



# **PRE-ELECTION REPORT**

**AUGUST 2013**

## PRE-ELECTION REPORT

This report is a requirement of the Local Government Act 2002, which contains a provision for the Chief Executive Officer to prepare a Pre-Election Report.

The purpose of a pre-election report is to provide information to promote public discussion about the issues facing South Wairarapa District Council. A pre-election report is prepared in a politically neutral manner.

A pre-election report contains retrospective information, from audited annual reports, and prospective information, from either the audited 2012-22 Long Term Plan, or the unaudited 2013/14 Annual Plan.

The Local Government Act 2002 has mandated minimum information to be included in a pre-election report. Further, more detailed information is included in Council's two operative financial and service performance planning documents, the 2012/22 Long Term Plan, and the 2013/14 Annual Plan

A pre-election report need not include any financial information for the financial year an election is held (2013/14), presumably because the annual plan has been adopted and the outputs from this cannot easily be altered by an incoming council. In most cases this pre-election report does include financial information relating to the 2013/14 year.

One matter nominees should be aware of is the local government reorganisation proposals that are currently being considered by the Local Government Commission. More information on this can be found on the Commissions website, and South Wairarapa District Councils website. The issue may have a significant bearing on the future shape of governance in the South Wairarapa, Wairarapa, and Greater Wellington region. As the structure, and timing, of any future governance changes is not known, no budgetary provision has been made to incorporate any such changes.



Paul Crimp

**Chief Executive Officer**

## MAJOR PROJECTS

The following tables outline the expenditures on major projects for the years 2014/15 to 2016/17 (the reporting period).

### WATER SUPPLY

During the reporting period, there are two major projects, firstly the ongoing cyclical replacement of water supply infrastructure, and secondly completion of the Featherston supplementary supply. This latter project replaces the Boar Bush and Taits Creek alternative supplies which have become unserviceable.

	2015	2016	2017
Continued cyclical replacement of water supply infrastructure	334,800	345,900	357,300
Completion of Featherston supplementary water supply to replace Boar Bush/Taits Creek	111,600	288,250	297,750

### WASTEWATER

Wastewater is the single biggest project facing South Wairarapa District Council in the coming years. The 2012/22 Long Term Plan forecast total new investment required of up to \$17M over the next 30 years. The expenditure profile will be clearer when the resource consents for the three towns is finalised, it is anticipated this will be quarter four 2013.

During the reporting period, the following table outlines the expenditure profile for the two main aspects of wastewater, cyclical renewal and anticipated expenditure required to meet the conditions of the resource consent.

The provision for works required to meet the requirements of the wastewater consents that are due to be finalised quarter four 2013 includes purchase of land and other infrastructure.

	2015	2016	2017
Continued cyclical replacement of wastewater supply infrastructure	111,600	288,250	297,750
Provision for works required to meet the requirements of the wastewater consents that are due to be finalised Q4 2013	853,740	939,695	732,465

### LAND TRANSPORT

While land transport is South Wairarapa's largest expenditure category, there are no specific projects planned. The roading budget primarily maintains the roading network in its current state of functionality.

## FINANCIAL REPORTS

### Statement of Cashflows

The following cashflow statement includes the actual cashflows from the audited 2010/11 and 2011/12 financial statements, and the forecast 2012/13 cashflow statement from the audited Long Term Plan.

	ACTUAL 2010/2011 \$000	ACTUAL 2011/2012 \$000	FORECAST 2012/13 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash was received from:</b>			
Rates	10,049	10,760	11,340
Government grants & subsidies	1,574	2,957	2,467
Petrol tax	82	81	93
Other income	2,226	1,812	2,796
Regional council rates	2,433	2,419	2,220
Interest on investments	256	237	194
	<b>16,619</b>	<b>18,265</b>	<b>19,110</b>
<b>Cash was applied to:</b>			
Payments to suppliers & employees	10,276	10,482	11,630
Regional council rates	2,433	2,419	2,220
Interest paid	639	654	608
	<b>13,349</b>	<b>13,555</b>	<b>14,458</b>
<b>Net cash flow from operating activities</b>	<b>3,270</b>	<b>4,711</b>	<b>4,652</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Cash was received from:</b>			
Sale of property, plant & equipment	3	92	-
Investments in loan redemption & sinking funds	-	898	-
Term investments, deposits, shares & advances	-	-	-
	<b>3</b>	<b>990</b>	<b>-</b>
<b>Cash was applied to:</b>			
Purchase of property, plant & equipment	3,476	4,664	4,408
Term investments, deposits, shares & advances	-	24	(231)
Investments in loan redemption & sinking funds	-	509	231
	<b>3,476</b>	<b>5,197</b>	<b>4,408</b>
<b>Net cash flow from investing activities</b>	<b>(3,473)</b>	<b>(4,207)</b>	<b>(4,408)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Cash was received from:</b>			
Finance leases	-	-	-
Public debt	1,961	6,432	885
	<b>1,961</b>	<b>6,432</b>	<b>885</b>
<b>Cash was applied to:</b>			
Repayment of finance leases	26	11	-
Repayment of public debt	2,560	5,493	106
	<b>2,586</b>	<b>5,504</b>	<b>106</b>
<b>Net cash flow from financing activities</b>	<b>(625)</b>	<b>928</b>	<b>779</b>
Net increase/(decrease) in cash held	(828)	1,432	1,022
Add cash at start of year (1 July)	5,940	5,111	6,647
<b>Balance at end of year (30 June)</b>	<b>5,111</b>	<b>6,543</b>	<b>7,669</b>
<b>REPRESENTED BY:</b>			
Cash and cash equivalents	631	1,870	375
Short Term Investments	4,481	4,673	7,294
	<b>5,111</b>	<b>6,543</b>	<b>7,669</b>

**Funding Impact Statement**

The 2013 year forecast information is sourced from the 2012/22 Long Term Plan, the 2014 year forecast information is from the 2014 Annual Plan, and the 2015 to 2017 information is from the 2012/22 Long Term Plan.

	30 JUNE 2013 \$000	30 JUNE 2014 \$000	30 JUNE 2015 \$000	30 JUNE 2016 \$000	30 JUNE 2017 \$000
<b>Sources of operating funding</b>	LTP	Aplan	LTP	LTP	LTP
General rates, uniform annual general Charges, Rates Penalties	7,433	7,982	7,911	8,347	8,836
Target rates (other than a targeted rate for water supply)	1,417	1,360	1,572	1,637	1,701
Subsidies and grants for operating purposes	2,443	2,590	2,585	2,642	2,721
Fees, charges, and targeted rates for water supply	2,811	2,756	2,950	2,976	3,062
Internal Charges and overheads recovered	2,530	2,574	2,693	2,667	2,733
Local authorities fuel tax, fines, infringement fees, and other receipts	1,917	1,955	2,052	2,141	2,222
<b>Total operating funding (A)</b>	<b>18,551</b>	<b>19,217</b>	<b>19,762</b>	<b>20,411</b>	<b>21,275</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers	10,705	11,182	11,278	11,409	11,936
Finance costs	5,147	5,377	5,440	5,485	5,566
Internal charges and overheads applied	2,530	2,574	2,693	2,667	2,733
Other operating funding applications	219	234	240	249	257
<b>Total applications of operating funding (B)</b>	<b>18,601</b>	<b>19,366</b>	<b>19,651</b>	<b>19,809</b>	<b>20,493</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(50)</b>	<b>(148)</b>	<b>111</b>	<b>602</b>	<b>782</b>
<b>Sources of Capital funding</b>					
Subsidies and grants for capital expenditure	-	-	-	-	-
Development and financial contributions	133	117	124	128	133
Increase (decrease) in debt	548	1,869	545	934	479
Gross proceeds from sale of assets	-	-	-	-	-
Lump sum contributions	169	175	181	187	193
<b>Total sources of capital funding (C)</b>	<b>850</b>	<b>2,160</b>	<b>850</b>	<b>1,249</b>	<b>805</b>
<b>Applications of capital funding</b>					
<b>Capital Expenditure</b>	-	-	-	-	-
- to meet additional demand	205	227	-	-	-
- to improve the level of service	811	1,334	1,228	1,324	1,127
- to replace existing assets	3,391	4,902	3,476	3,963	4,100
	-	-	-	-	-
Increase (decrease) in reserves	(3,674)	(4,588)	(3,875)	(3,632)	(3,841)
Increase (decrease) of investments	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>734</b>	<b>1,875</b>	<b>829</b>	<b>1,655</b>	<b>1,386</b>
<b>Surplus (deficit) of capital</b>	<b>50</b>	<b>148</b>	<b>(111)</b>	<b>(602)</b>	<b>(782)</b>
<b>Funding Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Summary Balance Sheets**

The 2011 and 2012 year information is sourced from the audited financial statements for those years, the 2013 information is sourced from the 2012/22 Long Term Plan, the 2014 information is from the 2013/14 Annual Plan, and the 2015 to 2017 information is sourced from the 2012/22 Long Term Plan.

	30 JUNE 2011 \$000	30 JUNE 2012 \$000	30 JUNE 2013 \$000	30 JUNE 2014 \$000	30 JUNE 2015 \$000	30 JUNE 2016 \$000	30 JUNE 2017 \$000
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	3,573	4,061	375	558	375	375	375
Investments	1,903	2,482	7,294	6,795	8,983	10,176	11,322
Debtors and other receivables	3,078	2,988	1,979	2,053	2,107	2,191	2,289
Inventories	35	42	48	39	48	48	48
Assets held for sale	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>8,589</b>	<b>9,574</b>	<b>9,696</b>	<b>9,445</b>	<b>11,514</b>	<b>12,790</b>	<b>14,035</b>
<b>Non-current assets</b>							
Investments	78	83	98	83	100	101	102
Intangible assets	6	44	21	51	111	123	134
Investment properties	8,024	8,325	8,064	8,367	8,145	8,186	8,227
Property, plant and equipment	357,651	386,666	387,065	388,547	422,893	423,758	424,426
<b>Total non-current assets</b>	<b>365,758</b>	<b>395,118</b>	<b>395,248</b>	<b>397,047</b>	<b>431,249</b>	<b>432,169</b>	<b>432,889</b>
<b>Total assets</b>	<b>374,347</b>	<b>404,691</b>	<b>404,945</b>	<b>406,492</b>	<b>442,763</b>	<b>444,958</b>	<b>446,924</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Creditors and other payables	2,650	2,959	1,942	2,029	2,050	2,072	2,147
Employee entitlements	232	226	250	281	250	250	250
Public debt - current portion	5,458	1,075	148	90	212	246	268
Finance leases - current portion	11	10	-	37	-	-	-
<b>Total current liabilities</b>	<b>8,350</b>	<b>4,270</b>	<b>2,341</b>	<b>2,437</b>	<b>2,512</b>	<b>2,568</b>	<b>2,665</b>
<b>Non-current liabilities</b>							
Provisions - non-current portion	406	374	437	391	432	430	427
Public debt - non-current portion	2,941	8,263	9,990	11,284	13,070	14,198	14,883
Finance leases - non-current portic	10	-	-	9	-	-	-
<b>Total non-current liabilities</b>	<b>3,358</b>	<b>8,637</b>	<b>10,427</b>	<b>11,684</b>	<b>13,502</b>	<b>14,628</b>	<b>15,310</b>
<b>Equity</b>							
Public equity	142,074	141,030	144,232	143,684	143,080	144,022	144,971
Restricted reserves and trust funds	15,976	16,945	16,565	17,032	17,933	17,664	17,575
Asset revaluation reserve	203,079	232,018	229,301	229,301	263,060	263,085	263,085
Other reserves	2	2	3	3	5	6	7
Sinking fund reserves	1,508	1,789	2,076	2,352	2,671	2,985	3,310
<b>Total equity</b>	<b>362,640</b>	<b>391,784</b>	<b>392,177</b>	<b>392,371</b>	<b>426,749</b>	<b>427,762</b>	<b>428,949</b>
<b>Total liabilities and equity</b>	<b>374,347</b>	<b>404,691</b>	<b>404,945</b>	<b>406,492</b>	<b>442,763</b>	<b>444,958</b>	<b>446,924</b>

**Comparative information from South Wairarapa District Councils Financial Strategy**

The following table outlines information required under section 36(1)(a)(iii)(A) of schedule 10 of the Act.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Rates	10,158,000	10,600,000	11,057,000	11,492,000	11,788,000	12,294,000	12,909,000
Increase	7.47%	4.35%	4.31%	3.93%	2.58%	4.29%	5.00%
Max Increase per LTP	*	*	5.79	5.46	5.17	5.27	5.42
Public Debt	8,420,170	9,348,137	10,138,160	11,419,294	13,070,000	14,198,000	14,883,000
Less Sinking Funds	1,508,142	1,789,199	2,075,822	2,351,839	2,671,000	2,985,000	3,310,000
Net Public Debt	6,912,028	7,558,938	8,062,338	9,067,455	10,399,000	11,213,000	11,573,000
<b>Maximum debt per LTP</b>	*	*	<b>22,489,000</b>	<b>23,403,000</b>	<b>23,975,000</b>	<b>25,004,000</b>	<b>26,256,000</b>

\*Not required to be forecast

**Returns on Investment**

Council has not had to forecast returns prior to the 2012/13 year, accordingly there is no comparative data.

Council forecasts returns of between 4.36% and 6.7% depending on the investment type when preparing its 2012/22 Long Term Plan.

There are no results against these forecast returns at the time of preparing this report.