



**Waimate**  
District Council



# **2022** Pre-Election Report

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# Message from the Chief Executive

Welcome to the 2022 Pre-Election Report. If you are reading this, you may be seeking re-election, weighing up the possibility of putting your name forward to stand for Council in the upcoming local body elections, or perhaps a voter keen to understand the bigger picture. To help inform this decision-making process, this report sets out all up-to-date information, provides context to some of the biggest challenges facing both Council and the district in the coming years and takes a look back at where we have been in the last three years, as well as a nod to where we are heading.

Our Council comprises the Mayor and eight Ward Councillors throughout all areas of the district. Therefore with the knowledge some of our current Elected Members will not be seeking re-election, this report sets out critical information for potential new candidates on how the Council stands financially and the key projects we have set down for the future.

As a Council our commitment remains to deliver quality infrastructure, public services and regulatory functions to promote the social, economic, environmental and cultural wellbeing of our communities, both now and in the future. Council's key challenges include balancing growth and the demand for new and expanding services with affordability and financial prudence, and balancing the needs of residents and ratepayers with ensuring sustainability of our natural resources such as water. Alongside these key

areas, we also plan on continuing investment in our core infrastructure and services such as roading, water and waste management to ensure we continue to grow the Waimate District.

As the global landscape continues to throw out new challenges and present significant change, Council is constantly planning and adapting to new legislation and new technology that changes the way we do business. As you will see throughout this report, Council has a great responsibility and a large work programme to navigate through in the coming years, and while there are many challenges that lie ahead, there are also many exciting times to come for both Council and the wider community.

The future of the Waimate District is shaped by the decisions its Elected Members make – decisions that affect everyday infrastructure, community facilities, services, land use, asset management and the environment, to name just a few. So, if you think YOU can make a difference and want to be part of the next chapter, I hope to see your name on the ballot paper soon.

**Stuart Duncan**  
CHIEF EXECUTIVE



# Introduction

This Pre-Election Report draws your attention to the key issues Council will face over the coming years, compares our current performance with our Financial Strategy and outlines the forecast financial position for the incoming Council. Its purpose is to assist discussions about the issues facing Council in the lead up to the October 2022 local body elections. The Local Government Act 2002 requires the Chief Executive to produce this report.

Within this report, you will find statements that cover the last three years, the current year, and the next three years. It brings together information previously published in our Long Term Plans, Annual Plans and Annual Reports. While there is no requirement for this report to be audited, much of the information contained has already been audited.



## Key dates

- From 13 July 2022** Elections will be advertised and nominations called.
- 15 July 2022** Nominations open for candidates.
- 12 August 2022** Nominations close at midday (12pm). If postal, please ensure your nomination has been sent at least three days prior to closing date.
- 16-20 September 2022** Voter packs mailed to electors. Voting opens.
- 22 September 2022** Meet the Candidates Evening, Waimate Event Centre (15 Paul Street, Waimate), 7.30pm to 9.30pm
- 8 October 2022** Voting closes at midday. Progress result asap thereafter.
- 13 October 2022** Official result released.
- 13-19 October 2022** Official result advertised (as soon as practicable)



# The story so far

Much the same as any other sector, the last three years in local government has been challenging. However, through the chaos and uncertainty, Council has managed to achieve some significant milestones and progressed several major projects.

We have been very active in engaging with the Government's Three Waters Reform with a particular focus on representing our rural water supplies. We are well advanced with the upgrades to the urban supplies in order to meet current and future drinking water standards.

There has been a good deal of focus on the environment and our carbon footprint as we continue to investigate options for minimising and managing waste, including providing more education around recycling.

In response to historic flooding issues, we extended the stormwater infrastructure on Manse Street and upgraded the Queen Street stormwater and sewerage network. These upgrades increase the level of drainage designed to withstand a 1-in-10 year flood event. In addition, there has been a focus on improving the maintenance of our roads so they can better cope with ever increasing heavy vehicles and more frequent weather events, including a renewed focus on controlled overland flow paths.

Over this time, 21 Economic Development Strategy actions items were identified for implementation. Five projects were prioritised: branding, signage, landscaping, enhancing the Whitehorse Monument and investigating the development of an industrial/business park – in fact, much of this work is well underway.

From a roading viewpoint, activity undertaken has included general road maintenance and footpath renewals, along with major bridge repairs to Brasells Bridge over the Pareora River and Frasers Bridge in the Hukataramea Valley – both bridge repairs have been completed. The development of a 476m walkway adjacent to Point Bush Road has helped to improve safety for people enjoying their exercise, and a new extended footpath in Glenavy was also welcomed by the community.

Continuing on with roading, our 2021-26 Road Maintenance and Operations Contract was awarded to Rooney Earthmoving Limited, replacing contractor Whitestone Contracting Ltd. The contract, worth \$16 million over five years, includes all aspects of maintenance, with coverage of both sealed and unsealed roads across the district's 1,339km network. The new contract commenced 1 July 2021. Roading activity undertaken in the last financial year

included general road maintenance and footpath renewals, along with some minor bridge repairs including Jacksons Bridge, Hook Beach Bridge and Don's Bridge. In addition, Crouches Bridge on Youngs Road was completed in late 2021, marking the largest bridge replacement in our district for 30 years.

Climate change has also been a significant focus for Council as we look for ways to continue reducing our carbon footprint. In recognition of how important this area is in the coming years, we have introduced a new role for a Climate Change and Biodiversity Officer with recruitment currently underway. Council introduced two hybrid cars to replace two of the existing petrol-driven pool cars, with the hybrid technology helping to save significant costs in fuel and operating expenses and better serving the environment. As vehicles become due for replacement hybrid alternatives are considered to continue this trend.

In January 2021, Waimate residents endured a localised downpour in the Waimate urban catchment which resulted in flooding of the Local Government Centre and Waimate District Library. This provided an opportunity to bring forward plans to fast track the replacement of the old tiled roof at the Local Government Centre and complete stage one of the internal refurbishment. The roof at the time was deemed unsafe and no longer fit for purpose, and replaced with long run iron which has further enhanced the life-span and safety of the building.

In August 2020, the Government signed a Three Waters Memorandum of Understanding with all local authorities around the country, including our Council. As part of the Memorandum of Understanding, Council were successful in their funding application through the Three Waters Stimulus Package. In addition to the \$3.36 million Government funding, Council also allocated \$1.68 million to enable a programme of investment totalling \$5.04 million. This additional contribution allowed for more projects to be funded, enabling a better urban/rural distribution, focusing on 17 projects throughout the district.

While we are pleased with the progress made, there is always a new project on the horizon – and the incoming Council will help to navigate future challenges and shape new opportunities in their first term.

# The next chapter

The global outbreak of the COVID-19 pandemic in 2020 and its ongoing threats to various aspects of national, regional and local wellbeing is considered by Council to be a critical factor in our planning to safeguard the district's community and its economic vitality going forward. Planning for a resurgence of COVID-19 and its variants is now part of everyday life.

With the COVID-19 initial response behind us for the most part, we must now look back at the lessons learned and be ready to act in the unlikely return of another pandemic or emergency. As we clearly saw during lockdown, there is no substitute for being prepared and ready. Essentially, COVID-19 has created a new normal for us all, and while we take time to adapt to this new way of life, thinking and doing, it is vital we continue to build community resilience and further strengthen the community links we have established through this pandemic. The global outbreak of the COVID-19 pandemic continues to place stress and restrictions on supply chains, resources and staff recruitment for both Council and contractors.

There are three significant reform and review processes currently underway that will have an

impact on local government - Three Waters, Resource Management and the Future for Local Government. They collectively and individually represent the largest reforms to local government and local governance since the abolition of the provinces in 1877.

What the reforms have in common are that they aim to achieve better outcomes for communities and the environment, efficiency improvements, and give effect to the principles of Te Tiriti o Waitangi. They are, however, progressing on different timelines and add to an increasingly complex and uncertain operating environment for local government now and post the 2022 local body elections. This environment also includes likely Government changes to building control, civil defence and emergency management and waste management, to name but a few.

Taken together the reviews and reforms provide considerable opportunity to further the purpose of local government and will fundamentally change the system that local government operates within, including how decisions are made and by whom, what local government does and how it does it, and who local government needs to work with to enable community wellbeing.

## Three Waters Reform

Following the serious campylobacter outbreak in 2016 and the Government's Inquiry into Havelock North Drinking Water, central and local government have been considering the issues and opportunities facing regulation and management of the three waters (drinking water, wastewater and stormwater).

The focus has been on how to ensure safe drinking water for all, improve the environmental performance and transparency of the wastewater and stormwater network and deal with funding and affordability challenges, particularly for communities with small rating bases or high-growth areas that have reached their prudential borrowing limits. There is also a need to future-proof the assets and plan for the effects of climate change.

Both central and local government, including this Council, are committed to better outcomes for communities and the environment. There is widespread agreement that the status quo is not sustainable, despite the significant contribution, investment, and effort that local government and communities have made to date. There is also agreement on protection from privatisation of the three waters services and assets.





In 2021, the Government announced that it would proceed with proposals to change the way three waters are delivered. For further reference, you can find a short video in which the Minister of Local Government explains the Government's reasons for the change at <https://www.youtube.com/watch?v=CN-IFClobuQ>

In a nutshell, the proposal is that three waters assets would be removed from councils and all the council's three water assets and any liabilities related to three waters would transfer to a body corporate to be known as the Southern Water Services Entity (SWSE) (previously known as Entity D). As the proposed transfer is currently intended to happen on 1 July 2024, this would be within the term of the incoming Council. Parliament is currently considering the Water Services Entities Bill that creates SWSE and three others around the country. Under the Bill these entities will manage the future delivery of three waters services across the country. The Bill also sets out how these entities will operate, and how the local community will be able to hold them accountable.

To be clear, the Government has already stated that later in 2022 a second Bill will provide further details on the powers and duties of the entities. That Bill will also allow the Government to regulate the amount and the ways in which the entities charge for these services and how they will demonstrate their services are value for money. We understand this Bill will enter Parliament in or around September 2022.

This is a significant issue for our Council. Collectively, our three waters assets have a replacement value worth more than \$80 million.

The incoming Council will need to work with SWSE to ensure the Waimate District gets the services it needs now and in the future. In particular, Council will need to work closely with the Government as SWSE is set up to make sure our community is represented on or through the regional representative group. The Council will also need to work with the Chief Executive as its sole employee to ensure staff are supported through an incredibly challenging period of change management, both for those transitioning to the new entity and for those that are not, as well as delivering the Council's work programmes.

While we are not against reform, we strongly oppose the way Government have set about achieving this. Our community have made their feelings clear, and we will continue to work on their behalf to ensure the best outcomes available for our district. There are still many questions to be answered by Local Government Minister Nanaia Mahuta, and plenty of discussion yet to be had around the Government's Three Waters Better Off Funding, which will see every Council receive a lump sum to use subject to set criteria. Our Council will receive \$9.6 million, though the finer details have yet to be worked through with ratepayers and Elected Members.



## Resource Management Act Reforms

After many years of incremental changes, the Government is overhauling the resource management system to protect and restore the environment, provide for intergenerational wellbeing, better enable development within environmental limits, better recognise Te Tiriti o Waitangi principles, te ao Māori and mātauranga Māori, better prepare for adapting to climate change and risks from natural hazards, as well as mitigating greenhouse gas emissions and make the system less complex and more efficient while retaining local democratic input.

As part of this, the Government has said it will introduce three new pieces of legislation to achieve its objectives. These are:

- Natural and Built Environments Act - the primary replacement for the Resource Management Act 1991. It will require outcomes based planning and development within environmental limits and targets, give effect to the principles of Te Tiriti o Waitangi, create a single regional plan, overseen by a single regional committee, supported by a National Planning Framework.

- Strategic Planning Act – introduces mandatory 30 year regional spatial strategies that will set out, at high level, how regions and communities will develop integrating land use, major infrastructure and investment. It too is guided by the National Planning Framework and will be overseen by a regional committee.
- Climate Adaptation Act – this will deal with the complex policy, economic and legal issues around adapting to the effects of climate change, including managed retreat.

The Natural and Built Environments and Strategic Planning Bills will be introduced into Parliament around, or shortly after the local body election period. The incoming Council will need to consider whether and how it wishes to respond to these Bills very soon after it takes office. The Climate Adaptation Bill is likely to be introduced next year.

The reform of the resource management system will have a major impact on Council, including future governance arrangements, functions, structure, decision-making, operations and investment priorities. The resource requirements and costs of transition cannot be underestimated, particularly as we transition to the new system while fulfilling essential requirements under the current one.

More details about the reform of resource management can be found on the Ministry for the Environment website at <https://environment.govt.nz/acts-and-regulations/acts/>



## Future for Local Government Review

On 24 April 2021, the Minister of Local Government announced a Ministerial review into the Future for Local Government. The overall purpose of the review is to “identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership.”

In September 2021, the panel released an interim report that set out the engagement it had done up to that time, and the lines of inquiry it would follow.

Ārewa ake te Kaupapa poses five key questions:

1. How should the system of local governance be reshaped so it can adapt to future challenges and enable communities to thrive?
2. What are the future functions, roles and essential features of New Zealand’s system of local government?
3. How might a system of local governance embody authentic partnership under Te Tiriti o Waitangi, creating conditions for shared prosperity and wellbeing?
4. What needs to change so local government and its leaders can best reflect and respond to the communities they serve?
5. What should change in local governance funding and financing to ensure viability and sustainability, fairness and equity, and maximum wellbeing?

This panel has met with every local authority as part of its engagement, including our Council, discussing five key areas: strengthened local democracy, stronger focus on wellbeing, authentic relationship with Hapū/Iwi/Māori, genuine partnership between central government and local government and more equitable funding.

A draft report and recommendations for public consultation will be released by the panel following this year’s local government elections. The final report will be presented to the Government by 30 April 2023. With Parliamentary elections likely in late 2023 the Government may take some time to decide what, if any, of the panel’s recommendations it wishes to take up.

The full report, Ārewa ake te Kaupapa: Raising the Platform can be found at [https://www.futureforlocalgovernment.govt.nz/assets/Uploads/DIA\\_16724\\_Te-Arotake-Future-of-Local-Government\\_Interim-report\\_22.pdf](https://www.futureforlocalgovernment.govt.nz/assets/Uploads/DIA_16724_Te-Arotake-Future-of-Local-Government_Interim-report_22.pdf)



# What we do

We have 24 activities, organised into 9 groups. These activities cover all the services we provide to our communities.

Groups	Activities
<b>Water Supply</b>	<ul style="list-style-type: none"> <li>• Urban Water Supply</li> <li>• Rural Water Supply</li> </ul>
<b>Waste Management</b>	<ul style="list-style-type: none"> <li>• Waste Management</li> </ul>
<b>Stormwater</b>	<ul style="list-style-type: none"> <li>• Stormwater</li> </ul>
<b>Sewerage</b>	<ul style="list-style-type: none"> <li>• Sewerage</li> </ul>
<b>Roading and Footpaths</b>	<ul style="list-style-type: none"> <li>• Roding and Footpaths</li> </ul>
<b>Organisation and Governance</b>	<ul style="list-style-type: none"> <li>• Central Administration</li> <li>• Community Representation</li> <li>• Investments and Finance</li> <li>• Strategy</li> </ul>
<b>District Planning and Regulatory Services</b>	<ul style="list-style-type: none"> <li>• Animal Management</li> <li>• Building Control</li> <li>• Environmental Services</li> <li>• Resource Management</li> </ul>
<b>Community Services</b>	<ul style="list-style-type: none"> <li>• Community Support</li> <li>• Economic Development and Promotions</li> <li>• Emergency Management</li> <li>• Library Services</li> </ul>
<b>Community Facilities</b>	<ul style="list-style-type: none"> <li>• Camping</li> <li>• Cemeteries</li> <li>• Event Centre</li> <li>• Parks and Public Spaces</li> <li>• Property</li> <li>• Swimming Pool</li> </ul>



## Major projects

Take a look at the major projects we have planned for the next four years. Below you will see a brief overview, budget duration and overall project budget.

### Water Supply

Project	Year ended	Projected spend	Project description
Lower Waihao – Glenavy renewals	2024-2026	\$303,000	Glenavy township mains (restrictor renewal), Glenavy line renewal and the new addition of a chlorine monitoring station within Glenavy.
Otaio/Makikihi	2023-2025	\$276,000	Install an additional bore resilience and Makikihi line and restrictor renewals.
Waihaorunga – drinking water intake/ plant compliance upgrade	2023	\$470,000	Upgrade the Waihaorunga intake plant to meet the Water Services (Drinking Water Standards for New Zealand) Regulations 2022 in November 2022.
Downlands – various renewals	2023-2026	\$1.069 million	Various capital works managed by Timaru District Council. This reflects Council's 14% share of the Downlands Rural Water Scheme.



Urban Water – lateral renewals	2023-2026	\$256,000	Programmed service lateral renewals to improve level of service and reduce leakage.
Urban Water – AC water main renewals	2023-2026	\$471,000	Programmed asbestos cement water main renewals to improve level of service and reduce leakage.
Urban Water – CI water main renewals	2023-2026	\$684,000	Programmed cast iron water main renewals to improve level of service and reduce leakage.
Urban Water – boosters	2023-2024	\$326,000	Installation of booster pumps to increase water pressure in some low-pressure areas of the network.
Urban Water – Te Kiteroa main, booster and reservoir	2023-2024	\$716,000	Installation of new infrastructure in the Te Kiteroa area, resulting in increased level of service.

## Waste Management

Project	Year ended	Projected spend	Project description
Waimate Resource Recovery Park entrance	2023-2026	\$207,000	Seal and shingle entrance to the Resource Recovery Park.

## Sewerage

Project	Year ended	Projected spend	Project description
Waimate Urban sewer renewals	2023-2026	\$1.347 million	Programmed sewer mains renewals to improve level of service, and reduce leakage and infiltration.

## Roading and Footpaths

Project	Year ended	Projected spend	Project description
Capital programme	2023-2026	\$13.597 million	Ongoing maintenance and renewals for targeted roads and footpaths throughout the Waimate District. Projects within this space include resealing, drainage construction, culvert replacement, kerb and channel renewals, concrete ford renewal, pavement rehabilitation, sign renewals, footpath renewals, seal extensions, emergency renewals, development and other minor improvements.

## Organisation and Governance

Project	Year ended	Projected spend	Project description
Aerial imagery	2023-2026	\$62,000	Update and enhance aerial imagery.
Local body elections	2023-2026	\$116,000	Management of the local body elections in October 2022 and 2025 for Mayor and Councillors.
Gorge Road premises	2024	\$85,000	Upgrade toilet facilities and commence rear refit of Gorge Road property.
Forestry – land access	2024	\$45,000	To develop access ways for impending harvest of the Waihao Forest.
Forestry – planting Waihao Forest	2026	\$241,000	To replant the Waihao Forest following harvest.
Forestry – planting reserves	2023-2026	\$61,000	To replant forest reserves following harvest.

## District Planning and Regulatory Services

Project	Year ended	Projected spend	Project description
District Plan Review	2023-2026	\$353,000	The District Plan is reviewed every 10 years. The budget is set aside for the next District Plan Review, though will be subject to the outcome of the Resource Management Act Reforms.

## Community Facilities

Project	Year ended	Projected spend	Project description
Waimate Lakes public toilet	2023	\$50,000	Install public toilet dry vault system at Briar's Gully to allow facilities to operate year round.
Cemetery building upgrade	2024	\$61,000	Upgrade the cemetery building at Waimate Cemetery.
Library extension	2023	\$1.276 million	Extend Library and refurbish existing space.
Chambers and meeting room upgrade	2023	\$396,000	Upgrade Local Government Centre Council Chamber and meeting room, and introduce natural light into the area.
Local Government Centre heatpumps	2023-2024	\$51,000	Replace heatpumps throughout the Local Government Centre on Queen Street.
Waimate Town public toilets	2023	\$445,000	Install new public toilets within the vicinity of Seddon Square to replace existing toilet block on Queen Street.



### Want to know more?

For more information, or year by year breakdowns, refer to the table following or visit Council's website [waimatedc.govt.nz](http://waimatedc.govt.nz) to view the 2022-2023 Annual Plan or the 2021-2031 Long Term Plan.



## Major Council projects for the next 3 years

Project	Activity	Year ended 30 June	Election Year			
			Annual Plan 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000
Lower Waihao - Glenavy township mains, restrictor renewal	Water Supply - Rural Water		-	-	-	89
Lower Waihao - Glenavy chlorine monitoring station	Water Supply - Rural Water		-	57	-	-
Lower Waihao - Glenavy line renewal	Water Supply - Rural Water		-	-	157	-
Otaio/Makikihi - New bore redundancy	Water Supply - Rural Water		127	-	-	-
Otaio/Makikihi - Makikihi township mains, restrictor renewal	Water Supply - Rural Water		-	-	86	-
Otaio/Makikihi - Line renewal Makikihi 100mm PVC	Water Supply - Rural Water		31	32	-	-
Waihaorunga - Drinking water intake/plant compliance upgrade	Water Supply - Rural Water		470	-	-	-
Downlands - Various renewals	Water Supply - Rural Water		541	272	157	99
Urban Water - Lateral renewals	Water Supply - Urban Water		62	63	65	66
Urban Water - AC water main renewals	Water Supply - Urban Water		114	116	119	122
Urban Water - CI water main renewals	Water Supply - Urban Water		165	169	173	177
Urban Water - Booster Bakers, Court, Hunts and Fitzmaurice Roads	Water Supply - Urban Water		-	296	-	-
Urban Water - Booster Manchesters standby pump 2	Water Supply - Urban Water		30	-	-	-
Urban Water - Te Kiteroa main, booster and reservoir	Water Supply - Urban Water		686	30	-	-
Waste Management - Seal and shingle RRP entrance	Waste Management		76	76	18	37
Sewer - Waimate urban renewals	Sewerage and Sewage		315	333	339	360
Roading - Resealing	Roading and Footpaths		1,080	1,108	1,246	1,282
Roading - Drainage construction	Roading and Footpaths		260	266	335	344
Roading - Culvert replacement	Roading and Footpaths		178	212	215	221
Roading - Kerb and channel renewal	Roading and Footpaths		112	114	197	202
Roading - Concrete ford renewal	Roading and Footpaths		30	-	49	51
Roading - Pavement rehabilitation	Roading and Footpaths		310	315	738	758
Roading - Structures component replacements	Roading and Footpaths		176	178	194	200
Roading - Sign renewal	Roading and Footpaths		62	55	67	68
Roading - Minor improvements	Roading and Footpaths		278	330	361	371
Roading - Footpath renewal	Roading and Footpaths		182	182	235	242
Roading - Minor improvements (non-subsidised)	Roading and Footpaths		46	48	49	51
Roading - Seal extensions	Roading and Footpaths		62	64	66	67
Roading - Development	Roading and Footpaths		52	53	55	56
Roading - Emergency renewals	Roading and Footpaths		-	124	-	-
Waimate Lakes Camping - Public toilet dry vault system	Community Facilities - Camping		50	-	-	-
Cemetery - Building upgrade	Community Facilities - Cemeteries		-	61	-	-
Local Govt Centre - Library / LGC extension	Community Facilities - Property		1,673	-	-	-
Local Govt Centre - Heatpumps	Community Facilities - Property		40	11	-	-
Public toilets - Waimate town (new toilets)	Community Facilities - Property		445	-	-	-
Investment - Gorge Road Premises	Investments and Finance		-	85	-	-
Forestry - Land access	Investments and Finance		-	45	-	-
Forestry - Planting Waihao Forest	Investments and Finance		-	-	-	241
Forestry - Planting Reserves	Investments and Finance		9	2	9	41
Corporate Services - Aerial Imagery	Central Administration		9	9	34	10
Governance - Elections	Governance		50	4	16	46
Regulatory - District Plan review	District Planning and Regulatory Services		100	104	106	43

# Income and expenditure

## Funding Impact Statement for the years ended 30 June 2020 to 2026

Year ended 30 June	Election Year						
	Actual 2020 \$000	Actual 2021 \$000	LTP 2022 \$000	Annual Plan 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000
<b>Sources of operating funding</b>							
General rates and rates penalties	1,198	1,251	1,448	1,867	2,053	2,091	2,168
Targeted rates	9,352	9,754	10,584	11,330	11,805	12,142	12,423
Subsidies and grants for operating purposes	1,626	3,004	1,960	1,856	1,614	1,708	1,756
Fees and charges	1,172	1,289	1,181	1,331	1,230	1,254	1,277
Interest and dividends from investments	833	439	210	202	211	212	213
Local authority fuel tax, fines, infringements fees other	1,102	993	744	850	808	2,718	903
<b>Total operating funding</b>	<b>15,283</b>	<b>16,730</b>	<b>16,128</b>	<b>17,437</b>	<b>17,721</b>	<b>20,126</b>	<b>18,741</b>
<b>Applications of operating funding</b>							
Payments to staff and suppliers	11,725	13,550	14,246	14,389	13,839	14,072	14,477
Finance costs	107	101	245	350	451	370	346
Other operating funding applications	-	-	-	-	-	-	-
<b>Total application of operating funding</b>	<b>11,832</b>	<b>13,651</b>	<b>14,490</b>	<b>14,738</b>	<b>14,290</b>	<b>14,443</b>	<b>14,823</b>
<b>Surplus / (deficit) of operating funding</b>	<b>3,451</b>	<b>3,079</b>	<b>1,638</b>	<b>2,699</b>	<b>3,430</b>	<b>5,683</b>	<b>3,918</b>
<b>Sources of capital funding</b>							
Subsidies and grants for capital expenditure	1,523	2,469	2,859	1,707	2,076	2,614	2,688
Development and financial contributions	135	207	63	65	66	67	69
Increase / (decrease) in debt	(71)	(71)	8,430	10,237	(423)	(2,813)	(828)
Gross proceeds from sale of assets	20	24	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-
<b>Total capital funding</b>	<b>1,606</b>	<b>2,629</b>	<b>11,352</b>	<b>12,009</b>	<b>1,719</b>	<b>(131)</b>	<b>1,930</b>
<b>Applications of capital funding</b>							
Capital expenditure - to meet additional demand	-	4	510	686	326	-	-
Capital expenditure - to improve the level of service	2,298	2,481	4,683	1,885	740	554	584
Capital expenditure - to replace existing assets	3,449	5,488	8,097	5,804	4,155	5,070	5,305
Increase/(decrease) in reserves	(690)	(2,265)	(301)	6,333	(72)	(72)	(41)
Increase/(decrease) of investments	-	-	-	-	-	-	-
<b>Total applications of capital funding</b>	<b>5,057</b>	<b>5,708</b>	<b>12,989</b>	<b>14,708</b>	<b>5,149</b>	<b>5,552</b>	<b>5,847</b>
<b>Surplus/(deficit) of Capital Funding</b>	<b>(3,451)</b>	<b>(3,079)</b>	<b>(1,638)</b>	<b>(2,699)</b>	<b>(3,430)</b>	<b>(5,683)</b>	<b>(3,918)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

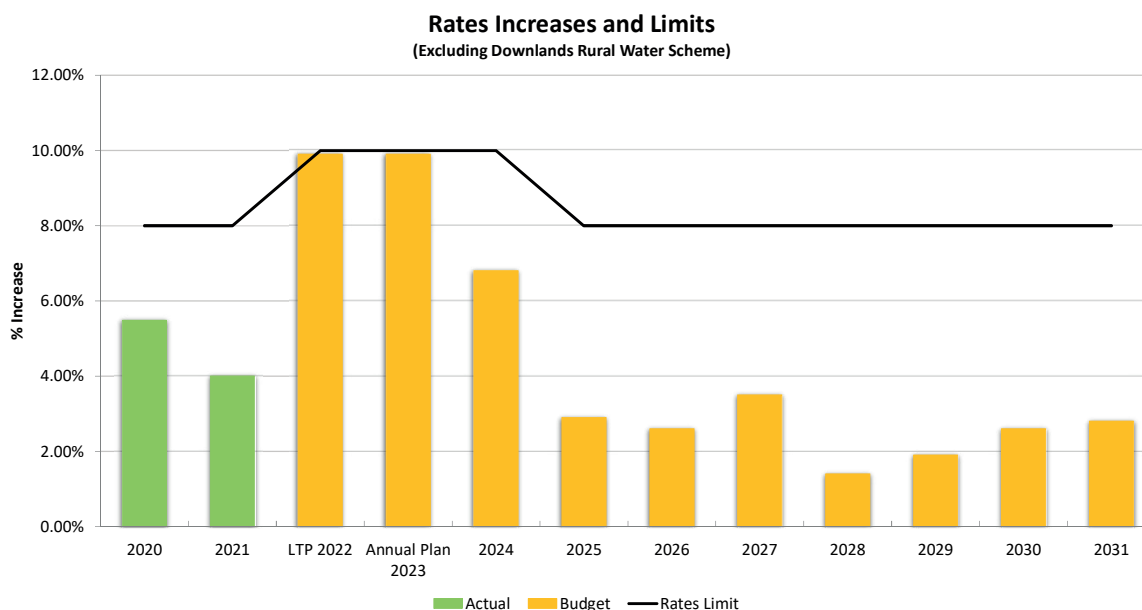


## Compliance with our Financial Strategy for the years ended 30 June 2020 to 2022

Council is required to set limits in relation to levels of rates, debt and returns on investments. Details of these limits, and Council's performance both actual and projected in relation to those limits, are set out below:

### Rates Levels and Limits

The 2021-31 Long Term Plan established Rates Increases and Limits (after Remissions) as contained in the following table (which is updated for the Annual Plan 2022/23):



	Actual 30 June 2020 \$000	Budget 30 June 2020 \$000	Actual 30 June 2021 \$000	Budget 30 June 2021 \$000	Forecast 30 June 2022 \$000	LTP 30 June 2022 \$000
General Rate	1,114	1,091	1,152	1,131	1,387	1,371
Targeted Rates	9,324	9,058	9,724	9,418	10,201	10,552
<b>Total Rates</b>	<b>10,438</b>	<b>10,149</b>	<b>10,876</b>	<b>10,549</b>	<b>11,588</b>	<b>11,923</b>
Percentage increase to Budget		5.48%		4.00%		9.90%
Council limit on increase		8.00%		8.00%		10.00%

Council set the maximum percentage increase for rates at 8% for the 2020 and 2021 years, with actual increases of 5.48% and 4.0%. The LTP 2021-31 set the rates increase limit at 10.0% for years 2022, 2023 and 2024, with the limit at 8.0% for the remaining years 2025 to 2031. The rates increase of 9.9% for both the 2022 and 2023 years are below the limit therefore Council has complied with its rates increase limits.

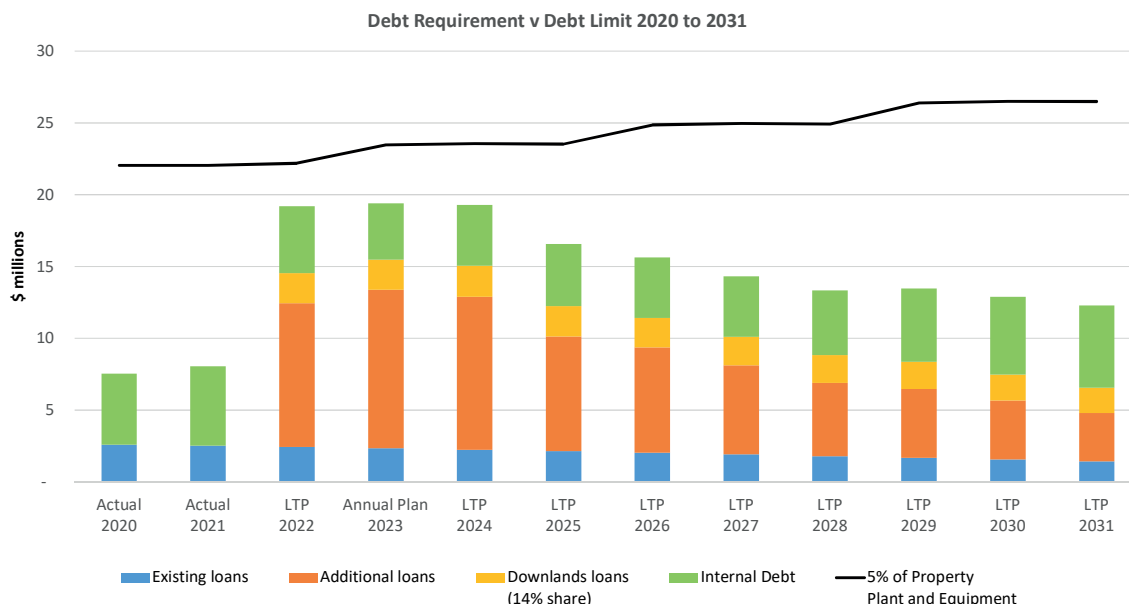
## Borrowing Levels and Limits

Council's 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 5% of property, plant and equipment

	<b>Actual</b> 30 June 2020 \$000	<b>Actual</b> 30 June 2021 \$000	<b>LTP</b> 30 June 2022 \$000	
External borrowings	2,595	2,524	14,546	
Internal borrowings	4,941	5,534	4,652	
<b>Total borrowings</b>	<b>7,536</b>	<b>8,058</b>	<b>19,197</b>	
Annual interest expense (including interest on internal debt)	426	403	493	
Annual Rates Income	10,438	10,876	11,588	
Cash Inflow from Operating Activities	16,848	19,525	19,122	
Total Property, Plant and Equipment	427,466	434,888	443,760	
Interest Expense to Rates Income	<b>No more than 10%</b>	4%	4%	4%
Cash Inflow to Interest Expense	<b>To be 2 or greater</b>	39.5	48.5	38.8
Total borrowings to property, plant and equipment	<b>No more than 5%</b>	2%	2%	4%

The debt limit value set in the 2021-31 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 2022/23) is presented in the following graph:



Council borrowings were less than expected over the 2020-2022 period largely due to delayed capital project expenditure.

Council has complied with its debt limits as a result.



### Investment Revenue

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

**Alpine Energy Ltd** Shares - Council owns 7.54% of the shares - Targeted return of not less than 6 cents per share from 2022 onwards.

**Forestry** - Council owns 154.8 hectares of forests - Income from forests varies from year to year.

	<b>Actual</b> 30 June 2020 \$000	<b>Actual</b> 30 June 2021 \$000	<b>LTP</b> 30 June 2022 \$000
<b>Alpine Energy Ltd</b> - Dividend received	748	411	187
= Return per share (cents)	24.0	13.2	6.0
<b>Forestry</b> - Revenue received	18	-	-

\* **Note:** Council expects forest harvest revenue from 2024 to 2027 and following replanting after harvest the remaining revenue is to be used to repay external debt.

Council has complied with its targeted return on investments during the 2020-2022 periods.

## Summary Statement of Financial Position for the years ended 30 June 2020 to 2026

Year ended 30 June	Election Year						
	Actual 2020 \$000	Actual 2021 \$000	LTP 2022 \$000	Annual Plan 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000
<b>Assets</b>							
Financial assets	21,419	22,502	20,641	22,866	21,388	22,051	22,773
Property, plant and equipment	427,466	434,888	443,760	474,417	471,145	470,540	497,299
Forestry assets	1,691	2,157	2,263	2,376	2,426	593	922
Intangible assets	283	240	185	210	155	117	87
<b>Total assets</b>	<b>450,859</b>	<b>459,788</b>	<b>466,848</b>	<b>499,869</b>	<b>495,114</b>	<b>493,302</b>	<b>521,081</b>
<b>Liabilities</b>							
Borrowings	2,595	2,524	14,546	15,508	15,053	12,240	11,412
Other liabilities	2,356	4,685	2,420	3,609	2,493	2,529	2,564
<b>Total liabilities</b>	<b>4,951</b>	<b>7,210</b>	<b>16,966</b>	<b>19,117</b>	<b>17,546</b>	<b>14,769</b>	<b>13,976</b>
Equity	445,908	452,578	449,882	480,752	477,567	478,533	507,105
<b>Total equity</b>	<b>445,908</b>	<b>452,578</b>	<b>449,882</b>	<b>480,752</b>	<b>477,567</b>	<b>478,533</b>	<b>507,105</b>







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