

Pre-Election Report



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1. Introduction

This is the first publication of a Pre Election Report (PER) the development of which is a new requirement added through the 2010 package of amendments to the Local Government Act 2002 (LGA).

Purpose

A PER needs to be prepared and published every election year prior to the local government triennial elections and the purpose of it (as per section 99A(4) of the LGA) is *"to provide information to promote public discussion about the issues facing the local authority."*

Requirements

Development of a PER is an obligation on the Chief Executive of a local authority, as distinct from other documents like the Long Term Plan (LTP) and Annual Plans (AP) which need to be prepared and adopted by the Council. The PER itself is not required to be audited, however it is prepared using financial data that has been subject to different audit processes.

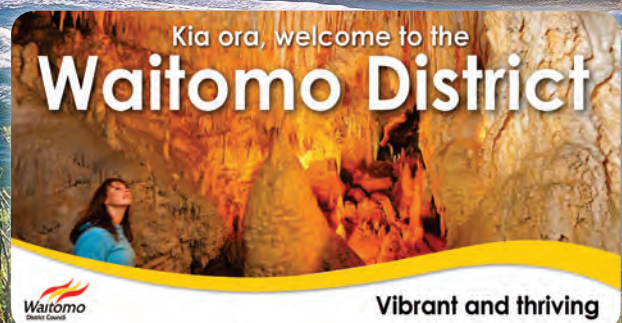
The PER tries to portray a clear and concise picture of the financial road already travelled by Council and what the future plans are for the three financial years post elections.

Data Sources

Data contained in this PER has been collated from the following documents of Waitomo District Council (WDC):

- 2009-19 LTP
- 2012-22 LTP
- 2010-11 Annual Report (AR)
- 2011-12 Annual Report
- 2013-14 Exceptions Annual Plan (EAP)

Further details on any information contained in this PER can be obtained from these documents.



Funding Impact Statement

Presented below is the Funding Impact Statement which identifies the sources of funding, the amount from each source and how the funds will be applied.

COUNCIL	LTP 2012/13 \$000's	EAP 2013/14 \$000's	LTP 2014/15 \$000's	LTP 2015/16 \$000's	LTP 2016/17 \$000's
SOURCES OF OPERATING FUNDING					
General rates, uniform annual general charges, rates penalties	6,318	6,518	7,009	7,516	7,905
Targeted rates (other than a target rate for water supply)	10,312	10,728	12,108	13,051	13,802
Subsidies and grants for operating purposes	2,597	2,809	3,010	3,132	3,393
Fees, charges, and targeted rates for water supply	3,361	3,501	4,041	3,898	4,018
Interest and dividends from investments	5	107	5	5	346
Local authorities fuel tax, fines, infringement fees and other receipts	141	202	141	145	149
Total operating funding (A)	22,734	23,865	26,315	27,748	29,613
Applications of operating funding					
Payments to staff and suppliers	16,264	16,816	18,707	19,029	19,763
Finance costs	2,747	2,710	3,601	3,771	3,777
Other operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	19,010	19,526	22,308	22,800	23,540
Surplus (deficit) of operating funding (A-B)	3,724	4,339	4,007	4,948	6,073
SOURCES OF CAPITAL FUNDING					
Subsidies and grants for capital expenditure	3,970	4,450	3,302	3,612	4,050
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	7,174	4,732	4,080	2,015	1,352
Gross proceeds from sale of assets	100	100	106	110	113
Lump sum contributions	0	0	0	0	0
Total sources of capital funding (C)	11,244	9,282	7,489	5,737	5,516
Applications of capital funding					
Capital expenditure - to meet additional demand	0	0	0	0	0
Capital expenditure - to improve the level of service	7,576	5,496	3,144	1,308	1,429
Capital expenditure - to replace existing assets	5,903	6,098	6,640	6,888	7,362
Increase (decrease) in reserves	1,488	2,027	1,712	2,489	2,797
Increase (decrease) of investments	0	0	0	0	0
Total applications of capital funding (D)	14,968	13,621	11,495	10,685	11,588
Surplus (deficit) of capital funding (C-D)	(3,724)	(4,339)	(4,006)	(4,948)	(6,073)
FUNDING BALANCE ((A-B)+(C-D))	0	0	0	0	0

3. Cash Flow Statement

The cash flow statement for the last three years ending before the election in 2013 is presented below (required as per Sec 54(1)(b) of LGA).

	Annual Report 2010/11 \$000's	Annual Report 2011/12 \$000'S	LTP 2012/13 \$000'S
CASH FLOW FOR YEARS ENDED 30 JUNE			
CASH FLOW FROM OPERATING ACTIVITIES			
<i>Provided from</i>			
Rates Revenue including Penalties	15,981	17,860	16,630
Subsidies and Grants	6,431	7,891	6,569
Property Rentals	336	363	402
Petrol Tax	92	124	129
Interest from Investments	3	238	5
Other Revenue	3,028	1,953	3,060
Dividend and Subvention Receipts	0	0	0
	25,871	28,429	26,795
<i>Applied to</i>			
Payments to Suppliers and Employees	15,910	17,179	15,438
Elected Members	224	229	259
Interest Paid on Borrowings	2,463	2,499	2,775
GST Received/(Paid) (net)	200	310	0
	18,797	20,217	18,472
Net cash flows from operating activities	7,074	8,212	8,323
CASH FLOW FROM INVESTING ACTIVITIES			
<i>Provided from</i>			
Sale of Property, Plant and Equipment	43	3	0
Sale of Assets held for Sale	0	52	0
Repayment from Advances	2	2	2
	45	57	2
<i>Applied to</i>			
Purchase and Development of Property, Plant and Equipment	9,548	9,428	13,906
Purchase of Assets held for Sale	0	1,269	0
Purchase of Intangible Assets	22	37	0
Renewals of Investment Properties	11	11	0
Investment in Subsidiary	0	800	0
Loan Advance to Subsidiary	0	750	0
Purchase of other Shares	0	13	0
	9,581	12,308	13,906
Net cash flow from investing activities	9,536	12,251	13,904
CASH FLOW FROM FINANCING ACTIVITIES			
<i>Provided from</i>			
Proceeds from Borrowings	20,362	16,937	10,781
<i>Applied to</i>			
Repayment of Borrowings	13,144	15,341	5,200
Net cash flow financing activities	7,218	1,596	5,581
Net increase/(decrease) in cash	4,756	(2,443)	0
Cash at start of period	398	5,154	100
BALANCE OF CASH AT END OF YEAR	5,154	2,711	100
CASH AND CASH EQUIVALENTS	5,154	2,711	100

4. Balance Sheet

The balance sheet for Council is presented below. It discloses public debt and financial assets separately.

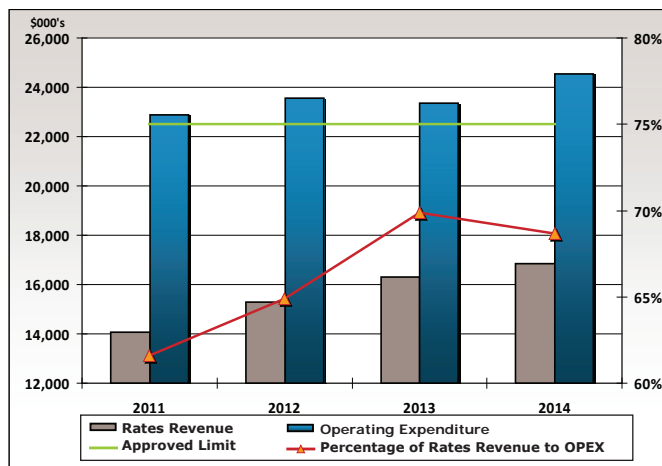
BALANCE SHEET AS AT 30 JUNE	AR 2010/11 \$000's	AR 2011/12 \$000's	LTP 2012/13 \$000's	EAP 2013/14 \$000's	LTP 2014/15 \$000's	LTP 2015/16 \$000's	LTP 2016/17 \$000's
PUBLIC EQUITY							
Retained Earnings	190,449	192,232	199,518	200,042	204,958	208,527	213,310
Council Created Reserves	3,296	4,226	2,765	4,969	2,243	2,097	2,057
Available for Sale Reserves	4	4	4	4	4	4	4
Hedging Reserve	(101)	(701)	(101)	(701)	(101)	(101)	(101)
Revaluation Reserves	50,265	68,617	50,265	68,617	71,401	71,401	71,401
Total Public Equity	243,913	264,378	252,451	272,931	278,505	281,928	286,671
CURRENT ASSETS							
Cash and Cash Equivalents	5,154	2,711	100	100	100	100	100
Other Financial Assets	2	2	2	2	2	2	2
Inventories	36	26	36	27	38	39	40
Land Subdivision Inventories	0	0	1,146	0	985	900	813
Trade and Other Receivables	5,039	6,507	4,630	6,702	4,953	5,124	5,300
Total Current Assets	10,231	9,246	5,914	6,831	6,078	6,165	6,255
CURRENT LIABILITIES							
Trade and Other Payables	3,616	3,918	3,629	4,035	3,863	3,986	4,114
Current Portion of Borrowings	9,831	14,264	5,200	5,200	671	1,600	2,281
Provisions	51	52	51	52	51	51	51
Taxation Payable	0	0	0	0	0	0	0
Employee Entitlements	456	456	456	470	485	501	517
Derivative Financial Instruments	117	265	118	265	118	118	118
Total Current Liabilities	14,071	18,955	9,454	10,022	5,188	6,256	7,081
Net Working Capital	(3,840)	(9,709)	(3,540)	(3,191)	890	(91)	(826)
NON CURRENT ASSETS							
Property, Plant and Equipment	283,490	305,353	298,242	319,259	328,423	331,237	334,449
Intangible Assets	79	91	80	91	85	85	85
Forestry Assets	39	39	39	39	39	39	39
Investment Property	627	663	648	728	657	657	657
Assets Held for Sale	0	1,112	0	958	0	0	0
Shares - NZ Local Government Insurance Corporation Ltd	7	20	20	20	20	20	20
Shares - Inframax Construction Ltd	0	0	800	0	800	800	800
Other Financial Assets	25	773	21	795	17	15	13
Derivative Financial Instruments	54	46	54	46	54	54	54
Total Non Current Assets	284,321	308,097	299,904	321,936	330,095	332,907	336,117
NON CURRENT LIABILITIES							
Borrowings	35,541	32,741	42,886	44,543	51,449	49,855	47,585
Employee Entitlements	61	59	61	61	65	67	69
Provisions	928	727	928	727	928	928	928
Derivative Financial Instruments	38	483	38	483	38	38	38
Total Non Current Liabilities	36,568	34,010	43,913	45,814	52,480	50,888	48,620
NET ASSETS	243,913	264,378	252,451	272,931	278,505	281,928	286,671

5. Comparison with Financial Strategy

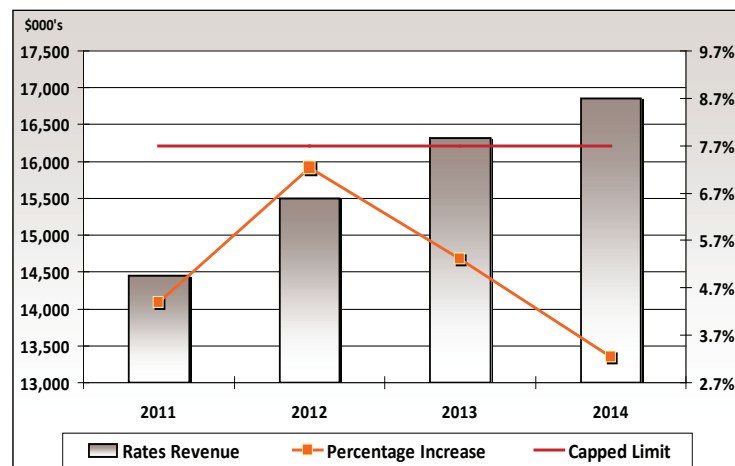
Council has performed well within the quantified limits specified within its Financial Strategy (FS) which is contained in Council's 2012-22 LTP. The following graphs depict the performance.

Council's FS contains the following limits

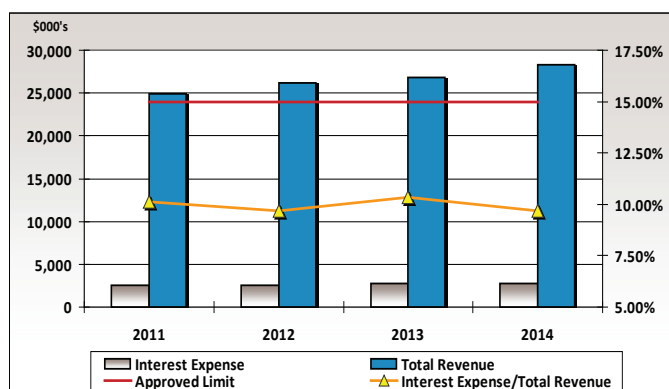
1. Total rates revenue will be limited to an average of 75% of total operational expenditure (OPEX) over the life of the LTP.



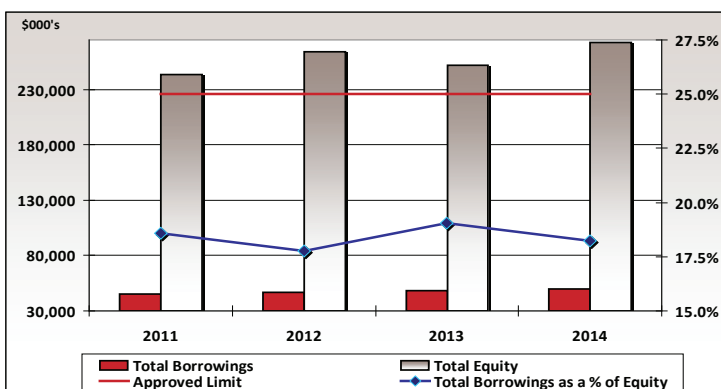
2. Total rates increases will be limited to a cap of 7.7% over the life of the LTP.



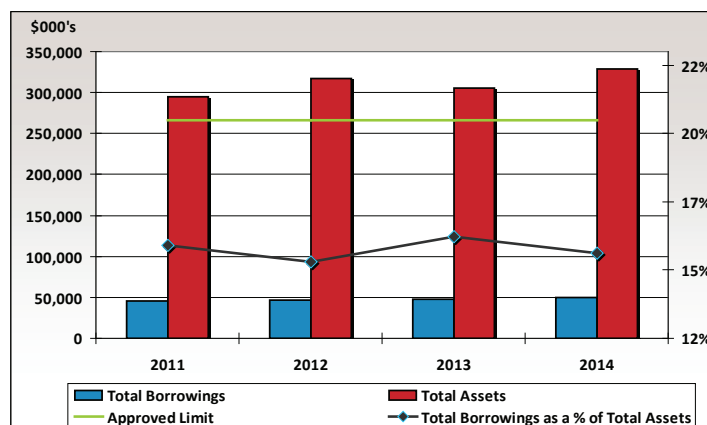
3. Total interest expense will not exceed 15% of total revenue.



4. Total borrowings will not exceed 25% of total equity.



5. Borrowings must not exceed 20% of total assets.



6. Major Projects Planned

The major projects planned over the next three years (from 2014/15 to 2016/17) are listed below. These projects are as consulted and agreed with the District community through the Long Term Plan 2012-22 and the 2013-14 Exceptions Annual Plan.

Governance: Leadership and Investments

- Draft, consult and adopt the 2015-25 Long Term Plan and Annual Plans in interim years of LTP development.
- Prepare Annual Reports for each year
- Conduct the Triennial Local Government elections in 2016.
- Continue with the process commenced in 2011 with the appointment of a new Board of Directors to ensure that Council's investment in Inframax Construction Limited returns to a sound financial footing by influencing the annual Statement of Intent as provided for in Schedule 8 of the LGA 2002.
- Actively participate in the Waikato Mayoral Forum (involving the Mayors and Chief Executives of local authorities within the Waikato region) to review/consider opportunities to collaborate in planning, purchasing and service delivery options.



Community Service

- One of the key projects for Council is to commence asset renewals and revitalisation (related to use of buildings for community and commercial purposes) of the Te Kuiti Railway Buildings. The process for obtaining external grant funding for this has commenced (this is crucial to the progress of the projects).
- Substantial change will be necessary for the delivery of Emergency Management Services in 2013/14 and moving forward, due to the disestablishment of the Waikato Valley Emergency Operating Area (WVEOA) from 1 July 2013. Council is investigating options for this service delivery.
- Continue with the assistance with cost of deferred maintenance and compliance works at Rural Halls.
- Campground upgrades as part of lease negotiations.
- Taupiri Street Council building renewals and entrance development (subject to external funding).
- Investigation into consolidation of delivery of Council services.
- Mokau public toilet effluent system upgrade.



Community Development

- Participation and support of the identified youth engagement projects.
- Continued support of district promotion via the Hamilton and Waikato Regional Tourism organisation and further develop the WDC events diary and community web pages.
- Maintain involvement in district promotion to visitors via a series of local activities such as events brochures and heritage trails.
- Undertake a 'needs and gaps' analysis of economic development practice and opportunities within the district and assess the need to establish an economic development entity for the District.
- Continued support of Sport Waikato services for the 2013-2014 financial year via a performance based contract.



Regulation and Safety

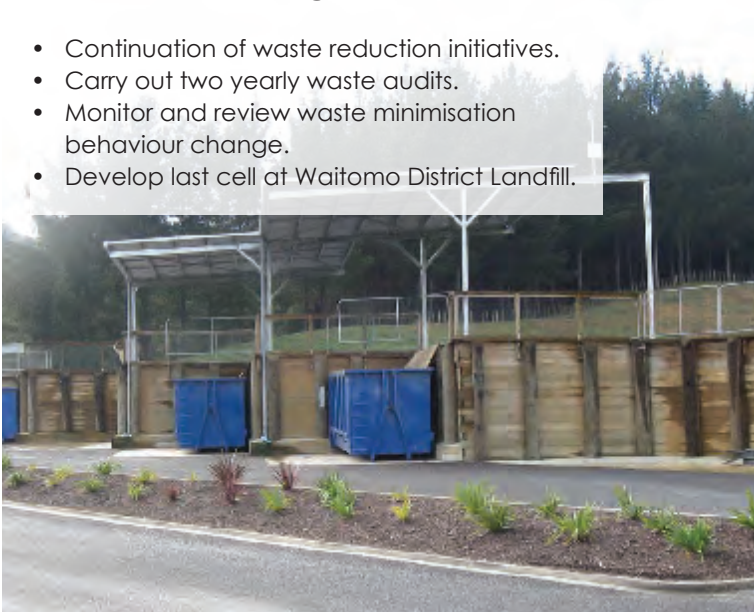
The statutory environment within which this Group operates tends to undergo continual change. The Building Act is under constant review and it is expected that the Food Bill will be enacted in the current year. The Sale and Supply of Alcohol Act 2012 has recently been introduced. As a result, Council will be developing a policy on the sale of liquor within the District.

Implementation of the new legislation will be the key focus over the next 2-3 years.



Solid Waste Management

- Continuation of waste reduction initiatives.
- Carry out two yearly waste audits.
- Monitor and review waste minimisation behaviour change.
- Develop last cell at Waitomo District Landfill.



Resource Management

A detailed scoping of resource management issues within the District will be carried out while Council keeps a watching brief on the parliamentary process around RMA reforms and the legislative changes it will entail.

The commencement of the District Plan review could begin in 2014/15.



Stormwater Drainage

- Complete Catchment Assessments for each urban area.
- Review computer based Asset Management Systems.
- Document existing, and develop new business processes.
- Continue programme to clean and repair existing reticulation as funding allows.
- Continue to collect Asset Management data (physical attributes, asset performance/ condition, and costs).
- Use data and information obtained to update renewal and maintenance plans.

Sewerage and Treatment and Disposal of Sewage

- Completion of upgrade works to the Te Kuiti Wastewater Treatment Plant which will also finalise the major works programme for wastewater.



Water Supply

- The Te Kuiti Water Treatment Plant (TKWTP) needs significant upgrade to meet the Health (Drinking Water) Amendment Act 2007 (Amended 2008). That has application to the Te Kuiti supply with effect from 1 July 2014. The project to construct and commission the upgrades to the plant will commence in 2013-14 and be completed in 2018-19.
- Construction works of a raw water storage dam at Mokau to increase the raw water storage capacity.



Roads and Footpaths

- Pavement Rehabilitation programme.
- Sealed Road Surfacing of 38km per year.
- Emergency reinstatement totalling \$420,000.
- Development of detailed maintenance plans such as road marking within the network.
- Restore the Levels of Service for this Group of Activities to what they were prior to the introduction of the austerity measures through the 2009-19 LTP. The reductions will be phased back to full funding levels by 2015/16.



Please note that further details on planned projects can be found in the 2012-22 Long Term Plan or the 2013-14 Exceptions Annual Plan. Visit www.waitomo.govt.nz



A handwritten signature in black ink, appearing to read 'Chris Ryan'.

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