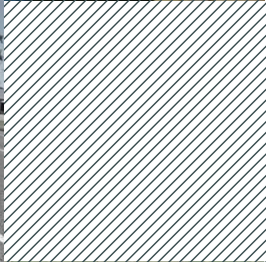
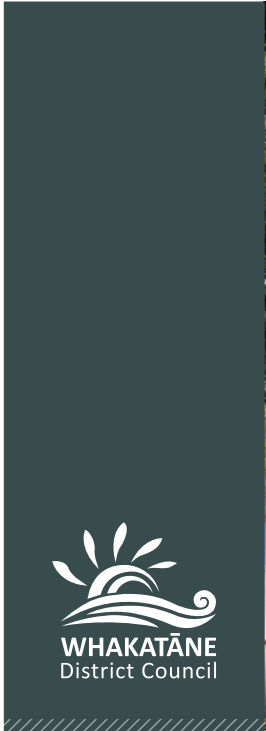


WHAKATĀNE DISTRICT COUNCIL PRE-ELECTION REPORT 2013



IMPORTANT ELECTION DATES

16 August 2013

Candidate nominations close (12 noon)
Electoral roll closes

28 August 2013

Public notice of elections and candidates

20-25 September 2013

Voting documents delivered

12 October 2013 - Election Day

Voting closes (12 noon)
Preliminary results announced (2pm)

14-23 October 2013

Final results declared

29 October 2013

Elected members sworn in

BASIS OF PREPARATION

Preparation of the Pre-Election Report and its timing are requirements of the Local Government Act 2002. The information contained in the report is not required to be independently audited. However, much of the information has been drawn from sources which have already been audited. Forecast financial information contained within this report has been adjusted for inflation.

Whakatāne District Council

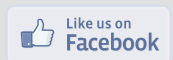
Civic Centre, Commerce Street, Whakatāne
Private Bag 1002, Whakatāne 3158

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Phone: 07 306 0500

Fax: 07 307 0718

Website: www.whakatane.govt.nz



Service Centre Murupara

Pine Drive, Murupara

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Fax: 07 366 5897



INTRODUCTION *from the Chief Executive*

Welcome to the Whakatāne District Council's Pre-Election Report 2013. The purpose of this report is to provide information to voters and election candidates prior to the 2013 local body elections.

The report includes a high-level overview of the Council's recent performance, priorities, financial situation and direction. It also aims to promote public discussion about the opportunities, challenges and issues that the coming three years will present.

Information has been sourced from the Council's Long Term Plan 2012-22, Annual Plan 2013/14 and Annual Reports for the 2010/11 and 2011/12 years. Financial information for the 2012/13 year is based on the best available estimates at the time of publication.

The Pre-Election Report should not be seen as a stand-alone document. Greater detail about many of the matters discussed is available in our strategy, planning and reporting documents. These can be obtained from our website or Council offices. Readers should also feel free to contact my staff at the Council if further information is required.

Marty Grenfell
CHIEF EXECUTIVE
2 August 2013

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KEY STRATEGIC DOCUMENTS	06	INDICATIVE FUNDING IMPACT STATEMENT	16
PAST & PRESENT PRIORITIES	08	STATEMENT OF CASH FLOWS	17
FUTURE MAJOR PROJECTS	10	SUMMARY STATEMENT OF FINANCIAL POSITION	18
EXPENDITURE & REVENUE	12		



WHO WE ARE & WHAT WE DO

Our Role

The Whakatāne District Council delivers 48 internal and external activities under 12 activity groups and manages approximately \$630 million worth of community assets. The total annual cost of delivering those activities is typically around \$55 million in operating costs and \$15 million in capital costs.

Council activities make an important contribution to our lifestyles, providing essential services and recreational opportunities that are used by the community every day.

Many Council functions are guided by legislation, including the Local Government Act 2002, the Resource Management Act 1991 and the Local Government (Rating) Act 2002. Within this framework, there is a considerable degree of flexibility in deciding what activities are undertaken and how they are carried out.

The elected Council representatives are responsible for making key policy decisions that guide our activities and provide the direction for our District's future.

Our Purpose

The purpose of a local authority is defined under section 10 of the Local Government Act 2002. This states that the purpose of local government is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To meet the current and future needs of the communities for good-quality local infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Mayor and Councillors

The Whakatāne District Council consists of the Mayor, elected by the District at large, and 10 Councillors, elected from four wards. The wards and number of councillors elected from each are: Galatea-Murupara (1), Rangitaiki (3), Tāneatua-Waimana (1) and Whakatāne-Ōhope (5). The Mayor and Councillors are elected to govern, make decisions and manage the interests of our District on behalf of everyone who lives here.

Community Boards

Supporting the Council are five Community Boards. Each Board has six members elected by its community. In addition, each board has one appointed District Councillor member from the same area. Community Boards provide a link between the Council and the community. Our Community Boards are Murupara, Ōhope Beach, Rangitaiki, Tāneatua and Whakatāne.

A review of Council's governance and representation arrangements is due to be undertaken in 2014. This process will consider the number of elected representatives, their electoral areas (wards), and specific provisions for Māori representation.

Chief Executive and Staff

The role of the Chief Executive is to lead the Council's administration and service delivery operations to fulfil the direction set by the elected members. The Chief Executive is responsible for all of the staff employed by the Whakatāne District Council.

The organisation is structured to facilitate the delivery of core services including:

- » Strategy, regulatory and planning functions;
- » Infrastructure services; and
- » Community and economic development functions.

As at 30 June 2013, the Council employed a total of 172 full-time equivalent staff.



KEY STRATEGIC DOCUMENTS

The Long Term Plan

The Long Term Plan, (LTP) provides an overview of Council’s direction, priorities and work programme for the next 10 years. It sets out the projects and services the Council intends to deliver for the community, the cost of undertaking that work, how it will be paid for, how finances will be managed and how performance will be monitored.

The current LTP covers the period 2012-22. To ensure it stays relevant, the LTP is reviewed every three years.



During the 2014/15 year the Council will provide direction on the development of the next Long Term Plan covering 2015-25. This includes making decisions on priorities, levels of service and key projects and budgets.

Annual Plan

In each of the two years between LTPs, an Annual Plan is produced. This allows for any adjustments which need to be made and provides an updated programme for the year ahead.

Annual Report

At the end of each financial year, the Council produces an Annual Report. This sets out what has been achieved during the year in terms of financial performance and the services and projects delivered.



District Plan

The District Plan sets out the rules that Council will apply to manage the way land is used, subdivided and developed in the district. It identifies where activities can take place (e.g. zones), how land can be developed and what features (such as landscapes) should be protected.

The Council is currently undertaking a major review of the District Plan to take account of new legislation and changing community needs. A major focus of the Proposed Plan is to enable growth and development, while protecting the natural and cultural values that make the Whakatāne District special. At the time of writing, the Proposed Plan had been notified and is open for consultation and submissions until 13 September 2013.

From early 2014, a District Plan Hearings Committee, comprising appointed commissioners, will consider submissions and make decisions on the proposed District Plan provisions.

Other important documents

A number of other strategies, plans and policies outline the Council's position, direction and priorities in relation to specific matters. Some examples are:

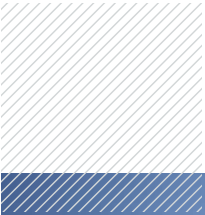
- » Asset Management Plans
- » Community Strategy
- » Whakatāne Urban Growth Strategy
- » Revenue and Financing Policy
- » Sustainability Strategy
- » Walking and Cycling Strategy
- » Waste Management and Minimisation Plan
- » Whakatāne Town Vision Plan

Information about these, and other strategies, plans and policies, are available from Council offices and on our website.



PAST & PRESENT PRIORITIES

The following commentary provides an overview of the Council's priorities as set out in the past three Long Term Plans.



2012 – 2015

*Under the 2012-2022
Long Term Plan (current)*

The affordability of rates is a major focus of the current Long Term Plan. As a result, the Council has adopted conservative limits for rates increases and debt. This limits Council's ability to invest in new projects or improved levels of service, except in instances where substantial funding is available from sources other than rates.

Priorities of the current Long Term Plan include a stronger stance to support business growth and development, and undertaking projects to improve the level of protection from flood events. Some projects from the previous term continue to be progressed, including a sewerage reticulation scheme for Matatā.

Major legislative changes affecting the local government sector are expected during the current Long Term Plan period. These include changes to the Local Government Act 2002, the Resource Management Act 1991 and others.

2009 – 2012

*Under the 2009-2012
Long Term Plan (superseded)*

A substantial update of asset management plans identified the need for significant investment in the District's infrastructure. A large catch-up programme was initiated in particular for water, wastewater and stormwater assets.

Other major projects included repairs to the District Aquatic Centre, the development of the Library and Exhibition Centre, changes in solid waste activities following the closure of the Whakatāne Landfill, investigating a solution for the management of sewerage disposal in Matatā, and continuing disaster mitigation projects from the previous term.

Localised flood events in 2010, 2011 and 2012 resulted in unbudgeted response and recovery costs.

2006-2009

*Under the 2006-2016
Long Term Plan (superseded)*

The priorities of this era were dominated by the response to the major flood events of 2004 and 2005. This included planning and starting construction of flood mitigation works predominantly in Matatā, but also in Edgecumbe, Whakatāne and Ōhope. Economic Development was also a key feature, resulting in a number of growth and development plans and strategies being commissioned.



FUTURE MAJOR PROJECTS

The next two pages provide an overview of the major projects which are planned for the 2014/15, 2015/16 and 2016/17 years, running from 1 July 2014 through to 30 June 2017.

During this three-year period, the Council has budgeted for a total capital expenditure programme of \$66.43 million. About half of this programme involves replacement of existing infrastructure and assets (either in whole or part) to maintain the quality

of the services delivered. These are called ‘renewals’. The remaining portion provides largely for projects that will improve our services. Only a very small portion of the budget caters for growth in demand.

An overview of the major renewal and improvement programmes is outlined in Figure 1 below. This indicates the total budget over three years for the groups of activities where substantial capital expenditure is planned.

Figure 1: Major renewals and improvements programmes 2014/15 – 2016/17

MAJOR RENEWALS PROGRAMMES	BUDGET ¹
Roads and Footpaths group	\$14.42 million
Recreation and Community Facilities group	\$6.02 million
Corporate Activities group	\$3.78 million
Water Supply group	\$1.99 million
Sewage Treatment and Disposal group	\$1.84 million
Stormwater group	\$1.48 million
MAJOR IMPROVEMENTS PROGRAMMES	
Roads and Footpaths group	\$10.05 million
Sewage Treatment and Disposal group	\$9.20 million
Stormwater group	\$6.91 million
Water Supply group	\$5.03 million
Recreation and Community Facilities group	\$1.76 million

¹ Total budget over three financial years 2014/15 – 2016/17

Major capital projects planned to be undertaken or started during the three years 2014/15, 2015/16 and 2016/17 are outlined in Figure 2 below. A more detailed list of capital projects can be found in the LTP 2012-22. In addition to the projects listed, a number of other major projects are being investigated. These include:

- » Waste management and disposal (including options for a composting plant)
- » Whakatāne water supply security
- » Plains water supply security and reticulation
- » Whakatāne River navigation improvements
- » Route security

Figure 2: Major capital projects planned for 2014/15 – 2016/17

PROJECT	TIMEFRAME	BUDGET ²
Sewage treatment plant and reticulation Matatā	2012-16	\$10.85 million ^{3*}
Flood mitigation improvements Whakatāne		
- Alexander Avenue/Douglas Street area	2012-15	\$725,000
- Wainui Te Whara Stream urban catchment	2013-15	\$1.45 million
- McAlister/Pohutu/Bracken Street area	2012-15	\$1.37 million
- Kirk Street area	2014-15	\$450,000
- Hinemoa Street and pump station	2013-14	\$450,000
- Henderson Street area	2012-14	\$100,000
- Further Whakatāne upgrades	2015-22	\$8.36 million
Stormwater upgrades Ōhope	2012-22	\$3.62 million
Edgecumbe water supply and mains upgrade	2012-18	\$2.35 million*
Plains water supply and mains upgrade	2016-21	\$4.50 million
Ōhope Waste Water Treatment Plant upgrade	2012-16	\$1.55 million
Landing Road roundabout reconstruction	2014-16	\$750,000*
Thornton Road realignment and seal widening	2014-22	\$4.30 million*
Wainui Road seal widening	2015-22	\$1.40 million*
Whakatāne main wharf replacement	2015-22	\$4.50 million
Port Ōhope wharf and site upgrade	2015-20	\$1.69 million
Civic Centre earthquake strengthening	2014-18	\$2.14 million

² This is the total project budget over the timeframe specified.

³ The budget for this project has changed from that included in the LTP 2012-22.

*Major subsidy funding expected towards the costs of this project.

EXPENDITURE & REVENUE

Operating Expenditure

Operating expenditure pays for the delivery of Council services, maintaining existing assets, or other spending which does not buy or build a new asset. It also covers interest repayments on loans (see next page for capital costs and borrowing), depreciation and losses on revaluation.

The graph below shows Council's operating expenditure over the three years prior to the 2013 local body elections and what is currently planned for the three years following the elections, based on LTP forecasts.

The largest activities in terms of operating expenditure include Roads and Footpaths, Recreation and Community Facilities and Waste.

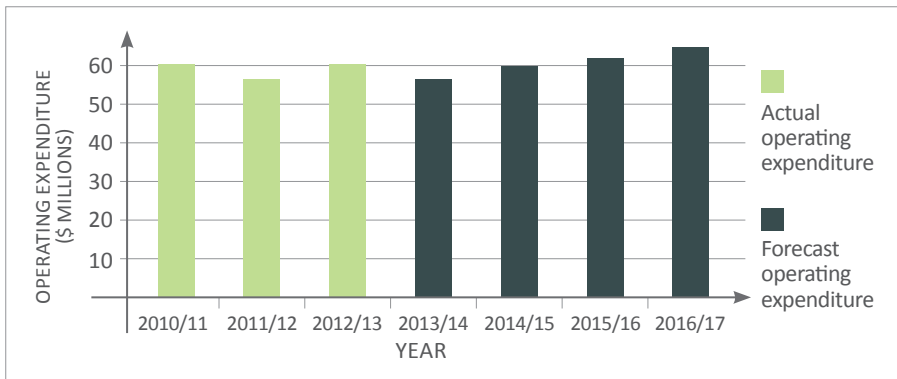
Sources of income

Rates income has been, and will continue to be the main source of funding for the Council for the years between 2010/11 and 2016/17. During that period, rates account for between 57% and 62% of revenue in any given year. Other major sources are fees and charges and external subsidies and grants.

Wherever possible, the Council seeks funding from external sources like the Ministry of Health, New Zealand Transport Agency, the Lotteries Commission and others.

Detailed information about budgets can be found in the LTP 2012-22.

Figure 3: Operating Expenditure 2010/11 – 2016/17



Limit on Rates Increases

The Council has set a limit for rates increases, which states that the increase in any year will be no more than the Local Government Cost Index (LGCI), plus two percent. This limit came into effect from 1 July 2012.

It is important to remember that the limit applies to the average rates increase across the District and that some individual properties are likely to see higher or lower changes in any given year.

The graph below shows the limits that apply for the five years until 30 June 2017. It also shows the actual average rates increases over the three years prior to the 2013 local body elections and the estimated increases for the three years following the elections, based on LTP forecasts.



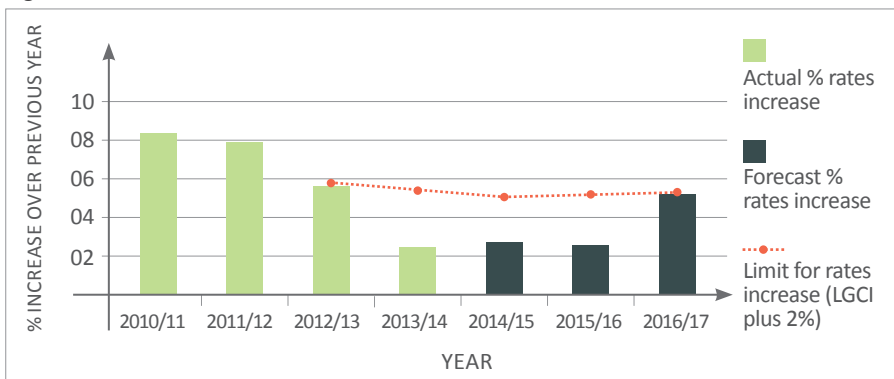
About the LGCI

Just as the costs of running your household increase every year with inflation, the cost of providing Council services also increases over time. This is because costs like energy, labour and construction generally increase, which affects how much it costs to deliver services to you. How changes in the price of goods and services affect local government is measured by the Local Government Cost Index (LGCI).

An increase in the LGCI means that even if Council continues to provide exactly the same services every year, the cost of those services is also likely to increase.



Figure 4: Rates Increases 2010/11 – 2016/17



CAPITAL COSTS & BORROWING

Capital Expenditure

Capital Expenditure pays for buying or building new assets, renewing an existing asset or improving an existing asset to deliver a better service.

The graph below shows Council’s capital expenditure over the three years prior to the 2013 local body elections and what is currently planned for the three years following the elections, based on LTP forecasts.

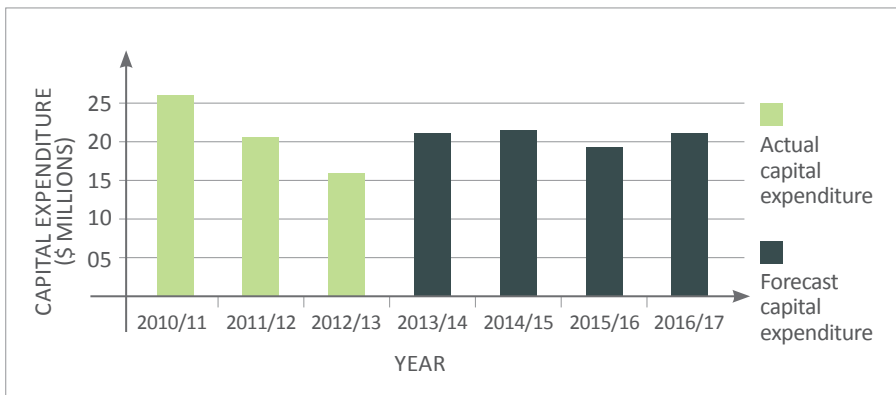
The largest activities in terms of capital expenditure include Roads and Footpaths, Sewage Treatment and Disposal, Stormwater Drainage, Water Supply, and Recreation and Community Facilities.

Information about specific projects is available on pages 10-11 of this report.

Funding of capital expenditure

Most of Council’s capital expenditure is funded by loans and depreciation reserves. Generally speaking, new assets are funded by loans, which spreads the cost over time so that future ratepayers are also contributing to the assets they are benefitting from. Depreciation reserves are funds that are built up during the life of existing assets, so they can be renewed when necessary.

Figure 5: Capital Expenditure 2010/11 – 2016/17



Current debt level

The Council’s current total debt, as at 30 June 2013, is \$58.29 million. This includes external debt from lending institutions, such as banks, and internal debt borrowed from our own reserves, such as the Harbour Fund.

An analysis undertaken in the Long Term Plan 2012-22 shows that debt levels are consistent with, or lower than that of many councils around New Zealand.

The Council has set limits for the total amount of debt, and for the amount of rates income that can be used for interest repayments. Those limits came into effect from 1 July 2012.

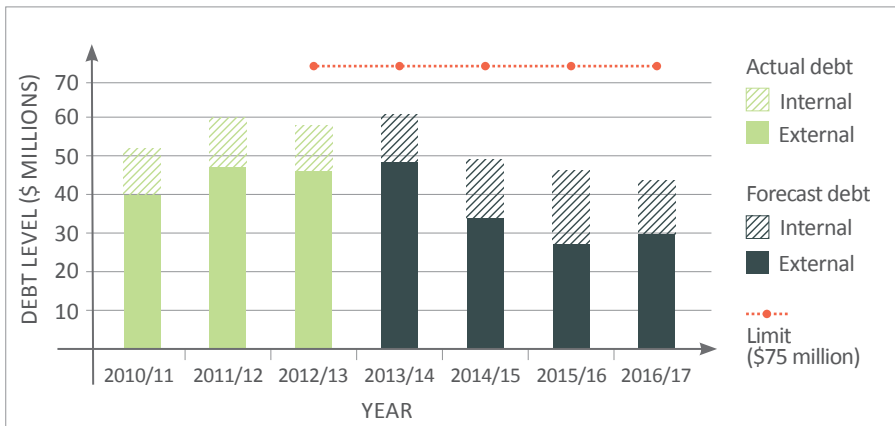
Limits on debt

The Council has set a limit on total debt at \$75 million. This includes both internal and external debt.

The graph below shows Council’s debt profile over the three years prior to the 2013 local body elections and what is currently planned for the three years following the elections, based on LTP forecasts.

The Council has also limited the amount of rates that can be used for interest repayments to no more than 12% of total rates income. Given that interest rates vary from year to year, this provides ratepayers with certainty about the impact that debt will have on their rates.

Figure 6: Debt profile 2010/11 – 2016/17



INDICATIVE FUNDING IMPACT STATEMENT

LTP FORECAST - \$'000

2014/15	2015/16	2016/17
---------	---------	---------

OPERATIONAL			
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	16,429	16,224	16,762
Targeted rates (other than a targeted rate for water supply)	20,214	21,372	22,709
Subsidies and grants for operating purposes	3,167	3,146	3,179
Fees, charges, and targeted rates for water supply**	11,225	11,666	12,152
Interest and dividends from investments	60	70	50
Local authorities fuel tax, fines, infringement fees, and other receipts	2,283	2,312	2,521
Total operating funding (A)	53,378	54,790	57,373
Applications of operating funding			
Payments to staff and suppliers	37,500	38,669	40,345
Finance costs	2,768	2,396	2,094
Other operating funding applications	451	463	475
Total applications of operating funding (B)	40,719	41,528	42,914
Surplus (deficit) of operating funding (A-B)	12,659	13,262	14,459
Sources of capital funding			
Subsidies and grants for capital expenditure	8,671	5,399	4,977
Development and financial contributions	500	515	534
Increase (decrease) in debt	(12,060)*	(6,895)*	3,233
Gross proceeds from sale of assets	12,811	8,289	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	9,922	7,308	8,744
Applications of capital funding			
Capital expenditure			
- to meet additional demand	54	327	608
- to improve level of service	14,339	10,140	9,887
- to replace existing assets	8,476	10,719	13,232
Increase (decrease) in reserves	(288)	(617)	(525)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	22,581	20,569	23,202
Surplus (deficit) of capital funding (C-D)	(12,659)	(13,261)	(14,458)
Funding Balance ((A-B) + (C-D))	-	-	-

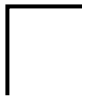
* retirement of debt funded by sale of surplus land

** targeted rates for water supply include volumetric charges only

STATEMENT OF CASH FLOWS

As at 30 June

	ACTUAL		ESTIMATED
	2010/11	2011/12	2012/13
	\$000		
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Rates	31,949	36,161	35,673
Government Grants	11,416	11,102	6,514
GST (net)	(1,098)	(1,245)	(1,406)
Receipts from Customers	15,122	10,093	15,890
Interest	46	7	15
Payments to Suppliers and Employees	(38,734)	(32,846)	(32,645)
Movement in Agency Accounts	(4,726)	(5,164)	(6,391)
Interest Paid	(2,049)	(2,555)	(2,720)
Net Cash Flows from Operating Activities	11,926	15,552	14,930
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of Property, Plant and Equipment	18	1,142	502
Purchase of Property, Plant and Equipment	(26,020)	(23,012)	(15,790)
Purchase of Investments	-	(33)	(100)
Net Cash Flows from Investing Activities	(26,002)	(21,903)	(15,388)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term Loans Raised	42,600	58,620	26,400
Term Loan Repayments	(28,240)	(51,685)	(27,443)
Net Cash Flows from Financing Activities	14,360	6,935	(1,043)
Net Increase (Decrease) in Cash Held	284	584	(1,500)
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year	526	810	1,394
Cash, Cash Equivalents and Bank Overdrafts at the End of the Year	810	1,394	(106)
Represented by:			
Cash at Bank	810	1,394	(106)



SUMMARY STATEMENT OF FINANCIAL POSITION

As at 30 June

Equity
Retained Earnings
Restricted Equity
Asset Revaluation Reserves
TOTAL EQUITY
Assets
Current Assets
Cash and Cash Equivalents
Other Current Assets
Trade and other Receivables
Total Current Assets
Non-Current Assets
Property, Plant and Equipment
Investment Property
Other Non-Current Assets
Total Non-Current Assets
Total Assets
Liabilities
Current Liabilities
Trade and Other Payables
Provisions
Employee Entitlements
Borrowings
Total Current Liabilities
Non-Current Liabilities
Provisions
Borrowings
Other Non-current Liabilities
Total Non-Current Liabilities
Total Liabilities
Net Assets

ACTUAL		ESTIMATED	ANNUAL PLAN	LTP FORECAST		
2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
\$000						

426,111	428,404	423,515	433,140	423,325	421,951	420,572
11,898	12,560	12,593	14,539	19,625	21,133	21,816
176,680	177,491	181,883	188,423	212,030	222,128	232,294
614,689	618,455	617,991	636,102	654,979	665,211	674,681
810	1,394	(106)	201	701	547	497
897	2,136	1,405	1,399	192	198	205
6,467	4,594	8,389	5,160	7,988	8,259	8,548
8,174	8,124	9,688	6,760	8,881	9,005	9,251
617,454	624,540	621,119	638,513	650,363	659,529	671,283
44,024	44,587	47,453	46,364	41,290	35,745	36,883
770	912	634	2,816	1,600	1,600	1,600
662,248	670,039	669,206	687,693	693,253	696,875	709,767
670,422	678,163	678,894	694,453	702,133	705,879	719,017
10,805	6,870	10,621	4,611	9,585	9,911	10,258
302	25	25	-			
1,484	1,327	1,402	1,393	1,598	1,652	1,710
10,000	24,000	20,000	20,000	3,412	2,722	3,046
22,591	32,222	32,048	26,004	14,595	14,285	15,013
1,097	543	483	593	1,000	1,000	1,000
31,847	26,745	28,174	28,754	30,707	24,501	27,411
198	198	198	3,000	852	881	912
33,142	27,486	28,855	32,347	32,559	26,382	29,323
55,733	59,708	60,903	58,351	47,154	40,667	44,336
614,689	618,455	617,991	636,102	654,979	665,212	674,681

Further useful resources

The following resources are available from the Whakatāne District Council. Please refer to the contact details on the inside front cover of this report.

Making a stand made easy, A candidates guide to local government: This booklet (produced by Local Government New Zealand) provides a general overview of local government in New Zealand and the roles and responsibilities of elected members.

Candidate Information Booklet: This booklet (produced by independent election services on behalf of Whakatāne District Council) provides information to election candidates specifically about the 2013 local election process such as key dates, ward maps and electioneering terms and conditions.

Local Governance Statement: This booklet (produced by the Whakatāne District Council) provides a collection of information about the structures and processes through which the Whakatāne District Council engages with the community, how it makes decisions, and how the public can influence those processes.

