

Pre-election Report



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This report has been prepared to provide information to promote public discussion in the pre-election period about the Council. It outlines some of the decisions that the new Council will need to consider during its three year term and contains financial information on Council's performance over the last three years as well as forecast information for the next four years.

I have also included a summary of the major projects either underway or proposed to be undertaken by the Council over the next three years. These highlight new service improvements or where changes to service levels are proposed.

The requirement for councils to prepare a Pre-Election Report was part of an amendment made in 2010 to the Local Government Act 2002 and its contents are largely prescribed by that Act. The objective of the change was to enable councils to provide consistent information to the public about the issues facing them. The Pre-Election Report is required to be prepared by the Chief Executive.

Tasman District Council is a 'Unitary Authority'; one of only six in New Zealand, this means having the combined responsibilities of both a district and regional council. The Council

therefore manages the environment, including matters such as flood protection, biodiversity and air quality; and the delivery of local services, for example the provision of drinking water, waste disposal, roads and dog control.

The Council is responsible to the community for spending over \$100 million per annum, through a mix of operating expenditure and capital works, and manages over \$1.3 billion of assets on behalf of residents and ratepayers.

The important decisions about works, services and their costs are made as part of the three yearly Long Term Plan process and changes to those plans through the Annual Plan process.

I hope the information in this Pre-Election Report is useful to you.

Lindsay McKenzie
Tasman District Council CEO



Tasman District: A Profile

The Tasman District covers the area from Richmond in the east, to Murchison in the south and Golden Bay in the north-west. Tasman District covers 14,812 square kilometres of mountains, parks, waterways, territorial sea, and includes 812km of coastline. The land area is 9,771 square kilometres.

Richmond is the largest and fastest growing town in the District with an estimated 14,300 residents as at June 2013. Motueka is the next

largest town, with an estimated 6,630 residents as at June 2013. The District contains many other small and distinct communities. The total estimated resident population was 48,746 at June 2013.

The Tasman District is known for the natural beauty of its landscapes. Fifty-eight percent of land area is national park - Nelson Lakes, Kahurangi and Abel Tasman National Parks. There are a range of other forests and reserves in the area, including the Mount Richmond State Forest Park and Rabbit Island.

Community outcomes

Community outcomes are the goals the Council has for the community.

Eight community outcomes were developed following extensive community involvement in 2005. These outcomes were reviewed and amended slightly in 2012. They are required to be described in our Long Term Plan. The outcomes are:

- Our unique natural environment is healthy and protected.
- Our urban and rural environments are pleasant, safe and sustainably managed.
- Our infrastructure is safe, efficient and sustainably managed.
- Our communities are healthy, resilient and enjoy their quality of life.
- Our communities respect regional history, heritage and culture.
- Our communities have access to a range of cultural, social, educational and recreational services.
- Our communities engage with Council's decision making processes.
- Our developing and sustainable economy provides opportunities for us all.

The Council also has a vision and mission statement and these can be found on page 13 of the Annual Plan 2013/2014.

Challenges

The size of the District, our rate of growth, recent storms and the spread of communities provide a number of challenges for the Council to manage.

- Council is limited in the ways that it can fund services for the community. The challenge is how to meet community needs for assets and services in a way that is financially sustainable and affordable in the face of changing economic, political and regulatory environments.
- The population of Tasman District is continuing to grow, and by 2031 is expected to increase by another 6,000 people. Council however cannot afford to provide for growth and the different needs and preferences of all 17 major settlements and the small communities at the same time. A new growth strategy will be completed for the Long Term Plan 2015-2025. Council will need to balance the views and aspirations of the different sectors of the community as well as the impact of growth on the environment. Funding and affordability will be key matters to consider as they are strongly linked.
- Flooding, earthquakes, tsunami, coastal inundation, storm damage (wind, landslips etc) and fire are some of natural hazards that may occur within the Tasman District. Many of our communities are built on flood plains, or near rivers, or along coastal areas and are therefore potentially at risk as a result of climate change and sea level rise. Council has a range of duties in identifying, managing and responding to natural hazards. However uncertainty about the frequency, extent of damage, and cost of repairs makes planning for, managing and responding to these natural hazards a challenging task.

Council's Financial Strategy

The Financial Strategy in the Long Term Plan 2012-2022 provides an outline of Council's policy on financing capital works and managing debt. The Long Term Plan provides for capital expenditure of between \$39.4 million and \$44.7 million p.a., and operating expenditure of between \$82.2 million and \$96.4 million for the 2014/2015 to 2016/2017 years. This Strategy outlines how Council will manage its revenues, expenses and assets, liabilities and investments. The objective is to provide for the current and future interests of the community while also:

- Providing for growth and changes in land use.
- Ensuring that the level of rates and borrowing are financially sustainable and are kept within pre-set limits.
- Funding network infrastructure and maintaining levels of service.
- Being accountable for maintaining the assets that Council owns on behalf of the community.
- Obtaining returns on investments.
- Meeting new Central Government standards for services such as drinking water.

Council debt as at 30 June 2013 is estimated at \$159 million and the Long Term Plan forecasts this to be \$239 million by 30 June 2017. Council has set a limit of \$320 million for debt for the Long Term Plan 2012-2022. The majority of proposed capital expenditure and associated loans are for engineering works such as Water, Stormwater, Wastewater and Transport (roads), with a small percentage for community facilities.

The use of debt for projects that provide long term benefits is generally considered fairer than funding all work from cash. Borrowing means that those future residents and businesses that benefit from the works contribute to the cost. Council is required to undertake a review of its capital works programme as part of the next Long Term Plan process in 2015.

A related review of whether loan funding should be the predominant source of funds for expenditure on capital renewals is already underway. Renewals are the replacement of assets as they wear out. Any change in the method for funding renewals will require thorough modelling so that the effect on rates, rating increases, debt and capital works programmes can be assessed. The works programme, levels of service and how services are funded are important decisions for Council. Council has set a limit of \$52 million per annum for General Rates and \$53 million per annum for Targeted Rates for the period of the Long Term Plan 2012-2022.

Further Information

There are a number of publications available that provide additional information on Council.

- Candidates' Information Booklet
- Tasman District Council Long Term Plan 2012-2022
- Tasman District Council Annual Plan 2013/2014
- Tasman District Council Annual Report 2011/2012
- Councilor Code of Conduct
- Tasman District Council Governance Statement

All these documents are available on our website www.tasman.govt.nz

Major Projects

The table below provides details of the major projects that are underway or proposed for the next three financial years (2014/2015, 2015/2016, and 2016/2017). These include upgrades to wastewater treatment plants, stormwater systems and water supplies. This table

is not a full list of all our projects, activities or business as usual tasks. Additional information on these is included in the Long Term Plan 2012-2022 and Annual Plan 2013/2014. The Long Term Plan also has information on projects that are scheduled to start after 2016/2017.

Project	Reason for project	3 year Cost 2014/15 - 2016/17 \$000	Project Costs 2012-2022 \$000
Lee Valley Dam	To provide a more secure water supply for farming and horticulture on the Waimea Plains, to meet environmental standards for the amount of water left in the Waimea River and to provide a more secure water supply for the urban areas of Richmond, Brightwater and Wakefield.	11,450	11,450
Transportation, Roads and Footpaths			
Tasman's Great Taste Trail	To provide amenities that meet the needs of residents and visitors.	1,519	4,847
Queen Street upgrade	To reinstate and improve Queen Street following upgrade of water and stormwater systems.	4,830	5,214
Road resurfacing and rehabilitation	To maintain and improve roads to keep them safe and efficient to use.	23,637	79,094
Sanitation, Drainage and Water Supply			
Water treatment plant upgrades in Motueka, Brightwater, Wakefield, Collingwood, Kaiteriteri, Murchison and Pohara.	To meet new Government drinking water standards and provide improved drinking water to Tasman residents and businesses.	8,143	10,305
Water treatment plant upgrade in Richmond	To meet new Government drinking water standards and provide improved water drinking water to Tasman residents and businesses.	4,345	9,417
Drainage renewals	To manage stormwater flows and help protect businesses and homes from flooding.	4,988	18,150
Wastewater and Sewage Disposal			
Treatment Plant upgrades in Motueka and Takaka	To meet environmental standards for discharge of wastewater and to provide for growth.	4,778	12,248
Pohara Valley Reticulation and Pohara/Tata Beach pump station	To upgrade the current level of service.	3,555	7,188
Tapu Bay pipeline replacement	To give effect to the agreement with iwi over standard of service.	843	4,655
Stormwater			
Poutama Drain	To provide for growth.	2,837	3,136
Borck Creek land purchase and development	To provide for growth.	848	5,663
Queen Street upgrade	To replace ageing pipes, provide for growth and better flood protection for businesses.	2,521	2,847
Solid Waste			
Upgrade of the Eves Valley Landfill	To provide for ongoing solid waste disposal and meet environmental standards for waste disposal.	7,332	14,843
Flood Protection and River Control Works			
Lower Motueka River flood Control Project	To protect land from possible flooding.	992	5,000
Community Facilities and Parks			
Contributions to Saxton Field developments	To provide amenities that meet the needs of residents and visitors.	2,155	5,049

Note: This table shows the proposed expenditure for major projects for the three years 2014/2015 – 2016/2017 and also project costs for the ten years of the Long Term Plan. Some projects have expenditure in prior years and the Council is not the only funder of some projects, therefore the figures in the table might not be the full cost of these projects. Further information on Council projects and activities is contained in the Long Term Plan 2012-2022, Annual Plan 2013/2014 and in the Activity Management Plans available on the Council's website.



Financial Reports – Introduction

In this Report I have provided a set of financial statements that cover the last three years and the next four years. These show how the Council is managing its finances compared to the Long Term Financial Strategy that was adopted as part of our Long Term Plan (LTP) in 2012.

The financial information is a mixture of actual and forecast figures and therefore has been extracted from different plans and reports. These include the LTP 2012-2022, Annual Plans, and Annual Reports. While the Pre-Election Report itself is not audited, much of the information contained within it has been audited through different processes. In particular, the 2010/2011 and 2011/2012 financial data comes from

our audited Annual Reports, and the 2014/2015, 2015/2016 and 2016/2017 LTP financials were audited through the LTP process in 2012. Information from this year's Annual Plan 2013/2014 is also included, but this plan was not required to be audited.

One of the challenges in preparing the Pre-Election Report is that 2013/2014 is the second year of the LTP. As a result of new information, changes in economic conditions and other factors, Council made a number of changes as a part of setting the Annual Plan 2013/2014, compared to what was originally forecast for this year in the LTP. Details of these changes are included in the final Annual Plan 2013/2014.

Financial Statements – Retrospective Summary of Cashflows (i)

	June 2011 Actual \$(000's)	June 2012 Actual \$(000's)	June 2013 Estimate \$(000's)
Cashflow From Operating Activities			
Rates revenue	52,477	56,045	60,208
Other receipts	35,504	44,852	38,767
Payments to suppliers & employees	(61,393)	(69,886)	(71,171)
Interest paid	(7,897)	(7,675)	(8,329)
Net Cashflow From Operating	18,691	23,336	19,475
Cashflow From Investing Activities			
Proceeds from investing activities	1,596	38	428
Purchase of assets	(38,911)	(37,681)	(24,633)
Other disbursements	-	(3,661)	(360)
Net Cashflow From Investing	(37,315)	(41,304)	(24,565)
Net Cashflow From Financing	23,706	16,025	2,734
Total Net Cashflows	5,082	(1,943)	(2,356)
Opening Cash Held	731	5,813	3,870
Closing Cash Balance	5,813	3,870	1,514
Represented By:			
Cash and cash equivalents	5,813	3,870	1,514
	5,813	3,870	1,514

(i) The actual results for the year end June 2011 and June 2012 have been audited, and the results for 2013 are estimates.

Retrospective Balance Sheet (i)

	June 2011 Actual \$(000's)	June 2012 Actual \$(000's)	June 2013 Estimate \$(000's)
Current Assets			
Cash and cash equivalents	5,813	3,870	1,514
Other financial assets	4,614	5,570	4,782
Other current assets	14,431	14,906	16,462
	24,858	24,346	22,758
Current Liabilities			
Current portion of borrowings	49,677	5,563	8,200
Other current liabilities	17,245	15,821	12,292
	66,922	21,384	20,492
Working Capital	(42,064)	2,962	2,266
Non Current Assets			
Investments in associates	83,438	82,929	82,969
Fixed assets	1,136,453	1,199,103	1,241,848
Other non-current assets	2,080	4,371	4,457
	1,221,970	1,286,403	1,329,274
Non Current Liabilities			
Term borrowings	89,910	150,049	151,279
Other non-current liabilities	3,534	9,001	4,900
	93,444	159,050	156,179
Total Net Assets	1,086,462	1,130,315	1,175,361
Total Equity	1,086,462	1,130,315	1,175,361

(i) The actual results for the year end June 2011 and June 2012 have been audited, and the results for 2013 are estimates.

Prospective Balance Sheet (i)

	2013/2014 Budget (ii) \$(000's)	2014/2015 Budget \$(000's)	2015/2016 Budget \$(000's)	2016/2017 Budget \$(000's)
Current Assets				
Cash and cash equivalents	3,228	2,321	2,240	2,274
Other financial assets	7,517	6,500	7,340	8,173
Trade and other receivables	9,798	10,780	12,932	12,951
	20,543	19,601	22,512	23,398
Current Liabilities				
Current portion of borrowings	11,134	13,613	14,122	15,707
Other current liabilities	13,767	14,775	17,048	16,780
	24,901	28,388	31,170	32,487
Working Capital	(4,358)	(8,787)	(8,658)	(9,089)
Non Current Assets				
Investments in associates	82,929	83,463	83,463	83,463
Fixed assets	1,250,743	1,356,679	1,436,797	1,502,102
Other non current assets	3,651	2,052	7,302	7,302
	1,337,323	1,442,194	1,527,562	1,592,867
Non Current Liabilities				
Term borrowings	162,070	179,193	207,073	222,976
Other non current liabilities	5,585	1,256	1,256	1,256
	167,655	180,449	208,329	224,232
Total Net Assets	1,165,310	1,252,958	1,310,575	1,359,546
Total Equity	1,165,310	1,252,958	1,310,575	1,359,546

(i) The results achieved for any given financial year are likely to vary from the information presented and may vary materially depending upon the circumstances that arise during the period.

(ii) Financial information for 2013/2014 is from the final Annual Plan 2013/2014, information for 2014/2015 – 2016/2017 is from the Long Term Plan 2012-2022. These documents were prepared at different times and therefore are not directly comparable. Forecast figures for the last three years will be reviewed as part of the Annual Plan process in 2014 and the Long Term Plan process in 2015.



Retrospective Council Funding Impact Statement

	June 2013 Estimate \$(000's)
Sources Of Operating Funding	
General rates, uniform annual general charges, rates penalties	31,616
Targeted rates (other than a targeted rate for water supply)	23,302
Subsidies and grants for operating purposes	4,278
Fees, charges and targeted rates for water supply	6,773
Interest and dividends from investments	2,724
Local authorities fuel tax, fines, infringement fees, and other receipts	21,288
Total Operating Funding	89,981
Applications Of Operating Funding	
Payments to staff and suppliers	69,757
Finance costs	8,106
Other operating funding applications	-
Total Applications Of Operating Funding	77,863
Surplus (Deficit) Of Operating Funding	12,118
Sources Of Capital Funding	
Subsidies and grants for capital expenditure	4,716
Development and financial contributions	4,120
Increase (decrease) in debt	3,867
Gross proceeds from sale of assets	36
Lump sum contributions	-
Total Sources Of Capital Funding	12,739
APPLICATIONS OF CAPITAL FUNDING	
Capital expenditure	
- to meet additional demand	5,124
- to improve the level of service	9,422
- to replace existing assets	9,696
Increase (decrease) in reserves	438
Increase (decrease) in investments	177
Total Applications Of Capital Funding	24,857
Surplus (Deficit) Of Capital Funding	(12,118)
Funding Balance	-



Prospective Council Funding Impact Statement (i)

	2013/2014 Budget \$(000's)	2014/2015 Budget \$(000's)	2015/2016 Budget \$(000's)	2016/2017 Budget \$(000's)
Sources Of Operating Funding				
General rates, uniform annual general charges, rates penalties	32,337	34,540	37,075	39,737
Targeted rates (other than a targeted rate for water supply)	24,244	26,060	31,064	32,786
Subsidies and grants for operating purposes	3,772	3,764	4,337	4,513
Fees, charges and targeted rates for water supply	6,191	7,183	8,512	9,087
Interest and dividends from investments	2,721	2,917	2,937	2,974
Local authorities fuel tax, fines, infringement fees, and other receipts	21,109	22,625	25,167	26,200
Total Operating Funding	90,374	97,089	109,092	115,297
Applications Of Operating Funding				
Payments to staff and suppliers	67,554	71,563	85,060	81,923
Finance costs	9,074	10,659	12,810	14,491
Other operating funding applications	-	-	-	-
Total Applications Of Operating Funding	76,628	82,222	97,870	96,414
Surplus (Deficit) Of Operating Funding	13,746	14,867	11,222	18,883
Sources Of Capital Funding				
Subsidies and grants for capital expenditure	4,234	4,694	6,456	5,261
Development and financial contributions	3,152	2,971	3,909	3,897
Increase (decrease) in debt	12,301	16,577	20,661	17,801
Gross proceeds from sale of assets	1,250	500	750	-
Lump sum contributions	-	-	-	-
Total Sources Of Capital Funding	20,937	24,742	31,776	26,959
Applications Of Capital Funding				
Capital expenditure				
- to meet additional demand	1,984	3,096	2,946	1,492
- to improve the level of service	19,509	23,887	23,085	23,633
- to replace existing assets	12,040	12,443	16,329	19,563
Increase (decrease) in reserves	1,150	183	638	1,154
Increase (decrease) in investments	-	-	-	-
Total Applications Of Capital Funding	34,683	39,609	42,998	45,842
Surplus (Deficit) Of Capital Funding	(13,746)	(14,867)	(11,222)	(18,883)
Funding Balance	-	-	-	-

(i) The results achieved for any given financial year are likely to vary from the information presented and may vary materially depending upon the circumstances that arise during the period.

Report on Compliance with Limits in Financial Strategy

Council's Financial Strategy is required to include limits on rates, rate increases, and borrowing.

Council's compliance with the main borrowing limits is set out below.

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Borrowing Limits	Actual	Actual	Estimate	Budget	Budget	Budget	Budget
Net external debt not to exceed 20% of equity (1)	11.9%	12.9%	13.0%	14.0%	14.7%	16.2%	16.8%
Net external debt not to exceed 225% of total operating revenue (2)	149.6%	149.9%	152.8%	167.4%	177.4%	179.9%	186.1%
Net interest expense on external debt as a % of total revenue to be less than 20%	7%	7%	7%	9%	10%	10%	11%
Net interest expense on external debt as a % of total rates income to be less than 25%	13%	13%	13%	15%	16%	17%	18%

- (1) Net External Debt = Gross External Debt (aggregate borrowings of the Council, including any capitalised finance leases, and financial guarantees provided to third parties) less any cash or near-cash treasury investments held from time to time, but does not include debt of the Council's associate organisations or equity investments.
- (2) Operating revenue is defined as earnings from rates, government grants and subsidies, user charges, levies, interest, dividends, financial and other revenue and excludes non government capital contributions (e.g. developer contributions and vested assets).

The treasury limits were developed based on external advice as to what levels would be appropriate for a council of Tasman's size. The Council is also aware that in general terms the limits are in line with the local government sector as a whole. The limits are set to enable an appropriate credit rating to be obtained if desired. The Council remains well within the limits set out in the Long Term Plan 2012-2022.

Key Electoral Information and Contact Details

Relevant key dates for the 2013 elections are:

Nominations open	Friday 19 July 2013
Nominations close	Noon, Friday 16 August 2013
Delivery of voting documents	Friday 20 September 2013 – Wednesday 25 September 2013
Appointment of scrutineers	by noon, Friday 11 October 2013
Removal of election signs	by midnight, Friday 11 October 2013
Close of voting	Noon, Saturday 12 October 2013
Preliminary results available	as soon as practicable after close of voting, Saturday 12 October 2013
Official declaration	Thursday 17 October 2013
Return of expenses form	by Friday 13 December 2013

Key contact details are:

Electoral Officer:	Sandra Hartley Tasman District Council 189 Queen Street, Richmond, 7020 Private Bag 4, Richmond, 7050 Telephone: 03 543 8554 Fax: 03 543 9524 Email: sandra.hartley@tasman.govt.nz
Deputy Electoral Officer:	Mark Tregurtha Tasman District Council 189 Queen Street, Richmond, 7020 Private Bag 4, Richmond, 7050 Telephone: 03 543 7247 Fax: 03 543 9524 Email: mark.tregurtha@tasman.govt.nz

Feel free to contact us:



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