



# Pre-Election Report 2016



# Chief Executive's Message



The purpose of the Pre-Election Report is to provide information to promote public discussion about the issues facing the Taranua District in the lead up to the local government election on 8 October 2016. As required under legislation, it is prepared independently of the Mayor and Councillors.

This report summarises the financial statements, financial strategies, forecast rates increases and planned key capital projects.

My key role as the chief executive is to deliver to the ratepayers and residents Council's vision, strategies and service levels, using a combination of internal staff and external contractors.

Collectively, the team is responsible for planning, project management and improving outcomes for the community, all still at an affordable level.

Council operates in an environment that imposes increasing pressure to deliver services more efficiently. Central government is also sending strong signals about centralisation of infrastructure services and collaborations.

Council has responded well to these pressures. Over the last three years the Council has gone through changes which involved new ways of working. For example, a standalone business support function, forming the new Alliance partnership model for the management of our roading corridor network, transfer of the management of our water and wastewater reticulation network to the Alliance, the planned amalgamation of the Council

services in Woodville into one building and the shared services initiatives with the MW LASS Councils.

Council is also progressing well with the programme to upgrade our urban water and wastewater networks, including the source, storage and treatment of water, and the treatment and discharging of wastewater.

Council has allocated a modest increase in funding for Economic Development, one of the pillars of our Strategic Focus, with the aim to boost spending locally, grow businesses, retain local residents and attract new people and businesses, to enjoy the unique lifestyle offered in Taranua.

Another key focus for Councillors is to build on our current Iwi relationships. Council has resolved to work closely with representatives from Rangitane O Tamaki Nui A Rua and Ngati Kahungunu to achieve strong relationships with both Iwi to shape a better district.

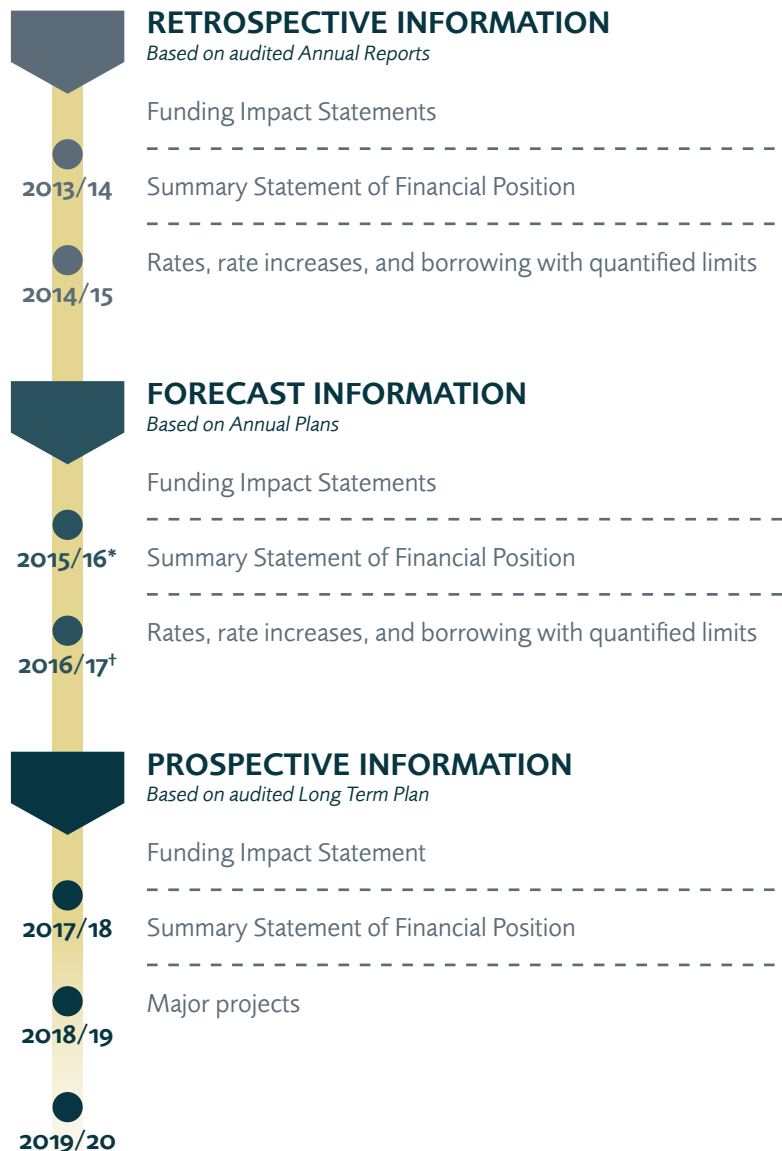
I hope this Pre-Election Report provides you with useful information about how your council is performing. It should be read in conjunction with other Council documents including our Long Term Plan, Annual Plan, Infrastructure Strategy and our Annual Reports.

Blair King  
**Chief Executive**

# What must be in this Report

The Local Government Act 2002 (LGA) sets out the minimum requirements for the content of the Pre-Election Report<sup>1</sup>. However, LGA allows reduced disclosures for chief executives of a local authority that has an ordinarily resident population of fewer than 20,000 people. Tararua district has an estimated 17,300 residents and has applied the reduced disclosures.

The disclosures required in the 2016 Pre-Election Report for Tararua District are summarised as follows:



\* The 2015/16 year is Year 1 of the 2015-2025 Long Term Plan that has been audited.

† This is Year 2 of the Long Term Plan and, due to changes in the Local Government Act, the Annual Plan is not required to be audited.

<sup>1</sup> Local Government Act 2002 Section 99A (1) and Clause 36 Schedule 10



# Council's Strategic Direction

The economy, technology and the way Council delivers services are likely to be very different in the future. Council aims to provide leadership and affordable services that help to build strong and resilient communities.

Council's vision and strategic focus for the district, as disclosed in our Long Term Plan, is:

## Council's Vision

*A growing and prosperous district providing a wide range of employment opportunities that is underpinned by highly efficient, capable and affordable infrastructure.*

## Council outcomes

The Outcomes are the link between the Vision and the Council activities, providing the focus for the group of activities and performance measures in the Long Term Plan.

### 1. Efficient Infrastructure

Highly efficient, fit for purpose and affordable rural and urban infrastructure.

### 2. Prosperous Economy

A strong, growing, prosperous local economy that attracts, welcomes and retains businesses and residents.

A district with a clear identity that promotes its lifestyle.

### 3. Collaborative Council

A council seen as a leader in community partnerships and collaboration to ensure services are delivered in the most effective and affordable way.

### 4. Great Lifestyle

Recreation facilities, heritage and public amenities that support an outstanding lifestyle.

### 5. Sustainable Environment

The district has a natural environment that is protected, preserved and enhanced for present and future generations.

## Strategic focus

Council's strategy is to continue the focus on core network infrastructure and financial prudence.

In the 2015-2025 Long Term Plan, additional emphasis was made to provide more focus on economic development and promotion to attract and retain residents and businesses in the district. This is seen as critical to the future prosperity of the district.

This strategic focus is summarised in the table opposite.

Refer to pages 15 to 17 of the 2014/15 Annual Report for the progress against the 2012-2022 Long Term Plan strategies.

Progress against the amended strategies in the 2015-2025 Long Term Plan will be reported in the 2015/16 Annual Report due out 31 August 2016.



## STRATEGIC FOCUS

The strategies that will move us closer to our vision.

STRATEGY 1	STRATEGY 2	STRATEGY 3
<p>Continued investment in core infrastructure to:</p> <ul style="list-style-type: none"> <li>▶ increase public safety in Council roads, footpaths, recreation facilities and public buildings;</li> <li>▶ build resilience in water, wastewater, stormwater, and roading networks;</li> <li>▶ improve our environment and meet our commitments to the Manawatu River Accord;</li> <li>▶ meet legally required performance standards.</li> </ul>	<p>Promoting and facilitating economic development through:</p> <ul style="list-style-type: none"> <li>▶ supporting and facilitating growth in local business;</li> <li>▶ building district identity;</li> <li>▶ promoting the district by telling our story;</li> <li>▶ providing business friendly and welcoming support for new residents and businesses.</li> </ul>	<p>Continued financial viability through sustainable growth and investment, including:</p> <ul style="list-style-type: none"> <li>▶ cost control;</li> <li>▶ affordability;</li> <li>▶ reducing financial and business risk;</li> <li>▶ financial sustainability (long-term financial health).</li> </ul>

Table 1 – Strategic Focus



# Capital Investment

Council's capital investment planned for the next three years is significant and is, on average, \$12.7 million per year. Capital investments in core infrastructure accounts for about 84% of the total for any given year and is consistent with Council's Vision and strategies.

Chart 1 shows Council's capital investments grouped into three categories: Roothing and Footpaths; the three waters (Water, Wastewater, and Stormwater); other (all other activities – e.g. Community Buildings, Parks and Reserves, Swimming Pools).

## Key Projects

The key projects and their budgets are detailed on pages 15 and 16 of this report. The following are some of the significant projects.

### Woodville Water Supply

Water for Woodville is sourced from an open stream into a storage dam or directly to the treatment plant. There have been water restrictions during summer months and issues in regards to water quality.

This project has been brought forward one year to the current year to ensure the Woodville community has a more resilient and secure drinking water supply.

### Pahiatua Town Centre Upgrade

Council will complete its town centre upgrade programme with the Pahiatua town centre upgrade planned to commence in 2017/18. The Eketahuna town centre upgrade will be completed this year.

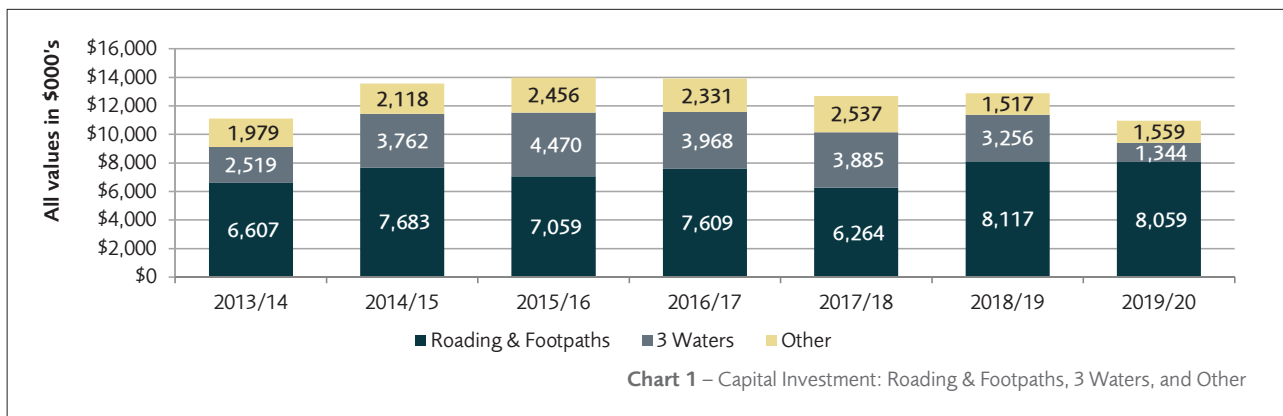
### Wastewater Projects

Council continues with the upgrade programme to meet its commitments under the Manawatu River Leaders' Accord, designed to improve the quality of our river systems, and to meet new discharge standards required to successfully renew our many wastewater discharge resource consents.

Council has spent \$8.1 million over the last three years and budgeted to spend another \$2.2 million in the current year and \$800,000 in the 2017/18 financial year.

### Saddle Road

The Manawatu/Hawkes Bay alternate route (Saddle Road) project, which receives a 100% subsidy from NZ Transport Agency, will be completed this year. Total subsidy received as at 30 June 2016 is \$4.5 million and a further \$1.45 million is budgeted this year.





# Financial Strategy Limits

## Rates Increases and Limits

The rates increases that we have experienced over the past years have been largely driven by:

- external cost increases such as fuel, energy and construction;
- lower tolerance of the adverse impacts on the environment from Council activities, e.g. sewerage treatment and discharges;
- increased compliance costs to meet new central government legislation; and
- significant capital investment in our infrastructure.

We continue to experience these challenges.

Council has focused on delivering upgraded services in partnership and collaboration with the community, regional organisations, and government agencies to maximise value from rates.

What this has meant is that Council has been able to achieve a declining rates increase in the last six years. The

table and graph below shows the rate increases (both actual and proposed) compared to the Local Government Cost Index and the limits in the Financial Strategy.

## External Debt

Council's net debt is well under the limits in the Financial Strategy. Managing its finance prudently has resulted in Council having a strong balance sheet and considerable flexibility and capacity to meet unforeseen financial impacts. Refer to Chart 3 (on next page).

Council's corresponding interest revenue and cost from its investment and external debt are shown in Chart 3.

Council has several strategies in place to reduce or maintain debt levels and obtain low interest rates:

- Committed Cash Advance Facilities that allow Council to draw down on the facility and repay quickly without incurring any additional charges. Interest on these facilities is calculated on daily closing balances.

	Actuals				Budgets				
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17*	2017/18†	2018/19†	2019/20†
Rates increase	4.26%	4.04%	3.37%	4.49%	2.92%	1.71%	3.52%	2.59%	2.45%
Local Government Cost Index	3.79%	3.79%	3.46%	3.17%	2.24%	2.45%	2.53%	2.61%	2.75%
Rates Limit in the Financial Strategy	5.79%	5.79%	5.46%	5.17%	4.24%	4.45%	4.53%	4.61%	4.75%

\* as per the Annual Plan

† Rates increase as in the Long Term Plan. The rates increase in 2016/17 is 1.2% lower than the Long Term Plan. As a result, if the rates requirement in 2017/18 remained the same, the rates increase will be 7.32%. A significant part of the increase is the compounded inflation adjustment.

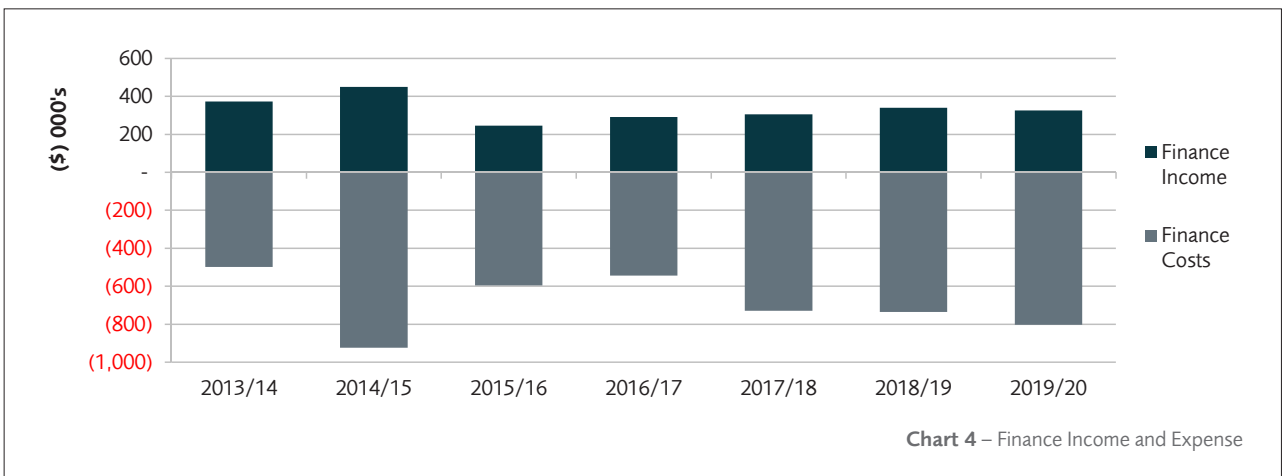
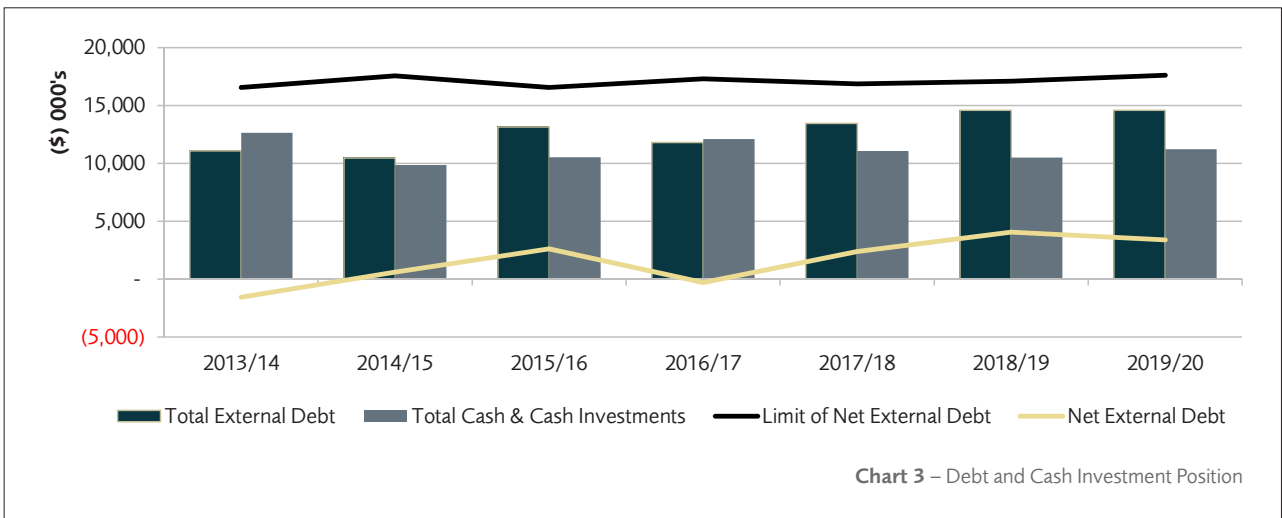
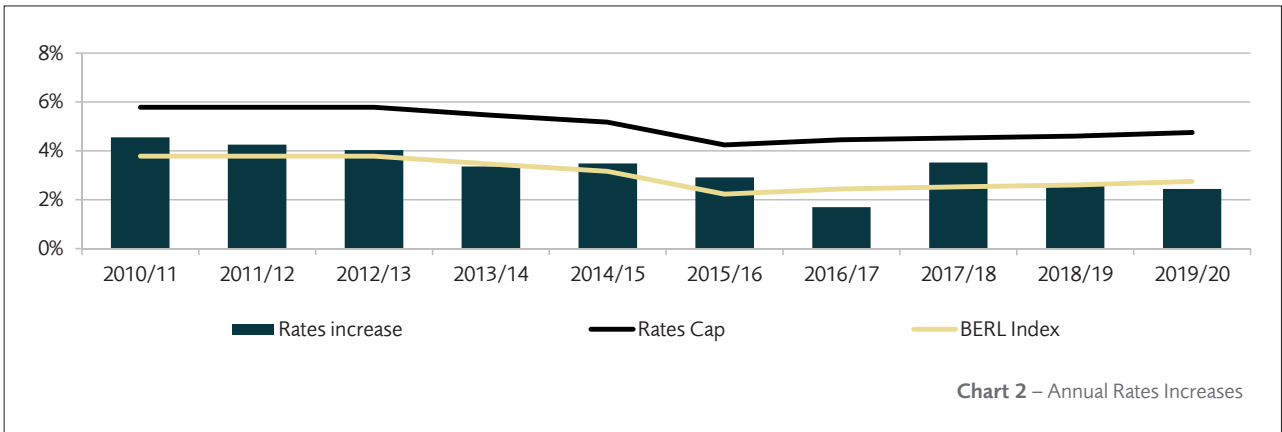
Table 2 – Rates Increases



- Using the Local Government Funding Agency (LGFA) as an alternate loan funding vehicle.
- Fixing portion of term debt with forward interest rates swaps. This strategy protects Council from higher interest rates over the course of the Long Term Plan when the Official Cash Rate is expected to increase.

- Repaying debt earlier with investment funds.
- Borrowing internally from depreciation reserves to reduce interest cost.

Graph 4 shows Council's interest income from its cash investments and interest costs from its external debt.







## Financial Ratios

Council operates a conservative balance sheet with low debt and associated cost.

Table 3 below shows the financial prudence benchmarks limits, and results. The table illustrates that the Council is operating well within the agreed limits, except for the balanced budget benchmark measures for the prospective years. Refer to page 28 of the 2015-2025 Long Term Plan for Council's reason for not having a balanced budget for these years.

Policy Ratios	Limits	2015/16 \$000's	2016/17 \$000's	2017/18 \$000's	2018/19 \$000's	2019/20 \$000's
<b>Rates affordability benchmark</b>						
Rates limit (\$000's)		20,921	21,475	22,234	23,033	23,660
Rates income (\$000's)		20,669	21,022	22,018	22,587	23,141
Increases limit		4.24%	3.90%	4.53%	4.61%	4.75%
Rates increases		2.98%	1.71%	3.52%	2.58%	2.45%
<b>Debt affordability</b>						
Net debt as a percentage of total revenue	Less than 50%	7.88%	-1.59%	7.08%	11.88%	9.60%
Net interest as a percentage of total revenue	Less than 7%	1.06%	0.73%	1.26%	1.16%	1.35%
Net interest as a percentage of annual rates income (debt secured under debenture)	Less than 10%	1.70%	1.20%	1.93%	1.76%	2.06%
Liquidity (external, term debt + committed loan facilities + available liquid investments to existing external debt)	Greater than 110%	218.18%	244.80%	219.41%	206.40%	211.06%
Balanced budget benchmark	Greater than 100%	100.74%	100.41%	97.13%	98.03%	98.45%
Essential services benchmark	Greater than 100%	128.79%	118.69%	105.75%	115.12%	92.07%
Debt servicing benchmark	Less than 10%	1.80%	1.57%	2.16%	2.15%	2.28%

**Table 3 – Comparison of Limits**

**Note:** All figures are from the Long Term Plan except for 2016/17, which is from the Annual Plan. Refer to the 2015-2025 Long Term Plan for description of each measure.



# Financial Performance and Forecast

## Basis of Preparation

This Pre-Election Report brings together information previously published in Council's Long Term Plan, Annual Plans, Annual Reports and associated summaries. It reflects the policies and strategies contained in the 2015-2025 Long Term Plan and service level decisions of the current council at that time.

The financial information contained in this Pre-Election Report has been compiled from the following sources:

- The financial information for years 2013/14 and 2014/15 has been extracted from the 2013/14 and 2014/15 Annual Reports, which have been audited by the Auditor General;
- The financial information for the 2015/16 and 2017/18 to 2019/20 years have been extracted from the 2015-2025 Long Term Plan, which has been audited by the Auditor General; and
- The financial information for the year 2016/17 is extracted from the 2016/17 Annual Plan.

## Accuracy of Information

There is no requirement for the Pre-Election Report to be separately audited. However, the majority of information in this report has already been audited, either as part of the 2015-2025 Long Term Plan, or Annual Reports for the financial years 2013/14 and 2014/15.

## Funding Impact Statements

The Local Government (Rating) Act 2002 and the Local Government Act 2002, requires each Council to prepare a Funding Impact Statement disclosing the revenue and financing mechanisms it intends to use.

This statement is prepared in a different format to most of the other financial statements and essentially sets out in a single statement, the sources of both the operating and capital funding for the services that Council provides.

The format of this statement has been prescribed in the legislation and does not have to meet the accounting requirements. The intention is that this new format will provide a more understandable picture of what Council is spending money on and how those expenditures are funded, namely:

- The sources of funding to be used.
- The amount of funds expected to be produced from each source.
- How the funds are to be applied.

This information can give a quick overview of trends in rates that are used to fund different activities.

The Funding Impact Statement should be read in conjunction with Council's Revenue and Financing Policy in Part 3 of the 2015-2025 Long Term Plan, which sets out Council's policies in respect of each source of funding of operating and capital expenses – i.e. the revenue and financing mechanisms to be used to cover the expenses of the Council.



# Financial Statements

## Statement of Cashflows

	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's	2016/17 \$000's	2017/18 \$000's	2018/19 \$000's	2019/20 \$000's
<b>Cash Flows from Operating Activities</b>							
<b>Cash was provided from:</b>							
Rates	19,454	19,702	21,176	21,022	22,457	23,046	23,614
Grants and subsidies	9,494	8,278	8,740	9,612	8,256	8,464	8,871
Fees, charges and other receipts (incl Donations)	3,642	2,706	2,501	2,986	2,492	2,142	2,203
Interest received	385	435	245	735	305	339	326
Dividends & subvention payments received	234	-	-	-	-	-	-
Other revenue	1,247	2,997	460	291	142	146	150
<b>Total</b>	<b>34,456</b>	<b>34,118</b>	<b>33,122</b>	<b>34,646</b>	<b>33,652</b>	<b>34,137</b>	<b>35,164</b>
<b>Cash was applied to:</b>							
Payments to staff & suppliers	19,442	21,974	21,236	22,162	22,104	22,188	22,715
Interest paid	363	509	596	544	729	736	803
GST payments	-	-	-	-	-	-	-
<b>Total</b>	<b>19,805</b>	<b>22,483</b>	<b>21,832</b>	<b>22,706</b>	<b>22,833</b>	<b>22,924</b>	<b>23,518</b>
<b>Net cash inflow (outflow) from operating activities</b>	<b>14,651</b>	<b>11,635</b>	<b>11,290</b>	<b>11,940</b>	<b>10,819</b>	<b>11,213</b>	<b>11,646</b>
<b>Cash Flows from Investing Activities</b>							
<b>Cash was provided from:</b>							
Proceeds from sale of fixed assets	36	39	-	173	3,368	-	-
Proceeds from investments realised	4,444	3,146	1,000	1,673	1,675	1,500	1,500
<b>Total</b>	<b>4,480</b>	<b>3,185</b>	<b>1,000</b>	<b>1,846</b>	<b>5,043</b>	<b>1,500</b>	<b>1,500</b>
<b>Cash was applied to:</b>							
Purchase of fixed assets	11,475	13,443	13,984	13,908	12,685	12,890	10,962
Purchase of investments	3,236	5,555	1,889	2,006	1,665	989	2,271
<b>Total</b>	<b>14,711</b>	<b>18,998</b>	<b>15,873</b>	<b>15,914</b>	<b>14,350</b>	<b>13,879</b>	<b>13,233</b>
<b>Net cash inflow (outflow) from investing activities</b>	<b>(10,231)</b>	<b>(15,813)</b>	<b>(14,873)</b>	<b>(14,068)</b>	<b>(9,307)</b>	<b>(12,379)</b>	<b>(11,733)</b>



	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's	2016/17 \$000's	2017/18 \$000's	2018/19 \$000's	2019/20 \$000's
<b>Cash Flows from Financing Activities</b>							
<b>Cash was provided from:</b>							
Proceeds from borrowings	7,356	5,000	3,583	2,130	-	3,130	2,024
Tenant contributions received	-	-	-	-	-	-	-
	<b>7,356</b>	<b>5,000</b>	<b>3,583</b>	<b>2,130</b>	<b>-</b>	<b>3,130</b>	<b>2,024</b>
<b>Cash was applied to:</b>							
Repayment of borrowings	6,500	6,000	-	-	1,535	2,000	2,000
	<b>6,500</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>1,535</b>	<b>2,000</b>	<b>2,000</b>
<b>Net cash inflow (outflow) from financing activities</b>	<b>856</b>	<b>(1,000)</b>	<b>3,583</b>	<b>2,130</b>	<b>(1,535)</b>	<b>1,130</b>	<b>24</b>
<b>Net increase (decrease) in cash held</b>	<b>5,276</b>	<b>(5,178)</b>	<b>-</b>	<b>2</b>	<b>(24)</b>	<b>(37)</b>	<b>(64)</b>
Total cash resources at start of the year	4,242	9,518	4,340	4,340	3,488*	3,462	3,424
<b>Total cash resources at end of the year</b>	<b>9,518</b>	<b>4,340</b>	<b>4,340</b>	<b>4,342</b>	<b>3,464</b>	<b>3,425</b>	<b>3,360</b>

\* Total cash resource at start of the year for 2017/18 is different to the closing balance for 2016/17, as it reflects the balance published in the 2015-2025 Long Term Plan.



## Summary Statement of Financial Position

	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's	2016/17 \$000's	2017/18 \$000's	2018/19 \$000's	2019/20 \$000's
<b>Assets</b>							
<b>Current Assets</b>							
Financial assets	16,490	15,077	14,405	15,989	15,137	14,689	15,501
Other current assets	453	272	91	91	91	91	91
<b>Total Current Assets</b>	<b>16,943</b>	<b>15,349</b>	<b>14,496</b>	<b>16,080</b>	<b>15,228</b>	<b>14,780</b>	<b>15,592</b>
<b>Non-Current Assets</b>							
Other non-current assets	879,974	881,855	898,196	900,049	930,230	952,560	976,562
Financial assets	284	276	257	257	257	257	257
<b>Total Non-Current Assets</b>	<b>880,258</b>	<b>882,131</b>	<b>898,453</b>	<b>900,306</b>	<b>930,487</b>	<b>952,817</b>	<b>976,819</b>
<b>Total Assets</b>	<b>897,201</b>	<b>897,480</b>	<b>912,949</b>	<b>916,386</b>	<b>945,715</b>	<b>967,597</b>	<b>992,411</b>
<b>Liabilities</b>							
<b>Current Liabilities</b>							
Other current liabilities	4,015	4,693	4,015	4,673	4,176	4,255	4,305
Borrowings	6,000	1,000	-	-	860	2,000	2,000
<b>Total Current Liabilities</b>	<b>10,015</b>	<b>5,693</b>	<b>4,015</b>	<b>4,673</b>	<b>5,036</b>	<b>6,255</b>	<b>6,305</b>
<b>Non-Current Liabilities</b>							
Other non-current liabilities	1,434	1,396	1,434	1,390	764	767	770
Borrowings	5,087	9,482	13,142	11,820	12,595	12,584	12,608
<b>Total Non-Current Liabilities</b>	<b>6,521</b>	<b>10,878</b>	<b>14,576</b>	<b>13,210</b>	<b>13,359</b>	<b>13,351</b>	<b>13,378</b>
<b>Total Liabilities</b>	<b>16,536</b>	<b>16,571</b>	<b>18,591</b>	<b>17,883</b>	<b>18,395</b>	<b>19,606</b>	<b>19,683</b>
<b>Equity</b>							
Retained earnings	350,455	346,912	348,816	352,366	344,113	342,354	339,506
Other reserves	530,211	533,998	545,542	546,138	583,206	605,637	633,221
<b>Total Equity</b>	<b>880,666</b>	<b>880,910</b>	<b>894,358</b>	<b>898,504</b>	<b>927,319</b>	<b>947,991</b>	<b>972,727</b>
<b>Total Liabilities &amp; Equity</b>	<b>897,201</b>	<b>897,480</b>	<b>912,949</b>	<b>916,386</b>	<b>945,715</b>	<b>967,597</b>	<b>992,411</b>



# Funding Impact Statement

	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's	2016/17 \$000's	2017/18 \$000's	2018/19 \$000's	2019/20 \$000's
<b>Sources of Operating Funding</b>							
General rates, uniform annual general charges, rates penalties	5,183	5,978	6,617	6,730	7,019	7,010	7,084
Targeted rates (other than a targeted rate for water supply)	14,223	14,105	14,052	14,291	15,541	16,135	16,634
Subsidies and grants for operating purposes	4,087	3,876	3,912	4,006	4,183	4,350	4,474
Fees, charges, and targeted rates for water supply	2,928	2,956	3,008	2,986	2,492	2,142	2,203
Interest and dividends from investments	604	450	245	291	305	339	326
Local authorities fuel tax, fines, infringement fees, and other receipts	1,249	2,149	460	735	142	146	150
<b>Total operating funding (A)</b>	<b>28,274</b>	<b>29,514</b>	<b>28,294</b>	<b>29,039</b>	<b>29,682</b>	<b>30,122</b>	<b>30,871</b>
<b>Applications of Operating Funding</b>							
Payments to staff and suppliers	19,768	23,092	21,235	22,162	22,182	22,251	22,756
Finance Costs	498	923*	596	544	729	736	803
<b>Total applications of operating funding (B)</b>	<b>20,266</b>	<b>24,015</b>	<b>21,831</b>	<b>22,706</b>	<b>22,911</b>	<b>22,987</b>	<b>23,559</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>8,008</b>	<b>5,499</b>	<b>6,463</b>	<b>6,333</b>	<b>6,771</b>	<b>7,135</b>	<b>7,312</b>
<b>Sources of Capital Funding</b>							
Subsidies and grants for capital expenditure	4,877	5,628	4,828	5,606	4,072	4,114	4,397
Increase (decrease) in debt	856	(605)	3,583	2,126	(860)	1,130	24
Gross proceeds from sale of assets	36	-	-	173	3,368	-	-
Other dedicated capital funding	-	829	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>5,769</b>	<b>5,852</b>	<b>8,411</b>	<b>7,905</b>	<b>6,580</b>	<b>5,244</b>	<b>4,421</b>
<b>Applications of Capital Funding</b>							
Capital expenditure							
- to meet additional demand	-	-	23	82	28	58	-
- to improve the level of service	3,468	6,232	6,117	6,327	4,709	3,468	2,446
- to replace existing assets	7,625	7,329	7,845	7,499	7,949	9,364	8,516
Increase (decrease) in reserves	(1,810)	(2,210)	889	1,830	665	(511)	771
Increase (decrease) of investments	4,494	-	-	(1,500)	-	-	-
<b>Total applications of capital funding (D)</b>	<b>13,777</b>	<b>11,351</b>	<b>14,874</b>	<b>14,238</b>	<b>13,351</b>	<b>12,379</b>	<b>11,733</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(8,008)</b>	<b>(5,499)</b>	<b>(6,463)</b>	<b>(6,333)</b>	<b>(6,771)</b>	<b>(7,135)</b>	<b>(7,312)</b>
<b>Funding Balance ((A-B)+(C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

\* Finance cost includes a fair value movement of derivative of \$395,000 in 2014/15.

# Capital Projects

The following table only lists the major projects Council has budgeted in the relevant years of the Long Term Plan and Annual Plan.

## Major Capital Projects: Level of Service

Activity Description	Total	2016/17 \$000's	2017/18 \$000's	2018/19 \$000's	2019/20 \$000's
<b>Community Buildings</b>					
Community buildings earthquake strengthening	610	384	226	-	-
<b>Community Buildings Total</b>	<b>610</b>	<b>384</b>	<b>226</b>	<b>-</b>	<b>-</b>
<b>Footpaths</b>					
Pahiatua Main Street upgrade	2,905	-	52	1,592	1,261
<b>Footpaths Total</b>	<b>2,905</b>	<b>-</b>	<b>52</b>	<b>1,592</b>	<b>1,261</b>
<b>Roading</b>					
Minor safety improvements	2,515	601	623	638	653
Saddle Road upgrade	1,455	1,455			
<b>Roading Total</b>	<b>3,970</b>	<b>2,056</b>	<b>623</b>	<b>638</b>	<b>653</b>
<b>Stormwater Drainage</b>					
Dannevirke Allardice Street diversion	399	-	-	-	399
District stormwater management	800	800	-	-	-
<b>Stormwater Drainage Total</b>	<b>1,199</b>	<b>800</b>	<b>-</b>	<b>-</b>	<b>399</b>
<b>Swimming Pools</b>					
Eketahuna pool replacement	526	-	526	-	-
Pahiatua pool replacement	513	-	513	-	-
<b>Swimming Pools Total</b>	<b>1,039</b>	<b>-</b>	<b>1,039</b>	<b>-</b>	<b>-</b>
<b>Wastewater</b>					
Dannevirke Disposal to Land	481	-	481	-	-
Eketahuna Wastewater Treatment upgrade	810	810	-	-	-
<b>Wastewater Total</b>	<b>1,291</b>	<b>810</b>	<b>481</b>	<b>-</b>	<b>-</b>
<b>Water Supplies</b>					
Pongaroa Town Water supply	500	500	-	-	-
Woodville Water Storage	2,000	2,000	-	-	-
<b>Water Supplies Total</b>	<b>2,500</b>	<b>2,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Level of Service Grand Total</b>	<b>13,514</b>	<b>6,550</b>	<b>2,421</b>	<b>2,230</b>	<b>2,313</b>



## Major Capital Projects: Renewals

	Total	2016/17 \$000's	2017/18 \$000's	2018/19 \$000's	2019/20 \$000's
<b>Roading</b>					
Drainage Renewals	511	511	-	-	-
Pavement Rehabilitation	7,131	1,704	1,766	1,808	1,853
Sealed Road Resurfacing	9,941	2,375	2,461	2,521	2,584
Unsealed Road Metal Overlay	2,406	575	596	610	625
<b>Roading Total</b>	<b>19,989</b>	<b>5,165</b>	<b>4,823</b>	<b>4,939</b>	<b>5,062</b>
<b>Support Activities</b>					
Information Services Hardware Renewals	328	306	11	-	11
Information Services Software Renewals	765	84	160	257	264
Vehicle Replacement	955	239	215	223	278
<b>Support Activities Total</b>	<b>2,048</b>	<b>629</b>	<b>386</b>	<b>480</b>	<b>553</b>
<b>Wastewater</b>					
District Wide Mains Replacement - Wastewater	1,017	-	321	331	365
Wastewater treatment membrane cassettes	1,710	500	-	1,210	
<b>Wastewater Total</b>	<b>2,727</b>	<b>500</b>	<b>321</b>	<b>1,541</b>	<b>365</b>
<b>Water Supplies</b>					
District Wide Mains Replacement - Water	1,402	315	347	364	376
<b>Water Supplies Total</b>	<b>1,402</b>	<b>315</b>	<b>347</b>	<b>364</b>	<b>376</b>
<b>Renewals Grand Total</b>	<b>26,166</b>	<b>6,609</b>	<b>5,877</b>	<b>7,324</b>	<b>6,356</b>

## Total Capital Expenditure

	Total	2016/17* \$000's	2017/18 \$000's	2018/19 \$000's	2019/20 \$000's
Growth	168	82	28	58	-
Level of Service	16,950	6,327	4,709	3,468	2,446
Renewal	33,328	7,499	7,949	9,364	8,516
<b>Total Capital Expenditure</b>	<b>50,446</b>	<b>13,908</b>	<b>12,686</b>	<b>12,890</b>	<b>10,962</b>

\* The 2016/17 figures are based on the 2016/17 Annual Plan.



# Glossary

**Activity** The operation of a facility or the provision of a service.

**Annual Plan** The plan that sets out what the council will be working to achieve in a financial year, how it will spend its money, the level of service to be provided, and the level of rates and other revenue required to fund that spending.

**Annual Report** The document that tracks the council's yearly performance and reports against the relevant annual plan.

**Capital: Level of Service** Is the creation of new assets or the addition of new components to existing assets that extend any asset's service potential.

**Capital: Renewal** Is the replacement of existing assets when they have reached the end of their useful life.

**Capital: Growth** Is the creation of new assets to meet increased demand.

**Council-Controlled Organisation (CCO)** Any organisation in which one or more local authorities own or control 50 per cent or more of the voting rights or have the right to appoint 50 per cent or more of the directors of the organisation.

**Council-Controlled Trading Organisation (CCTO)**  
A council-controlled organisation that operates a trading undertaking for the purpose of making a profit, formerly known as a Local Authority Trading Enterprise (LATE).

**Funding Impact Statement (FIS)** Written information that sets out the funding mechanisms that a local authority will use, their level, and the reason for their selection in terms of the principles of financial management.

**Subsidies and Grants** Revenue received from an external agency to help fund an activity or service that the council provides.

**Groups of Activities** Council's services are divided into eight groups of activities based on their relationship and the rationale for providing them.

**Infrastructural Assets** Fixed utility systems that provide a continuing service to the community that are not generally regarded as tradeable. These assets include roads, water and sewerage services and stormwater systems.

**Local Government Act 2002 (LGA 2002)** Refers to the Local Government Act 2002 that defines the powers and responsibilities of territorial local authorities such as the council.

**Long Term Plan** A plan, covering at least 10 years, adopted under section 93 of the Local Government Act 2002, that describes the activities the local authority will engage in over the life of the plan, why the local authority plans to engage in those activities and how those activities will be funded.

**Operational Expenditure** All funding for providing services on a day-to-day basis, excluding renewal and capital expenditure.

**Operating Funding** Revenue received as part of day-to-day activities. Includes user charges and rates but not capital revenue (such as new loans).

**Rates** A charge against the property to help fund services and assets that the council provides.

**Targeted Rates** A targeted rate is used to fund activities where the local authority considers the cost should be met by particular groups of ratepayers, or that there is some other benefit in funding these outside the general rate.

**Service Levels** The defined service parameters or requirements for a particular activity or service areas against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.