



2023/24

**Ite pakū Pūrongo ā-Tau**  
**Annual Report**  
**Summary**

For the year ended 30 June 2024

# Te Kaunihera ā rohe o Kawerau

## ANNUAL REPORT SUMMARY

### Table of Contents

<b>MESSAGE FROM KAHIKA   MAYOR</b>	<b>3</b>
<b>AND TUMU WHAKARAE   CHIEF EXECUTIVE</b>	<b>3</b>
<b>Independent Auditor's Report</b>	<b>5</b>
<b>STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>7</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>8</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>8</b>
<b>STATEMENT OF CASHFLOWS</b>	<b>9</b>
REPORTING ENTITY	10
BASIS OF PREPARATION	10
EXPLANATION OF SIGNIFICANT VARIANCES	10
STATEMENT OF COMMITMENTS	11
STATEMENT OF CONTINGENT LIABILITIES	11
EVENTS AFTER BALANCE DATE	12
<b>STATEMENTS OF SERVICE PERFORMANCE</b>	<b>13</b>

## MESSAGE FROM KAHIKA | MAYOR AND TUMU WHAKARAE | CHIEF EXECUTIVE

Kia ora mai tātau,  
Ngā mihi ki a tātau.

With a warm greeting, we welcome you to the Kawerau District Council (Te Kaunihera ā Rohe o Kawerau) annual report for the year ended 30 June 2024.

The 2023/24 year had its share of changes and challenges. One notable change was the appointment of Chief Executive (Tumu Whakarāe) Morgan Godfery who returned home to Kawerau to lead Council's operations. We also wish to acknowledge the long tenure of former Chief Executive Russell George who served the Council and community for more than 20 years, the majority of that time as Chief Executive.

Overall, Council remains in a reasonably strong financial position, with overall debt very low in comparison to total assets. The financial performance resulted in a deficit of \$1,102,264 compared to a budgeted deficit of \$784,050. One of the main contributors to the increased deficit is the increased depreciation expenditure. The economic downturn impacted budgeted income and particularly residential sales, and also resulted in cost increases with suppliers, equipment, resources, and salaries. The 2023/24 budget included expenditure of \$4.32 million for the Stoneham Park residential development including \$160,000 for Our Places – Eastern Bay Spatial Plan project. The approved amendment to the project timeline at Stoneham Park resulted in reduced expenditure and a reduced corresponding grants income.

- Appointment of the new Chief Executive Morgan Godfery
- Inaugural introduction of Māori representation through Māori Wards
- Rangī Delamere Centre completed and reopened with the Delamere whānau and the community
- Agreement from Māori Investments Limited, the landowner and kaitiaki of Umukaraka Spring, for this spring to become the secondary drinking water supply for the District. With mutual agreement Council is upgrading the metering and infrastructure and applying to Bay of Plenty Regional Council for resource consent to utilise the spring.
- Progression of the Stoneham Park Residential Development including the land status change to residential, the transfer of reserve status (via the Minister of Conservation) to the former stock pound on Fenton Mill Road, and enactment of the operative Kawerau District Plan Change 4 'Residential Growth Precinct'.
- Additional incoming residents of Porritt Glade Lifestyle Village with 27 of the 29 units occupied.
- Manawatia ā Matariki events including Kawerau Community Awards, Mayor's Morning Tea for Kaumātua, Mayor and iwi liaison/cultural advisor's visit to Pūtauaki Kindergarten and Ngā Ririki Early Learning Centre, Kawerau isite Matariki Hikoi, and Mayors' Taskforce for Jobs and ISK Industrial Open Day.
- Kawerau Youth Council attract a record number of rangatahi with 21 councillors in 2023 and 19 in 2024.
- Continued the planned drinking water pipes renewals and replacement work on the water mains trunk line connecting the River Road pump house to the reservoirs at Monika Lanham Reserve.
- Completion of stage one of passive drainage works to manage excess ground water at the Hardie Avenue and River Road areas.
- Extension granted by the Ministry of Health to the directive to fluoridate the drinking water supply. The extension was granted to 30 September 2024.

The boundary reorganisation between Kawerau District Council and Whakatāne District Council, totaling approximately, 546 hectares was endorsed by the landowners, and subsequently granted approval by the Local Government Commission on 9 April 2024. Kawerau and Whakatāne district councils are

working with the landowners for the transition into Kawerau in the 2024/25 year with an implementation date of 1 September 2024. The reorganisation comprises:

- Approximately 424 hectares (over four separate parcels) comprising:
- Manukorihi Development Trust
- Pūtauaki Trust
- Te Kori Ngaheu Whānau Trust
- Wetini Whānau Trust
- Approximately 86 hectares of the Otarahanga Farm (owned by Ngāti Tūwharetoa Holdings Limited) outside of the western boundary of Kawerau.
- Tohia o te Rangi Marae, an area of 63 hectares, at the end of Spencer Avenue.

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

- NZ Community Trust (NZCT)
- Lion Foundation
- Trust Horizon
- Community Organisation Grants Scheme (DIA)
- Ministry for Social Development (for Mayors Taskforce for Jobs)
- Ministry for Youth and Development
- Ministry of Business, Innovation and Employment (MBIE)
- BayTrust

Kawerau District Council and local government continue to face the certainty of change and challenges. A change of government in 2023 resulted in various pivots, including the Local Water Done Well legislation, which resulted in Council completing an Enhanced Annual Plan for the 2024/2025 year. Council will complete a Long Term Plan for 2025 to 2034 after opting to complete a nine-year plan as per the Government's transitional options under the Local Water Done Well reforms.

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 K N Tunui  
**KAHIKA**  
**MAYOR**



Morgan Godfery  
**TUMU WHAKARAE**  
**CHIEF EXECUTIVE**

This Summary Annual Report was authorised by:  
Morgan Godfery  
Chief Executive Officer on 30 October 2024 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 2024**

The summary of the annual report was derived from the annual report of the Kawerau District Council (the District Council) for the year ended 30 June 2024.

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 2024;
- 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 2024;
- 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 summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

## **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 2024 in our auditor's report dated 30 October 2024.

## **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 District Council and our report on the disclosure requirements, we have performed a limited assurance engagement on the District 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 District Council.



René van Zyl  
Audit New Zealand  
On behalf of the Auditor-General  
Auckland, New Zealand  
30 October 2024

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

For the Year Ended 30 June 2024

\$ 2022/23		\$ Budget	\$ 2023/24
	<b>Revenue</b>		
12,159,251	Rates	12,938,210	13,057,847
1,957,319	Subsidies and grants	5,596,530	2,933,953
1,789,092	Fees and charges	2,802,160	1,720,585
41,171	Interest revenue	97,530	81,650
253,974	Other revenue	65,000	312,994
0	Vested assets	0	0
<b>16,200,807</b>	<b>Total Revenue</b>	<b>21,499,430</b>	<b>18,107,029</b>
	<b>Expense</b>		
6,059,952	Personnel costs	6,579,380	6,838,457
4,501,201	Depreciation and amortisation expense	3,973,210	4,606,264
62,950	Finance costs	177,500	213,916
6,916,356	Other expenses	11,553,390	7,366,878
144,097	Loss on disposal of property, plant and equipment	0	183,778
<b>17,684,566</b>	<b>Total Expense</b>	<b>22,283,480</b>	<b>19,209,293</b>
<b>(1,483,749)</b>	<b>SURPLUS/(DEFICIT)</b>	<b>(784,050)</b>	<b>(1,102,264)</b>
0	Gain on revaluation	0	0
<b>(1,483,749)</b>	<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>(784,050)</b>	<b>(1,102,264)</b>

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2024

\$		\$	\$
<u>2022/23</u>		<u>Budget</u>	<u>2023/24</u>
104,948,236	<b>Total Equity</b>	106,025,670	103,464,487
	Balance at 1 July	0	
(1,483,749)	Total Comprehensive Revenue and Expense	(784,050)	(1,102,264)
<u>103,464,487</u>	<b>Closing Balance</b>	<u>105,241,620</u>	<u>102,362,223</u>
<b>Equity represented by:</b>			
36,506,158	Accumulated funds	38,171,960	36,867,511
66,958,329	Other reserves	67,069,660	65,494,712
<u>103,464,487</u>		<u>105,241,620</u>	<u>102,362,223</u>

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

\$		\$	\$
<u>2022/23</u>		<u>Budget</u>	<u>2023/24</u>
<b>ASSETS</b>			
7,523,764	Current assets	7,056,610	7,627,185
109,668,378	Non-current assets	115,079,490	111,878,659
<u>117,192,142</u>	<b>TOTAL ASSETS</b>	<u>122,136,100</u>	<u>119,505,844</u>
<b>LIABILITIES</b>			
11,528,836	Current liabilities	6,272,580	16,922,344
2,198,819	Non-current liabilities	10,621,900	221,277
<u>13,727,655</u>	<b>TOTAL LIABILITIES</b>	<u>16,894,480</u>	<u>17,143,621</u>
<b>EQUITY</b>			
36,506,158	Accumulated funds	38,171,960	36,867,511
66,958,329	Other reserves	67,069,660	65,494,712
<u>103,464,487</u>	<b>TOTAL EQUITY</b>	<u>105,241,620</u>	<u>102,362,223</u>



## STATEMENT OF CASHFLOWS

For the Year Ended 30 June 2024

\$ 2022/23		\$ Budget	\$ 2023/24
3,401,542	Net cash from operating activities	3,991,290	2,502,290
(5,283,721)	Net cash to investing activities	(6,727,700)	(5,522,359)
1,994,956	Net cash from financing activities	1,983,500	2,042,537
<b>112,777</b>	<b>Net increase/(decrease) in cash, cash equivalents and bank overdrafts</b>	<b>(752,910)</b>	<b>(977,532)</b>
3,666,724	Cash, cash equivalents and bank overdrafts at the beginning of the year	4,978,250	3,779,501
<b>3,779,501</b>	<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>4,225,340</b>	<b>2,801,969</b>

## **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 2024, 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.

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

The full financial statements for the period ended 30 June 2024 were authorised for issue by Council on 30 October 2024. 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](http://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 2023/24 are as follows:

### **Statement of Comprehensive Revenue and Expense**

The significant variances from the estimated figures include: less "other expenses" resulting from the project timelines to the Stoneham Park residential development and the corresponding revenue funding (Subsidies and Grants). Fees and Charges income is lower than budget as there were no sale proceeds from the sale of sections at Central Cove and also there were less fees from refuse disposal resulting from less volumes being received.

There was additional depreciation expenditure arising from the significant increase in the value of Council's assets following the revaluation as at 30 June 2022.

### **Statement of Financial Position**

Cash and cash equivalents are lower than budget due to the economic downturn resulting in residential sales not proceeding and similarly inventory is higher because these sales did not occur as anticipated.

Non-current assets (as well as reserves) were higher than budget due to the revaluation of assets to 30 June 2022.

Liabilities overall were close to budget although there are variances for the current and non-current liabilities due to the timing of loan repayments.

### **Statement of Cash Flow**

Payments to suppliers were lower than budget because of the project timelines changing with regard to the "Stoneham Park" residential development and similarly there was less subsidies and grants (funding for development). There was reduced fees and charges revenue due to no property sales and less refuse disposal volumes for the year.

Also, there were three Occupation Right Agreement Porritt Glade Lifestyle Village (retirement village) payments received for the year, which had been budgeted to be received during 2022/23. As of 30 June 2024, there were still two units available for leasing.

The budget had anticipated there would be a \$1.2 mil higher opening cash balance as more residential sales had been predicted during 2022/23.

### **STATEMENT OF COMMITMENTS**

At the 30 June 2024 there were outstanding contracts for work still to be done totaling \$1,735,403 (2023 \$1,780,386).

Capital commitments were for Water reticulation renewals of \$986,054, Fluoride plant installation \$98,248 and a water treatment plant upgrade \$651,101.

### **STATEMENT OF CONTINGENT LIABILITIES**

Council currently has no outstanding loan guarantees for community organisations (2023 - \$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 will not know what the model or arrangements are until the WSDP is approved by the Secretary.

## **STATEMENTS OF SERVICE PERFORMANCE**

The Council's Statement of Service Performance information on pages 60 to 110 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.

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. Overall, the community survey results are reported with margins of error of +/- 4% to 6%, the individual margins of error are provided as a footnote below each activity throughout the Statement of Service Performance reporting. The National benchmarking results are reported at 95% confidence level +/- 4 - 5% however excludes Auckland, Wellington, Christchurch and Dunedin councils. The National survey data is collected throughout the year so that annual results can be presented without seasonal bias. The data is collected using a 1 -10 scales: satisfaction percentages are aggregated 6-10 ratings. Further details on the triennial community survey are detailed below.

During the 2023/24 year, Council achieved 71% of its non-financial performance targets compared to 52% for the previous year.

Activity	2023/24			2022/23 Achievement Rate
	No. of targets	End of Year Result		
Democracy	3	2	67%	20%
Economic and Community Development	5	5	100%	83%
Environmental Services	11	5	45%	64%
Roading	7	3	43%	0%
Stormwater	3	3	100%	100%
Water Supply	13	10	77%	86%
Wastewater	7	6	86%	63%
Solid Waste Management	2	2	100%	40%
Leisure and Recreation	12	9	75%	38%
<b>TOTAL*</b> excludes the N/A targets	<b>63</b>	<b>45</b>	<b>71%</b>	<b>52%</b>

\* 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 74% (target >90%) was completed for the year to 30 June 2024. The reason the target was not achieved was due to the staffing shortages.

#### Economic and Community Development

All targets were met.

#### Environmental Services

There were six targets that were not achieved:

- response times for dog complaints
- response times to noise complaints
- response times to other environmental health service complaints
- inspection of licensed premises for compliance
- inspection of registered premises for compliance
- percentage of staff trained to respond to an emergency

The reason that most of these targets were not achieved was due to reliance on external providers for response times to: dog, environmental health and noise complaints, and availability of premise owners for inspections.

#### 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.

Due to resourcing shortages, roading reseals were again delayed.

### Stormwater

All targets were met.

### Water Supply

All targets were met for water supply, except for water complaints. There were 7.6 water clarity complaints received per 1,000 connections (target < 4 per 1,000) and the number of water pressure complaints was 0.3 per 1,000 connections (target < 2 per 1,000).

Council did not meet the new rules for bacterial and protozoal criteria due to the treatment plant not meeting the DWQAR requirements for UV disinfections for bacteria and protozoal due to the absence of continuous monitoring for UV transmittance and the absence of monthly checks. From 16 April 2024 onwards the UV sensors have been working correctly with no further issues.

### Wastewater

Council complied with six of the seven targets. The not achieved target result was due to two dry weather overflow events during the year (Target: 0).

### Solid Waste

All targets were met.

### Leisure and Recreation

Council achieved 75% of its targets for leisure and recreation during the year.

The targets not achieved related to the library membership and items purchased, and the hall availability of the Ron Hardie Recreation Centre, which was closed for 10 weeks due to the gas monitor malfunctioning.



*Kawerau District Mayor Faylene Tunui and Kauri Thornton, brother of Rangī Delamere, unveil the new sign at the centre opening in early 2024.*



**KAWERAU  
DISTRICT COUNCIL**  
Te Kaunihera ā rohe o Kawerau

Kawerau District Council, Ranfurly Court, Kawerau

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Pukamata **Facebook** [KawerauDistrictCouncil](https://www.facebook.com/KawerauDistrictCouncil)