

Meeting: Council

Meeting Date: 25 June 2025

Subject: **Pre-election Report 2025**

File No: 107000

1 Purpose

The purpose of this report is to inform councillors of the “Pre-election Report” which the Chief Executive is required to produce, pursuant to section 99A of the Local Government Act 2002, at least 2 weeks prior to nomination day (1 August 2025).

2 Background

The Local Government Act 2002 was amended in 2010, and the amendment introduced a number of changes, which were designed to provide greater transparency and accountability. One of these changes was the requirement to produce a pre-election report prior to the nomination date for Council elections.

The purpose of the pre-election report is to give the community and potential candidates, information concerning the Council's financial performance and also what is intended for the future.

As the Kawerau district has a resident population of less than 20,000, Council is able to adopt the reduced reporting requirements permitted by section 99A of the Local Government Act 2002.

The pre-election report is not intended to be a promotion (or criticism) document for the current council.

Following adoption by Council the report will be available to potential candidates and be put on the website.

3 Summary of Pre-Election Report

The following are the main components of the Pre-election report:

3.1 Rates, rate increases, borrowing and return on investments

This statement compares these figures with the limits that are in the financial strategy for 2025/26. Council adopts the financial strategy as part of the Long Term Plan.

3.2 Funding Impact Statement

The funding impact statement, which is required for both the Annual Report and the Long Term Plan is the principal means of measuring financial performance. The figures are taken from Council's Long Term Plan 2025 – 2034.

3.3 Statement of Financial Position

The statement of financial position shows Council's anticipated financial position for 2025/26, as well as 2026/27, 2027/28 and 2028/29 (from the 2025 – 2034 LTP).

3.4 Major Projects Planned

These include the capital projects for the next four years which have been identified in Council's 2025-2034 Long Term Plan for the subsequent years.

4 Appendix

Appended to this report is Council's 2025 Pre-Election Report.

5 RECOMMENDATION

That the report "Pre-election Report 2025" be received.



Morgan Godfery
Chief Executive Officer

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KAWERAU DISTRICT COUNCIL

Pre-election Report 2025



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 2025/26 and the three subsequent financial years.

The pre-election report must include the major projects planned for 2025/26 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 they should contact Lee-Anne Butler, 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 Council's Financial Strategy for 2025/26 (as per Council's Long Term Plan 2025 – 2034) compared with the two previous years:

	Annual Report	Annual Plan	Long Term Plan
	2023/24	2024/25	2025/26
Total rates:	\$13,057,847	\$14,583,750	\$15,811,210
Rate Increase limit (%) (Inflation plus 2%)	8.8%	5.2%	5.0%
Rate Increase actual (%)	7.4% **	12.2%	8.5%
Rates as % of total revenue (limit 88%)	72.1%	65.3%	68.4%
Total borrowing for year excluding leases*	\$4,000,000	\$6,000,000	\$8,000,000
Borrowing limit (< 50% of total assets)	<\$59,753,000	\$72,505,200	<\$71,533,500
Investment return	\$81,650	\$52,000	\$85,500
Investment return (%)	2.5%	1.7%	2.6%

** Actual rates increase

NB. Council has finance leases for photocopiers and telephones. Council intends to borrow a further \$4 million over the following 3 years (2026/27 – 2028/29) to fund the on-going replacement of all steel and AC water pipes. Total borrowing will be well within Council's borrowing limit.

Long Term Plan 2025/26 \$	FUNDING IMPACT STATEMENT	Long Term Plan		
		2026/27 \$	2027/28 \$	2028/29 \$
	SOURCES OF OPERATING FUNDS			
14,083,970	General rates, UAGC and rate penalties	14,207,730	14,562,530	14,691,460
1,727,210	Targeted rates	2,020,350	2,456,530	2,983,870
455,460	Subsidies and grants for operating purposes	465,190	480,630	506,190
2,247,230	Fees and charges	2,287,110	2,350,050	2,404,580
85,500	Interest and dividends from investments	87,420	81,490	75,790
391,560	Fuel tax, fines, infringements and other receipts	364,980	367,060	398,260
18,990,930	TOTAL OPERATING FUNDING (A)	19,432,780	20,298,290	21,060,150
	APPLICATIONS OF OPERATING FUNDING			
15,974,390	Payment to staff and suppliers	16,209,920	16,594,080	17,166,110
460,500	Finance costs	499,000	607,300	666,800
0	Other operating funding applications	0	0	0
16,434,890	TOTAL APPLICATIONS OF OPERATING FUNDING (B)	16,708,920	17,201,380	17,832,910
2,556,040	SURPLUS/(DEFICIT) OF OPERATING FUNDING (A-B)	2,723,860	3,096,910	3,227,240
	SOURCES OF CAPITAL FUNDING			
3,018,020	Subsidies and grants for capital purposes	780,920	499,240	505,600
0	Development and Financial contributions	0	0	0
1,982,200	Increase/(decrease) in debt	1,982,200	1,982,200	47,180
0	Gross proceeds from sale of assets	0	0	0
0	Lump sum contributions	0	0	0
1,100,000	Other dedicated capital funding	2,930,000	2,126,520	1,056,520
6,100,220	TOTAL SOURCES OF CAPITAL FUNDING (C)	5,693,120	4,607,960	1,609,300
	APPLICATIONS OF CAPITAL FUNDS			
	Capital expenditure:			
1,146,430	- to meet additional demand	602,850	161,220	876,150
0	- to improve level of service	1,072,460	0	0
5,247,590	- to replace existing assets	6,112,490	6,024,610	5,570,760
(517,330)	Increase/(decrease) in reserves	(562,970)	1,272,260	(2,844,220)
2,779,570	Increase/(decrease) of investments	1,192,150	246,780	1,233,850
8,656,260	TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	8,416,980	7,704,870	4,836,540
(2,556,040)	SURPLUS/(DEFICIT) OF CAPITAL FUNDING (C-D)	(2,723,860)	(3,096,910)	(3,227,240)
0	FUNDING BALANCE ((A-B)+(C-D))	0	0	0

Long Term Plan		Long Term Plan		
2025/26		2026/27	2027/28	2028/29
\$		\$	\$	\$
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Current assets				
3,117,720	Cash and other financial assets	3,197,425	3,550,715	300,937
2,564,490	Trade and other receivables	2,568,340	2,543,970	2,510,480
5,211,290	Inventories	3,322,199	2,086,521	2,817,330
0	Other Financial Assets	0	0	0
10,893,500	Total current assets	9,087,964	8,181,206	5,628,747
Non-current assets				
131,674,677	Property, plant and equipment	134,736,477	151,220,777	152,440,137
112,500	Intangible assets	118,620	124,900	131,000
386,250	Investment in CCOs	486,250	586,250	586,250
132,173,427	Total non-current assets	135,341,347	151,931,927	153,157,387
143,066,927	TOTAL ASSETS	144,429,311	160,113,133	158,786,134
LIABILITIES				
Current liabilities				
4,029,580	Trade and other payables	5,046,150	4,352,961	4,082,510
7,997,650	ORA – Refundable Occupancy	7,757,721	7,524,989	7,299,239
976,180	Employee benefit liabilities	1,008,650	1,036,820	1,064,020
17,800	Borrowings/Leases	17,800	15,410	20,650
13,021,210	Total current liabilities	13,830,321	12,930,180	12,466,419
Non-current liabilities				
136,397	Provisions/Deferred Revenue	130,940	125,703	120,675
66,820	Employee benefits	69,050	70,970	72,840
8,051,010	Borrowings/Leases	10,033,210	12,015,410	12,062,590
8,254,227	Total non-current liabilities	10,233,200	12,212,083	12,256,105
21,275,437	TOTAL LIABILITIES	24,063,521	25,142,263	24,722,524
EQUITY				
40,395,342	Retained earnings	41,783,422	41,199,867	42,803,814
81,396,148	Other reserves	78,582,368	93,771,003	91,259,796
121,791,490	TOTAL EQUITY	120,365,790	134,970,870	134,063,610

MAJOR PROJECTS PLANNED	Long Term Plan			
	2025/26	2026/27	2027/28	2028/29
	\$	\$	\$	\$
Road and Carpark Resealing	191,398	195,478	249,350	250,957
Footpath Renewals and Kerb Replacement	142,100	145,690	186,150	188,600
Street Light Renewals	40,500	41,270	90,230	90,230
Road Pavement Treatment	76,700	78,050	131,180	131,180
Audio, Seating, Lighting and Bins	32,479	33,459	39,935	41,034
Stormwater – Catch pit renewals	60,000	61,080	66,770	72,810
Water Reticulation Renewals	2,213,000	3,969,142	2,781,470	2,824,650
UV Tube Replacement	15,840	16,410	16,940	17,470
Sewerage Pipe, Pump and Plant Renewals	1,742,400	1,963,070	1,797,540	1,371,260
Transfer Station Renewals	0	10,725	16,609	11,420
Library Collection Renewals	79,090	81,180	83,270	85,140
Library/Museum building/fixtures renewals	73,820	21,570	15,140	13,480
Swimming complex renewals	111,000	163,416	42,306	11,059
Halls/Public Toilet renewals	17,770	57,987	130,688	27,210
Sportsfields, Reserves and Playground renewals	111,010	85,120	87,310	95,806
Council Buildings	39,240	41,820	39,370	52,520
Vehicle and Plant Replacement	157,493	136,276	160,940	139,064
IT and Communication Equipment Replacement	101,450	52,850	58,702	118,240
Other Capital Projects – Economic Development	42,300	12,560	12,910	13,220
Stoneham Park Development (Infrastructure)	1,146,430	602,847	161,220	876,150
Total	6,394,020	7,770,000	6,168,030	6,431,500