Wastewater Treatment Plant in Kawerau.

Statements of Service Performance

The Council's Statement of Service Performance information on pages 59 to 109 of the full Annual Report has been prepared in accordance with the latest Public Benefit Entity Financial Reporting Standards (PBE RFS 48) and with generally accepted accounting practice (GAAP).

For PBE FRS 48 it states that in reporting about the entity's objectives and how it intends to achieve them, the information should be drawn from the found documents, governance documents and accountability documents. As such, Council has drawn this information from the 2021-2031 Long-Term Plan, which sets the direction for the next 10 years.

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

Council is responsible and accountable for giving effect to identified Community Outcomes and priorities in an efficient and effective manner. The services that Council provides are organised into what are known as 'Groups of Activities' and Council has nine activity groups. The Statement of Service Performance reports on Council's progress towards the vision, outcomes and specific statements of intended service provision as set out in Council's Long-term Plan.

Every three years Council is required to prepare a Long-Term Plan which sets out Council's strategic direction for the next 10 years, including outcomes, service levels and financial forecasts. The Long-Term Plan 2021-2031 was adopted in 2021 and includes the Statement of Intended Service Provision for each Group of Activities, which specifically details the:

- Levels of Services - the outputs that Council expects to be generated by the activity.
- Performance measures – the means used to measure whether the levels of service are being delivered.
- Performance targets – the desired levels of performance against the performance measures.

The Long-Term Plan performance measures selected are to provide the public with information to assess the level of service across all of Council's activities.

As Council adopted the transition approach provided by the Local Water Done Well legislative change, to develop a Long Term Plan from 2025 to 2034, the performance targets reported for the 2024/25 year relate to year four of the Long Term Plan 2021-2031.

An important performance target that is measured every three years is the Community Survey, which provides Council with direct feedback on the range of services provided to the Community. The last community survey was conducted during the 2022/23 financial year, with the next survey due during the 2025/26 financial year.

During the 2024/25 year, Council achieved 74% of its non-financial performance targets compared to 71% for the previous year.

Activity	2024/25			2023/24 Achievement Rate
	No. of targets	End of Year Result		
Democracy	3	2	67%	67%
Economic and Community Development	5	3	60%	100%
Environmental Services	13	8	62%	45%
Roading	7	2	29%	43%
Stormwater	3	3	100%	100%
Water Supply	14	13	93%	77%
Wastewater	7	6	86%	86%
Solid Waste Management	2	2	100%	100%
Leisure and Recreation	12	10	83%	75%
TOTAL* excludes the N/A targets	66	49	74%	71%

* Excludes the N/A targets

The following actions are being taken to address the targets that were not achieved:

Democracy

For the annual works programme 73% (target >90%) was completed for the year to 30 June 2025. Some roading projects did not progress due to reduced funding from NZTA and also staff shortages impacted the completion of some projects. The uncompleted projects will be carried out in 2025/26, with an intended full complement of staff.

Economic and Community Development

There were two targets not met. One target was for attendance at Toi EDA meetings, which is due to Toi EDA going into a hiatus. However, during the year Council worked closely with neighbouring Eastern Bay Council's developing a Regional Economic Development Strategy. This target has been removed moving forward to reflect changes within the Economic Development space. The target for youth council had fewer response to the survey, which likely impact the result.

Environmental Services

There were five targets that were not achieved:

- response times for dog complaints
- response times to noise complaints
- % of residents surveyed that understand the consequences of a disaster occurring
- % of residents surveyed that were prepared in the event of an emergency
- % of staff trained to respond to an emergency

The reason that most of the complaint targets were not achieved was due to reliance on external providers for response times to: dog and noise complaints, as well as complaints via email or antenno which are not monitored afterhours.

The Civil Defence targets of survey results have been amended moving forward, with the alternative target of providing education projects to equip residents with knowledge in the event of an emergency. Also, a new target of Council undertaking an annual Civil Defence Exercise has been include to maintain staff capability to effectively respond to an emergency.

Roading

Council did not achieve the targeted timeframes for responding to all streetlight outages, pothole repairs and footpath complaints. Council is reliant on a contractor to complete the streetlight outages and continues to work with the contractor to address the delays. Also, there were staffing shortages during the year which delayed the responses to fix potholes and damaged footpaths.

Stormwater

All targets were met.

Water Supply

All targets were met, except for drinking water standard for bacteria which was 99.95% - almost met.

Wastewater

All targets were met, except for dry weather overflows, which was 0.7 per 1,000 connections.

Solid Waste

All targets were met.

Leisure and Recreation

Council achieved 83% of its targets for leisure and recreation during the year. The Library targets of membership and book purchases, have been replaced from 2025/26 onwards with the number of visitor numbers (>50,000) and number of activity programmes delivered of 8, which better reflects the levels of Library Services to be delivered.



Minister for Regional Development Shane Jones (centre) with Sequal Managing Director David Turner and Mayor Faylene Tunui at the opening of the off-highway-road in Kawerau.

Significant achievements during the 2024/2025 year

- Following the introduction of Māori representation through Māori Wards in 2023, a representation review was completed in 2024 involving significant community engagement (pictured overleaf). The new basis for election resulted in the council table now comprising: the Mayor, two District-Wide councillors, three General Ward councillors and three Māori ward councillors.
- Ongoing agreement from Māori Investment Limited, the landowner and kaitiaki of Umukaraka Spring, for this spring to become the secondary drinking water supply for the District. Following this mutual agreement, Council upgraded the metering and infrastructure, and is now progressing the resource consent application
- Progression of stormwater modelling to a 1% AED or 1 in 100-year flood event (climate change adjusted) for the catchment above Stoneham Park Residential Development was required by the Bay of Plenty Regional Council. This work continues into the new financial year, with the aim to achieve resource consent for the earthworks to commence stage one of the development
- Residential property sales: The two vacant units at Porritt Glade were sold with a Right to Occupy in late 2024 resulting in all 29 units being occupied. Sale of the Bell Street two-bedroom spec build completed
- More than 1,000 people attended the Mayors' Taskforce for Jobs and ISK Industrial Open Day held in July 2024 successfully connecting the community and industry
- Ongoing development of rangatahi in Kawerau via the Kawerau Youth Council with continued high interest to serve on the council for the 2025 school year
- The Kawerau Youth Council continues to offer development opportunities for members and the community through the delivery of high-quality events. In 2024, a highlight was the Kawerau Young Achiever Awards that attracted a record-breaking crowd of some 400 people to support the 100-plus recipients
- Opening of the Off Highway Road that connects industry and forestry roads to the planned container terminal was opened by Minister Shane Jones, with Mayor Faylene Tunui and Sequal's David Turner
- Completion of 60% of the planned drinking water pipes renewals in the community
- Fluoridation of the drinking water supply as directed by the Ministry of Health, commenced on 1 October 2024, following an extension granted by the Ministry of Health
- Formal mihi whakatau for landowners was held to recognise the boundary reorganisation between Kawerau District Council and Whakatāne District Council, of some 546 hectares in April 2025
- Construction and blessing of a new stand-alone cemetery naming shelter at the Kawerau Cemetery
- Heads of Agreement signed with the Bay of Plenty Housing Equity Fund in November to invest in Stoneham Park Residential Development. The fund is a pioneering initiative comprising funding agencies and private investors to support housing initiatives in the Bay of Plenty
- Mayors' Taskforce for Jobs partnered with Ara Taiohi to host Kawerau Mana Taiohi Wānanga and Code of Ethics Training, dedicated to the development and well-being of our rangatahi (youth)
- Partnering with the Whakatāne and Ōpōtiki district councils, Kawerau progressed and engaged with the community for the Eastern Bay Spatial Plan, a 30-year plan for growth
- Installation of six solar panels on the Council office roof and a tesla battery provides added resilience and greater sustainability. Council will reduce CO₂ emissions by 34% or one ton of CO₂ per annum
- Rangitāiki Kapa Haka Festival was held in Kawerau showcasing rangatahi (pictured overleaf)
- Relocation and unveiling of new Te Marukaa Plaque on River Road for greater public accessibility (pictured overleaf)

Significant achievements during the 2024/2025 year



Above left: Community engagement for the Representation Review. Above right: Te Marukaa Plaque unveiling.



Above: Nga Tohu Community Awards 2024 recipients (front row) and committee during Manawatia a Matariki.



Above: Rangatahi perform during the Rangitāiki Kapa Haka Festival hosted in Kawerau.



Kawerau District Council, Ranfurly Court, Kawerau

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