

# Gore District *Pre-election Report 2025*



**GO** RURAL  
DISTRICT COUNCIL  
**RE** CITY  
LIVING

*Our journey together.*

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# Welcome to the Gore District Council's 2025 pre-election report

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Council chief executives are responsible for preparing a pre-election report before the triennial local body elections. The report is independent of the Mayor and Councillors and is politically neutral.

Its purpose is to inform prospective candidates and voters about the Council's financial performance, our achievements, and the significant issues we are likely to face over the next three years.

It is undoubtedly a challenging time to be an elected member. The sector is managing complex reforms and struggling to keep pace with and afford the new technologies our communities are coming to expect.

Our costs have increased considerably. A cost-of-living crisis means our communities are struggling to manage the rates increases required to keep pace with all of this change.

However, challenges are also opportunities to think differently, question old, outdated ways of doing things and enhance performance. It is an exciting journey for those willing to step up and lead positive change for this community.

The Gore District Council has three central planning and reporting documents. These are:

- **The Long-term Plan (LTP):** Also known as a 10-year plan, an LTP is reviewed every three years. The Plan sets out the Council's strategic direction, detailing the services and projects Gore District residents will receive over the coming 10 years and the cost.
- **Annual Plan:** This is completed in the years between Long-term Plans. An Annual Plan lets the public know what work and activities will be undertaken in a specific financial year. It also tells people how Council is tracking in terms of the LTP and any variations that may have been made to it.
- **Annual Report:** An Annual Report is produced at the end of each financial year. It provides the community with information on the Council's actual performance compared to what was planned.

The Council was due to complete a Long-term Plan in the 2024-25 financial year.

However, changes to the laws around how water services are delivered meant the Government allowed councils to delay their Long-term Plans by a year. Instead, councils could complete an Enhanced Annual Plan for 2024-25.

The Council chose this option and, as a result, recently completed its 2025-34 Long-term Plan. It attracted significant community interest, with over 500 submissions, on our events, assets and rates.

This pre-election report includes a summary of information from our Financial Strategy and Infrastructure Strategy. These are key documents that underpin the development of our Long-term Plan.

We encourage you to read this pre-election report alongside the 2025-34 Long-term Plan and recent Annual Reports.

All of these documents are available to view on our website [www.goredc.govt.nz](http://www.goredc.govt.nz).

# Gore District Council Vision and Community Outcomes

The Council's Vision and Community Outcomes form the strategic foundation for the services we deliver in the Gore District.

- The **Vision** sets out the long-term results we aim to achieve for the district.
- The **Community Outcomes** are more specific goals that support this vision.

Every service the Council provides contributes to achieving these outcomes and, ultimately, to realising the vision for the District's future.

## How do we measure progress?

Each of our service areas sets its own performance measures as part of the Long-term Plan process.

These measures outline what the community can expect from the services we provide. We report on our progress to elected members (to support oversight and accountability), and to the community each year through our Annual Report.

***Vision: Ensuring a sustainable future by growing the Gore District's economy through innovation, good planning and responsible financial management.***

Community outcomes:

- Our communities have access to a range of quality facilities and services
- Our District is supported by an innovative and diversified economy with local opportunities
- Our urban and rural environments are people friendly, well planned and sustainably managed
- Our communities have opportunities to celebrate and explore their heritage, identity and creativity.



# Critical issues facing the Council

Like all New Zealand councils, we faced significant financial challenges following the Covid-19 pandemic and lockdowns in 2020 and 2021.

When Long-term Plans were developed in 2020, economic forecasts did not predict the significant inflation that would hit key sectors affecting local government (ie construction). At the same time, a predicted recession was slow to arrive, prompting most councils, including Gore District, to adopt very low rates increases. Our average was just 2.84%.

However, inflation and rising costs in the following years were much higher than expected. The combination of low rates increases and escalating expenses created significant pressure on Council budgets, leading to operating deficits.

By 2024–25, councils across New Zealand were facing the reality of catching up, resulting in an average rates increase of 15% nationally, and a 21.4% rise in the Gore District.

An analysis of local government costs by Infometrics in 2024 quantified these increases.

Specifically, it found that:

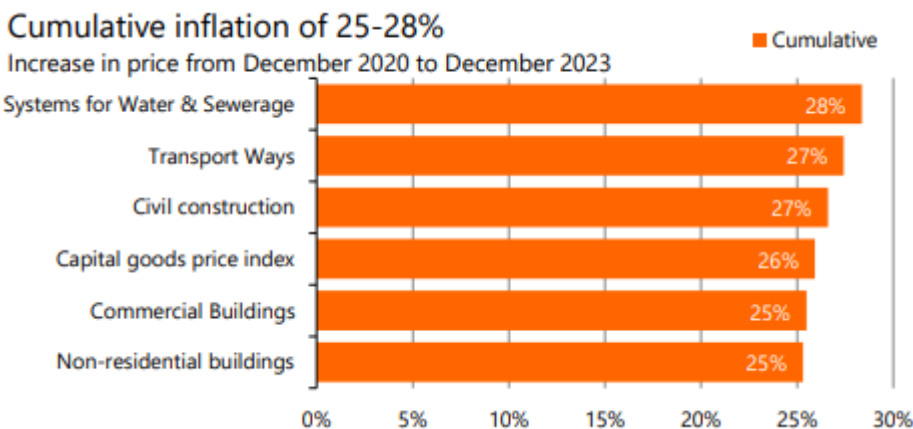
- The average cumulative inflation between 2020 and 2023 for civil construction costs was more than 27%
- Bridges became 38% more expensive to build, wastewater (sewerage) systems 30%, and roads and water supply systems 27% more expensive.

Capital costs only make up a portion of the Council's spend and are typically debt-funded. However, operational costs also increased considerably over the same period.

Councils must revalue their assets regularly to determine replacement costs, which ensures we accurately capture depreciation costs. Legally, we must include depreciation costs in our operating budgets.

Between 2020 and 2024, the Council's depreciation increased by 41.8%, adding approximately \$2.6 million to these costs.

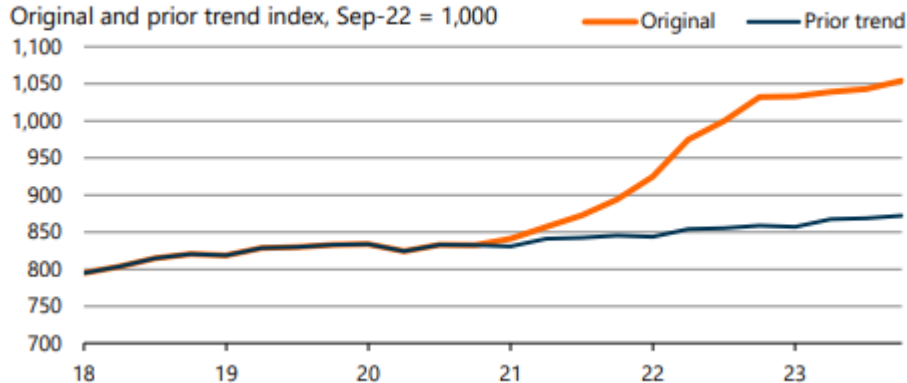
As inflation rose and economic conditions worsened, interest rates increased significantly, just as project costs were also rising.



Civil inflation was 21% **more** than was predicted.

### Civil inflation up 21% above prior trend

Original and prior trend index, Sep-22 = 1,000



While Council debt increased by 42% between 2021 and 2024, interest costs surged by 207% over the same period. Even without borrowing anything during this period, the rise in interest rates alone would have added over a million dollars in extra costs.

Inflation and interest rate increases equated to nearly 17% of the total rates take in the 2023-24 year.

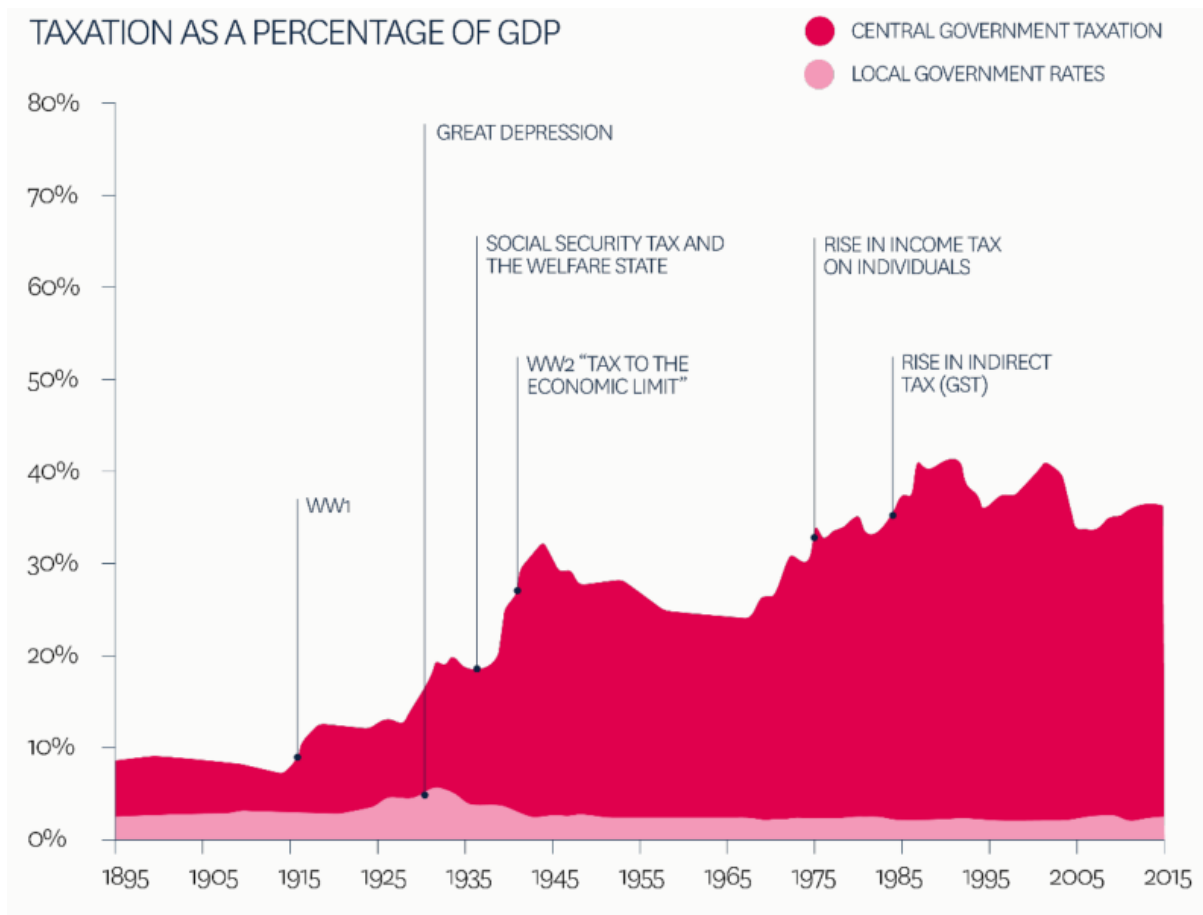
In addition, insurance and material costs have increased across the board.

Again, this Council was not alone in this trend. On average, operating costs rose a

cumulative 19% across the country over the three years to the end of 2023.

Unsurprisingly, these cost pressures have contributed to larger-than-usual rates rises over the past few years. However, in comparison to central government taxation, rates rises have remained much lower and have not kept pace.





Despite a 21.4% rate increase in 2024-25, the Council still ran a deficit. Our deficit and the continuing escalation in operational costs mean we must prioritise working our way back to financial sustainability while balancing affordability issues for ratepayers.

The 2025-2034 Long-term Plan sets out a pathway to achieve this. It includes a plan to gradually get the Council back to a balanced budget while still meeting our legal obligations.

To help ease the impact, we will use short-term borrowing over the first three years. This approach is designed to avoid rates increases of the same magnitude as the 21.4% experienced recently.

For many years, councils nationwide have underfunded infrastructure and asset maintenance to keep rates as low as possible.

Gore and Mataura have one of the oldest pipe networks in the country. In our 2025-34 Long-term Plan, we signalled to the community that much of our key infrastructure is now at the end of its life and needs replacing.

Coupled with increasing compliance costs to manage environmental impacts, we're forecasting a significant infrastructure spend and have budgeted \$184 million over the next nine years.

# GORE DISTRICT COUNCIL

## Funding Impact Statements

For the Years Ended 30 June 2023 - 2029

	Annual Report 2023 \$000	Annual Report 2024 \$000	Annual Plan 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000
<b>SOURCES OF OPERATING FUNDING</b>							
Sources of operating funding							
General rates, uniform annual general charge, rates penalties	6,907	7,907	9,546	9,798	11,819	12,664	13,051
Targeted rates	13,591	14,435	17,612	19,755	21,241	23,313	25,242
Subsidies and grants for operating purposes	4,514	4,086	3,241	3,100	2,989	3,328	3,341
Fees and charges	4,314	4,576	4,687	4,627	4,777	4,919	5,045
Interest and dividends from investments	307	582	323	496	516	529	541
Local authorities fuel tax, fines, infringement fees, and other receipts	1,674	1,188	344	840	826	842	552
<b>Total operating funding</b>	<b>31,307</b>	<b>32,774</b>	<b>35,753</b>	<b>38,616</b>	<b>42,168</b>	<b>45,595</b>	<b>47,772</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>							
Payments to staff and suppliers	27,096	26,594	28,331	33,332	34,366	34,181	33,785
Finance costs	1,889	2,827	2,506	3,317	3,963	4,235	4,463
Other operating funding applications	-	-	-	-	-	-	-
<b>Total applications of operating funding</b>	<b>28,985</b>	<b>29,421</b>	<b>30,837</b>	<b>36,649</b>	<b>38,329</b>	<b>38,416</b>	<b>38,248</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,322</b>	<b>3,353</b>	<b>4,916</b>	<b>1,967</b>	<b>3,839</b>	<b>7,179</b>	<b>9,524</b>
<b>SOURCES OF CAPITAL FUNDING</b>							
Subsidies and grants for capital expenditure	1,907	1,869	2,160	2,155	2,168	2,581	2,651
Development and financial contributions	243	244	-	-	-	-	-
Increase (decrease) in debt	14,500	5,000	5,450	16,336	8,236	2,668	6,400
Gross proceeds from the sale of assets	5	144	-	500	277	10	-
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>16,655</b>	<b>7,257</b>	<b>7,610</b>	<b>18,991</b>	<b>10,681</b>	<b>5,259</b>	<b>9,051</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>							
Capital expenditure							
- to meet additional demand	1,478	36	21	32	14	230	236
- to improve the level of service	6,541	3,373	6,427	9,866	8,114	5,234	9,591
- to replace existing assets	12,557	6,363	6,906	7,090	8,374	7,123	8,434
Increase (decrease) in reserves	(1,599)	838	(1,025)	3,562	(2,188)	(216)	154
Increase (decrease) of investments	-	-	197	408	206	67	160
<b>Total applications of capital funding</b>	<b>18,977</b>	<b>10,610</b>	<b>12,526</b>	<b>20,958</b>	<b>14,520</b>	<b>12,438</b>	<b>18,575</b>
<b>Surplus (deficit) of capital funding</b>	<b>(2,322)</b>	<b>(3,353)</b>	<b>(4,916)</b>	<b>(1,967)</b>	<b>(3,839)</b>	<b>(7,179)</b>	<b>(9,524)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## GORE DISTRICT COUNCIL

### Summary Statement of Financial Position

As at 30 June 2023 - 2029

	Annual Report 2023 \$000	Annual Report 2024 \$000	Annual Plan 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	2,291	1,456	2,820	5,858	3,664	3,442	3,589
Receivables	3,901	3,669	3,573	3,626	3,681	3,736	3,792
Inventories	774	726	774	774	774	774	774
Other financial assets	1,912	1,994	1,721	1,721	1,721	1,721	1,721
Other current assets	495	521	9	9	9	9	9
<b>Total current assets</b>	<b>9,373</b>	<b>8,366</b>	<b>8,896</b>	<b>11,988</b>	<b>9,849</b>	<b>9,682</b>	<b>9,885</b>
<b>NON-CURRENT ASSETS</b>							
Property, plant and equipment	542,122	542,818	578,050	581,485	588,063	645,919	652,968
Other financial assets	1,392	1,532	1,261	1,692	1,897	1,965	2,124
<b>Total non-current assets</b>	<b>543,514</b>	<b>544,350</b>	<b>579,311</b>	<b>583,177</b>	<b>589,960</b>	<b>647,884</b>	<b>655,092</b>
<b>Total assets</b>	<b>552,887</b>	<b>552,716</b>	<b>588,207</b>	<b>595,165</b>	<b>599,809</b>	<b>657,566</b>	<b>664,977</b>
<b>CURRENT LIABILITIES</b>							
Payables and deferred revenue	4,827	3,516	3,163	3,211	3,259	3,308	3,357
Employee benefit liabilities	1,016	1,025	1,038	1,038	1,038	1,038	1,038
Provisions	48	-	48	48	48	48	48
Borrowings	13,500	13,500	13,500	13,500	13,500	13,500	13,500
Other financial liabilities	-	-	295	295	295	295	295
<b>Total current liabilities</b>	<b>19,391</b>	<b>18,041</b>	<b>18,044</b>	<b>18,092</b>	<b>18,140</b>	<b>18,189</b>	<b>18,238</b>
<b>NON-CURRENT LIABILITIES</b>							
Provisions	66	64	66	66	66	66	66
Borrowings	36,500	41,500	45,086	61,857	70,093	72,761	79,160
Other financial liabilities	84	83	62	62	62	62	62
<b>Total non-current liabilities</b>	<b>36,650</b>	<b>41,647</b>	<b>45,215</b>	<b>61,985</b>	<b>70,221</b>	<b>72,889</b>	<b>79,288</b>
<b>Total liabilities</b>	<b>56,041</b>	<b>59,688</b>	<b>63,259</b>	<b>80,077</b>	<b>88,361</b>	<b>91,078</b>	<b>97,526</b>
<b>Net assets</b>	<b>496,846</b>	<b>493,028</b>	<b>524,948</b>	<b>515,088</b>	<b>511,448</b>	<b>566,488</b>	<b>567,451</b>
<b>EQUITY</b>							
Retained earnings	138,374	134,333	134,777	126,470	124,929	124,972	125,746
Reserves	358,472	358,695	390,171	388,618	386,519	441,516	441,705
<b>Total equity</b>	<b>496,846</b>	<b>493,028</b>	<b>524,948</b>	<b>515,088</b>	<b>511,448</b>	<b>566,488</b>	<b>567,451</b>

#### Basis of preparation

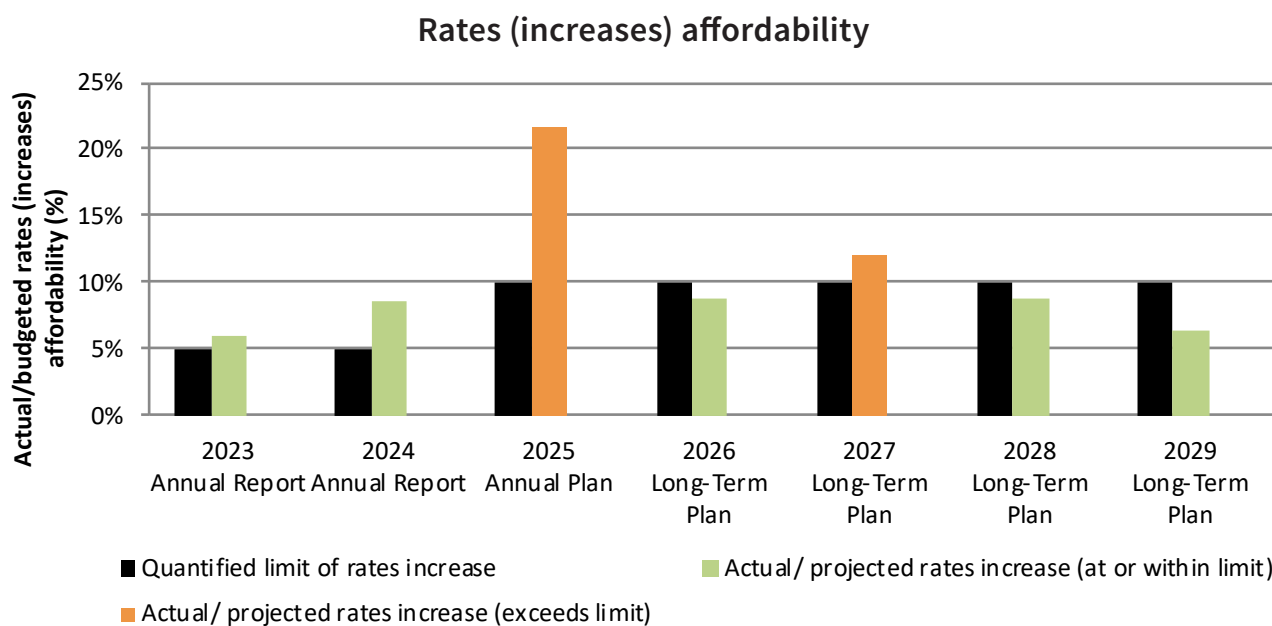
- Financials for 2022/23 and 2023/24 have been extracted from the audited annual reports for those years.
- Financials for the 2024/25 financial year are unaudited and have been extracted from the annual plan adopted by the Council on 25 June 2024.
- Financials for 2025/26, 2026/27, 2027/28 and 2028/29 have been extracted from the Council's audited 2025-2034 Long-term Plan.

# Financial Strategy

The Council’s financial strategy, outlined in the Council’s Long-term Plans, establishes self-imposed limits on rates increases, total rates collected, and borrowing. The Council’s performance, actual and projected, in relation to those limits is set out in the graphs below.

## Rates (increases) affordability

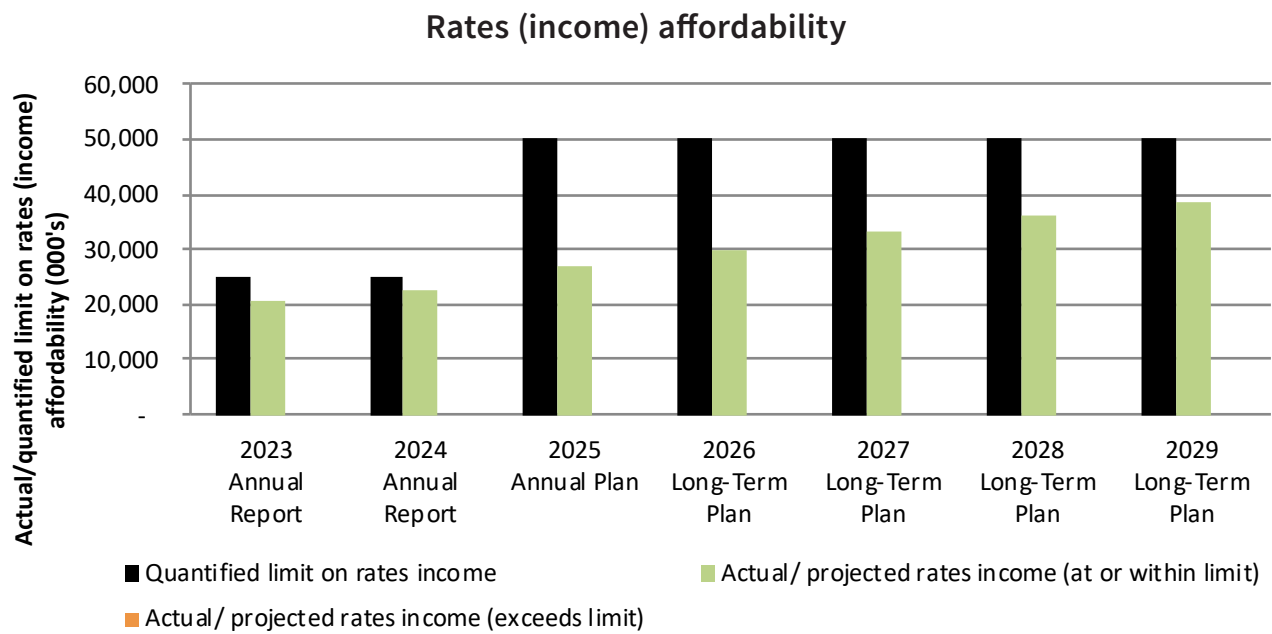
The following graph compares the Council’s actual or planned rates increases with a quantified limit on rates increases included in the financial strategy included in the Council’s Long-term Plans. The quantified limit is 10% per annum from the 2024/25 year.



In the 2025–2034 Long-term Plan, projected rate increases are expected to remain below the 10% threshold in all years except the second. This temporary breach is intended to help the Council return to a sustainable financial position more quickly. The increases are largely driven by rising costs associated with legislative compliance, essential infrastructure projects, insurance, and recent high inflation.

### Rates (income) affordability

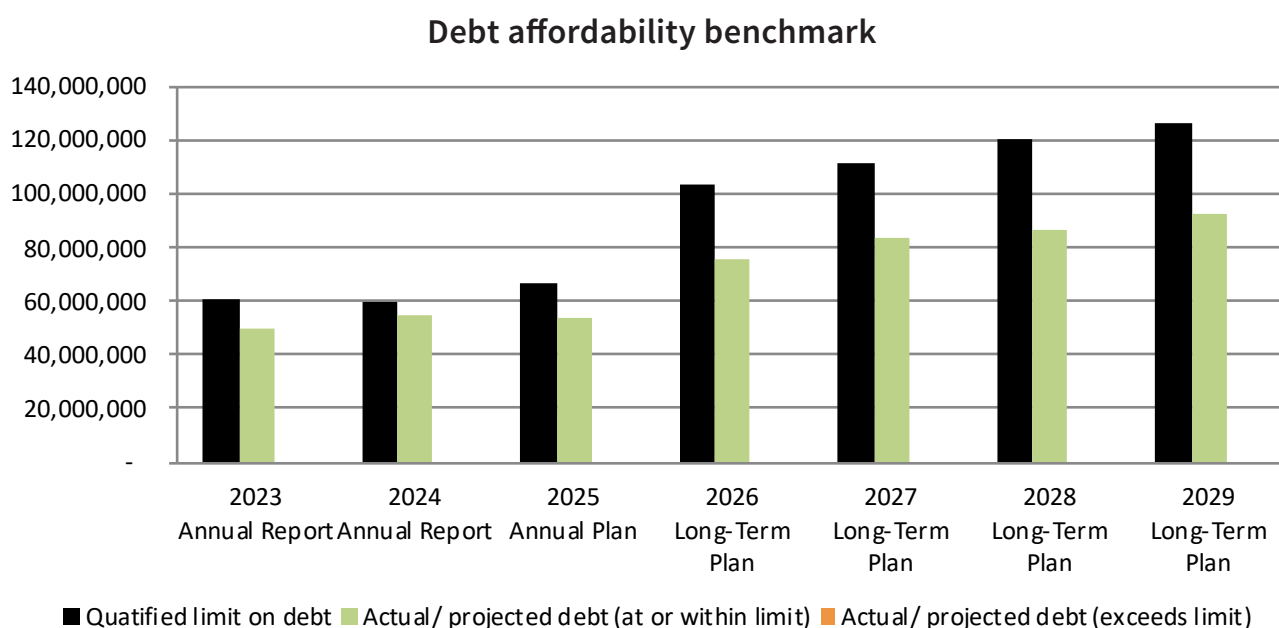
The following graph compares the Council’s actual or planned rates income with a quantified limit on rates contained in the financial strategy included in the Council’s Long-term Plans. From the 2024/25 financial year onward, the limit is set at \$50 million, having previously been \$25 million.



The Council has established limits on rates as mentioned above, and the graph shows that actual rates remain below this threshold with projections indicating that rates will continue to stay within the limit over the next three financial years.

## Debt affordability benchmark

The following graph compares the Council's actual or planned debt with a quantified limit on borrowing contained in the financial strategy included in the Council's Long-term Plans. The quantified limit on net debt in the 2025-2034 Long-term Plan is 250% of annual revenue from the 2025/26 year, having previously been 175% of annual revenue.



Debt management is a key part of the Council's financial strategy. The debt limit is imposed by the Council's primary lender, the Local Government Funding Agency (LGFA), and is also constrained by the revenue that the Council earns. Previously, the debt limit was 175% of annual revenue. As the Council was close to this debt ceiling and did not have the headroom needed in case of an emergency, the Council has obtained a credit rating which allows the Council to borrow up to 280% of revenue. Whilst the Council could borrow up to 280% of revenue, it has set itself a self-imposed limit not to borrow more than 250% of revenue. By obtaining a credit rating the Council can also now access a lower interest rate from the LGFA.

For more information, please refer to the full financial strategy in the 2025-2034 Long-term Plan. The Council's investment policy and liability management policy are also contained in the 2025-2034 Long-term Plan.

# Major Projects

In the Long-term Plan, the Council signalled that much of our key infrastructure was approaching the end of its useful life. This means that maintenance of the asset is no longer a viable option, and it needs to be replaced. The district's aging infrastructure is a key driver for much of the capital work the Council is proposing to deliver in this Long-term Plan.

The underground water and wastewater pipes are a key contributor in terms of our 3 Waters assets. From a roading perspective, the district's bridges, sealed pavements and footpaths assets are also starting to reach the end of their useful lives.

We are proposing to spend \$184 million on capital projects over the next nine years. 89% of this is in the Water, Wastewater, Stormwater and Roding activities. \$79m of

the total capital spend is on replacements of existing assets. We also need to spend \$43m on improvements to our stormwater systems to address flooding issues and wastewater overflows. An additional \$50 million has to be spent on upgrades associated with water supply and wastewater improvements. The focus on our infrastructure is also being driven by legislation, meaning that in some instances we have no choice to delay or not do a project.

The tables below provides details of the major projects that are underway or proposed for the financial years 2025/26 to 2028/29. These focus on upgrading existing infrastructure, improving levels of service or maintaining the quality of service offered to residents and visitors. It is important to note that this is not a full list of our activities or business as usual tasks. For further information, reference should be made to the Council's 2025-34 Long-term Plan.

## Water Supply

Project	Cost	Commencement	Completion
SCADA upgrade	\$4.16m	2025/2026	2028/2029
Hilbre Avenue Site Development	\$5.95m	2025/2026	2026/2027
Critical Water Main Renewal (Hilbre to CBD)	\$2.78m	2025/2026	2026/2027
Alternate Water Source Investigations	\$0.68m	2027/2028	2028/2029
Water Network Renewals	\$1.07m	2026/2027	2028/2029
Water Reticulation Renewals	\$1.21m	2025/2026	2028/2029

## Wastewater

Project	Cost	Commencement	Completion
Critical Wastewater Main Renewal (Ardwick Street Stage 4)	\$1.99m	2025/2026	2026/2027
Main Street – Hokonui Drive Wastewater Main Renewal	\$2.17m	2026/2027	2028/2029
Wastewater Reticulation Renewals	\$1.29m	2025/2026	2028/2029

## Stormwater

Project	Cost	Commencement	Completion
Gore High Priority Stormwater Separation	\$5.76m	2025/2026	2028/2029
Gore Additional Stormwater Separation or Capacity Resolution	\$3.44m	2026/2027	2028/2029

## Roading

Project	Cost	Commencement	Completion
Sealed Road Resurfacing	\$5.82m	2025/2026	2028/2029
Drainage Renewals	\$1.81m	2025/2026	2028/2029
Rural Sealed Road Pavement Rehabilitations	\$0.83m	2025/2026	2028/2029
Bridge Replacements	\$2.34m	2025/2026	2028/2029
Unsealed Road Metalling and Grading	\$2.69m	2025/2026	2028/2029

## Parks and Reserves, Properties, Active Recreation

Project	Cost	Commencement	Completion
Aquatic Centre Minor Renewals	\$0.56m	2025/2026	2028/2029

# Reforms

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Local government has faced an unprecedented wave of change in recent years.

Legislation affecting councils has been introduced, and in some cases repealed, at a pace we haven't seen in decades. Frequent changes in direction from central government have created uncertainty and meant councils often have to re-do work when new laws are overturned by incoming governments.

Under the Labour Government, the Water Services Reform Programme received considerable negative public feedback. Consequently, when National formed a coalition Government in 2023, it repealed all three pieces of legislation the Labour Government had introduced and brought in a new regime, Local Water Done Well.

The Council recently consulted with our community about the future of water services delivery to meet our obligations under Local Water Done Well. We are due to make a formal decision about the preferred approach in mid-July.

The former Labour Government also introduced two new pieces of legislation, the National and Built Environment Act (2023) and the Spatial Planning Act (2023). These were

intended to replace the Resource Management Act (RMA) over time.

As with three waters reform, the National Government repealed both pieces of legislation and has recently announced its intention to replace the RMA with a Natural Environment Act and a Planning Act.

The new legislation will require Southland councils to work together to complete a regional spatial plan, similar to Labour's proposal.

There are also changes underway to the legislative framework that governs emergency management and updates to the Local Government Act, including removing the four wellbeings from legislation in an attempt to ensure that councils focus more time and resources on core infrastructure.

The reforms come at a cost to ratepayers. These changes have to be implemented by local government, taking considerable time and resources to do so. International credit rating agencies who assess local government's ability to meet its financial obligations have recently downgraded a number of council's credit scores because of the unpredictable policy positions coming from central government and the significant impact these have on the sector.



# Further information

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The pre-election report is not audited, but a lot of the information is sourced from audited documents.

Copies of the 2025-34 Long-term Plan and Annual Reports are available on the Council's website [www.goredc.govt.nz](http://www.goredc.govt.nz).

Hard copies can be requested at the Council offices and the Gore and Mataura Libraries.

