



Pūrongo Pōtitanga 2019
o Te Kaunihera ā-Rohe o
Wairarapa ki Te Tonga

SOUTH WAIRARAPA DISTRICT COUNCIL

PRE-ELECTION REPORT 2019



SOUTH WAIRARAPA
DISTRICT COUNCIL
Kia Reretahi Tātau

About this Report

Mō Tēnei Pūrongo

This pre-election report provides voters and candidates with information about the key issues facing the South Wairarapa District Council, its financial position and its major projects scheduled in the next three years.

Its purpose is to promote informed public discussion in the lead up to the local body elections on 12 October this year.

Preparation of this report is a legal requirement of the Local Government Act 2002, and is a report prepared by the Chief Executive independent of the Mayor and Councillors.

This pre-election report contains retrospective information, from audited annual reports, and prospective information, from either the audited 2018-28 Long Term Plan, or the unaudited 2019/20 Annual Plan. These documents can be found on our website www.swdc.govt.nz.



From the Chief Executive

Nā te Timuaki



Thank you for taking the time to look at our Pre-Election Report ahead of the 2019 triennial local body elections. You may be considering standing for Council, or perhaps you want to be more informed before casting your vote. The aim of the Report is to help provide information that promotes public discussion about the challenges facing the South Wairarapa District Council.

The Report summarises Council's financial statements and forecast rates increases, as well as providing information on key projects planned.

Having stepped into the Council's chief executive role in June 2019, I've quickly come to understand what makes this district so vibrant and unique. Not only does South Wairarapa embrace three diverse main townships, but many smaller rural and coastal communities as well. Each area has much to offer – whether it be breath-taking landscapes, award-winning wines, recreational activities, or world-class retail – so it is no wonder South Wairarapa is a sought-after destination for tourists, young families, and retirees.

With the popularity of the District growing along with the population, Council is looking to the future to ensure it has the infrastructure in place to cater for the forecast growth in our district.

This brings me to our key projects that I am excited to see to fruition. The Spatial Plan will provide a blueprint for the next thirty years and will help us balance the environmental, social, economic, and quality of life factors affecting our communities, as well as guiding allocation of resources, such as land use and construction of capital works.

Cleaning up the district's waterways is a top priority. The upgrade of wastewater treatment in all three towns is one of Council's largest projects. So far, 35-year consents have been granted for wastewater irrigation to land in both Greytown and Martinborough, with Featherston's consent currently in the application process. This move is environmentally sustainable and ensures cleaner waterways for future generations.

Council is planning to install a manganese extraction plant this summer in an important step towards providing clean, clear, safe and secure drinking water to Martinborough, for the long term. The plant will enable permanent chlorination as part of a multi-barrier approach to protecting drinking water. This move follows two separate boil water notices issued earlier this year when Martinborough town water supply tested positive for *E. coli*, and will minimise the risks of repeat contamination events.

SWDC's water, wastewater and stormwater assets will soon be managed by Wellington Water (WWL). Council will become a shareholder of WWL from 1 October 2019. This shareholding will provide access to the expertise of additional specialists and strengthen the resilience of the District's three waters.

I look forward to progressing these and other projects along with our small, busy, and dedicated team, to achieve outcomes that benefit the community and futureproof our district.

Harry Wilson

About Us

Mō Tātau

South Wairarapa District Council is one of three local authorities operating in the Wairarapa.



The South Wairarapa district is situated at the southernmost corner of the North Island and has an area of approximately 248,455 hectares (2,484 square kilometres).

The resident population in the District is currently around 10,406 people and is expected to increase to 11,421 by 2028 and approximately 12,733 by 2043. The median age is currently 45.2 years (compared with 38 nationally) and is projected to increase to 49 by 2043.

Populations in all three towns are predicted to grow at around 1% per annum for the next 25 years. Rural growth is about a third of this at 0.3% per annum, with overall growth for the District at 0.9% per annum for the 30 years from 2013 to 2043.

Forecast Population Change from 2013 to 2043

AREA	2013	2043	CHANGE	AVERAGE ANNUAL CHANGE (%)
Featherston	2,434	3,127	694	0.80%
Greytown	2,438	3,581	1,142	1.30%
Martinborough	1,569	2,325	757	1.30%
Rural	3,360	3,700	340	0.30%
Total Population	9,800	12,733	2,933	0.90%

Community Outcomes, Vision, Mission and Strategy

Te Moemoeā, Te Whāinga Whānui, Te Rautaki, me Ngā Hua Hapori

The Vision, Mission and Values for SWDC are as follows:

Our Vision is 'for the South Wairarapa to be an open energetic and unified community'

Our Mission is to be 'future focused, growth oriented and to exercise sound judgement'

Our Internal Values are:

Rigorous

Listening

Learning & Respecting Teamwork

Community Focussed

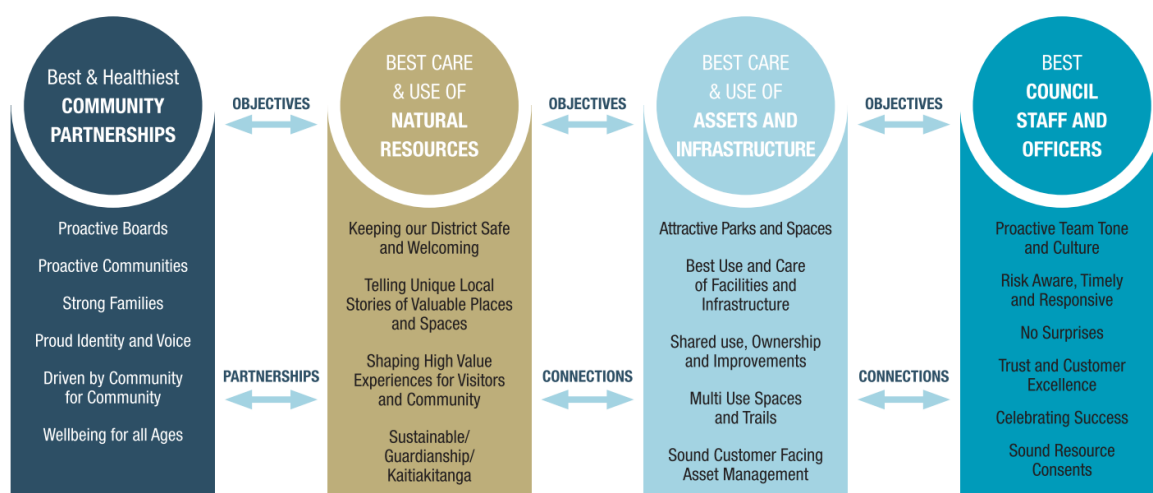
Valuing Mana

Uara of People and Land

Manaakitanga /Caring Society

Freedom & Liberty

The Council elected in 2016 developed the following outline of the strategic plan for the three years ahead. These four pillars formed the basis for decisions on what to include and what to exclude from the Long term plan and Annual plan.



Growth and Popularity of South Wairarapa

Te Whanake me te Rongonui o Wairarapa ki Te Tonga

South Wairarapa has become a popular tourist destination over recent years due to the beautiful scenery, relaxed atmosphere and history which is well documented in local museums. The District also boasts world famous wineries, good shopping, great eating, bush walks and rugged coastlines. It has also seen significant growth in permanent population over recent years with a large number of people choosing to move here from the cities for a more relaxed and affordable lifestyle. A growing number of residents commute to Wellington city for work.

The growth in the region puts pressure on Council services and infrastructure and it is important to manage this growth in a sustainable way. To assist with this, Council this year commenced a spatial planning exercise. Council is currently carrying out community engagement to get feedback on the Spatial Plan Discussion Document. Copies of the Discussion Document can be obtained from Council offices and libraries.



Significant Activities of Council

Ngā Mahi Matua o Te Kaunihera

Water Supply

Council made the decision in February 2019, in the wake of the first Martinborough boil water incident, to bring forward the investment for the manganese extraction plant for the Martinborough water supply. The decision to install the plant was made following consultation during the 2018/28 LTP process, and had strong support from the Martinborough Community Board. The plant will form part of a multi-barrier approach to protecting the town's water supply. Council approved temporary chlorination of the Martinborough water supply in April 2019 after the second boil water notice.

Water conservation – with the aim of increasing awareness and understanding in water conservation, Council increased promotion of messaging via radio advertising and our rates newsletter. Further education about water metering, household thresholds and fixing leaks is planned for the coming year. Extra meter readings have also be done to identify water leaks.

Council agreed in April 2019 to become a shareholder of the council-controlled organisation Wellington Water Limited. This will mean Council retains ownership of its water, wastewater and stormwater assets but they will be managed by Wellington Water from 1 October 2019. This gives Council access to over 200 specialists, planners, ecologists, scientists, engineers etc. with a depth of expertise in the three waters area, who can contribute to the medium to long term planning of Council’s three waters assets. Council will benefit from years of established practice by Wellington Water, which is serving the metropolitan Wellington area very well.



Wastewater

One of Council’s largest projects is the upgrade of the wastewater treatment in all three towns. Council decided in 2008 to move away from disposing wastewater via waterways and to disposing wastewater to land. This is far more environmentally sustainable and Council is very pleased to have completed the first stages of the Martinborough and Greytown wastewater to land projects. Thirty-five year consents were granted by Greater Wellington Regional Council in 2016 and the Martinborough disposal to land went live in November 2017, followed by Greytown in May 2019. Council is currently working to obtain a similar consent for the Featherston wastewater scheme. Considerable feedback was received against this proposal from the Featherston community so Council is carrying out further community engagement and investigations on this subject.

Solid Waste

All three Wairarapa Councils agreed to implement wheelie bins for kerbside collection of recycling to encourage residents to recycle more and send less rubbish to our landfills. Wheelie bins are currently being rolled out and collections will start 9 September 2019. This should contribute significantly to the waste minimisation work being carried out with the other Councils in the wider Wellington region.

Governance

Council carried out a Governance Review and a Representation Review during the 2018/19 financial year. The outcome of the Representation Review was to retain the status quo on ward boundaries and the number of elected members for each of the three wards (Featherston, Greytown and Martinborough).

The Governance Review resulted in a new committee structure where meetings and agendas are more public and transparent.

Council continues to work to strengthen ties with Māori. Various initiatives including hui were held by the Māori Standing Committee (MSC) to help develop the new logo and currently the MSC are working on development of a proposal to transform our Māori policy. Council has also allocated operating funding to the MSC for the first time in 2019/20 to enable them to work in a similar way to the Community Boards which represent each town.

Council Rebrand and New Logo - a modern bilingual council logo was officially launched in April 2019. This is being rolled out over all communication platforms, council collateral and signage. This replaces the outdated, mono-cultural logo that was introduced in 1989.

Strengthening Communication with our Community - SWDC created a new full-time Communications Manager position in 2018, to strengthen and build on our communication with our communities in South Wairarapa. Council is in the process of revamping its website to make it easier for our residents and visitors to find out more about Council and our district online, and on a mobile, as more people use this method of obtaining information rather than face-to-face contact with Council officers.



Economic and Social Development

Council is working with Masterton District Council (MDC) and Carterton District Council (CDC) on implementing Wairarapa Regional Economic Development Strategy. This Wairarapa-wide strategy was launched in December last year. The Council's CEO represents the District on the Steering Group and the Mayor is on the Governance Group and chairs the Visitor and Tourism Portfolio.

Over the last year, Council worked jointly with CDC and MDC, with input from the community including Māori and iwi, to develop a Wairarapa Positive Ageing Strategy. The Strategy will be launched in August 2019 and will guide the work the councils do over the medium to long-term. The Strategy outlines six goals for older people in the areas of: community, support and health services; communication and engagement; transport; cultural diversity; housing and places, spaces and activities.

Starting in 2018/19, \$75,000 per year has been set aside to support youth training, development and recreational activities via grant funding. Council also supports various community and sporting groups with grant funding each year.



Road Transport

Road transport is a vital element to enable social and economic development. With a vast road network and limited money, consideration needs to be given to sustainability of maintaining roads over the long term. Council will continue to focus on applying to attract maximum subsidies in the areas of drainage, bridging, road safety, footpaths, streetlights, signage, vegetation control, sealed and unsealed road maintenance and renewals. Council embarked on a joint roading contract in conjunction with CDC from 1 July 2019.

Public Protection

The public protection teams' responsibilities relate to and include:

Public nuisances and health, noise control, safe and sanitary buildings, management of dogs and stock, alcohol licensing and safe food, camping grounds, hairdressers, offensive trades, amusement devices and beauty therapy operators. Due to the popularity and growth in the District these teams continue to be busy with record numbers of building consents due to growth in each of our towns, and the wider district, and a higher than normal ratio of food and licensed premises than would normally be expected in a district our size. This team also recently reviewed all Bylaws in conjunction with MDC and CDC.

Amenities

The strengthening and refurbishment work on the Martinborough Town Hall and community hub extension has been completed, and it is pleasing to see the Waihinga Centre and Town Hall being used by many of our residents from all over the District. The community is working on fundraising for the second phase of the project which is a destination playground in front of the Waihinga Centre. Work commenced on construction of the playground in July 2019 and is planned to be completed in time for spring and summer. We would like to acknowledge the significant community involvement and contributions to the refurbishment of the hall and now the playground. We couldn't have produced this result from Council funds alone.



Resource Management

The planning team is managing increasing numbers of resource consent applications due to growth in the district. The team is also working on opening up more urban land for housing in both Greytown and Martinborough due to increased demand for housing. Featherston currently has enough space for urban development.

The Planning Team is also commencing a review of the Wairarapa Combined District Plan with officers from MDC and CDC. This work will take several years to complete and will be an important component of managing sustainable growth in the region for the future. This team is leading the spatial plan project, and will also be responsible for reviewing and implementing the proposed changes to the Resource Management Act, which was recently announced by central government.

South Wairarapa District at a Glance

He Whakarāpopototanga

248,500
HECTARES

10,400
Residents

6,731
Rateable
Properties

104KM
WATER PIPES

65km of
Sewer Pipes

600km of Roads

- 340km of Sealed Roads
- 260km Unsealed Roads

2 Water
Treatment Plants

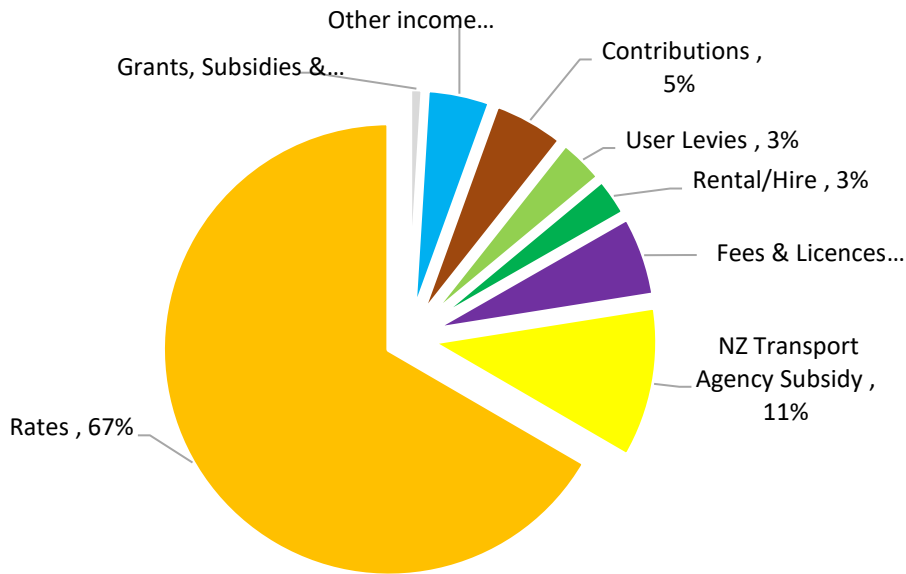
- 256km of Water Races

4 Wastewater
Treatment
Plants



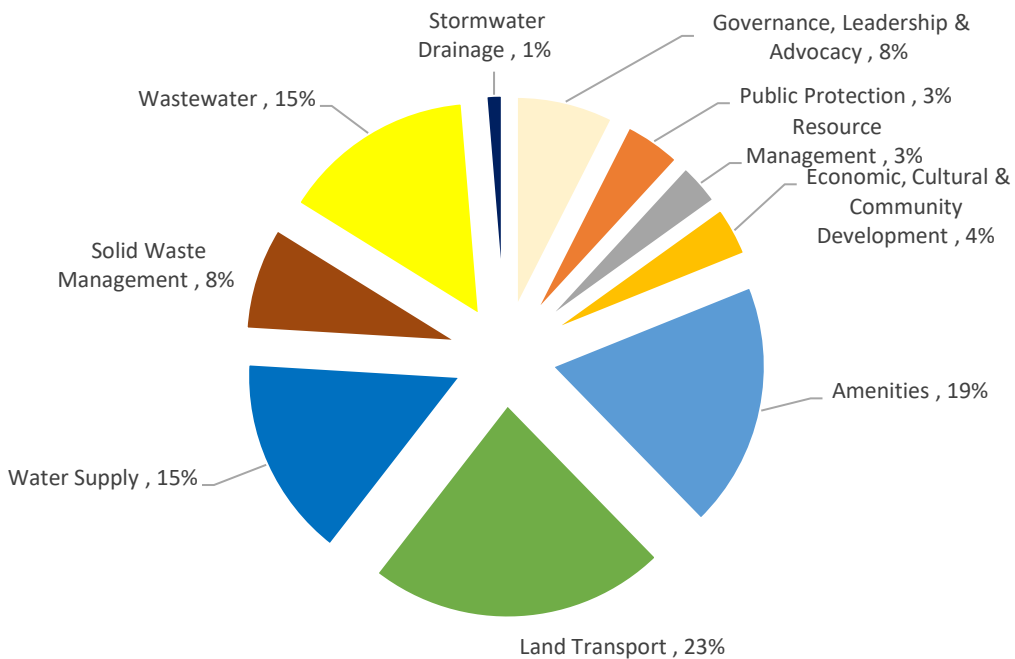
Where do we get our income from?

Ka riro mai i hea ā mātau pūtea?



What is our money is spent on?

Ka riro atu ki hea ā mātau pūtea?



Challenges

Ngā Tairo

Climate change

Climate change will have a substantial impact on our environment and our people in the future. It will increase the risks from natural hazard events that already occur within the District, particularly as a result of sea level rise, increased frequency and intensity of storm events, and increased frequency of drought. It is also expected to cause increased coastal erosion, biodiversity changes, greater fire risk, potential new pests and diseases and impacts on water quality and availability. The impacts of climate change are expected to increase in extent and magnitude over time. Council is in the process of appointing a Climate Change Coordinator in conjunction with CDC to start work on mitigations to reduce the impact of climate change on our communities.

Future water supply

Water and its management is expected to be one of the big challenges facing our district over the next 10-20 years. We need to ensure that our water supply can meet the needs of our growing population and the potential impacts of climate change, such as the likelihood of increased periods of drought.

In addition, the Government is reviewing the regulation and supply arrangements of drinking water, wastewater and stormwater to better support New Zealand's prosperity, health, safety and environment.

Council has provided some funding to the Water Wairarapa feasibility study which is one of the options for improving water resilience for the Wairarapa region for the future.

Council will continue to encourage residents to conserve water wherever possible.



Major Projects

Ngā Mahinga Nunui

Council has several major projects planned over the next three years. The table below provides details of the major projects that are underway or proposed for the next three financial years. These focus on upgrading existing facilities, improving levels of service or enhancing the quality of service offered to residents and visitors.

Note: This table is not a full list of Council's projects, activities and business as usual. Refer to the Long Term Plan 2018/28 and Annual Plan 2019/20 for more information.

Project	Cost \$000
<u>Water Supply and Wastewater</u>	
Featherston wastewater to land project	\$1,400
Papawai upgrade of wastewater network to increase capacity for future growth of the town	\$1,732
Installation of a manganese plant at Martinborough, enabling the improvement of water quality to meet required standards	\$2,000
Cyclical renewal of underground water assets	\$1,050
Cyclical renewal of underground wastewater assets	\$966
<u>Amenities</u>	
Parks and reserves, community buildings, cemeteries, housing for seniors, playgrounds and swimming pools	\$2,174
<u>Land Transport*</u>	
Renewals and new urban footpaths in each of the three towns	\$790
Reseals	\$1,412
Safety works	\$1,437
Road metalling	\$1,036

* This land transport Capital expenditure attracts New Zealand Transport Agency (NZTA) funding of \$2.3million

Funding Impact Statements

Ngā Kōrero Rironga Pūtea

For the year ended 30 June 2017-2023

	Annual Report 2017 \$000	Annual Report 2018 \$000	LTP 2019 \$000	Annual Plan 2020 \$000	LTP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000
Sources of operating funding							
General rates, uniform annual general Charges, Rates Penalties	7,986	8,568	9,911	10,286	10,394	10,600	10,743
Target rates (other than a targeted rate for water supply)	4,994	4,944	4,387	4,474	5,224	5,366	5,399
Subsidies and grants for operating purposes	1,337	1,992	2,454	2,412	2,257	2,220	2,251
Fees, charges, and targeted rates for water supply	1,249	1,583	1,468	1,786	1,530	1,562	1,596
Interest and Dividends from investments	281	484	449	477	567	657	767
Local authorities fuel tax, fines, infringement fees, and other receipts	1,259	1,220	989	1,268	1,030	1,031	1,054
Total operating funding (A)	17,106	18,791	19,658	20,703	21,001	21,435	21,809
Applications of operating funding							
Payments to staff and suppliers	12,182	12,683	13,197	13,844	13,372	13,504	13,800
Finance costs	1,038	1,003	1,116	1,129	1,286	1,250	1,263
Other operating funding applications	283	293	458	485	417	424	431
Total applications of operating funding (B)	13,503	13,979	14,771	15,459	15,076	15,178	15,494
Surplus (deficit) of operating funding (A-B)	3,603	4,812	4,887	5,244	5,925	6,257	6,315
Sources of Capital funding							
Subsidies and grants for capital expenditure	1,651	3,459	-	-	-	-	-
Development and financial contributions	753	1,104	795	842	888	899	994
Increase (decrease) in debt	4,098	-	1,007	1,121	(158)	(941)	(1,106)
Gross proceeds from sale of assets	-	-	-	-	-	-	-
Lump sum contributions	330	428	242	494	259	263	287
Other dedicated capital funding	-	-	-	-	-	-	-
Total sources of capital funding (C)	6,832	4,992	2,043	2,457	989	222	175
Applications of capital funding							
Capital Expenditure							
- to meet additional demand	-	2,561	1,120	397	73	74	74
- to improve the level of service	744	1,383	2,023	3,363	1,161	410	240
- to replace existing assets	4,604	3,963	3,985	3,881	3,308	3,152	3,460
Increase (decrease) in reserves	5,087	1,896	(198)	60	2,371	2,842	2,716
Increase (decrease) of investments	-	-	-	-	-	-	-
Total applications of capital funding (D)	10,436	9,803	6,930	7,701	6,914	6,478	6,490
Surplus (deficit) of capital	(3,603)	(4,812)	(4,887)	(5,244)	(5,925)	(6,257)	(6,315)
Funding Balance	0	0	0	0	0	0	0

Summary Statement of Financial Position

He Kōrero Tūnga Ahumoni

As at 30 June 2017-2023

	Annual Report 2017	Annual Report 2018	LTP 2019	Annual Plan 2020	LTP 2021	LTP 2022	LTP 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS							
Current assets							
Cash and cash equivalents	6,524	4,212	2,792	3,523	3,599	4,220	3,887
Investments	6,510	9,066	11,152	15,885	14,891	17,879	20,440
Debtors and other receivables	1,552	2,757	2,507	2,671	2,683	2,737	2,797
Inventories	17	24	33	17	33	33	33
Non-current assets held for sale	1,779	1,500	-	-	-	-	-
Total current assets	16,383	17,558	16,484	22,097	21,206	24,869	27,157
Non-current assets							
Investments	313	79	354	500	356	357	358
Investment properties	7,741	9,979	7,813	8,468	7,938	7,989	8,040
Intangible assets	163	190	162	265	123	101	78
Property, plant and equipment	382,777	377,725	407,855	457,264	430,346	431,386	429,784
Total non-current assets	390,994	387,972	416,183	388,762	438,763	439,833	438,259
Total assets	407,377	466,951	432,667	479,361	459,969	464,702	465,416
LIABILITIES							
Current liabilities							
Creditors and other payables	3,207	4,374	2,375	2,423	2,459	2,483	2,523
Employee entitlements	338	348	236	290	236	236	236
Provisions - current portion	34	34	-	34	-	-	-
Public debt - current portion	4,000	4,000	710	911	344	1,601	85
Finance leases - current portion	-	-	-	-	-	-	-
Total current liabilities	7,579	8,756	3,321	3,658	3,040	4,320	2,844
Non-current liabilities							
Provisions - non-current portion	447	434	446	445	444	442	441
Public debt - non-current portion	13,500	13,500	19,820	20,833	20,137	18,712	18,627
Finance leases - non-current portion	-	-	-	-	-	-	-
Total non-current liabilities	13,947	13,934	20,265	21,278	20,581	19,155	19,069
Equity							
Public equity	143,009	151,083	145,466	156,550	141,617	138,246	136,150
Restricted reserves and trust funds	23,371	22,725	23,829	24,119	30,041	34,900	39,605
Asset revaluation reserve	219,468	270,451	237,211	270,451	261,306	264,076	264,076
Loan redemption reserve	-	-	2,570	3,301	3,377	3,998	3,665
Share Revaluation Reserve	3	2	4	3	6	7	8
Total equity	385,851	444,261	409,080	454,425	436,347	441,227	443,503
Total liabilities and equity	407,377	466,951	432,667	479,361	459,969	464,702	465,416



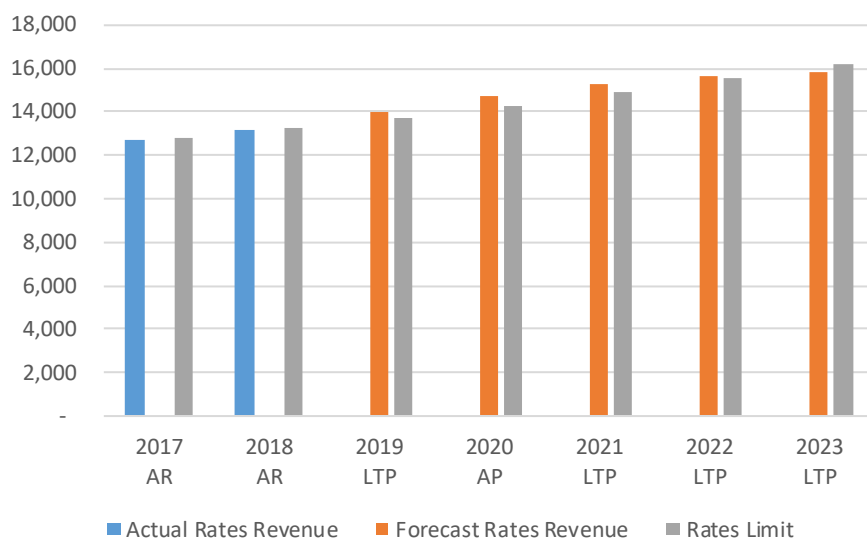
Financial Strategy

Rautaki Ahumoni

The Council’s financial strategy is set out in the Long Term Plan 2018-2028 and includes limits on rates increases, total rates collected and debt levels.

The graph below compares the Council’s planned rates increases with the limits contained in the Financial Strategy and included in the 2018-2028 Long Term Plan.

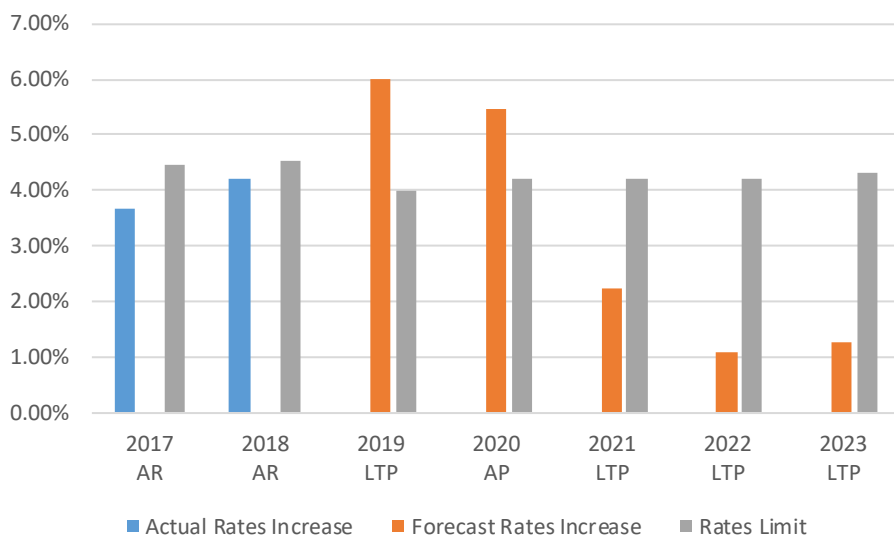
Rates affordability



The rates increases for the 2018/19 and 2019/20 years were higher than the internally set limits due to additional initiatives Council consulted on as part of the Long Term Plan and Annual Plan processes. These initiatives included grant funding for youth training and development, free swimming in Council pools, lowering library fees and charges, extending swimming pool hours, and spatial planning.

Rates increase affordability

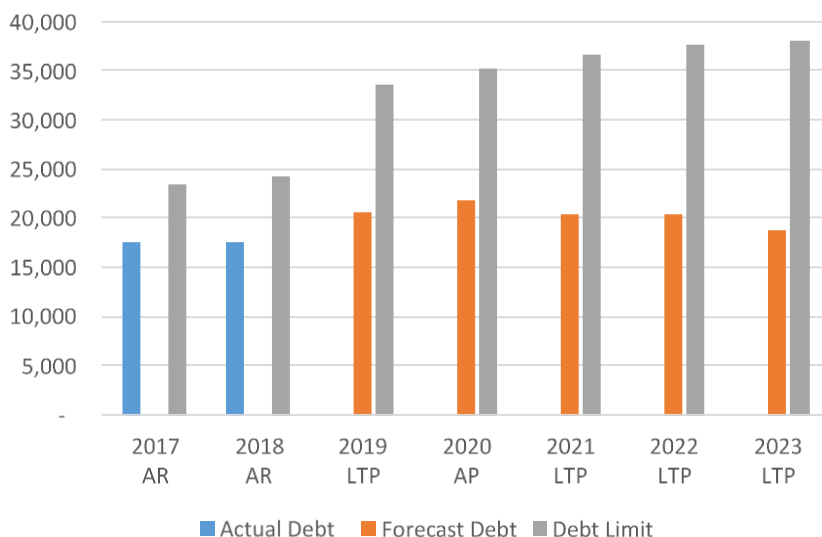
The following graph compares the Council’s planned rates (\$,000s) with the limit on rates contained in the Financial Strategy and included in the 2018-2028 Long Term Plan.



Rates increases are roughly in line with the financial strategy rates limit and slightly over in the 2019, 2020 and 2021 years due to initiatives consulted on with the community.

Debt affordability benchmark

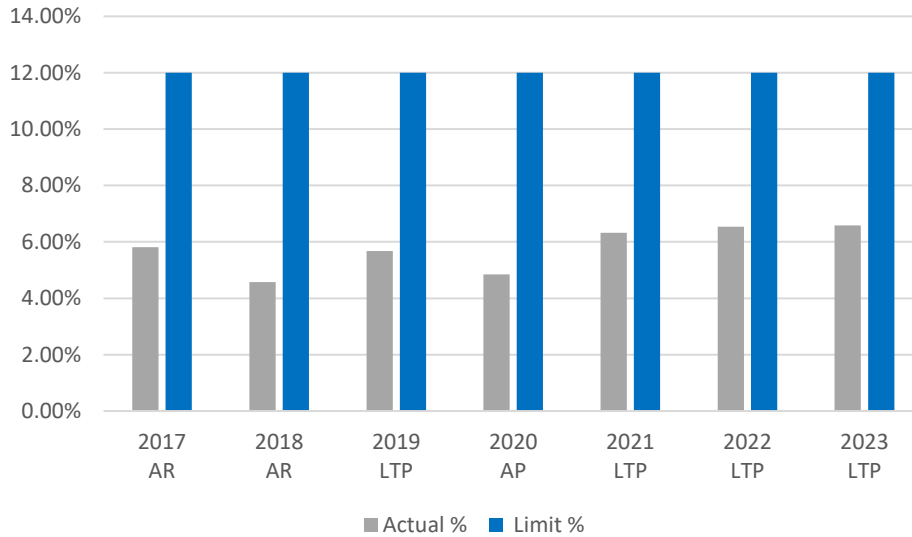
The following graph compares Council’s planned debt with the maximum debt borrowings as outlined in the 2018-2028 Financial Strategy and Long Term Plan.



As a number of infrastructure projects did not take place in the year they were forecast, debt funds were not drawn down resulting in lower than forecast debt levels.

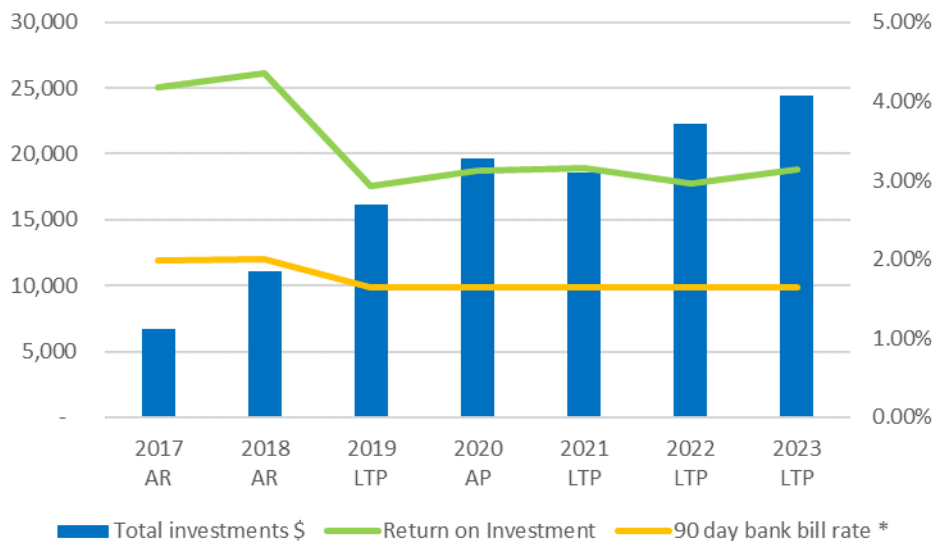
Debt servicing benchmark

The Long Term Plan 2018-2028 also sets a maximum limit on interest cost at no more than 12% of rates revenue. The graph below shows interest cost is well below this limit as a percentage of rates revenue in all years from 2017 to 2023.



Investments

Council maintains investments on behalf of ratepayers for the benefit of various Council activities and principal loan reduction. The graph below shows total investments, return on investments, and the 90-day bank bill rate for the period from 2017 to 2023.



* The current 90 day bank bill rate has been used as an estimate for future periods

Further Information

He Pārongo anō

The pre-election report is not audited, however a lot of the information is sourced from audited documents such as the Annual Report 2017/2018 and the 2018-2028 Long Term Plan.

These documents, along with the Annual Plan 2019/20, are available on the Council's website www.swdc.co.nz.

Hard copies are available for viewing at the Council offices, and the Martinborough, Greytown, and Featherston libraries.

