

# Pre-Election Report 2016

## MESSAGE FROM THE CHIEF EXECUTIVE

**The Long Term Plan that the Council adopted in 2015 sets out the organisation's future strategy. We are now at the end of year one (2015/2016) of that plan and have recently adopted the Annual Plan for year two (2016/2017).**

We are keeping to the priorities we set. That means:

- improving our financial performance;
- reducing rates increases and reliance on debt;
- investing in the infrastructure that delivers services to households and businesses across the District, as well as providing community facilities;
- delivering a cost effective, efficient and more secure supply for the communities that draw water from the Waimea Plains;
- building closer relationships with our neighbours in Nelson City, with Iwi and other key stakeholders;
- planning for population growth, including investing in infrastructure to enable development.

This report indicates (and our Annual Report will confirm) that we are tracking well ahead of our self-imposed rates and debt limits. This is because we have made significant operational savings and have spent less on emergency works and clean ups. Also, our borrowing is less than budgeted due to our capital works programme being delayed, paying off more debt than we expected and having more cash in the business. Low inflation and low interest rates have assisted us. As we still have a way to go to achieve the level of financial resilience the District needs, the Council is being advised to stay on its present course until at least the next Long Term Plan in 2018.

When funding is tight and you are 'sweating assets', there is a risk of service levels dropping. We are continuing our efforts to maintain service performance levels despite the funding constraints we face.

Three projects are underway that are critically important for the District and the people who live and visit here. The first two offer regional scale benefits.

The first is the joint solid waste agreement with Nelson City Council which makes great business sense for our District and for Nelson City. The proposal is for our Eves Valley Landfill and Nelson's York Valley Landfill to be combined under a

joint committee of the two councils. This is not only the most cost effective approach, but also the most environmentally sustainable for managing solid waste within the Nelson/Tasman region. It also provides benefits including shared capital costs and better use of our assets.

The second, is to provide a more secure supply of water for the communities from the Waimea River and its aquifers. Work on the proposed solution (the Waimea Community Dam) is going well. We intend that the funding, the form of the joint venture, land availability, and the tender price will all be certain enough to bring a firm proposal to the community.

The Waimea Community Dam Company has asked for time to secure its funding. As a result, the Council now intends to consult the community on the proposal between September and November 2017.

Lastly, we are about to undertake a major upgrade of our underground pipes and replace the surface of Richmond's Queen Street. Some minor works, such as replacing a water main, will take place later this year. Extensive roadworks will begin in February 2017. This is a \$9.5 million project that will reduce the impact of severe rain storms on the town centre and replace the street surface with a safer, more pedestrian-focussed design.

The project is going to take most of 2017 to complete and traffic, businesses, and many of you will be disrupted. Unfortunately, we cannot avoid that, but the end result will be worth it.

I hope that you find the information in this Pre-Election Report useful.



**Lindsay McKenzie**



# INTRODUCTION

This Pre-Election Report draws your attention to the key issues the 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 8 October 2016 local elections. The Local Government Act 2002 requires the Chief Executive to produce this report.

The report includes financial 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 Plan, Annual Plan and Annual Reports, as well as estimated financial forecasts.

While it is not an audited report, much of the information contained has already been audited. In particular, the 2013/2014 and 2014/2015 financial data has been audited via the respective Annual Reports and the 2017/2018, 2018/2019, and 2019/2020 financial data in the Long Term Plan. The 2015/2016 Annual Report is yet to be finalised. The financial information therefore reflects the decisions of the Council at the time these budgets were adopted.

A summary of the major projects that are either underway or proposed over the next three years is included. This summary highlights the significant role that we play in planning for and delivering essential infrastructure and community facilities across our District.

Residents who want more detailed information about the financial forecasts in this report should look at our Long Term Plan 2015-2025, and the Annual Plan 2016/2017. Additional information on past performance can be found in our annual reports on our website at: [www.tasman.govt.nz/policy/reports/annual-reports](http://www.tasman.govt.nz/policy/reports/annual-reports).

# Our District

Tasman District extends from the boundary of Nelson City in the east, to Murchison in the south, and Golden Bay in the north-west. It covers an area of 14,800 square kilometres of mountains, parks, waterways, and territorial sea, and has a coastline of 812 kilometres. The land area alone is 9,771 square kilometres.

Our District is known for its natural beauty and stunning landscapes, with the mountains, beaches and rivers as key features. Fifty-eight percent of our land area is gazetted as national park. They are the Nelson Lakes, Kahurangi, and Abel Tasman national parks. There are a range of other forests and reserves that are highly valued and well used by our community such as the Mount Richmond State Forest Park and Moturoa/Rabbit Island Recreation Reserve.

Richmond is the largest and fastest growing town in the District with an estimated 15,850 residents in that ward at June 2016. Motueka is the next largest town, with an estimated 11,850 (ward) residents as at June 2016. The District contains many other small and distinct communities, with a total estimated population of 49,500 residents at June 2016.

We are a 'Unitary Authority', one of only six in New Zealand. This means we have the combined responsibilities of both a territorial and regional council. The Council is therefore responsible for managing the environment (e.g. flood protection, coastal inundation, biodiversity and air quality) as well as delivering local services (e.g. drinking water, roads, and dog control). To provide these services we currently have the equivalent of 245.5 full time staff, including our library and service centre staff (in Richmond, Motueka, Takaka, and Murchison).

The Council has a current operating budget of \$106 million. We manage \$1.3 billion of assets on behalf of residents and ratepayers, including 796 km of water pipeline and 36 associated pump stations, 81 wastewater pump stations, about 950 km of sealed roads, 786 km of unsealed roads, 483 bridges (including footbridges) and 282 km of footpaths, walkways and cycleways. Other assets owned and maintained include 52 playgrounds, 20 community halls, 91 public toilets, 14 cemeteries, and 804 ha of parks and reserves.

As well as spending on essential infrastructure services, such as water, stormwater, wastewater, solid waste, roads, and footpaths, we provide and maintain community facilities including libraries, sportsfields and swimming pools.



# Key Challenges

The size of our District, our rate of growth, exposure to natural hazards and the spread of our communities provide a number of challenges for us to manage. Looking forward we have identified the top six issues for the District. These include: providing a secure water supply; responding to population growth; natural disaster recovery; rates affordability; council debt; and maximising our regional opportunities and partnerships.

## WATER SECURITY AND SUPPLY

We are addressing the water security and supply issues for the District's urban and horticultural/agricultural sectors through the proposed Waimea Community Dam. If that project does not go ahead, we will need to investigate other options to augment our urban water supply. We estimate this will be needed in the next 5–10 years if our population continues to grow at the rate predicted. The Waimea Community Dam proposal is a significant project for our community. It's been designed to future proof water supply for irrigation of horticultural and agricultural lands, and to ensure we are able to supply drinking water to our urban population for at least the next 100 years. If the Dam goes ahead, there will also be significant other benefits for our District including the creation of new jobs and potentially new businesses.

## GROWTH

The population of Tasman District is continuing to increase, and by 2043 is expected to have grown to 54,000 residents. If we are to remain financially prudent and keep within our set debt limits, the Council cannot afford to provide for growth or the needs and preferences of all 16 major settlements and our smaller communities at the same time. A new growth strategy will be completed for the Long Term Plan 2018–2028, in which the Council will need to balance the views and aspirations of the different sectors of the community, as well as the impact on the environment.

## NATURAL DISASTERS

Flooding, earthquakes, tsunamis, 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, near rivers, along coastal areas and are therefore at risk from climate change and sea level rise. We have a duty to identify, manage and respond to these hazards. Uncertainty about the frequency, extent of damage and cost of repairs makes planning and management of these risks a challenging task.

## RATES AND DEBT

Rates affordability and relatively high council debt are still key challenges for us. We currently have a programme of works in place designed to reduce rate increases and manage our external debt. This has meant deferring some capital expenditure to future years and making a conscious decision not to fully fund any new community facilities in the immediate future.

## REGIONAL OPPORTUNITIES

There are many benefits and opportunities in developing our regional partnerships, including with our neighbours Nelson City Council, and Te Tau Ihu iwi. We already have many existing regional partnerships and joint work programmes with Nelson City Council. We are keen to grow our regional relationships and are actively seeking future opportunities.

### Nelson Tasman Joint Solid Waste Management Project

After several years of negotiation, a solid waste agreement with Nelson City Council is being currently consulted on. The proposal will see the landfills at Eves Valley (TDC) and York Valley (NCC) governed by a joint committee of the two councils with equal representation. Under the agreement we propose to make a payment to Nelson City Council of \$4.2 million to compensate for the higher value of the York Valley Landfill. This payment allows us to become equal partners with surpluses, capital and operating costs to be shared evenly. This agreement is important to us. It means we can share the anticipated \$48 million capital expenditure needed to expand and future proof Eves Valley landfill. It also receives a big tick in terms of environmental benefits, as it allows us to concentrate on regional waste reduction programmes. Submissions are open on this proposal until 5 August 2016. See our website [tasman.govt.nz/feedback](http://tasman.govt.nz/feedback).



# Our Financial Strategy

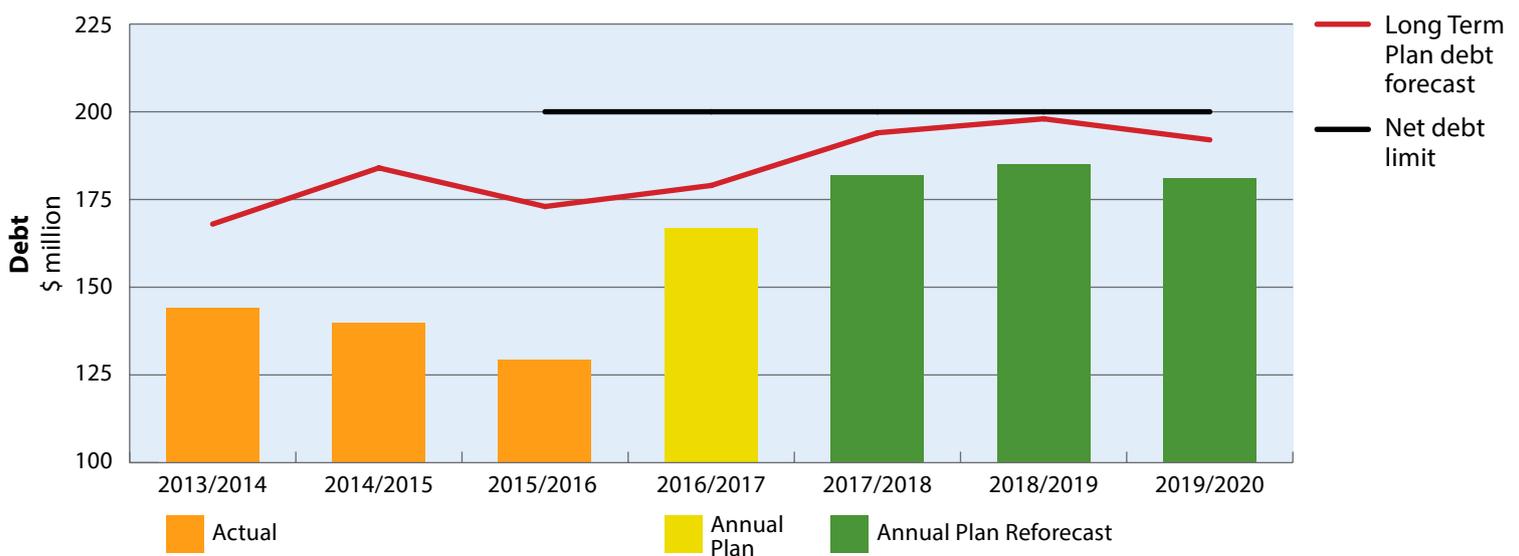
The Financial Strategy in the Long Term Plan 2015-2025 provides an outline of Council’s policy on financing capital works and managing debt. The Long Term Plan provides for capital expenditure of between \$28 million and \$34 million per annum, and operating expenditure of between \$110 million and \$119 million per annum for the 2017/2018 to 2019/2020 years. This strategy outlines how we will manage our revenue, 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 is financially sustainable and is kept within our set limits.
- Being accountable for maintaining the assets that Council owns on behalf of the community.
- Funding network infrastructure and maintaining levels of service.
- Obtaining reasonable returns on investments.
- Meeting new Central Government standards for services such as drinking water.

Council net debt at 30 June 2016 is estimated at \$129 million. The Annual Plan 2016/2017 forecasts this to be \$166 million by 30 June 2017. 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.

**How are we tracking against planned debt?**



The Annual Plan reforecast for 2017/18 to 2019/20 reflects the substantially lower starting net debt position from that projected in the Long Term Plan 2015-2025. Aside from the adjusted opening position, net debt for these years reflects what was planned for in the Long Term Plan. The basis for this information is Council’s March 2016 Quarterly Report.

Note: These figures are all for year end, i.e. 30 June in each year.



## REPORT ON COMPLIANCE WITH LIMITS IN FINANCIAL STRATEGY

The Council's Financial Strategy is required to include limits on rates, rate increases, and borrowing. Our compliance with the main limits is set out below.

### RATES AFFORDABILITY

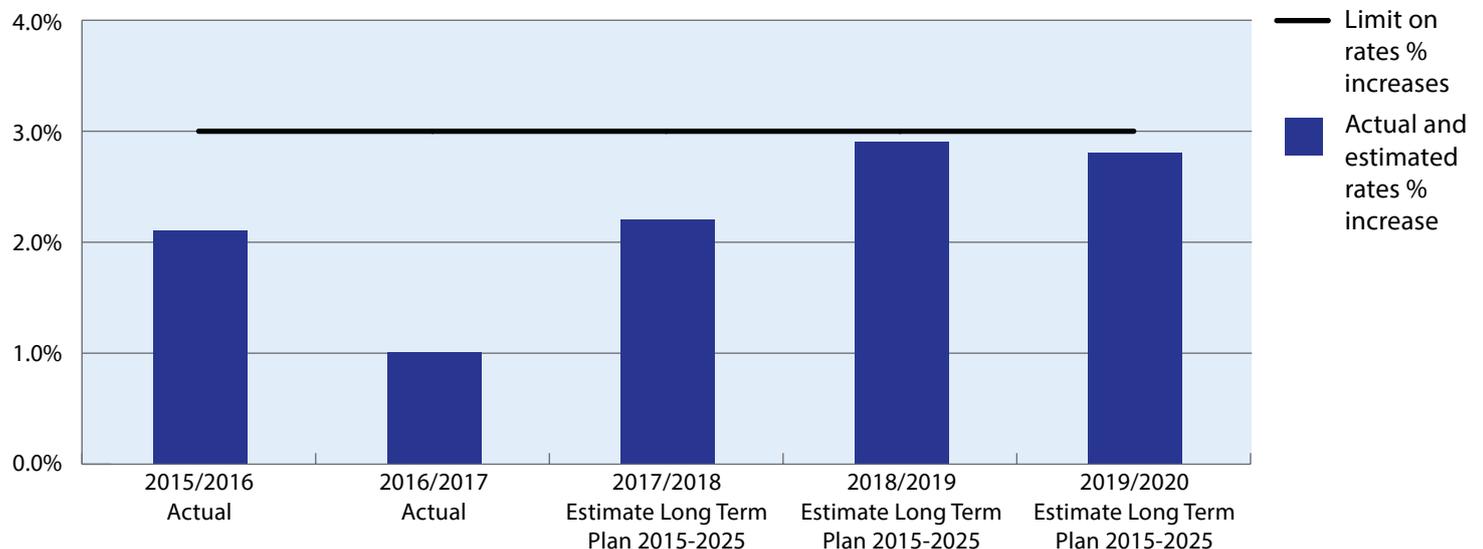
Council includes a limit in its Financial Strategy on rates revenue. For the Long Term Plan 2012-2022 this limit was set at \$52 million for general rates and \$53 million for targeted rates per annum over the life of the Long Term Plan. This was reduced to \$51 million for general rates and \$46 million for targeted rates per annum in the Long Term Plan 2015-2025, reflecting the work done as part of the last Plan to address rates affordability issues.

MEASURE	LTP 2012-2022 ANNUAL LIMIT	2013/2014 ACTUAL	2014/2015 ACTUAL	LTP 2015-2025 ANNUAL LIMIT	2015/2016 ACTUAL	2016/2017 ANNUAL PLAN (ESTIMATE)
General Rates Revenue	\$52m	\$32m	\$33m	\$51m	\$35m	\$36m
Targeted Rates Revenue	\$53m	\$30m	\$32m	\$46m	\$33m	\$34m

### Rates Increases (%)

Council includes a limit in its Financial Strategy on total rates income increases. Increases are currently limited to a maximum 3% per annum, plus an allowance for annual growth in rateable properties. This was a new limit set as part of the Long Term Plan 2015-2025, which is why the graph starts at 2015/2016.

The blue bars in the graph show how Council has performed against the 3% limit. The 2016/2017 year is an all-time low. The assumptions that led to the savings in the 2016/2017 Annual Plan are not yet reflected in the 2018-2020 financial year estimates. Those estimates are based on the Long Term Plan 2015-2025, and reflect the assumptions about interest costs, and inflation amongst other factors that were made when that Plan was adopted.





## DEBT AFFORDABILITY

The debt limits/affordability limits were developed based on external advice as to what levels would be appropriate for a council of our size. Limits set enable us to retain our current credit rating of AA-. We remain well within the limits set out in our Financial Strategy. The limits are also in line with the local government sector as a whole.

MEASURE	LIMIT	2013/2014 ACTUAL	2014/2015 ACTUAL	2015/2016 INTERIM ACTUAL	2016/2017 ANNUAL PLAN (ESTIMATE)
Net External Debt <sup>1</sup> / Total Operating Income <sup>2</sup>	<225%	138%	130%	126%	156%
Net External Debt / Equity	<20%	12%	11%	10%	13%
Net Interest on External Debt / Total Operating Income	<15%	7%	7%	7%	8%
Net Interest on External Debt / Annual Rates Income	<25%	12%	10%	10%	13%

(1) Net External Debt = total external debt less liquid financial assets and investments.

(2) Total Operating Income = cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non government capital contributions (e.g. developer contributions and vested assets).

The definitions contained in Council's Financial Strategy differ from those applied to the Financial Regulations Benchmarks reported in Council's Annual Reports. The Benchmark reporting is prepared in line with the Local Government (Financial Reporting and Prudence) Regulations 2014.





## ACTUAL AND TARGET RETURNS ON INVESTMENTS

Council's main investments are shareholdings in Council Controlled Trading Organisations and Port Nelson Limited. A list of these investments and the targets for returns on these investments is set out below.

	TARGET RETURN	2013/2014	2014/2015	2015/2016
<b>Port Nelson Limited</b>	5.1% on average shareholders' funds (2014-2015); Annual Dividend of not less than 50% of net profit after tax (2016).	Achieved 5.2% \$2.2m dividend	Achieved 5.1% \$2.85m dividend	\$2.4m dividend expected per Statement of Intent 2015/2016
<b>Nelson Airport Limited</b>	Annual dividend of 5% of the opening shareholders' funds for that year.	Achieved 6.9% \$325,000 dividend	Achieved 5.0% \$257,750 dividend	5.2% \$293,800 dividend expected per Statement of Intent for 2015/2016
<b>New Zealand Local Government Funding Agency Limited (LGFA)*</b>	Annual dividend equal to the LGFA cost of funds plus 2%.	Achieved 5.06% + 2% margin \$131,738 dividend	Achieved 4.43% + 2% margin \$119,982 dividend	Profit expectations support paying 3.7% + 2% \$106,361 dividend

\* The reduction in dividends received by Council reflects the lower cost of funds of the LGFA. This translates into interest rate savings on new borrowings Council has with the LGFA, which more than offsets the lower dividend.

### **New Zealand Local Government Insurance Corporation Ltd (Civic Assurance)**

As a result of the Christchurch earthquakes, the company does not envisage paying dividends until its capital base is restored.

### **Commercial Forestry**

Although no target was set on returns from the Council's commercial forestry portfolio, it contributes significantly to our income. Internal dividends from forestry reduce the Council's general rate requirement, assist with the repayment of Council debt, and provide support for the commercial or semi-commercial activities capital programmes. Under the Waimea County Council Empowering Act (1979), 10% of net forestry revenues derived from Moturoa/Rabbit Island must be used for the maintenance of Moturoa/Rabbit Island each year.

Currently, forestry makes an annual contribution towards the maintenance of Moturoa/Rabbit Island. An internal dividend is paid annually to reduce the Council's general rate requirement. The dividend was \$350,000 in 2013/2014 and \$250,000 in 2014/2015 and 2015/2016 respectively.



# Major Projects

To provide you with a full picture of what we have been up to, the following is a list of major projects completed over the past three years (2013-2016) and includes major projects planned for 2016/2017:

## 1. TASMAN'S GREAT TASTE TRAIL

The new cycle trail from Richmond to Kaiteriteri, and from Richmond to Wakefield was completed in stages throughout 2015. Construction of the trail between Wakefield and Kohatu is underway and will be completed later this year. The portion of the Trail through Spooners Tunnel has been opened already.

## 2. RICHMOND WATER TREATMENT PLANT UPGRADE

The new water treatment plant for Richmond located on the corner of Lower Queen Street and McShane Road was completed in 2015. This facility was needed to meet changes made to the NZ Drinking Water Standards.

## 3. MOTUEKA WASTEWATER TREATMENT PLANT UPGRADE

There is a project underway to upgrade and improve the treatment of wastewater in Motueka. The plant upgrade will provide greater capacity for residential growth in the town, and provide a controlled method of discharge to the southern channel of the Motueka River.

## 4. TAKAKA WASTEWATER TREATMENT PLANT UPGRADE

The upgrade of the Takaka Wastewater Treatment Plant was completed in December 2015. The upgrade means that wastewater is now treated to a higher standard. The capacity of the plant has also been increased providing for future growth in the Takaka – Tata Beach area. The increased capacity means the likelihood of overflows from the treatment plant is significantly reduced.

## 5. BORCK CREEK CATCHMENT UPGRADE

We are currently upgrading the stormwater network in the Borck Creek catchment largely to allow for growth in the Richmond West area. The work completed so far includes land purchased in lower sections of Borck Creek and Poutama Drain, widening of Borck Creek 1km inland from estuary, and widening of part of Poutama Drain to provide for residential development on Lower Queen Street.

## 6. RICHMOND TOWN CENTRE INFRASTRUCTURE UPGRADE

We have a major project underway to upgrade underground pipes and replace the surface of Queen Street in Richmond. Some minor works planned for this year include replacing the water main; with the substantive Queen Street improvements beginning in February 2017, and continuing until the end of that calendar year.

## 7. GOLDEN BAY COMMUNITY FACILITY

Work is currently underway on the development of the new Golden Bay Community Facility located at the Golden Bay Recreation Park on the outskirts of Takaka. The project is jointly funded by the Council and the local community and is expected to be finished by January 2017. It will provide an indoor court for sporting activities, two squash courts, a large function room with associated facilities, a community meeting room and changing rooms.

## 8. SAXTON FIELD VELODROME

The Velodrome is currently under construction and expected to be completed early in 2017. This is a joint project between Tasman District Council, Nelson City Council, and the Saxton Velodrome Trust. It is being designed as a community cycling facility for cyclists of all ages, skills and fitness levels.

## 9. MAPUA SHED 4 BUILD AND SURROUNDS

The commercial building in Mapua known as Shed 4 was completed in late 2015. The development is part of the Council's ongoing investment in Mapua's waterfront.



The table below describes the major projects that are underway or proposed for the next three financial years (2017/2018, 2018/2019, and 2019/2020). The project cost (2015-2025) column includes costs beyond the three years shown. The projects include upgrades to stormwater systems and water supplies. This table is not a full list of all our projects, activities or business as usual tasks. Information on our other projects can be found in our Long Term Plan 2015-2025, Annual Plan 2016/2017 and 2015 Activity Management Plans. The Long Term Plan also includes information on projects that are scheduled to start after 2019/2020.

PROJECT	REASON FOR PROJECT	2017/2018	2018/2019	2019/2020	PROJECT COST 2015-2025
<b>Water Supply</b>					
<b>Waimea Community Dam</b>	To provide a more secure water supply for farming and horticulture on the Waimea Plains, to improve water quality and quantity in the Waimea River at times of low flow, and to provide a more secure water supply for the urban areas of Richmond, Hope, Brightwater, and Mapua.  The project costs reflect Council's share of the funding needed if the construction of the new Dam goes ahead.	\$3m*	\$9m*	\$8m*	\$25m (Full project contribution)
<b>Richmond Central Infrastructure-Water</b>	Water main replacements for Queen Street.	\$1.7m*	\$0.3m*	\$0.3m*	\$2.6m
<b>Wakefield New Water Treatment Plant</b>	Construct a new water treatment plant at Spring Grove to meet NZ Drinking Water Standards and to provide improved water supply capacity. The new treatment plant will replace the existing treatment plant on Pigeon Valley Road.	\$3.7m	\$0.2m	-	\$4.3m

\* These estimates reflect recently agreed changes to project timelines, where the total project costs are unchanged but budgets have either been brought forward or deferred.

Note: some projects may also have expenditure in prior years. For others Council may not be the only funder. The figures therefore may not indicate the full cost of those projects. You can find further information on Council projects and activities in the Long Term Plan 2015-2025, Annual Plan 2016/2017 and in the Activity Management Plans.

## Major Projects (continued)

PROJECT	REASON FOR PROJECT	2017/2018	2018/2019	2019/2020	PROJECT COST 2015-2025
<b>Transportation, Roads &amp; Footpaths</b>					
<b>Tasman's Great Taste Trail</b>	Staged construction of Tasman's Great Taste Trail from Spooners Tunnel to Woodstock. Planned work stages are: 2017/18 – Tapawera to Stanley Brook and 2018/19 – Stanley Brook to Woodstock.	\$0.5m	\$0.6m	-	\$2.4m
<b>Bateup Road Widening</b>	Widening of Bateup Road to provide for residential and commercial growth in Richmond South.	\$2.7m	-	-	\$3.0m
<b>Richmond Central Infrastructure – Transport</b>	This involves: <ul style="list-style-type: none"> <li>the re-profiling of Queen Street to better manage stormwater secondary flow paths; and</li> <li>street improvements to provide improved traffic calming and shared spaces.</li> </ul>	\$2.3m*	\$1.9m*	-	\$5.5m
<b>Town Centre Upgrades: Motueka, Brightwater and Takaka</b>	Renewal of High Street, Ellis Street and Commercial Street to provide better shared environments. High Street in Motueka is planned for 2017/18, Ellis Street in Brightwater is planned for 2018/19, and Commercial Street in Takaka is planned for 2019/20.	\$1.0m	\$1.4m	\$0.5m	\$2.9m
<b>Sealed Road Resurfacing</b>	Annual programme of road resurfacing prioritised across the District to maintain a network that is affordable, safe and efficient.	\$1.8m	\$2.8m	\$2.8m	\$26.6m
<b>Stormwater</b>					
<b>Borck Creek Catchment Upgrade</b>	Upgrading the stormwater network in the Borck Creek catchment largely to allow for growth, particularly in the Richmond West area. The programme includes securing land and the ongoing widening of Borck Creek and Poutama Drain to meet changes in land use.	\$1.1m	-	\$1.1m	\$9.3m
<b>Richmond Middlebank Drive New Pipe</b>	Installation of a new stormwater pipe from Gladstone Road via Olympus Way to Middlebank Drive. The new pipe is planned to provide improved drainage in Richmond South, and will enable removal of the Cemetery detention dam.	\$1.3m	\$1.0m	\$2.2m	\$4.5m
<b>Richmond Central Infrastructure – Stormwater</b>	Major pipe and secondary flow works to mitigate flooding in central Richmond.	\$3.0m*	\$2.8m *	\$2.5m*	\$16.9m

PROJECT	REASON FOR PROJECT	2017/2018	2018/2019	2019/2020	PROJECT COST 2015-2025
<b>Wastewater</b>					
<b>Kaiteriteri Replacement Sewer Main</b>	The current resource consents for the wastewater pipeline through the estuary in Tapu Bay lapse in October 2018. An agreement was made with iwi to replace the pipeline in the estuary with one on land. The new main will be larger to cater for predicted population growth and will follow the existing road. Minor changes and improvements will be made to Tapu Bay and Stephens Bay pump stations.	\$1.6m	-	-	\$4.0m
<b>New Stafford Drive Pump Station and Rising Main</b>	The Stafford Drive pump station and rising main project is the second stage in improving the efficiency of the wastewater network in Mapua/ Ruby Bay, as well as providing for population growth. The Stafford Drive pump station will replace Tait Street pump station with a new rising main all the way to the Mapua Wharf pump station. While not part of this project, other downstream pump stations in Mapua and Ruby Bay will then progressively be connected to the new rising main.	-	\$0.3m	\$0.4m	\$3.7m
<b>Community Facilities</b>					
<b>Saxton Field Development</b>	Work programmed involves the renewal of the hockey turf, development of a cycleway and walkway, and development of Champion Green carpark.	\$0.3m	\$0.3m	\$0.1m	\$2.8m
<b>Motueka Library</b>	Upgrade and extension of the Motueka Library.	-	-	\$0.3m	\$1.6m
<b>Council Enterprises</b>					
<b>Port Tarakohe New Wharf Construction</b>	Replace existing wooden condemned wharf with purpose built wharf to service the mussel industry.	-	-	\$2.3m	\$2.3m

\* These estimates reflect recently agreed changes to project timelines, where the total project costs are unchanged but budgets have either been brought forward or deferred.

Note: some projects may also have expenditure in prior years. For others Council may not be the only funder. The figures therefore may not indicate the full cost of those projects. You can find further information on Council projects and activities in the Long Term Plan 2015-2025, Annual Plan 2016/2017 and in the Activity Management Plans.

# Financial Summary

The 2015/2016 figures contained in this report have been estimated using Council's 30 June 2016 interim results, prepared 18 July 2016, and adjusting for outstanding year-end items such as:

- revaluations of land and buildings, investment property and forestry assets
- provision for doubtful debts
- joint venture consolidation
- accounting for Council's investments in associates.

The adjustments made were based on either the Long Term Plan 2015-2025 budgets or best financial information available.

Please note the difference between interim actual and final year-end results could be material.

## FINANCIAL REPORTS

FUNDING IMPACT STATEMENT	ACTUAL 2013/2014 \$(000'S)	ACTUAL 2014/2015 \$(000'S)	INTERIM ACTUAL 2015/2016 \$(000'S)	ANNUAL PLAN 2016/2017 \$(000'S)	LONG TERM PLAN 2015-2025		
					2017/2018 \$(000'S)	2018/2019 \$(000'S)	2019/2020 \$(000'S)
<b>SOURCES OF OPERATING FUNDING</b>							
General rates, uniform annual general charges, rates penalties	32,216	33,301	35,382	36,017	36,821	38,186	40,270
Targeted rates	29,536	32,088	33,041	33,697	36,271	37,927	38,951
Subsidies and grants for operating purposes	4,437	3,606	4,996	4,604	4,738	4,930	5,081
Fees and charges	15,208	14,542	16,739	16,419	17,601	18,393	19,246
Interest and dividends from investments	2,881	3,065	2,984	3,836	3,538	3,542	3,568
Local authorities fuel tax, fines, infringement fees, and other receipts	5,008	5,961	8,506	8,202	9,400	9,749	9,992
<b>TOTAL OPERATING FUNDING</b>	<b>89,286</b>	<b>92,563</b>	<b>101,648</b>	<b>102,775</b>	<b>108,369</b>	<b>112,727</b>	<b>117,108</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>							
Payments to staff and suppliers	65,576	60,524	63,958	74,258	76,082	78,200	80,495
Finance costs	8,278	8,071	7,463	9,367	10,876	11,396	11,798
Other operating funding applications	0	0	0	0	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING</b>	<b>73,854</b>	<b>68,595</b>	<b>71,421</b>	<b>83,625</b>	<b>86,958</b>	<b>89,596</b>	<b>92,293</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>15,432</b>	<b>23,968</b>	<b>30,227</b>	<b>19,150</b>	<b>21,411</b>	<b>23,131</b>	<b>24,815</b>

FUNDING IMPACT STATEMENT	ACTUAL 2013/2014 \$(000'S)	ACTUAL 2014/2015 \$(000'S)	INTERIM ACTUAL 2015/2016 \$(000'S)	ANNUAL PLAN 2016/2017 \$(000'S)	LONG TERM PLAN 2015-2025		
					2017/2018 \$(000'S)	2018/2019 \$(000'S)	2019/2020 \$(000'S)
<b>SOURCES OF CAPITAL FUNDING</b>							
Subsidies and grants for capital expenditure	6,519	5,122	3,671	3,349	3,363	4,221	4,676
Development and financial contributions	4,512	6,252	4,965	5,807	5,460	5,752	5,483
Increase (decrease) in debt	(8,893)	(4,026)	(12,000)	6,189	15,540	1,653	(4,482)
Gross proceeds from sale of assets	2,890	116	476	93	75	111	89
Lump sum contributions	0	17	0	0	0	0	0
Other dedicated capital funding	0	0	176	0	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING</b>	<b>5,028</b>	<b>7,481</b>	<b>(2,712)</b>	<b>15,438</b>	<b>24,438</b>	<b>11,737</b>	<b>5,766</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>							
Capital expenditure							
– to meet additional demand	3,790	3,423	1,756	1,366	2,129	505	1,354
– to improve the level of service	8,256	22,161	13,723	16,743	21,473	15,129	9,921
– to replace existing assets	12,344	8,731	10,757	14,441	10,690	13,245	16,326
Increase (decrease) in reserves	(281)	(3,772)	1,329	144	235	(11)	(20)
Increase (decrease) in investments	(3,649)	906	(50)	1,894	11,322	6,000	3,000
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING</b>	<b>20,460</b>	<b>31,449</b>	<b>27,515</b>	<b>34,588</b>	<b>45,849</b>	<b>34,868</b>	<b>30,581</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(15,432)</b>	<b>(23,968)</b>	<b>(30,227)</b>	<b>(19,150)</b>	<b>(21,411)</b>	<b>(23,131)</b>	<b>(24,815)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## FINANCIAL REPORTS (CONTINUED)

SUMMARY BALANCE SHEET	ACTUAL 2013/2014 \$(000'S)	ACTUAL 2014/2015 \$(000'S)	INTERIM ACTUAL 2015/2016 \$(000'S)	ANNUAL PLAN 2016/2017 \$(000'S)	LONG TERM PLAN 2015-2025		
					2017/2018 \$(000'S)	2018/2019 \$(000'S)	2019/2020 \$(000'S)
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	4,026	3,202	2,207	7,364	1,584	518	229
Other current assets	15,419	16,969	14,440	17,214	16,755	17,448	17,857
<b>TOTAL CURRENT ASSETS</b>	<b>19,445</b>	<b>20,171</b>	<b>16,647</b>	<b>24,578</b>	<b>18,339</b>	<b>17,966</b>	<b>18,086</b>
<b>CURRENT LIABILITIES</b>							
Current portion of borrowings	8,103	6,002	2	16,047	18,201	19,328	20,511
Other current liabilities	13,923	15,617	12,363	19,412	14,982	14,712	14,848
<b>TOTAL CURRENT LIABILITIES</b>	<b>22,026</b>	<b>21,619</b>	<b>12,365</b>	<b>35,459</b>	<b>33,183</b>	<b>34,040</b>	<b>35,359</b>
<b>WORKING CAPITAL</b>	<b>(2,581)</b>	<b>(1,448)</b>	<b>4,282</b>	<b>(10,881)</b>	<b>(14,844)</b>	<b>(16,074)</b>	<b>(17,273)</b>
<b>NON CURRENT ASSETS</b>							
Investments in associates	90,952	92,213	92,212	92,212	83,463	83,463	83,463
Fixed assets	1,249,725	1,309,326	1,327,291	1,391,836	1,442,437	1,497,700	1,497,988
Other non current assets	4,287	5,101	5,018	8,454	24,460	30,462	33,463
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,344,964</b>	<b>1,406,640</b>	<b>1,424,521</b>	<b>1,492,502</b>	<b>1,550,360</b>	<b>1,611,625</b>	<b>1,614,914</b>
<b>NON CURRENT LIABILITIES</b>							
Term borrowings	140,933	139,009	132,483	159,259	178,989	180,500	173,950
Other non current liabilities	2,051	9,811	19,662	9,705	4,549	4,458	4,364
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>142,984</b>	<b>148,820</b>	<b>152,145</b>	<b>168,964</b>	<b>183,538</b>	<b>184,958</b>	<b>178,314</b>
<b>TOTAL NET ASSETS</b>	<b>1,199,399</b>	<b>1,256,372</b>	<b>1,276,658</b>	<b>1,312,657</b>	<b>1,351,978</b>	<b>1,410,593</b>	<b>1,419,327</b>
<b>TOTAL EQUITY</b>	<b>1,199,399</b>	<b>1,256,372</b>	<b>1,276,658</b>	<b>1,312,657</b>	<b>1,351,978</b>	<b>1,410,593</b>	<b>1,419,327</b>

# Our 30 Year Infrastructure Strategy

Infrastructure Strategies are a new requirement for local authorities, introduced in 2014 by the Local Government Act amendments. The strategy's purpose is to identify significant infrastructure issues for Tasman over the next 30 years. It also sets out the principal options for managing the issues and the implications of those options.

The main issues for us are:

1. Water security
2. Stormwater management
3. Joint solid waste initiative with Nelson City Council
4. Section 17A reviews: Local authorities have to review the cost effectiveness of current arrangements for meeting their communities' needs of infrastructure, public services and regulation. The reviews must include governance, funding and delivery.
5. Growth in population and demand for services.

The Strategy signals a significant change to how we achieve our infrastructure objectives with our set debt limits. In particular, we are being more selective in our investment focus for infrastructure.

This means:

- Reducing the number of service level improvements by focusing on and prioritising essential improvements.
- Prioritising new capital works that provide the greatest benefit to the community, and facilitate growth.
- Sensibly managing asset renewal risks by ensuring investment is justified on economic and service level grounds. This can be done by making better use of information about our assets.



# Key Electoral Information and Contact Details

	2016
Nominations Open	Friday 15 July
Nominations close	Noon, Friday 12 August
Delivery of voting documents	Friday 16 September – Wednesday 21 September
Appointment of scrutineers	By noon, Friday 7 October
Removal of election signs	By midnight Friday 7 October
<b>Election Day</b>	<b>Saturday 8 October</b>
Close of voting	Noon, Saturday 8 October
Preliminary results available	ASAP after close of voting, Saturday 8 October
Official declaration	Thursday 13 October
Return of expenses form	By Wednesday 7 December

**Electoral Officer** – Sandra Hartley, Ph. 03 543 8554, Email: [sandra.hartley@tasman.govt.nz](mailto:sandra.hartley@tasman.govt.nz)

**Deputy Electoral Officer** – Anna Gerraty, Ph. 03 543 7281, Email: [anna.gerraty@tasman.govt.nz](mailto:anna.gerraty@tasman.govt.nz)



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