

Pre-Election Report

Waimate District Council
July 2016



Chief Executive's Message

Welcome to the Pre-Election report for the Waimate District Council.

This Pre-Election Report is a requirement under Section 99A of the Local Government Act 2002 and is designed to provide information to promote public discussion about issues facing the Waimate District and to better inform debate for the Local Body elections.

This report brings together information previously published in Council's Long Term Plan 2015-25, Annual Plan 2016/17 and Annual Report 2014/15. It also includes forecast information for the year ended 30 June 2016 as final information was not available at the time of publishing. It should be noted that the 2016/17 Annual Plan and the 30 June 2016 forecast information have not been audited and may change when the Annual Report 2015/16 is prepared, however the remainder of the information was subject to audit at the time those documents were prepared.

Some of the major projects identified for the next three years are:

- The swimming pool boiler is coming to the end of its 20-year life and planned for replacement in 2017/18 at a cost of \$243,000.
- In order to continue providing services and facilities reflective of our community needs now and into the future an extension to the existing Library is planned for 2018/19 at a cost of \$1.5 million.
- A renewal programme for the urban water scheme to increase capacity and reduce leakage is proposed at a cost of \$2,052,000 over three years.
- Programmed renewals to replace aged sewage pipes at a cost of \$928,000 over three years.
- An upgrade of the Edward Street sewerage system to replace aged pipes and increase capacity is planned for 2018/17 at a cost of \$511,000.
- To alleviate surface flooding stormwater drainage upgrades are scheduled in the Waimate urban area at a cost of \$288,000 over two years.
- To improve freight efficiency and safety the bridge on Youngs Road is due for replacement in 2019/20 at a cost of \$430,000.

There are several major developments planned for the District over the next few years which is a positive sign for local businesses and employment opportunities. They are the expansion of the Oceania Dairy and Fonterra dairy factories, and the construction of the Hunter Downs irrigation scheme.

In addition to the above projects there are various ongoing activities that Council undertakes to ensure services and infrastructure are provided to the highest possible levels and as uninterrupted as possible.

The attached Funding Impact Statement, Summary Statement of Financial Position, and Compliance with our Financial Strategy documents show that the Council is well placed financially and with low levels of debt.



Bede Carran
Chief Executive

Funding Impact Statement

for the years ended 30 June 2014 - 2020

	Actual 30 June 2014 \$000	Actual 30 June 2015 \$000	Forecast 30 June 2016 \$000	Annual Plan 30 June 2017 \$000	LTP 30 June 2018 \$000	LTP 30 June 2019 \$000	LTP 30 June 2020 \$000
Sources of operating funding							
General rates, UAGC and rates penalties	5,344	5,426	1,187	1,052	1,284	1,341	1,408
Targeted rates	2,890	3,131	7,429	7,975	8,253	8,654	8,985
Grants and subsidies for operating purposes	1,160	978	1,699	986	996	1,126	1,191
Fees and charges	950	911	1,225	876	865	888	914
Interest and dividends from investments	643	683	759	607	605	606	607
Local authority fuel tax, fines, infringement fees other	972	714	874	796	636	653	672
Total operating funding	11,959	11,843	13,173	12,292	12,639	13,268	13,777
Applications of operating funding							
Payments to staff and suppliers	9,678	9,305	9,020	9,715	9,929	10,182	10,512
Finance costs	36	22	43	199	258	265	374
Other operating funding applications	-	-	-	-	-	-	-
Total applications of operating funding	9,714	9,327	9,063	9,914	10,187	10,447	10,886
Surplus/(deficit) of operating funding	2,245	2,516	4,110	2,378	2,452	2,821	2,891
Sources of capital funding							
Grants and subsidies for capital expenditure	1,622	1,303	1,155	1,681	1,437	1,706	2,087
Development and financial contributions	133	146	57	92	98	101	103
Increase/(decrease) in debt	(600)	-	1,500	375	(18)	1,480	171
Gross proceeds from sale of assets	100	75	80	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Total capital funding	1,255	1,524	2,792	2,148	1,517	3,287	2,361
Applications of capital funding							
Capital expenditure - meet additional demand	45	8	28	572	-	-	-
Capital expenditure - improve level of service	1,603	642	3,809	1,567	525	2,064	871
Capital expenditure - replace existing assets	2,354	2,855	2,953	3,358	3,599	4,251	4,518
Increase/(decrease) in reserves	(693)	243	112	(1,080)	(155)	(207)	(137)
Increase/(decrease) of investments	191	292	-	109	-	-	-
Total applications of capital funding	3,500	4,040	6,902	4,526	3,969	6,108	5,252
Surplus/(deficit) of Capital Funding	(2,245)	(2,516)	(4,110)	(2,378)	(2,452)	(2,821)	(2,891)
Funding balance	-	-	-	-	-	-	-

Summary Statement of Financial Position

as at 30 June 2014 - 2020

	Actual 30 June 2014 \$000	Actual 30 June 2015 \$000	Forecast 30 June 2016 \$000	Annual Plan 30 June 2017 \$000	LTP 30 June 2018 \$000	LTP 30 June 2019 \$000	LTP 30 June 2020 \$000
Assets							
Current assets							
Cash and cash equivalents	1,553	1,905	2,462	1,399	425	380	347
Trade and other receivables	1,512	1,447	1,046	1,496	801	766	810
Inventories	586	540	475	152	152	152	152
Non-current assets held for sale	-	-	-	-	-	-	-
Other financial assets	410	593	593	-	-	-	-
Total current assets	4,061	4,485	4,576	3,047	1,378	1,298	1,309
Non-current assets							
Trade and other receivables	-	-	-	-	-	-	-
Property, plant and equipment	364,004	365,724	368,122	389,244	417,109	418,643	447,508
Forestry assets	1,569	1,749	1,511	2,025	1,819	1,952	2,085
Intangible assets	135	121	117	159	111	99	126
Other financial assets	12,280	26,986	26,979	27,092	13,544	14,542	14,538
Total non-current assets	377,988	394,580	396,729	418,520	432,583	435,236	464,257
Total assets	382,049	399,065	401,305	421,567	433,961	436,534	465,566
Liabilities							
Current liabilities							
Trade and other payables	1,621	1,799	1,682	1,389	1,889	2,021	2,174
Borrowings	500	500	-	500	500	500	500
Provisions	6	5	5	6	6	6	6
Derivative financial instruments	12	-	-	-	-	-	-
Employee benefit liabilities	444	360	302	410	410	410	410
Total current liabilities	2,583	2,664	1,989	2,305	2,805	2,937	3,090
Non-current liabilities							
Provisions	68	66	66	48	35	29	22
Derivative financial instruments	-	-	-	-	-	-	-
Borrowings	-	-	2,000	3,425	3,413	4,893	5,064
Total non-current liabilities	68	66	2,066	3,473	3,448	4,922	5,086
Equity							
Public equity	83,272	82,768	83,629	84,657	83,883	83,850	84,208
Other reserves	296,126	313,567	313,621	331,132	343,825	344,825	373,182
Total equity	379,398	396,335	397,250	415,789	427,708	428,675	457,390
Total liabilities and equity	382,049	399,065	401,305	421,567	433,961	436,534	465,566

Summary Statement of Cash Flows

for the years ended 30 June 2014 - 2016

Actual 30 June 2014 \$000	Actual 30 June 2015 \$000	Forecast 30 June 2016 \$000
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Cash flows from operating activities

Cash was received from:

Receipts from rates revenue	\$ 8,107	\$ 8,418	\$ 8,586
Interest received	66	81	57
Dividends received	577	589	378
Receipts from other revenue	4,407	4,224	5,222
	<u>13,157</u>	<u>13,312</u>	<u>14,243</u>

Cash was applied to:

Payments to suppliers and employees	9,485	9,219	9,237
Interest paid	80	34	43
	<u>9,565</u>	<u>9,253</u>	<u>9,280</u>

Net Cash Flows from operating activities

	<u>3,592</u>	<u>4,059</u>	<u>4,963</u>
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Cash flows from investing activities

Cash was received from:

Proceeds from sale of property, plant and equipment	101	75	80
Proceeds from sale of harvested forests	331	14	175
Proceeds from sale of investment property	-	-	-
Proceeds from sale of investments	57	12	7
	<u>489</u>	<u>101</u>	<u>262</u>

Cash was applied to:

Purchase of property, plant and equipment	4,004	3,510	6,162
Purchase of intangible assets	35	6	6
Purchase of silviculture	-	-	-
Acquisition of investments	191	292	-
	<u>4,230</u>	<u>3,808</u>	<u>6,168</u>

Net Cash Flows from investing activities

	<u>(3,741)</u>	<u>(3,707)</u>	<u>(5,906)</u>
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Cash flows from financing activities

Cash was received from:

Proceeds from public debt	-	-	2,000
	<u>-</u>	<u>-</u>	<u>2,000</u>

Cash was applied to:

Repayment of public debt	600	-	500
	<u>600</u>	<u>-</u>	<u>500</u>

Net Cash Flows from financing activities

	<u>(600)</u>	<u>-</u>	<u>1,500</u>
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Net increase/(decrease) in cash held	(749)	352	557
Add opening cash balance (1 July)	2,302	1,553	1,905

Closing cash (30 June)

	<u>\$ 1,553</u>	<u>\$ 1,905</u>	<u>\$ 2,462</u>
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Represented by:

Cash, cash equivalents and bank overdrafts	1,553	1,905	2,462
	<u>\$ 1,553</u>	<u>\$ 1,905</u>	<u>\$ 2,462</u>



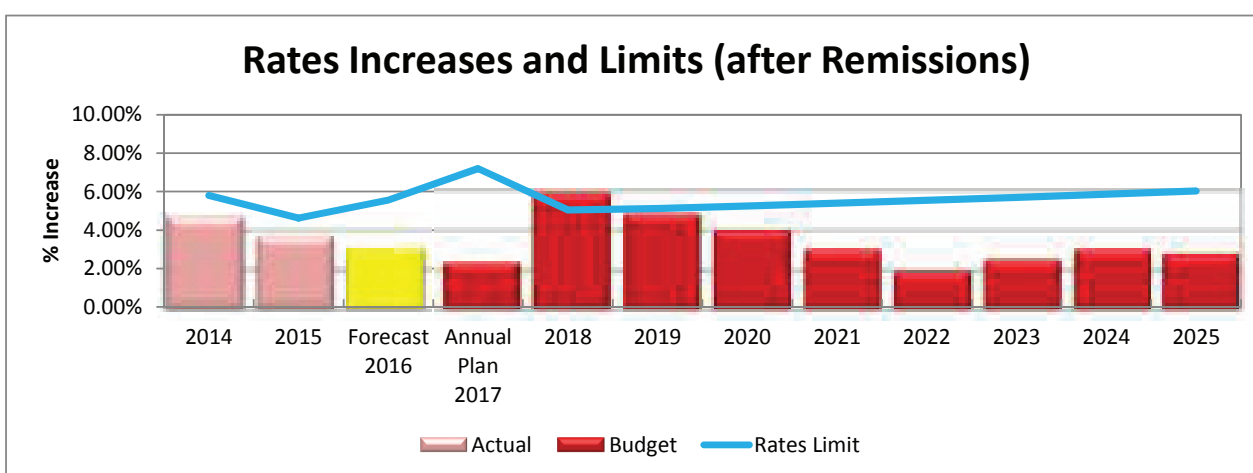
Compliance with our Financial Strategy

for the years ended 30 June 2014 - 2016

Rates levels and limits

	Actual 30 June 2014 \$000	Budget 30 June 2014 \$000	Actual 30 June 2015 \$000	Budget 30 June 2015 \$000	Forecast 30 June 2016 \$000	LTP 30 June 2016 \$000
General Rate	3,996	3,966	4,095	4,084	1,118	1,125
Targeted Rates	4,195	4,146	4,399	4,381	7,628	7,594
Total Rates	8,191	8,112	8,494	8,465	8,746	8,719
Percentage increase to Actual			3.7%		2.97%	
Percentage increase to Budget			4.7%	4.4%	3.33%	3.00%
Council limit on increase					5.57%	5.57%
Capital Value of the District \$000	3,897,087		3,999,262		4,005,304	
Rates to Capital Value	0.21%		0.21%		0.22%	

The 2015 - 25 Long Term Plan established Rates Increases and Limits (after Remissions) as contained in the following table (which is updated for the forecast to 30 June 2016 and for the Annual Plan for 2016/17):



Council set the maximum percentage increase for rates at 5.57% for the 2015/16 year, with an actual increase of 2.97%. The 2017/18 rates increase may exceed the rates limit as a result of the 2016/17 Annual Plan having a lower than expected rates requirement. Note that for the 2017/18 rate requirement, there has been no amendment from that projected in the LTP. Subsequent years (as shown in the above table) are also below the rates limits as set in the Long Term Plan 2015-25. Total rates are also to be no greater than 0.3% of the total Capital Value of the District.

Borrowing levels and limits

Councils Liability Management Policy prescribes protection for Council from a heavily debt weighted balance sheet by having the following limits:

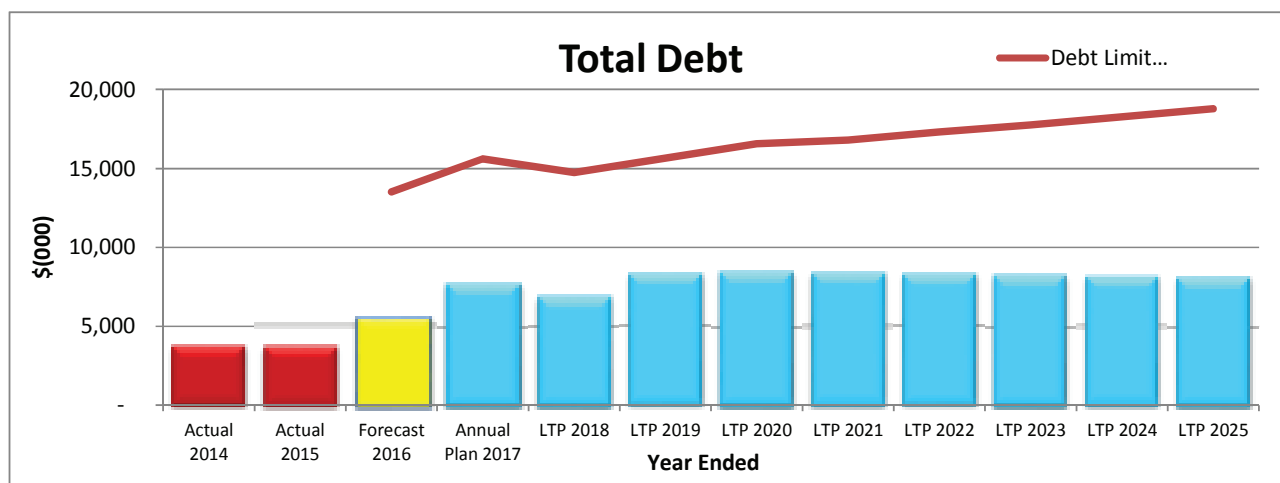
- The gross annual interest expense from all borrowings will not exceed 10% of total annual rates income
- Net cash inflow from operating activities exceeds gross annual interest expense by two times
- Debt to be no more than 100% of total revenue

	Actual 30 June 2014 \$000	Actual 30 June 2015 \$000	Forecast 30 June 2016 \$000
External Borrowings	500	500	2,000
Internal Borrowings	3,227	3,231	3,426
Total Borrowings	3,727	3,731	5,426
Annual Interest Expense (Including interest on Internal Debt)	279	220	262
Cash Inflow from Operating Activities	13,157	13,312	14,243
Annual Rates Income	8,191	8,494	8,746
Total Income	13,859	13,451	14,022
Interest Expense to Rates Income	No more than 20%	3%	3%
Cash Inflow to Interest Expense	To be 2 or greater	47.2	60.6
Debt to Total Income	No more than 5.00	0.27	0.28

Compliance with our Financial Strategy (continued)

for the years ended 30 June 2014 - 2016

The debt limit value set in the 2015 - 25 Long Term Plan and actual debt levels (including Internal debt) for the past three years and expected through the Long Term Plan period (amended by Forecast value for 2016 and the 2017 Annual Plan) is presented in the following graph:



Investment Revenue

Council has financial investments to create a return which can be used to pay for services or reduce rates.

Alpine Energy Ltd Shares - Council owns 7.54% of the shares - Targeted return of 18.3 cents per share.

Forestry - Council owns 214.2 hectares of forests - Income from forests varies from year to year.

Other Investments - Council holds a small number of low value investments in equity and loans for which the reasons for holding are related to purchasing benefits or for economic or community development. As such there is no target return on investment, as this is incidental to Council's reason for owning these investments.

Actual 30 June 2014 \$000	Actual 30 June 2015 \$000	Forecast 30 June 2016 \$000
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Alpine Energy Ltd - Dividend received	577	601	639
= Return per share (cents)	18.5	19.3	20.5
Forestry - Revenue received	331	14	275

Major Projects for the next 3 years

for the years ended 30 June 2017 - 2020

Scheduled timing as per the Long Term Plan
(or as amended by the Annual Plan)

Annual Plan 30 June 2017 \$000	LTP 30 June 2018 \$000	LTP 30 June 2019 \$000	LTP 30 June 2020 \$000
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Property and Investments Group

Property

Public Toilets - New toilets Waimate township	200	-	-	-
Library Extension	-	-	1,500	-
Library Extension - Furniture and Fittings	-	-	-	33
Total Property and Investments Group	200	-	1,500	33

Roading and Footpaths Group

Bridge Replacement - Holme Station	482	-	-	-
Bridge Replacement - Youngs Road	-	-	-	430
Minor improvements	418	324	340	347
Seal extensions	51	52	53	54
Total Roding and Footpaths Group	951	376	393	831

Major Projects for the next 3 years (continued)

for the years ended 30 June 2017 - 2020

Annual Plan 30 June 2017 \$000	LTP 30 June 2018 \$000	LTP 30 June 2019 \$000	LTP 30 June 2020 \$000
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Stormwater Drainage Group

Mainse/Harris St Upgrade
Manse Street - new sumps
Shearman/Glasgow St - new sumps and pipeline

Total Stormwater Drainage Group

174	-	-	-
-	145	39	-
-	-	104	-
174	145	143	-

Water Supply Group

Rural Water

Otaio/Makikihi - Sullivan / Tavistock Line

Total Rural Water

Urban Water

Cast Iron Water Main renewals
AC Water Main renewals
Rising Main renewals

Total Urban Water

Total Water Supply Group

-	45	-	-
-	45	-	-
156	160	331	342
104	107	221	228
208	214	221	228
468	481	773	798
468	526	773	798

Sewerage and Sewage Group

Mill Road Sewer Extension
Edward Street Upgrade
Programmed Renewals

Total Sewerage and Sewage Group

546	-	-	-
-	-	551	-
205	210	-	728
751	210	551	728

Parks and Recreation Group

Camping

St Andrews - Upgrade Power Sites
Victoria Park - Power Sites

Total Camping

Parks and Public Spaces

Victoria Park - Playground extension
Victoria Park - replace Ausplay playground
Morven Hall - Painting, rewiring and tree replacements

Total Parks and Public Spaces

Swimming

Replace heating system
Upgrade Pool Changing Rooms and Toilets

Total Swimming

Total Parks and Recreation Group

20	-	-	-
-	-	-	28
20	-	-	28
26	-	-	-
-	47	-	-
50	-	-	-
76	47	-	-
-	243	-	-
25	-	-	-
25	243	-	-
121	290	-	28

Environmental Services Group

Emergency Management

Fire Tanker - Cannington
Fire Tanker - St Andrews

Total Emergency Management

Total Environmental Services Group

75	-	-	-
80	-	-	-
155	-	-	-
155	-	-	-

Organisation and Governance Group

Managing Services

Online Consenting
Website redevelopment

Total Emergency Management

Total Organisation and Governance Group

20	-	-	-
-	-	-	50
20	-	-	50
20	-	-	50



Contact Us

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