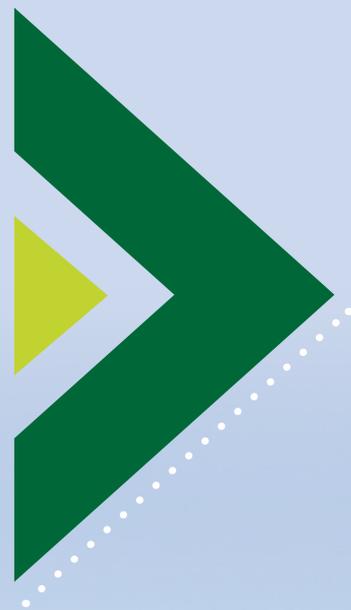


**Mahere Iwa Tau Long Term Plan 2025-2034
Consultation Document**

Our future

**and how we are
planning to get there**



**KAWERAU
DISTRICT COUNCIL**
Te Kaunihera ā rohe o Kawerau
TAONGA O TE WHENUA - TREASURE OF THE LAND

Kō Pūtauaki te Maunga
Kō Te Aotahi te Tangata
Kō Te Takanga i o Apa te wai
Kō Tūwharetoa te Iwi
Kō Te Arawa te Waka
Tihei Mauri Ora

⋮ Pūtauaki is the mountain
⋮ Te Aotahi is the guardian
⋮ Te Takanga i o Apa is the water
⋮ Tūwharetoa is the tribe
⋮ Te Arawa is the canoe
⋮ There is Life



Our Vision

To create a resilient and sustainable Kawerau District that can meet the needs of the future.

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Key dates

Feedback and Submissions
11 April to 12 May 2025

Community Engagement Meetings

11 April	Grey Power / Public Meeting, 1:30pm-2.30pm	Concert Chamber
15 April	Business Forum / Public Meeting, 12noon-2pm	Concert Chamber
15 April	Public Meeting, 5.30pm-6.30pm	Concert Chamber
17 April	Public Meeting, 10am-12noon	Rautahi Marae
8 May	Public Drop In Session, 9am-1pm	Kawerau Markets

Consultation Timeline

11 April 2025	Consultation period opens
12 May 2025	Closing date for submissions
28 May 2025	Hearing for submitters to talk with Mayor and Elected Members
25 June 2025	Council adopts Long Term Plan 2025-2034

Message from the Mayor and Chief Executive

Tēnā tātau katoa | warm greetings to you all, our community on behalf of Te Kaunihera ā rohe o Kawerau to the proposed Long Term Plan consultation document for 2025 to 2034.

We completed an enhanced annual plan last year due to the changes and uncertainty with the three waters' legislation, Local Water Done Well. We are now completing our long term plan for the next nine years. This outlines our plans for services, projects and asset renewals and how we are planning to fund these.

At the same time we will be consulting with you our community regarding the Water Service Delivery Plan for the delivery of drinking water, wastewater and stormwater. During the preceding years Council has heard of the importance to the community of retaining our three waters assets and operations in-house as part of our core business. Therefore, Council has prepared the Long Term Plan financials based on this being the preferred option. This option will be confirmed via the consultation for the Water Services Delivery Plan run in parallel with the Long Term Plan.

More information about why retaining an in-house model is Council's preferred option is detailed in the insert delivered to homes with the Long Term Plan Summary Consultation Document. Further information is available via the Council website.

With costs at an all-time high, reviews of our services and projects has resulted in a short-term plan that aims to maintain a steady ship. Sticking to business as usual and maintaining a focus on only what is needed – we are proposing a rates increase of 8.5%.

This increase stems from increases in the cost to provide and maintain the current levels of service. Putting it simply, it is costing 8.5% more to provide the same level of service for year one of the Long Term Plan than it did for the previous year (2024-2025).

Importantly, this plan includes continuing to complete the renewals of the drinking water pipes and other strategic asset replacements as signalled in the previous Long Term Plan in 2021.

We look forward to engaging with you, our community about the nine-year long term plan in the coming weeks.



Faylene Tunui
Mayor | Kahika



Morgan Godfery
Chief Executive | Tumu Whakarae



What we are proposing for 2025-2026

Year one of the Long Term Plan

Council proposes an overall rates increase of 8.5% in the coming year that maintains our current levels of service.

Council plans to keep a 'steady ship' in the first three years of the Long Term Plan with a focus on providing the same level of services to the community. The cost of living increases experienced by residents, business and industry within our community also impact Council operations. The 8.5% proposed overall rates increase reflects the rising costs of purchasing goods, contracting services and retaining staff.

Simply put, the cost to provide the same level of services to you our valued community has increased by 8.5% over the past 12 months.

This year, 2024-2025, the total revenue to deliver services, projects and operations by Council is \$22.329 million. Of this, \$14.583 million is funded by rates from 167 commercial/industrial ratepayers and 2,790 residential ratepayers.

In 2025-2026, the total revenue required to maintain the current levels of service, is \$24.215 million, of which \$15.811 million is funded from commercial, industrial and residential rates. This is a difference of \$1,227,480 million that results in the 8.5% rates increase

The drivers of the 8.5% overall rates increase for year one of the Long Term Plan are:

- Personnel = \$456,060 or 3.1%
- Operating Costs = \$412,160 or 2.8%
 - Solid Waste \$174,000
 - Water implementation \$82,000
- Depreciation Expense = \$297,250 or 2.0%
- Finance Costs = \$110,500 or 0.8%
- Increase in Interest Income = (\$33,500 or 0.2%)

Please note: the overall rates and weekly increases of individual properties will vary depending on the change of capital value of properties following the 2024 revaluation and the proposed change in targeted rates. There are variable increases for individual ratepayers which might be higher than the 8.5% (see page 17).

What does the future look like?

Our focus is on building a plan that enables us to create a resilient and sustainable Kawerau District. The major areas considered for the 2025-2034 Long Term Plan are:

CONSULTATION TOPIC 1

Moving to targeted water and wastewater rates

CONSULTATION TOPIC 2

Funding of depreciation

CONSULTATION TOPIC 3

Planning for the future

What we have been working on since our last Long Term Plan in 2021?

- ✓ Completed water reticulation (pipe) renewals in River Road, and zone 2 and 3, and replaced the water mains trunk line connecting the River Road pump house to the reservoirs at Monika Lanham Reserve.
- ✓ Completed stormwater and wastewater pipe renewals (town centre).
- ✓ Completion of Porritt Glade Lifestyle Village in 2023; full occupancy in 2024.
- ✓ Upgrade of Water Treatment Plant pumps in River Road creating better efficiency and resilience of supply.
- ✓ Completion of stage one of passive drainage works at Hardie Avenue and River Road areas.
- ✓ Completion of Bell Street duplex and subsequent sale of the two-bedroom unit.
- ✓ Implementation of water fluoridation as directed by Ministry of Health.
- ✓ Maurie Kjar Aquatic Centre upgrade completed; new geothermal bore; complex reopened in 2022.
- ✓ Rangī Delamere Centre rebuild and opening in 2024.
- ✓ Wastewater Treatment Plant upgrades including telemetry.
- ✓ Stoneham Park Residential Development progress: land status residential, district plan changes completed, Bay of Plenty Housing Equity Fund \$1.02m to invest.
- ✓ Central Cove residential development: 22 homes completed; three spec homes planned.
- ✓ Supported the boundary reorganisation for approx. 546 hectares land to transfer into the Kawerau District; endorsed by respective landowners; approved by the Local Government Commission on 9 April 2024.
- ✓ Kawerau Youth Council supporting and developing youth through community events, experiences and opportunities.
- ✓ Ongoing adult literacy and digital learning opportunities via the Library.

✓ DRINKING WATER PIPE REPLACEMENT

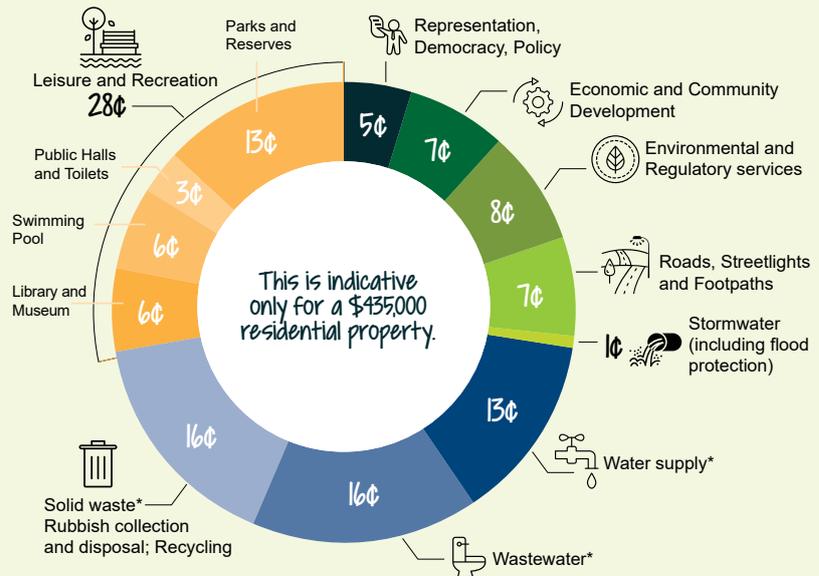
- Drinking water pipes in zones 5 and 6 to be replaced in 2025-2026
- Drinking water pipes in zones 7 and 8 to be replaced in 2026-2027

Scan to see the map



What your rates dollar provides for our community

*These rates comprise a uniform annual charge per property and the remainder of this charge is based upon property value.



Our key activities

Democracy

- Representation
- Policy
- Democracy
- Community engagement

Three Waters

- Drinking water supply from source to delivery
- Stormwater drainage and flood protection and control works
- Wastewater: sewerage and sewage treatment and disposal

Economic and Community Development

- Economic Development
- Residential Development
- Events Management
- Information Centre
- Community Development
- Youth Development

Solid Waste

- Refuse Collection and disposal
- Recycling collection

Environmental Services

- Resource Management
- Building Control
- Environmental Health
- Dog Registration and Control
- Civil Defence

Leisure and Recreation

- Maurie Kjar Aquatic Centre
- District Library and Museum
- Firmin Lodge
- Public halls and facilities
- Skate park and playgrounds
- Parks and reserves
- Sports fields and facilities
- Cemetery

Roading

- Roads and Footpaths
- Street lighting

For more information about our activities see our website kaweraudc.govt.nz



Future Issues and Opportunities

- **Local Water Done Well** – Complete our Water Services Delivery Plan by deadline 3 September 2025.
- **Growing Our District** – Continue to enable and support economic development.
- **Solid Waste review** – the cost to collect and transport refuse (recycling, green waste and refuse) costs the community around \$3 million each year. This is the single biggest operational cost for the community and the increases are being driven by increasing levies and transportation costs of refuse (rubbish) to the Tirohia Landfill.
- **Ensuring the security of drinking water supplies** for the community is a future focus signalled within this Long Term Plan in year 2026/2027. This comprises the investigation into a manganese removal plant for the Council water source Te Wai o Marukaa Spring.
- **Resilience issues** include climate change and the way in which the district plans for predicted weather systems.
- **Legislative Reforms** – Reviews of the Resource Management Act (RMA), Building Act, Civil Defence Emergency Management Act, and Health and Safety Act may impact on Council’s operational landscape, but there are no specific details of the impacts and changes. In addition, the proposed recommendations from the Future for Local Government Review, have yet to be considered by Government.
- **Leveraging from the Regional Economic Deal** partnership with Whakatāne, Ōpōtiki and Bay of Plenty Regional Councils.
- **Utilising partnerships and Spatial Planning outputs** to enhance and enable economic and community development.
- **Investigations for further capturing solar energy** for back-up power supplies.
- **Community well-being** – Continue to maintain and enhance community facilities

What does the future look like?

Our focus is on building a plan that enables us to create a resilient and sustainable Kawerau District.

The major areas being considered for the 2025-2034 Long Term Plan are:

CONSULTATION TOPIC 1

Moving to targeted water and wastewater rates

CONSULTATION TOPIC 2

Funding of depreciation

CONSULTATION TOPIC 3

Planning for the future

This section outlines the proposals and provides options for residents to give us feedback on. We want to know what you think.

Kōrero mai
Let's talk

Moving to targeted water and wastewater rates

9 years or 5 years? Local Water Done Well legislation requires Council to review the way we deliver water services to our community.

Council is consulting separately on future arrangements for water services, in parallel with the Long Term Plan, as permitted under the Local Government (Water Services Preliminary Arrangements) Act 2024.

We are asking the community should Council keep delivering water services (drinking water, stormwater and wastewater) in-house or join a multi Council Controlled Organisation (CCO). Council's preferred option is the status quo, retain an in-house business unit. However, this is subject to the outcome of community consultation and a final council decision. If required, the LTP will be amended following final decisions on water services.

The Long Term Plan is based on the underlying financial information that retains water services in-house and is consistent with the water services consultation material.

The requirements of Local Water Done Well mean Council needs to transition towards the targeted water rates funding the total delivery of water and wastewater services. Basically, the costs of Kawerau's Water Service Delivery Plan, must be sourced from the users of those services.

Currently, the targeted rate for drinking water per property is \$84.50, and the remaining 85% of the cost is funded via the general rate. Targeted rates for wastewater contribute 23% of the cost at \$170 per property, with the remaining 77% funded from the general rate.

The transition to higher targeted rates for water and wastewater will have an impact on reducing the total general rates requirements over the nine years of the Long Term Plan. The mechanics of how this Local Water Done Well – legislation will be implemented is still being finalised, so we will know more by the time we complete our next Long Term Plan in two years.

There are increased costs for Council to manage the Water Services Delivery Plan separately from other council finances. Part of the 8.5% rates increase includes an additional \$82,000 to implement the Water Services Delivery Plan. This \$82,000 cost will apply regardless of the preferred option of an in-house business unit or multi-Council Controlled Organisation.

The Long Term Plan proposes increasing the targeted rates gradually over a nine-year period starting with an increase of 5% in both 2025-2026 and 2026-2027. This is Council's preferred option.

Is the community happy with this transition (which will have a lower rates impact) or would the community prefer this to be over a shorter five year period?



Option 1

Transition over nine years towards a targeted water rate to fund the total delivery of drinking water and wastewater services. The percentage increase in the first two years are lower at 5% and then increase until 2033/34 when 100% of all the water activities will be funded by targeted rates. (See graph)

Currently residential ratepayers pay \$84.50 per property for drinking water and \$170 per property for wastewater services. This is only 15% and 23% respectively of the cost to provide the service with the rest funded via the general rate.

Impact on Rates – Overall the total rates required remains the same. However, changes to the targeted rates will impact individual ratepayers differently. The graph below shows the increase in targeted water and wastewater rates over nine years compared with five-year transition.

Impact on Specific Properties – The impact of a longer transition will mean less of an impact on individual properties.

Benefit to transitioning to ‘user pays’ via these targeted water rates, is that the properties using the service are paying for the service. Rather than the cost of the service being subsidised via the general rate.

Note: The increases in targeted rates for water and wastewater will be off-set by the decrease of funds used from the general rate to fund these services.

Impact on Service – Nil

Impact on Debt – Nil

Option 2

Transition over a shorter period of five years towards a targeted water rate to fund the total delivery of drinking water and wastewater services.

Currently residential ratepayers pay \$84.50 per property for drinking water and \$170 per property for wastewater services. This is only 15% and 23% respectively of the cost to provide the service with the rest funded via the general rate.

Impact on Rates – Overall the total rate required remains the same. However, changes to the targeted rates will impact individual ratepayers differently. The graph below shows the increase in targeted water and wastewater rates over five years, compared with the nine-year transition.

Impact on Specific Properties – The impact of a shorter transition to targeted water rates on individual properties will mean higher increases for lower value properties.

Benefit to transitioning to ‘user pays’ via these targeted water rates, is that the properties using the service are paying for the service. Rather than the cost of the service being subsidised via the general rate.

Note: The increases in targeted rates for water and wastewater will be off-set by the decrease of funds used from the general rate to fund these services.

Impact on Service – Nil

Impact on Debt – Nil

Council’s preferred option is to transition to targeted rates paying for 100% of the operational costs of drinking water and wastewater services over nine years as per the graph below:

Transition to targeted water and wastewater rates per property



Funding of depreciation

The Long Term Plan has been prepared with 65% of depreciation being funded for on strategic assets for year one (2025-2026), followed by a gradual 3% increase each year over the next 12 years back to 100%.

Assets such as the water treatment and wastewater treatment plants, buildings, roads and facilities wear out over time and eventually need to be renewed or replaced. Depreciation is the method used to account for the cost of these assets over what is called the 'asset's life'.

In 1998-1999, Council began funding depreciation through rates for strategic assets, which complies with legislative requirements. Council classifies water, wastewater and roading networks as strategic assets. Funding for depreciation each year means ratepayers now and into the future pay their share of the use of these assets.

Since 1998-1999, Council has not fully funded depreciation for non-strategic assets such as the council offices, which are unlikely to be replaced with assets of equal value and this helps ease the burden of depreciation funding on the community. Also, Council does not fully fund depreciation on roads subject to the NZTA Waka Kotahi subsidies.

In June 2022, the cost to fund 100% of depreciation for strategic assets increased significantly, due to the revaluation of Council's strategic assets increasing by \$18 million.

For the past two annual plans, Council has consulted with the community on the level of funding for depreciation from rates. Following community feedback, Council lowered the level of depreciation funding to 65% for strategic assets. By keeping depreciation funding at 65%, a total of \$753,300 is not being funded in 2025-2026 for strategic assets. This has had no impact on short-term debt, but to continue lower levels of funding to depreciation, may mean funding from debt will be required in the future.

Funding for depreciation, and future renewal of assets, is an increasing cost and is likely to continue having an impact on rates and affordability. Council assets are due for revaluation in 2025, which could further increase the level of depreciation that needs to be funded over the next nine years of the Long Term Plan.





Option 1

Continue in year one 2025-2026 with 65% funding for depreciation of strategic assets. Then increase the level of funding by 3% each year for 12 years back to 100% for strategic assets.

- 65% for 2025-2026
- 68% for 2026-2027
- 71% for 2027-2028
- 74% for 2028-2029
- 77% for 2029-2030
- 80% for 2030-2031
- 83% for 2031-2032
- 86% for 2032-2033
- 89% for 2033-2034
- 92% for 2034-2035
- 95% for 2035-2036
- 98% for 2036-2037
- 100% for 2037-2038

Impact on Rates – Keeping 65% for year one reduces the rates increase by 0.8% or \$119,280 overall (see table below)

Impact on Service – Nil

Impact on Debt – Keeping depreciation funding at 65% (rather than 100%) in 2025-2026 results in \$753,300 not being funded for depreciation of strategic assets in year one.

Nil in the short-term, but under-funding depreciation may mean higher levels of debt are required in the future to replace strategic assets.

Option 2

Increase funding for depreciation by 5% to 70% for strategic assets in year one 2025-2026; continue increasing by 5% each year for 7 years to reach 100%.

- 70% for 2025-2026
- 75% for 2026-2027
- 80% for 2027-2028
- 85% for 2028-2029
- 90% for 2029-2030
- 95% for 2030-2031
- 100% from 2031-2032

Impact on Rates – Increases the rates by 0.8% or \$119,280 for 2025-2026.

Impact on Service – Nil

Impact on Debt – Raising depreciation funding to 70% (rather than 100%) in 2025-2026 results in \$634,000 not being funded for depreciation of strategic assets in year one.

Rebuilds the depreciation reserves quicker and means the community is less reliant on further debt in the future.

Increasing Depreciation Funding Options – Impact on Rates

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Option 1 - Council's preferred option									
Increase Funding of Depreciation at 3% starting 2026-2027	8.5%	2.9%	5.0%	4.7%	2.8%	2.4%	3.2%	1.4%	3.6%
Option 2									
Increase Funding of Depreciation at 5% from 2025-2026	9.3%	3.2%	5.3%	4.9%	3.2%	2.7%	3.4%	0.9%	3.1%
Difference in rates	-0.8%	-0.3%	-0.3%	-0.2%	-0.4%	-0.3%	-0.2%	0.5%	0.5%

Council's preferred option is 1: which results in lower rates increases for the next seven years.

CONSULTATION TOPIC 3

Planning for the future

Council wants to investigate and develop concept plans for a Community Library and Research Centre for our community.

A Long Term Plan is the time to look at aspirational goals for our community. Part of planning for the future, is thinking now about what our community may need.

Following early engagement for the Long Term Plan with the community in 2023, and ongoing consultation for annual plans, Council has heard that some residents want the current library enhanced.

Do you agree with putting some funding into year two of the Long Term Plan to investigate and develop concept plans for a Community Library and Research Centre? The aim of developing the concept designs and planning is to be ready for potential grants and external funding opportunities as they arise to fund the project without burdening the community.

Do you want traditional library and new digital resources, for example:

- Places for online learning and literacy for all ages
- Places to experience new technology?
- Break-out areas or rooms to meet, play or even work?
- Listen to talking books or music?
- Hardcopy books for all ages?
- What else?

If you agree with the funding being budgeted for these plans, we want to know what you would like to see in such a centre?

If you don't agree with funding this investigation, are there other areas you would prefer Council focus on?

Council's preferred option

Option 1

Budget \$60,000 in year two 2026-2027 to investigate and develop plans for a Community Library and Research Centre.

Impact on Rates – 0.4%

Impact on Service – Nil in the short-term planning phase.

Positives following the longer-term implementation phase is that the community can benefit from enhanced experiences and opportunities.

Impact on Debt – Nil. Council plans to secure external funding for the physical development of the Community Library and Research Centre. Benefit of planning for the future is to take advantage of funding opportunities as they arise.

Option 2

Delay the investigations into the Community Library and Research Centre until the next Long Term Plan in 2027-2028, or are there other areas you would prefer Council focus on?

Impact on Rates – Nil

Impact on Service – Nil

Impact on Debt – Nil

Policies for consultation

The following policies have been reviewed and Council is seeking feedback on the draft documents. For more information about any of the following policies, please visit the Council website or view the printed material at the Council office, site and Library.

1. Draft Rates Remission Policies

Council's Rate Remission Policies identifies when a rates remission may be applied subject to set conditions and criteria. Council has the following rates remission policies that we are seeking feedback during the consultation period:

- Rates relief policy for farm properties
- Rates relief policy for developments
- Rates remission and postponement policy for Māori freehold land
- Rates penalty remission policy
- Rates remission policy for Boundary Reorganisation properties

2. Draft Financial Contributions Policy

The Financial Contributions Policy is to address the capital expenditure, which may be required as a result of, or in anticipation of growth. The policy has been reviewed and updated, particularly for references to sections of the District Plan, general wording and layout.

3. Draft Revenue and Financing Policy

The Revenue and Financing Policy sets out Council's approach and sources of funding operational and capital expenditure. The existing policy has been reviewed and updated. The significant change is with regards to the private benefits provided by water and wastewater services. With this change, Council plans to gradually transition to full targeted rates for water and wastewater, transferring from the majority of expenditure being funded by the general rate.

4. Draft Significance and Engagement Policy

The purpose of this policy is to identify the level of significance and engagement for proposals, matters or decisions, which affect the community, that Council is responsible for making. It is Council's responsibility to gather information, views and preferences from the Kawerau community and use that information to inform decision-making.

Council recognises its obligations to Māori and Tangata Whenua under Te Tiriti o Waitangi and the Local Government Act 2002. Council is committed to an ongoing dialogue and working relationship with Tangata Whenua, Iwi and Māori.

Council will continue to refine our processes to engage effectively with our community to ensure we have a greater understanding of what the community wants, and therefore can make informed decision-making.

This policy has been reviewed and updated and applies to any proposal presented to Council and its committees for decision-making.

Financial summary

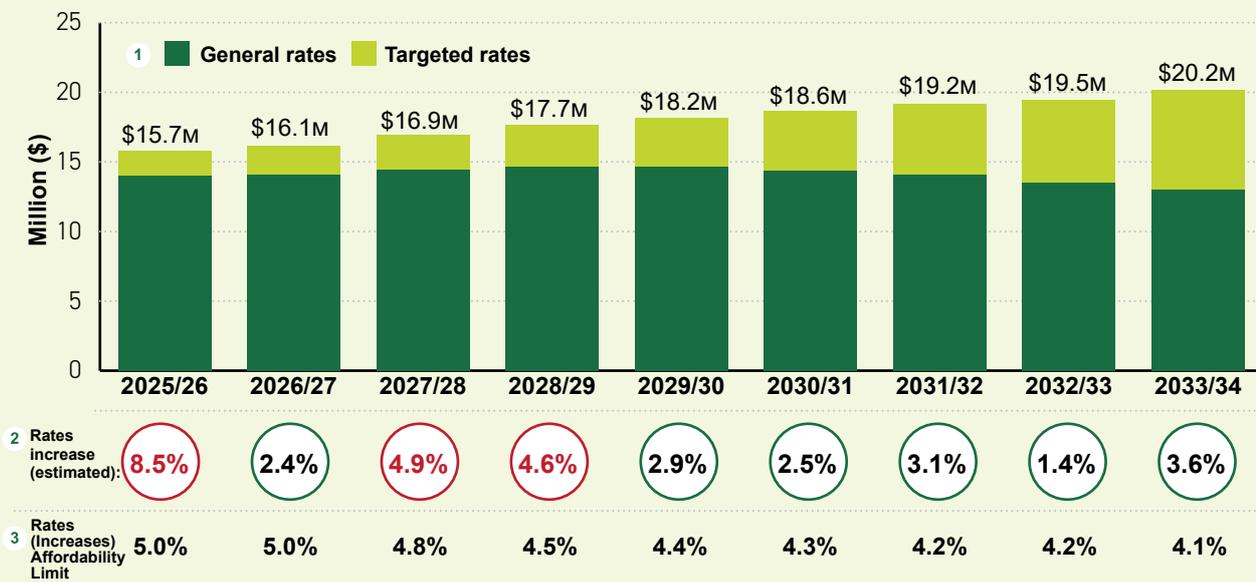
The following pages show our financial forecast for the next nine years. This includes our total expenditure, proposed rates for residential, commercial and industrial properties, and capital projects and projected borrowing.

Council's full Financial Strategy is available on the Council website.

Council's affordability benchmarks are set as:

- Total rates will not exceed 88% of total revenue
- Annual rates increases will not exceed the average rate of inflation plus 2%

PROPOSED RATES FOR THE NEXT NINE YEARS



- 1 Total Rates Income consists of general and targeted rates.
- 2 Council has set the rates (increases) affordability limit as the average rate of inflation, plus 2%.
- 3 In years 2025-2026, 2027-2028, and 2028-2029 the proposed rates increases do exceed the rates increases affordability limit. The reasons for exceeding in 2025-2026 include increased costs for personnel, depreciation and finance (see page 5); 2027-2028 there is additional depreciation budgeted following the 2025 revaluation of Council's strategic assets (likely to increase Council's projected depreciation expense); for 2028-2029 there are additional expenses for major maintenance works and financing costs for loans to fund water pipe renewals.

PROPOSED BORROWING AND DEBT LEVELS



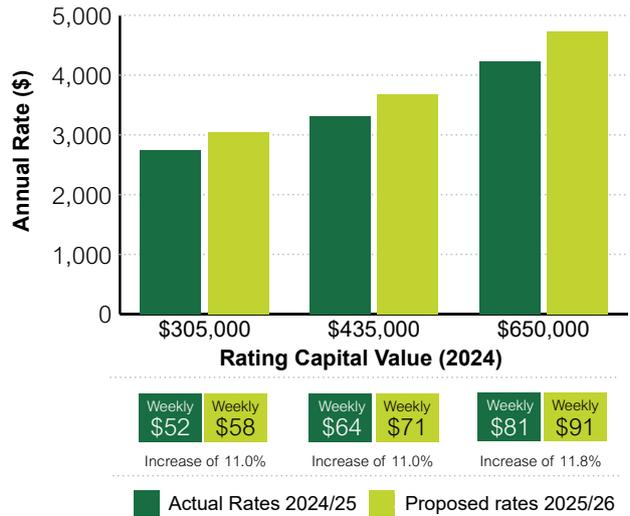
PROPOSED RATES - WHAT YOUR RATES MIGHT LOOK LIKE

These graphs show what your rates increases are for 2025-2026. Your rates increase will vary depending on the type of property you have and the capital value.

These are only indications, as if we need to make any changes following the consultation process, these figures will change.



Residential properties



Commercial properties



Industrial properties



WHAT YOUR RATES MIGHT LOOK LIKE NEXT YEAR

Important note when comparing the rates between 2024-2025 and 2025-2026 the new capital values apply when calculating the rates. This does result in variable changes in property rates, as it depends on the movement in the revaluation.

There were no significant changes in Residential values, however valuation movements within Commercial and Industrial Properties, has had varied impacts on the these property examples provided.

Also varying the rates impact on individual properties is the gradual increase of the water and wastewater targeted rates. As targeted rates are a set amount per property this does impact lower value properties more than higher value properties.

2024 Capital Value	Rates 2024/25	Proposed Rates 2025/26	Rates Change			
			\$	%	Weekly Increase	
Residential						
\$305,000	\$2,739	\$3,040	\$301	11.0%	\$6	
\$390,000	\$3,121	\$3,456	\$335	10.7%	\$6	
\$435,000	\$3,312	\$3,675	\$363	11.0%	\$7	
\$520,000	\$3,673	\$4,091	\$418	11.4%	\$8	
\$650,000	\$4,225	\$4,725	\$500	11.8%	\$10	
Commercial / Industrial						
\$240,000	\$7,961	\$8,422	\$461	5.8%	\$9	
\$405,000	\$12,641	\$13,352	\$711	5.6%	\$14	
\$1,010,000	\$31,417	\$31,433	\$16	0.1%	\$0	
\$11,693,000	\$332,764	\$350,565	\$17,801	5.3%	\$342	
\$19,300,000*	\$579,485	\$578,030*	-\$1,455*	-0.3%*	-\$28*	
\$34,750,000	\$986,650	\$1,039,753	\$53,103	5.4%	\$1,021	
\$46,250,000	\$1,312,813	\$1,383,430	\$70,617	5.4%	\$1,358	

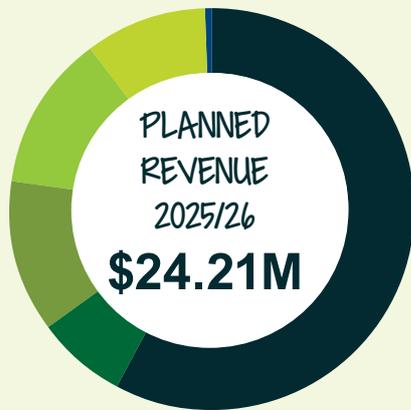
* These decreases reflect a reduction in the capital values due to the 2024 revaluations.

** All rates amounts above are stated as GST inclusive.

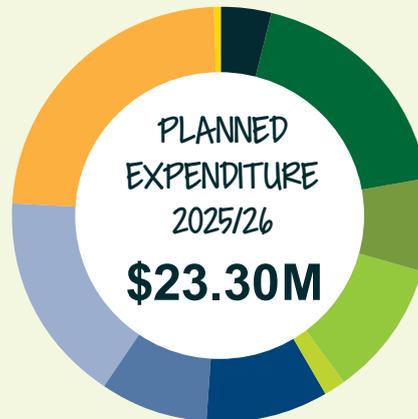


REVENUE AND EXPENDITURE

Revenue and Expenditure - Year 1 of the Long Term Plan



■ General Rates	\$14,014,020
■ Targeted Rates	\$1,727,210
■ Subsidy*	\$3,023,480
■ Other Revenue	\$3,018,964
■ Fees and Charges	\$2,345,830
■ Interest	\$85,500



■ Democracy	\$910,660
■ Economic Development	\$4,317,760
■ Environmental Services	\$1,670,320
■ Roading	\$2,421,410
■ Stormwater (incl. Flood Protection)	\$389,550
■ Water	\$2,210,370
■ Wastewater	\$1,960,380
■ Solid Waste	\$3,850,320
■ Leisure & Recreation	\$5,448,330
■ Other	\$119,840

*Majority relates to Better off Funding, NZTA Subsidies and other grants.

Revenue and Expenditure from 2026/27 to 2033/24

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Revenue								
Rates – General	14,104,130	14,458,840	14,689,080	14,623,170	14,373,620	14,113,280	13,484,630	12,999,720
Rates – Targeted	2,008,370	2,441,230	2,983,510	3,554,710	4,251,220	5,087,400	5,980,170	7,167,390
Subsidies	1,246,110	979,870	1,011,790	1,044,600	1,267,680	1,301,190	1,335,740	1,581,960
Petrol tax	68,980	71,060	73,020	74,980	76,810	78,640	80,530	82,360
Interest	90,890	87,670	56,690	51,300	76,070	101,510	150,320	184,030
Other	5,148,510	4,386,790	4,523,830	5,596,570	4,705,390	5,201,560	3,270,810	3,318,260
Total Revenue	22,666,990	22,425,460	23,337,920	24,945,330	24,750,790	25,883,580	24,302,200	25,333,720
Expenditure								
Personnel	8,051,160	8,276,060	8,493,170	8,696,080	8,884,420	9,072,920	9,254,140	9,428,180
Depreciation	4,708,210	5,151,290	5,212,150	5,246,110	5,648,870	5,680,700	5,714,320	6,088,150
Interest	499,000	607,310	721,800	775,900	774,200	772,700	773,000	777,000
Other	10,110,320	9,564,520	10,035,740	11,203,940	10,287,740	10,935,770	9,363,450	9,656,710
Total Expenditure	23,368,690	23,599,180	24,462,860	25,922,030	25,595,230	26,462,090	25,104,910	25,950,040
Surplus/ (Shortfall)	-701,700	-1,173,720	-1,124,940	-976,700	-844,440	-578,510	-802,710	-616,320

BALANCED BUDGET REQUIREMENTS

The Local Government Act 2002 requires that Council's projected operating revenues are set at a level sufficient to meet the projected operating expenses each year. However, Council can set projected operating revenues at a different level from that required under this restraint, if it believes it is financially prudent to do so.

Council will usually set its projected operating revenue lower than its operating expenditure, because it has not resolved to fund depreciation on some of its assets for financially prudent reasons.

Note: The prospective information contained in this plan is based on assumptions that the Council reasonably expects to occur as at 30 June 2025. Actual results are likely to vary from the information presented and these variations may be material.

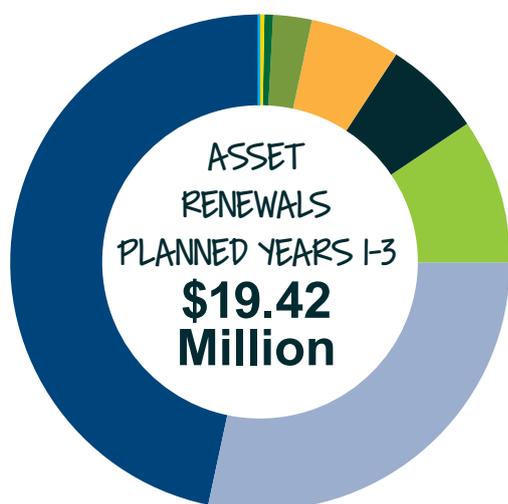
CAPITAL PROJECT EXPENDITURE

Council's infrastructure strategy outlines the key projects and asset renewals needed during the next 10 years. This is part of a wider 30 year infrastructure strategy.

The following is the Capital Expenditure for the next three years

	Year 1 2025/26	Year 2 2026/27	Year 3 2027/28	Total for 3 years
Economic Development	42,300	12,560	12,910	67,770
Roading	543,180	555,030	763,620	1,861,830
Stormwater (incl. Flood Protection)	-	-	-	-
Water	2,228,836	3,985,552	2,798,410	9,012,798
Wastewater	1,742,400	1,963,070	1,797,540	5,503,010
Solid Waste	-	10,720	16,610	27,330
Leisure & Recreation	392,690	409,280	358,720	1,160,690
Overheads	101,450	552,850	558,700	1,213,000
Plant	157,490	136,280	160,940	454,710
Buildings	39,240	41,810	39,360	120,410
	5,247,586	7,667,152	6,506,810	19,421,548

Total Capital Expenditure 3 years (2025-2026 to 2027-2028)

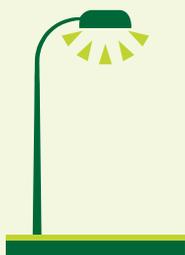


Stormwater (incl. Flood Protection)	\$0
Solid Waste	\$27,330
Economic Development	\$67,770
Buildings	\$120,140
Plant	\$454,710
Leisure & Recreation	\$1,160,690
Overheads	\$1,213,000
Roothing	\$1,861,830
Wastewater	\$5,503,010
Water	\$9,012,798

Infrastructure Strategy

The full Infrastructure Strategy is available on the Council website.

The Infrastructure Strategy refers to assets used to deliver services to the community in the Council Activities as shown below.



Roading infrastructure includes street lighting, kerb, channel and footpath, pavement surface, pavement structure.



Water Supply infrastructure used for collection and storage, and the reticulation (pipes) for local distribution of drinking water.



Stormwater (including flood protection) infrastructure is the reticulation (pipes).



Wastewater infrastructure is the reticulation and that used for sewage pumping, treatment and disposal.



Assumptions and drivers of capital expenditure

A fundamental question for Council about infrastructure expenditure is how much should be spent. Capital investment decisions are driven by three considerations:

1. Can we replace existing infrastructure like for like?
2. When should new and improved infrastructure be purchased? Council may need to purchase or upgrade infrastructure to reflect increasing environmental expectations, to cope with the effects of climate change or to improve resilience to earthquakes.
3. How much do we need to invest to provide adequately for the future?

The main determinant of demand for reticulation infrastructure is the number of households (27,900) and business premises (167) in the district. Kawerau's population projection is for relatively small growth, which indicates there is not likely to be increased demand from households. Council is encouraging industrial development which may create new demand from business premises.

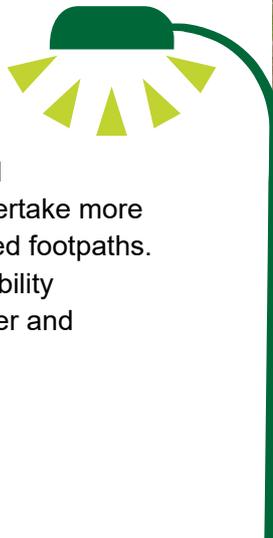
Kawerau has a rapidly ageing population, and it is projected that by 2043 almost 30% of the population will be over 65. It is anticipated that this will result in less water consumption as generally older people will use less water than families. Council's proposed infrastructure replacement programme is set out on the following pages.

Roading

For the roading network there will be continued reseals, footpath replacements, road marking and streetlight and kerb replacement at current levels to maintain existing levels of service. Renewal of some of the underlying road pavement structure will be required and this expenditure has been smoothed annually to reflect the likely actual expenditure.

Future population

Council has significantly increased its footpath renewal budget in recent years to undertake more renewals and replace damaged footpaths. This is to improve the accessibility especially for the district's older and disabled population.



Stormwater, water supply and wastewater

The Local Water Done Well reforms may significantly change the way the three waters services are delivered and funded, with the potential that this change could result in significant funding and resourcing implications for the rest of the Council.

As at 30 June 2024 the Annual rates revenue collected to maintain and renew the water comprises: \$1.4m for water, \$1.68m for wastewater and \$67k for stormwater.

The carrying value of Council's three waters assets as at 30 June 2024 was Water \$15.96m, Wastewater \$14.33m and Stormwater \$5.97m.

As the town is only 70 years old, Kawerau is unusual in that much of the reticulation infrastructure was constructed around the same time. Council's focus to date has been on maintenance, but as infrastructure ages, it needs to be replaced and due to the uniformity in age means that this will occur in large chunks and create expenditure 'spikes'.



Infrastructure asset condition and information

Our forecast renewals for stormwater and wastewater have presumed the worst-case scenario using the minimum asset lifespan.

A planned programme of asset evaluation will continue to determine the actual renewal programme required for stormwater and wastewater.

We will continue to use this formal and informal knowledge to reprioritise replacement and preventative maintenance programmes, and to ensure we manage the risk of failure.

However, areas that are known to have accelerated deterioration rates, such as pipes in the geothermal areas, have been replaced according to the minimum asset lifespan, over the previous two years.

Smoothing of renewals

Council has adopted a strategy to 'smooth' the renewal of its infrastructure assets to avoid large expenditure spikes. For the Stormwater, Water Supply and Wastewater infrastructure, Council has divided the reticulation network into zones based on the date it was developed. Renewal/replacement funding for each zone is averaged over 10 years to spread renewal dates, except the drinking water pipe replacement programme which is planned to be completed in six years.

Council's objective is to maximise the life of the district's infrastructure without compromising service and reduce the cost to the community.

STORMWATER

Stormwater is mainly collected from the roading network and channelled through a network of pipes in natural waterways. Council has replaced the pipework in the geothermal area since the last long term plan in 2021 as this asset had deteriorated. After evaluating the remaining pipework in the network, further renewals of this asset have been delayed as the network is in good repair. Further reviews will be carried out in future.



CLIMATE CHANGE

Climate change has resulted in increased rainfall intensities and unpredictable weather patterns. Following an extreme rainfall event in 2017 resulting in 300mm of rain in eight hours, Council built four engineered flow retention structures in the district, and completed a substantial upgrade and replacement of two culverts under River Road. These measures have mitigated impacts to surrounding residents of these areas in subsequent extreme rainfall events.

Currently, Council is completing a district-wide stormwater modelling project to ascertain the levels of risks for the community in the event of 1 in 100 year event or 1% AEP (Annual Exceedance Probability) adjusted with climate change.

The Kawerau District is in a unique opportunity to position itself as a green economy with the renewable energy and process heat available for industry. Further opportunities exist for Kawerau, and Council will continue to support and enable economic development.

Council will continue to take a proactive approach to supporting the community to become more sustainable and reducing emissions from our own operations. Council will continue to investigate further opportunities for capturing solar energy to provide added resilience to the operations. In 2024, solar panels were installed atop the Council office roof and proved their worth during a recent power outage, keeping servers online. Further opportunities for future proofing and resilience will be ascertained and where possible, external funding sources for implementation will be sought.

Other factors of climate change such as sea level rise are unlikely to impact on the district and are not mitigated.

WATER SUPPLY

Council plans to continue replacing drinking water reticulation (pipes) and will plan to replace approximately 39km (77kms in total) of water supply pipes over the next six years.



CLIMATE CHANGE

Climate change may not only result in more severe rainfall events but also more extreme drought events. Currently the district is being supplied with water from the Tarawera bore. Work to ensure that the rohe has a secondary water supply from Umukaraka Spring is underway courtesy of the agreement of the landowner Māori Investment Limited. In collaboration with Māori Investment Limited, Council has upgraded the metering and infrastructure along with work to renew the resource consent application. In liaison with the landowner MIL.

Council acknowledges M.I.L for their support and generosity regarding water supplies for the community.

Formerly, Council has always sourced water from Te Wai o Marukaa Spring in River Road. However, higher levels of manganese in Te Wai o Marukaa Spring (Pumphouse Spring) caused the discolouration of water in 2023. This caused widespread issues in the community. Once the source of the discolouration was traced to manganese levels in the spring, Council immediately stopped using this water source. However, the abundance of water available at Te Wai o Te Marukaa, and the need for another resilient water source, compels Council to investigate the option of installing a manganese-removal plant in the near future to ensure supply.

Significant renewal projects

1. Replacement of drinking water pipes

In 2021, Council consulted about the replacement of drinking water pipes across the district which at the time comprised a mix of materials including steel (44%), asbestos cement or AC (37%) and PVC (19%) pipes. Council has been completing this project and has now replaced 38km of pipes. Two further zones 4 and 5 will be replaced in the coming 2025/2026 year, and the last two zones 7 and 8 will be replaced in 2026/2027.

2. Installation of a manganese removal plant at Te Wai o Marukaa

In 2023, higher levels of manganese were responsible for widespread discolouration of the district's drinking water supplies. Manganese levels at the source of Te Wai o Marukaa were the cause and as this is naturally occurring, the only avenue to utilise this abundant source of water is to install a manganese removal plant. This is expected to cost \$1.072 million and is planned expenditure in year two of the Long Term Plan in 2026-2027.

WASTEWATER

There is approximately 22.8 kilometres of earthenware pipes (asbestos cement (AC) and concrete pipes) that were installed between 1956 and 1958 in the wastewater reticulation network. It is in the programme to replace all of these pipes as they are deteriorating with age and at the end of their life.



THREE WATERS INFRASTRUCTURE RENEWAL PLAN

Cost of replacement programme for water, stormwater and wastewater 2025-2034

This forms part of Council's 30-year infrastructure strategy. The Three Waters renewals replacement costs are:

Renewal	Most likely scenario \$
Water: toby, valves and hydrant replacement (2025-2034)	\$1,606,550
Water (drinking) pipe replacements (2025-2034)	\$9,397,160
UV Plant (Ultra Violet water plant renewals, upgrades) (2025-2034)	\$678,306
Other water reticulation renewals (2025-2034)	\$266,282
Wastewater reticulation pipe replacement (2025-2034)	\$11,512,050
Wastewater Treatment Plant Renewals (2025-2034)	\$2,508,160
Installation of manganese removal plant for Te Wai o Marukaa	\$1,072,460

*These other water reticulation renewals exclude the drinking water pipe replacements which will be funded from loans projected to total \$12 million.



To the reader

Independent auditor's report on Kawerau District Council's consultation document for its proposed 2025-34 long-term plan

I am the Auditor-General's appointed auditor for Kawerau District Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Audit New Zealand. We completed our report on 9 April 2025.

Opinion

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2025-34 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long-term plan; and
 - identifies and explains the main issues and choices facing the Council and district, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Emphasis of matter

Without modifying our opinion, we draw attention to the following matter.

Uncertainty over water service delivery

Page 10 outlines that, at the same time as this consultation on the long-term plan, the Council is separately consulting on how water services could be delivered in Kawerau to inform the Council's water services delivery plan. The Council's nine-year plan has been prepared with three water services included, to reflect its preferred option (see page 10). If the Council's preferred option is not adopted, the content of the final nine-year plan will look significantly different.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

Independence and quality management

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour; and
- quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Other than our work in carrying out all legally required external audits, 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

Engaging with Council

This consultation document aims to start a conversation with our residents.

WANT TO FIND OUT MORE?

We have not put in all the details behind the 2025–2034 Long Term Plan. However, we are happy to provide more information as requested and will also be talking with community groups at various Community Engagement Meetings.

If you want to know more or discuss any of these options (or others) with Councillors and the Leadership Team please:

- **Talk to us** at one of the consultation sessions planned (see page 3)
- **Contact us** to arrange a meeting to discuss the options and provide more detail
- **Visit our website** www.kaweraudc.govt.nz
- **Facebook** – join in the discussion on the Council Facebook platform

HOW TO LET US KNOW WHAT YOU THINK

You can make a formal submission, which will be tabled with the Councillors and be considered in the decision-making process. The closing date is 12 May 2025.

If you wish to, you can present your submission to elected members at the hearing on 28 May 2025.

You can make a submission:

- **Online** – visit our website www.kaweraudc.govt.nz and use our online submission form.
- **Facebook submissions** – if you wish to make a formal submission, you will need to do so via messenger or inbox.
- **Email** submissions@kaweraudc.govt.nz
- **Drop in** the hard copy submission form from this consultation document to the Council Offices, isite or library weekdays.
- **Post** the submission form to us.
Chief Executive Officer
Kawerau District Council
Private Bag 1004, Kawerau 3169



Kōrero mai
Let's talk

Elected Members of Council



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Mayor | Kahika

P 07 306 9009 (office)
022 320 8840
E Mayor@kaweraudc.govt.nz



Aaron Rangihika
Deputy Mayor |
Koromātua Waha Tuarā

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E Deputy.Mayor@kaweraudc.govt.nz



Carolyn Ion (JP) Justice of the
Peace. Chairperson, Regulatory
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Councillor | Kaikaunihera

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Rex Savage
Councillor | Kaikaunihera

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E Rex.Savage@gmail.com

SUBMISSION FORM

NOTE: As part of the consultation process, Council must make all submissions available for public inspection.

.....
Name

.....
Organisation (if applicable)

.....
Postal address

.....
Telephone

.....
Email

.....
Signature

Tick if you are a Kawerau resident.

Tick if you wish to speak in support of your submission on 28 May 2025.

Submissions
close
12 May 2025

scan to make
an online
submission



Mahere Iwa Tau Long Term Plan 2025-2034

CONSULTATION TOPIC	TICK YOUR PREFERRED OPTION	SUGGESTIONS OR COMMENTS
<p>Timeframe to transition to targeted water and wastewater rates (as part of Local Water Done Well)</p> <p>See page 10 for details</p>	<p><input type="radio"/> Option 1 – 9 year transition</p> <p><input type="radio"/> Option 2 – 5 year transition</p>	
<p>Funding of Depreciation for strategic assets (roading, water and wastewater networks and infrastructure)</p> <p>How quickly should we rebuild our depreciation reserves to replace strategic assets in the future?</p> <p>See page 12 for details</p>	<p><input type="radio"/> Option 1 – Remain at 65% funding levels in 2025-2026 (and then increase by 3% each year for the next 12 years).</p> <p><input type="radio"/> Option 2 – Increase funding to 70% in 2025-2026 an additional 0.8% increase, or 9.3% overall rates increase (and then continue to increase funding by 5% each year until 2031-2032).</p>	
<p>Planning for the future</p> <p>We want your feedback to develop concept plans for a new Community Library and Research Centre</p> <p>See page 14 for details</p>	<p><input type="radio"/> Option 1 – Budget \$60,000 in year two 2026-2027 to investigate and develop plans for a Community Library and Research Centre.</p> <p><input type="radio"/> Option 2 – Delay the investigations into the Community Library and Research Centre until the next Long Term Plan in 2027-2028, or are there other areas you would prefer Council focus on?</p>	

Any other feedback - attach extra pages as required.

Email: submissions@kaweraudc.govt.nz **Drop off:** Council Office, isite or library.
Post: Chief Executive Officer, Kawerau District Council, Private Bag 1004, Kawerau 3169

www.kaweraudc.govt.nz



**KAWERAU
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Te Kaunihera ā rohe o Kawerau

Kawerau District Council, Ranfurly Court, Kawerau

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Pae Tukutuku **Website** kaweraudc.govt.nz