

PRE-ELECTION REPORT

JULY 2019



CHIEF EXECUTIVE'S MESSAGE

As we head towards local government elections in October, this report gives an oversight of the results we've achieved over the last three years, work we have coming up over the next three years, and the financial information to sit alongside it. In a rural community such as the Waimate District our local economy is based largely on agriculture. Something that is particularly significant for us all is the fact that Canterbury is a major 'food basket' for the entire country.

A good deal of our focus is on providing services and infrastructure that the community quite rightly expect. For example, over the next three years we will be focusing a lot of money and resource on upgrading water supplies. This is a very big challenge and was something we highlighted in last year's 2018-28 Long Term Plan. We will also be upgrading sewerage systems and improving our roads. These infrastructure projects are significant in terms of size and cost – some will be completed over the next three years and others will be completed over 10 years. More information about these can be found in our 2018-28 Long Term Plan at waimatedc.govt.nz.

While a lot of attention is being paid to these projects, there is other work we will be doing over the next three years. That includes bringing to life our Economic Development Strategy. With a steering group now in place, we have the momentum now to drive the 21 action plans that have been identified. Put simply, this work is going to grow our local economy, helping attract visitors, businesses and people who wish to move to the district. We're also investigating an extension to the Waimate District Library and we'll be upgrading some of our community facilities such as the Victoria Park pavilion and the Knottingley Park playground.

On top of all that, there's the work we do to keep our district humming along. It often goes unnoticed but without it, we wouldn't have the services and facilities people expect.

In the following pages, more detailed financial information shows how and when this work will be funded. Annual Reports, Annual Plans and the Long Term Plan 2018-28 also provide useful information. You can view them at waimatedc.govt.nz.



Stuart Duncan
Chief Executive



WHY HAVE A PRE-ELECTION REPORT?

This Pre-Election Report 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. Information in this report is a snapshot or summary of Council's 2017 and 2018 Annual Reports, our Long Term Plan 2018-28 (LTP) and the Annual Plan 2019/20. The major projects and prospective financial information have been taken from the current LTP, which Council consulted on with the public last year, and the decisions that were subsequently made. With the exception of the Annual Plan 2019/20, all other information has been audited. Please note we were not required, under law, to have the Annual Plan 2019/20 audited.

ELECTION TIMETABLE

2019 Local Government Election Timetable	
From 1 July (Monday)	2019 nomination documents available
From 17 July (Wednesday)	Public notice of election
19 July (Friday)	Nominations open, electoral roll open for inspection
16 August (Friday)	Nominations close at 12 noon, electoral roll closes
From 21 August (Wednesday)	Public notice of candidates
By 23 August (Friday)	EO receives final electoral roll data
16 September (Monday)	EO compiles and certifies final electoral roll
20 September (Friday)	Enrolment Services letter sent to electors on unpublished roll
20 September (Friday)	Delivery of ordinary voting documents starts Ordinary and special voting opens
20 September to 12 October	Voting period
11 October (Friday)	Last day for appointment of scrutineers – by 12 noon
12 October 2019 (Saturday)	Election Day – voting closes at 12 noon Progress results available as soon as practicable after close of voting
12 October to 17 October	Official count – process special votes
17 October to 27 October (as soon as practicable)	Final results announced Public notice of official declaration of election result (or as soon as practicable thereafter)
By 18 December (Wednesday)	Return of election expense declaration forms (55 days after date of declaration of results)

FUNDING IMPACT STATEMENT FOR THE YEARS ENDED 30 JUNE 2017 - 2023

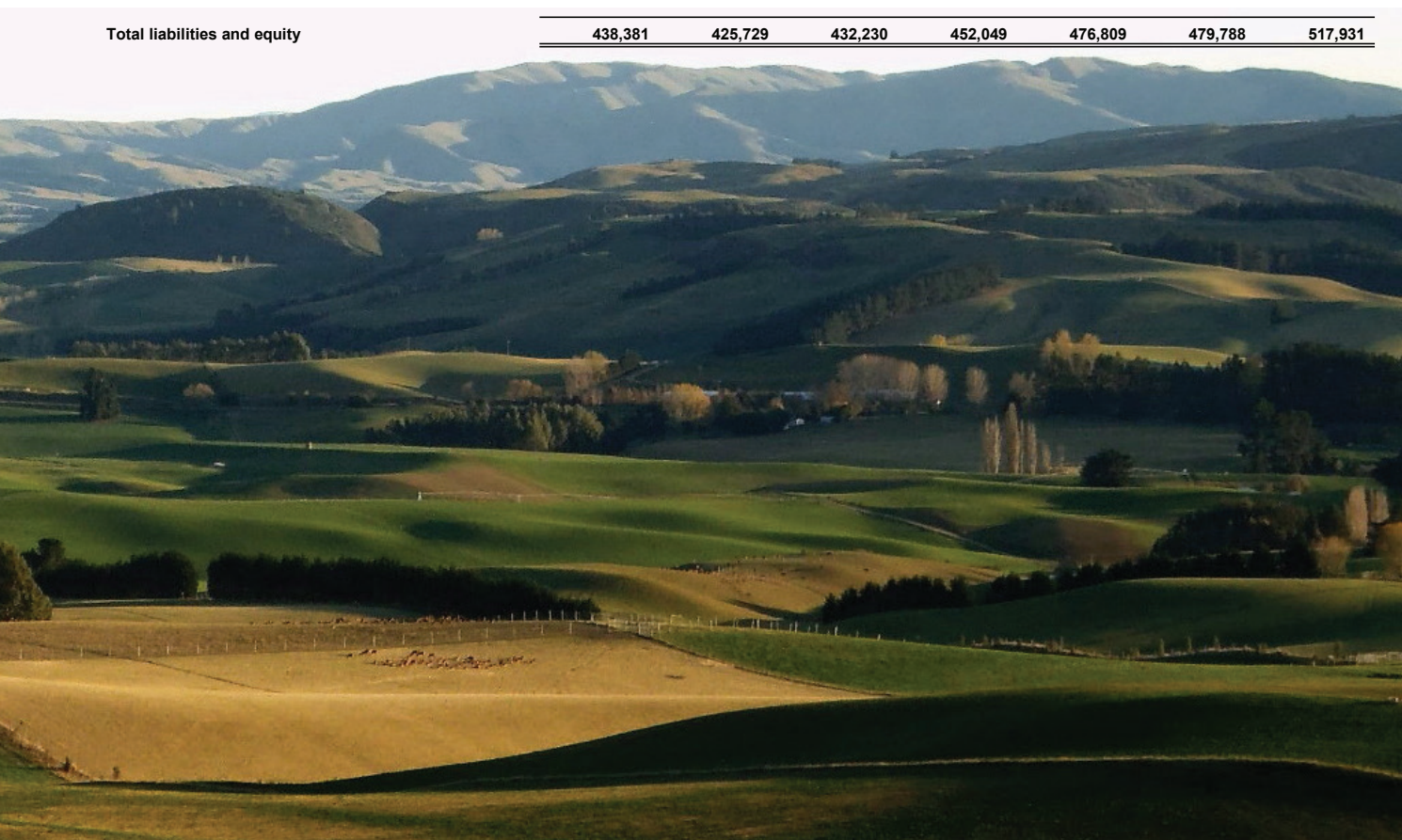
	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000	LTP 30 June 2019 \$000	Election Year Annual Plan 30 June 2020 \$000	LTP 30 June 2021 \$000	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000
Sources of operating funding							
General rates and rates penalties	1,022	1,149	1,195	1,183	1,301	1,327	1,369
Targeted rates	8,004	8,246	8,812	9,087	10,076	10,516	10,967
Subsidies and grants for operating purposes	1,619	1,842	1,320	1,483	1,487	1,699	1,751
Fees and charges	1,023	1,078	1,015	1,079	1,057	1,080	1,105
Interest and dividends from investments	761	557	873	759	770	771	772
Local authority fuel tax, fines, infringements fees other	1,355	1,212	761	782	692	719	733
Total operating funding	13,784	14,084	13,975	14,373	15,381	16,111	16,698
Applications of operating funding							
Payments to staff and suppliers	10,221	10,815	11,689	11,841	12,209	12,504	12,764
Finance costs	96	114	182	201	532	715	807
Other operating funding applications	-	-	-	-	-	-	-
Total application of operating funding	10,317	10,929	11,871	12,041	12,740	13,219	13,571
Surplus / (deficit) of operating funding	3,467	3,155	2,104	2,332	2,641	2,892	3,127
Sources of capital funding							
Subsidies and grants for capital expenditure	1,251	1,261	1,679	2,023	1,767	1,939	2,278
Development and financial contributions	68	83	61	63	64	66	67
Increase / (decrease) in debt	805	(68)	3,400	4,176	3,000	1,600	-
Gross proceeds from sale of assets	27	15	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-
Total capital funding	2,151	1,291	5,141	6,262	4,831	3,605	2,345
Applications of capital funding							
Capital expenditure - to meet additional demand	464	5	-	-	-	-	-
Capital expenditure - to improve the level of service	1,545	560	2,911	4,042	3,840	2,299	994
Capital expenditure - to replace existing assets	2,561	2,763	4,058	4,115	3,663	4,057	4,240
Increase/(decrease) in reserves	804	1,117	276	438	30	141	237
Increase/(decrease) of investments	244	-	-	-	-	-	-
Total applications of capital funding	5,618	4,445	7,245	8,594	7,472	6,497	5,472
Surplus/(deficit) of Capital Funding	(3,467)	(3,155)	(2,104)	(2,332)	(2,641)	(2,892)	(3,127)
Funding balance	-	-	-	-	-	-	-



SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017 - 2023

	Actual 30 June 2017 \$000	Actual 30 June 2018 \$000	LTP 30 June 2019 \$000	Election Year Annual Plan 30 June 2020 \$000	LTP 30 June 2021 \$000	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000
Assets							
Current assets							
Cash and cash equivalents	3,701	4,199	1,354	1,620	1,730	1,792	1,984
Trade and other receivables	1,253	1,796	804	754	804	804	804
Inventories	284	96	14	94	14	14	14
Other financial assets	781	5	643	12	614	652	642
Total current assets	6,019	6,097	2,814	2,479	3,161	3,261	3,443
Non-current assets							
Property, plant and equipment	400,768	401,997	394,692	428,593	435,130	435,991	471,835
Forestry assets	1,471	1,727	1,661	1,827	1,993	2,169	2,345
Intangible assets	198	293	240	186	217	181	146
Other financial assets	29,925	15,616	32,823	18,964	36,308	38,187	40,163
Total non-current assets	432,362	419,632	429,416	449,569	473,647	476,527	514,488
Total assets	438,381	425,729	432,230	452,049	476,809	479,788	517,931
Liabilities							
Current liabilities							
Trade and other payables	1,656	1,746	1,463	1,448	1,463	1,463	1,463
Borrowings	71	33	23	24	25	26	28
Provisions	6	6	6	6	6	6	6
Derivative financial instruments	-	-	-	-	-	-	-
Employment benefit liabilities	342	364	410	410	410	410	410
Total current liabilities	2,075	2,148	1,901	1,887	1,904	1,905	1,906
Non-current liabilities							
Provisions	61	61	61	61	61	61	61
Derivative financial instruments	-	-	-	-	-	-	-
Borrowings	2,734	2,704	6,161	10,219	13,310	14,883	14,854
Total non-current liabilities	2,795	2,765	6,222	10,280	13,371	14,944	14,915
Equity							
Public Equity	86,351	84,667	91,610	90,646	90,203	89,603	89,456
Other reserves	347,160	336,148	332,497	349,235	371,330	373,337	411,654
Total equity	433,511	420,815	424,106	439,882	461,534	462,939	501,110
Total liabilities and equity	438,381	425,729	432,230	452,049	476,809	479,788	517,931

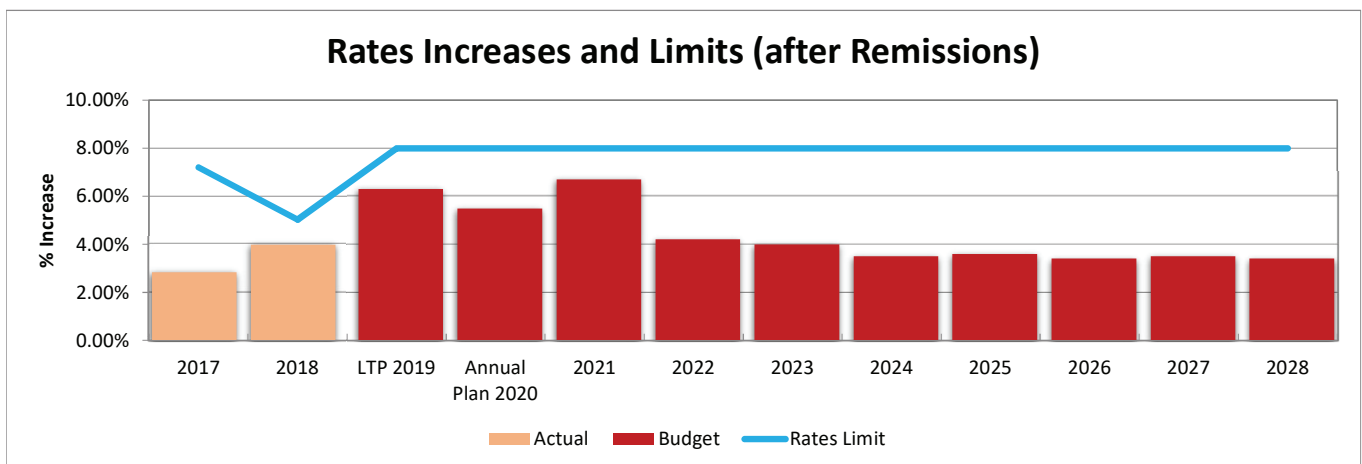


COMPLIANCE WITH OUR FINANCIAL STRATEGY FOR THE YEARS ENDED 30 JUNE 2017 - 2019

Rates Levels and Limits

	Actual 30 June 2017 \$000	Budget 30 June 2017 \$000	Actual 30 June 2018 \$000	Budget 30 June 2018 \$000	Forecast 30 June 2019 \$000	Election Year LTP 30 June 2019 \$000
General Rate	951	991	1,070	1,042	1,121	1,100
Targeted Rates	8,029	7,975	8,274	8,281	8,775	8,813
Total Rates	8,980	8,966	9,344	9,323	9,896	9,913
Percentage increase to Budget				3.98%		6.30%
Council limit on increase				5.03%		8.00%
Capital Value of the District \$000	4,031,827		4,768,422		4,784,056	
Rates to Capital Value	0.22%		0.20%		0.21%	

The 2018 - 28 Long Term Plan established Rates Increases and Limits (after Remissions) as contained in the following table (which is updated for the Annual Plan for 2019/20):



Council set the maximum percentage increase for rates at 7.2% for the 2016/17 year, with an actual increase of 2.84%. In the 2017/18 year, an actual increase of 3.98% was recorded, within the limit of 5.03%. Subsequent years increases (as shown in the above table) are also below the rates limit of 8% as set for the ten years of the Long Term Plan 2018-28. Total rates are also to be no greater than 0.3% of the total Capital Value of the District.



COMPLIANCE WITH OUR FINANCIAL STRATEGY (CONTINUED) FOR THE YEARS ENDED 30 JUNE 2017 - 2019

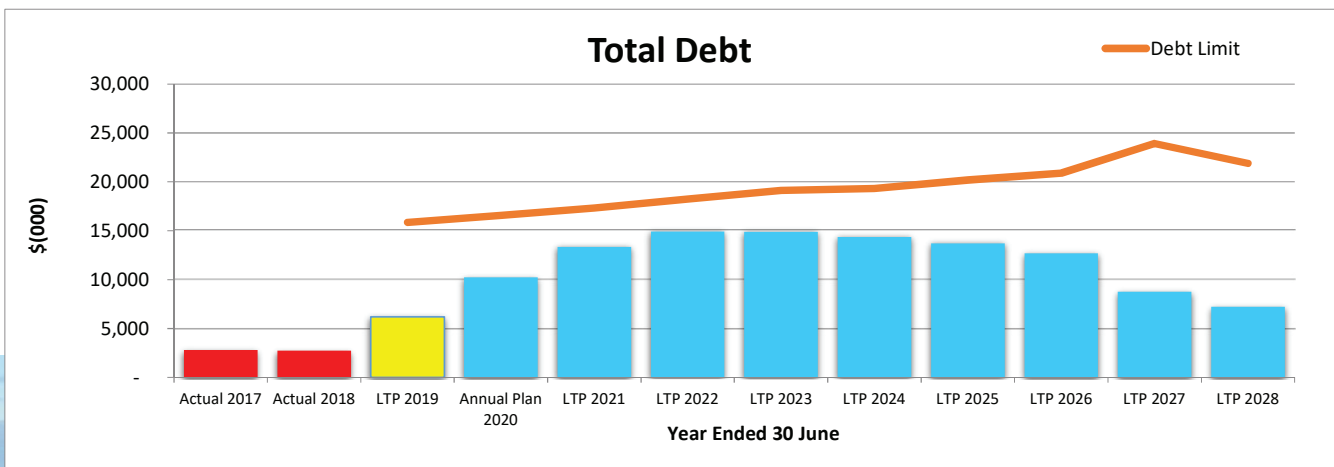
Borrowing Levels and Limits

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 2017 \$000	Actual 30 June 2018 \$000	Election Year LTP 30 June 2019 \$000
External Borrowings	2,805	2,737	6,184
Internal Borrowings	3,472	3,291	4,951
Total Borrowings	6,277	6,028	11,135
Annual Interest Expense (Including interest on Internal Debt)	268	281	344
Cash Inflow from Operating Activities	15,245	14,956	16,345
Annual Rates Income	8,980	9,344	9,896
Total Income	17,206	15,813	15,863
Interest Expense to Rates Income	No more than 10%	3%	3%
Cash Inflow to Interest Expense	To be 2 or greater	56.9	53.3
Debt to Total Income	No more than 1.00	0.36	0.38

The debt limit value set in the 2018 - 28 Long Term Plan and actual debt levels for the past three years and expected through the Long Term Plan period (updated for the Annual Plan for 2019/20) is presented in the following graph:



COMPLIANCE WITH OUR FINANCIAL STRATEGY (CONTINUED) FOR THE YEARS ENDED 30 JUNE 2017 - 2019

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 for 2017 and 2018 and 24.0 cents per share for 2019.

Forestry - Council owns 160.2 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 2017 \$000	Actual 30 June 2018* \$000	Election Year LTP 30 June 2019 \$000
Alpine Energy Ltd - Dividend received	701	449	748
= Return per share (cents)	22.5	14.4	24.0
Forestry - Revenue received	216	281	-

* **Note:** In 2018 the dividends received were adjusted due to a difference in the timing of recognition, so as to recognise the dividends when received. Actual dividends declared relating to 2018 were on a par with those anticipated in the 2019 year.



MAJOR COUNCIL PROJECTS FOR THE NEXT 3 YEARS

	Election Year Annual Plan 30 June 2020 \$000	LTP 30 June 2021 \$000	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000
Water Supply				
Rural Water				
Lower Waihao - Drinking Water Intake/Plant Compliance Upgrade	797	921	-	-
Lower Waihao - Glenavy Township Mains Renewal	-	-	76	-
Lower Waihao - Glenavy Chlorine Monitoring Station	-	-	58	-
Otaio / Makikihi - New Bore Redundancy	-	-	133	-
Otaio / Makikihi - Makikihi Chlorine Monitoring Station	-	-	58	-
Waihaorunga - Drink Water Intake/Plant Compliance Upgrade	-	527	-	-
Waikakahi - Drinking Water Intake/Plant Compliance Upgrade	1,439	1,474	-	-
Urban Water				
Urban Water - Rising Main Renewals	220	-	-	-
Urban Water - Lateral Renewals	62	63	65	66
Urban Water - AC Water Main Renewals	113	116	119	122
Urban Water - CI Water Main Renewals	164	168	173	177
Urban Water - Pressure Management	77	-	-	-
Urban Water - Tim Rd Plant - Treatment Filter & UV	279	-	-	-
Waste Management				
Waste Management - Weighbridge	-	120	-	-
Waste Management - Compactor	-	119	-	-
Stormwater				
Stormwater - Queen Street Upgrade	134	-	-	-
Sewerage and Sewage				
Sewer - Waimate Urban Renewals	242	306	242	338
Sewer - WWTP Milliscreen	-	-	72	-
Roading and Footpaths				
Roading - resealing	1,278	1,306	1,364	1,394
Roading - drainage construction	199	229	285	291
Roading - culvert replacement	109	136	139	142
Roading - kerb and channel renewal	126	178	165	169
Roading - pavement rehabilitation	308	315	449	459
Roading - structures component rep.	155	158	208	213
Roading - minor improvements	800	350	352	873
Roading - footpath renewal	153	157	160	164
Roading - development	161	63	64	65
Organisation and Governance				
Central Administration				
Corporate Services - Servers	-	-	96	-
Corporate Services - Magiq Upgrades	-	52	11	11
Parks - John Deere mower replacement	-	-	69	-
Community Facilities				
Parks and Public Spaces				
Victoria Park - Pavilion Upgrade	130	-	-	-
Knottingley Park - Playground Matting	72	-	-	-
Property				
Local Govt Centre - Library / LGC Extension	-	-	1,400	-
Local Govt Centre - Library / LGC Extension Scoping and Plan	-	100	-	-

Contact us

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