



PRE-ELECTION REPORT

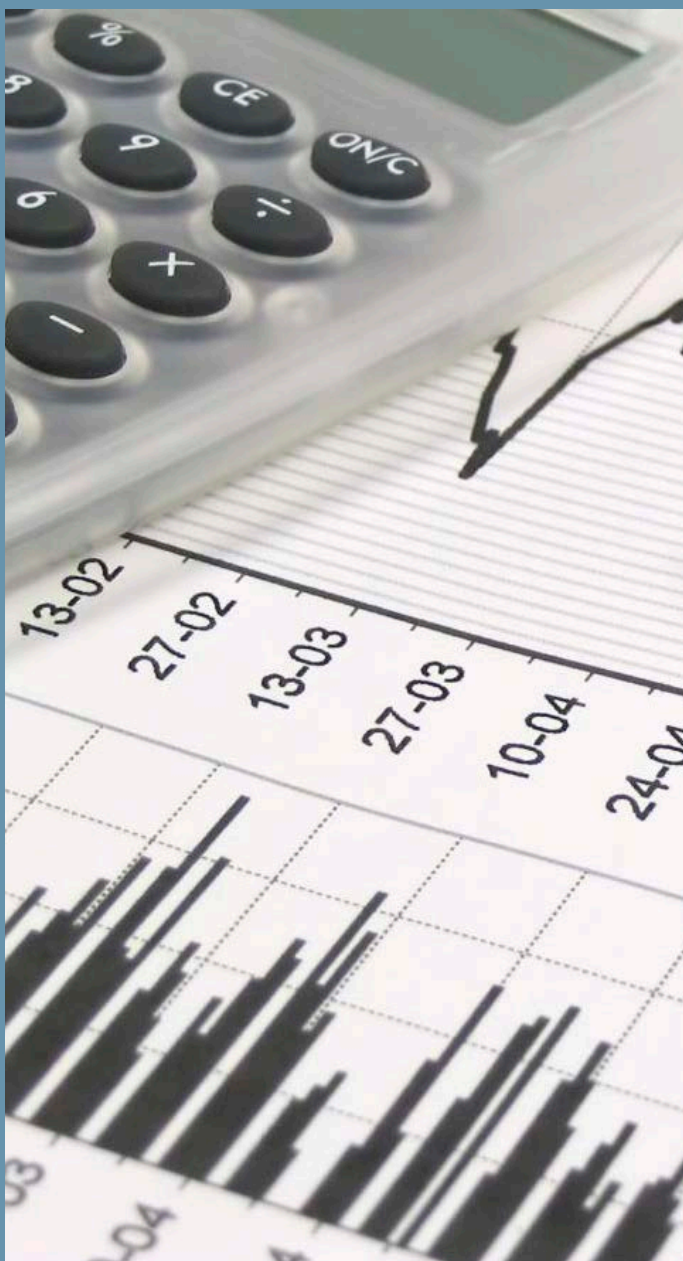
2016

Taupō District Council



GREAT LAKE TAUPŌ
Taupō District Council

The Taupō District by the numbers



32,907

District population*

22,271

Rateable properties

42%

of ratepayers live outside the district

2.6

people is the average household size*

30/67

Our population ranks 30th in size
out of the 67 districts in New Zealand*

*Denotes Statistics New Zealand information

Welcome to Taupō District Council's pre-election report for 2016

This report has been compiled to meet the requirements of the Local Government Act 2002 and aims to inform both the community and prospective election candidates about some key aspects of the council's business.

This report includes information previously published in our 2015-2025 Long-term Plan, Annual Reports, Annual Plans and some new information. More detail can be found in these documents and can also be found on our website www.taupo.govt.nz.

This report also outlines our major projects and expected expenditure programme for this financial year and the three years following the October local body elections. It aims to promote discussion about the issues the council may face and therefore enable a better informed election debate.

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Gareth Green
Chief Executive



Our services

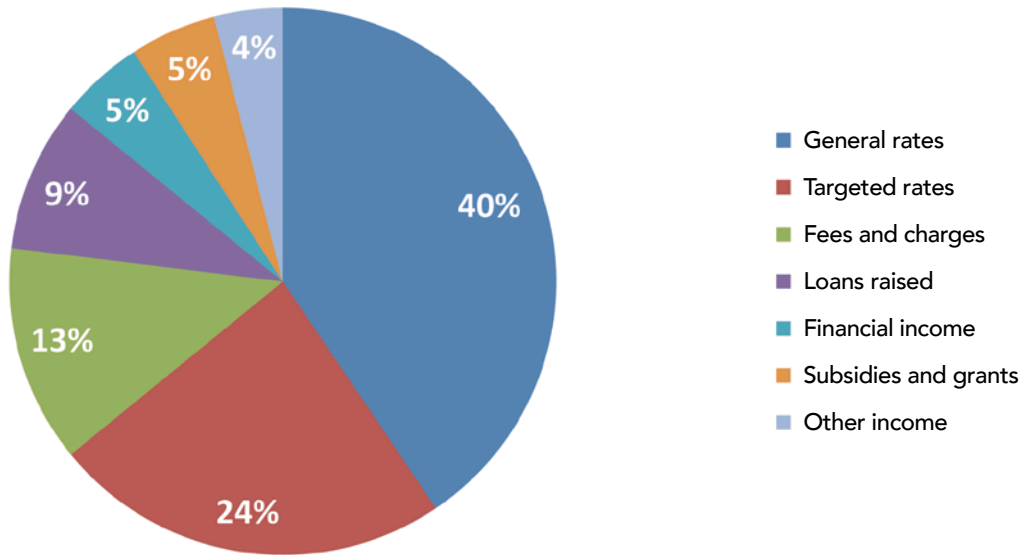
We deliver a range of services on behalf of the community in 10 groups of activities. These are:

- Community services
- Water
- Transport
- Community facilities
- Stormwater
- Wastewater
- Solid waste
- Democracy and planning
- Investments, and;
- Economic development



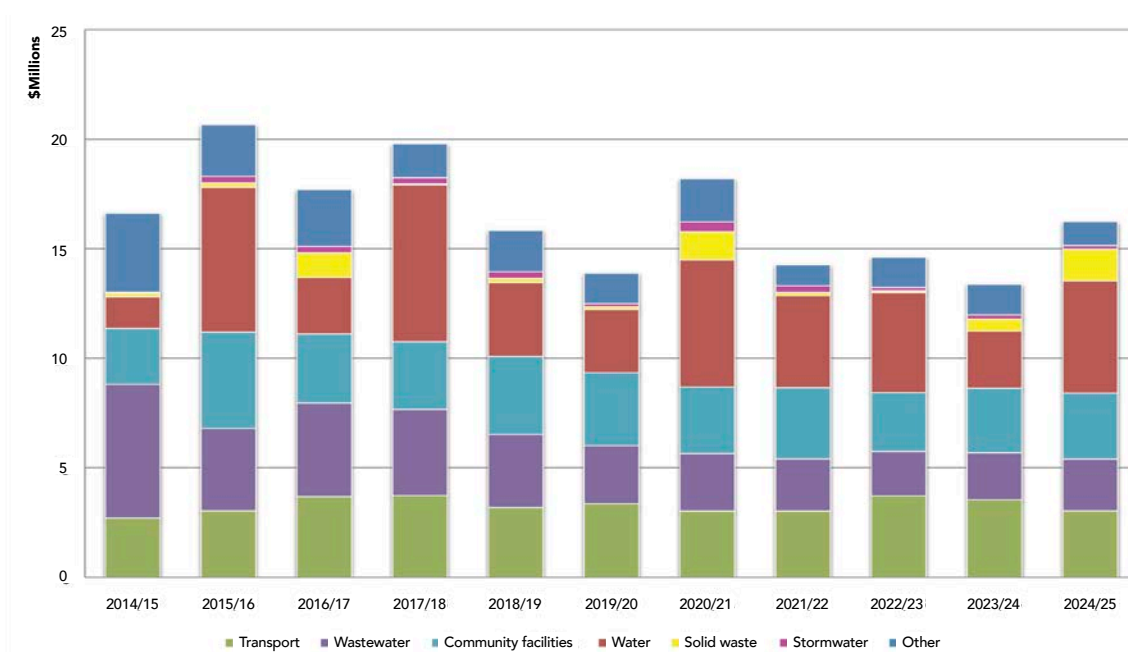
How we fund our activities

including capital expenditure



Capital expenditure by activity

The graph below shows our proposed capital and renewal expenditure for each group of activities over the 10 years of the current 2015-2025 Long-term Plan.



Major projects

This section outlines the major projects currently underway or planned over the next three years. The project information has been sourced from the Annual Plan and/or our Long-term Plan.

- Upgrading the Acacia Bay water treatment plant to meet the Drinking-water standards of New Zealand. We are planning to undertake the design in 2016/17 and begin construction in 2017/18.
- Undertaking a security of supply upgrade for the Kinloch water supply (upgrade reservoir). We plan to begin this project in 2016/17 with completion expected in 2017/18.
- Extending the Taupō water supply to Waitahanui. We plan to start this project in 2016/17 and complete it in 2017/18.
- Constructing a new cell (2D) at Broadlands Road landfill. We expect this to be started and completed in the 2016/17 year.

A full list of projects in each activity area can be found in our Long-term Plan 2015-2025 at www.taupo.govt.nz



Current issues

WATER FUNDING OPTIONS

Council has made improvements to the treatment of water supplies for the communities at Taupō, Turangi and Mangakino. Now the focus is shifting to the smaller community schemes and what work will need to be done to bring them up to the drinking water standards for New Zealand. The proposed upgrades are likely to result in significant increases to the cost of supplying water to these communities. Decisions will need to be made around whether the current approach to funding water on a scheme basis is appropriate or whether a different approach is required.

TEL FUND

The TEL fund was established after Taupō Electricity Limited (TEL) and Taupō Generation Limited were sold in 1995. In early years, the income funded specific projects like the Great Lake Walkway. More recently, the income has been used to reduce the amount of rates that need to be collected. Council has decided to use the income from the fund to create a community fund that can be used for community services and projects. Over the coming years the amount of income used to subsidise rates will be steadily reduced. In 2018/19, it is expected that the TEL fund would be inflation proofed and the income from the fund could then be dedicated to community services and projects. Council will develop a guiding philosophy for how this fund will operate.

FREEDOM CAMPING

With increasing numbers of visitors to the district, there has also been increasing pressures on some areas to cater for freedom campers. Council has initiated a review of how freedom camping is managed and is considering how best to use a range of tools like education, bylaws, and reserve management plans.

ROLLING PLAN REVIEW AND FLOOD HAZARD PLAN CHANGE

The provisions of the Taupō District Plan are required to be reviewed at least every 10 years. Council is progressively reviewing parts of the plan on a rolling cycle with the current focus on updating the information on flood hazard risks.

INCREASING ENVIRONMENTAL STANDARDS

The community's expectations around water quality, both in our district and the wider region, continue to increase over time. This will require further work to improve the performance of our wastewater treatment plants around the district. Council will also be involved in the ongoing development of the Healthy Rivers plan change to the Waikato Regional Plan. That plan change seeks to restore and protect the water quality of the Waikato River, and despite its long term focus there are expected to be significant economic impacts to the region and our district.

RAW WATER AVAILABILITY

Much of the water supplied to the district's communities comes from Lake Taupō. All of the water from Lake Taupō and the upper Waikato River has been allocated to a range of users by Waikato Regional Council. This will make it increasingly more challenging to get consents for increased water takes. This limit on supply, coupled with the increasing costs of treating drinking water, means that water demand management will become increasingly important.

FUTURE INVESTMENT IN THE GREAT LAKE CENTRE AND TAUPŌ EVENTS CENTRE

We have decided to undertake detailed investigations for these two venues, the ongoing needs of the community and the opportunities for events now and into the future. We will develop options for discussion with the community so that future investment in these venues can be targeted to meet the future needs.



Council has initiated a review of how freedom camping is managed

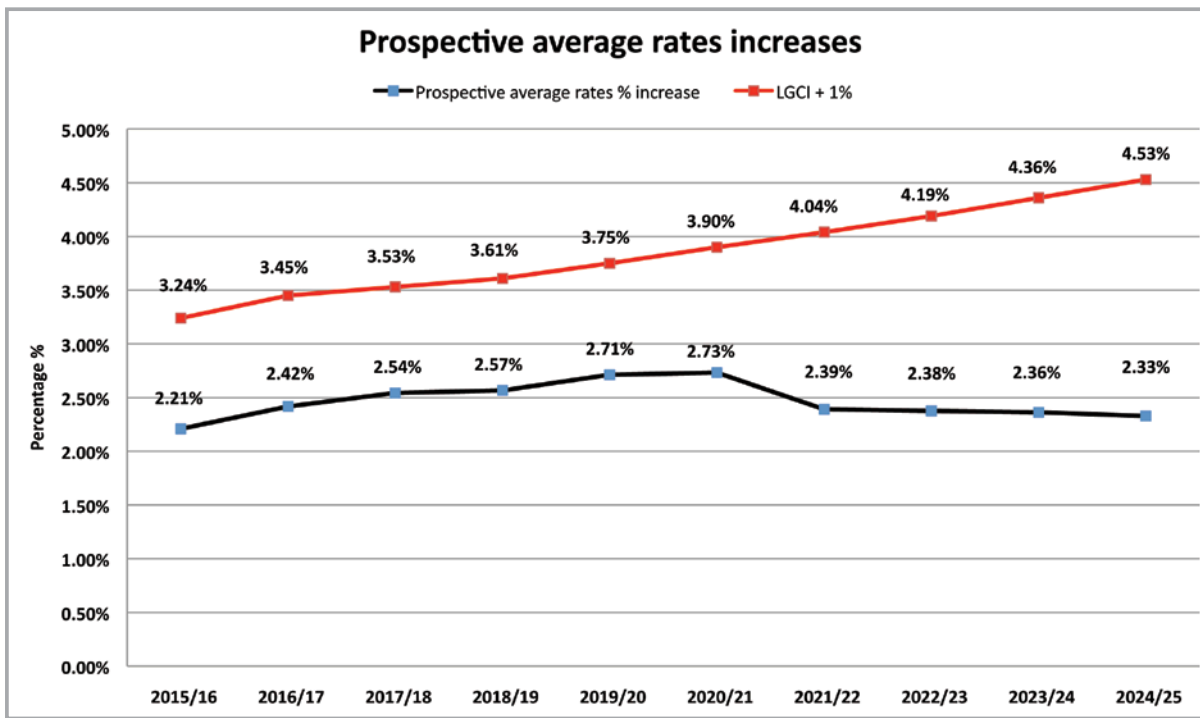
About our finances

KEEPING RATES AFFORDABLE AND SUSTAINABLE

The following limits on rates were set in our 2015-2025 Long-term Plan:

- Total rates revenue must not exceed 80 per cent of operating revenues
- Rates increases may not exceed the forecast Local Government Cost Index (LGCI) + 1 per cent

The prospective average rates increases for the 10 years of the plan are as below:



Local Government infrastructure costs, as measured by LGCI, increase at a higher rate than the Consumer Price Index (CPI). The higher cost has been built into the Long-term Plan to allow us to provide for and maintain existing levels of service and to meet any additional demand for services.

2.42%

Predicted total rates increase for 2016/17



1.1%

Actual total rates increase for 2016/17

PRE-ELECTION REPORT – STATEMENT OF FINANCIAL POSITION

	Annual Report 2013/14 (\$000)	Annual Report 2014/15 (\$000)	Forecast 2015/16 (\$000)	Annual Plan 2016/17 (\$000)	LTP 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)
ASSETS							
Current assets							
Cash and cash equivalents	16,359	7,088	2,840	5,041	3,855	3,868	3,842
Other financial assets	35,080	54,881	62,471	55,628	41,042	41,562	42,194
Other current assets	10,403	8,451	7,847	8,451	10,100	9,819	9,923
Total current assets	61,842	70,420	73,158	69,120	54,997	55,249	55,959
Non-current assets							
Other financial assets	38,400	23,075	28,701	25,127	47,639	49,649	52,735
Property plant and equipment	1,082,205	1,055,308	1,055,535	1,108,745	1,078,292	1,110,365	1,125,959
Other non-current assets	35,168	33,280	30,655	32,791	34,094	35,532	36,428
Total non-current assets	1,155,773	1,111,663	1,114,891	1,166,663	1,160,025	1,195,546	1,215,122
Total assets	1,217,615	1,182,083	1,188,049	1,235,783	1,215,022	1,250,795	1,271,081
LIABILITIES							
Current liabilities							
Borrowings	88,110	50,040	23,000	49,310	78,550	65,257	52,663
Other current liabilities	10,300	11,675	10,803	11,676	10,845	11,156	11,485
Total current liabilities	98,410	61,715	33,803	60,986	89,395	76,413	64,148
Non-current liabilities							
Borrowings	80,039	100,020	125,000	96,409	73,480	80,085	83,934
Other non-current liabilities	11,460	19,730	31,578	19,735	11,478	11,489	11,499
Total non-current liabilities	91,499	119,750	156,578	116,144	84,958	91,574	95,433
Total liabilities	189,909	181,465	190,381	177,130	174,353	167,987	159,581
Net assets (assets minus liabilities)	1,027,706	1,000,618	997,668	1,058,653	1,040,669	1,082,808	1,111,500
EQUITY							
Accumulated funds	836,559	774,285	764,025	787,284	780,192	781,465	782,806
Reserves	191,147	226,333	233,643	271,369	260,477	301,343	328,694
Total equity	1,027,706	1,000,618	997,668	1,058,653	1,040,669	1,082,808	1,111,500

FINANCIAL LIMITS – SET IN THE FINANCIAL STRATEGY

1. Rates Revenue to Operating Revenue

Total rates revenue must not exceed 80% of operating revenue

	Annual Report 2013/14	Annual Report 2014/15	Forecast 2015/16	Annual Plan 2016/17	LTP 2017/18	LTP 2018/19	LTP 2019/20
Limit in LTP Financial Strategy	<80%	<80%	<80%	<80%	<80%	<80%	<80%
Total rates as a % of operating revenue	74.00%	74.19%	72.95%	76.10%	73.80%	74.41%	74.08%

2. Limits on Rates Increases

In 2013/14 to 2014/15 rate increases could not exceed Local Government Cost Index (LGCI) + 4.5%. From 2015/16 to 2019/20 rates increases must not exceed LGCI + 1%.

	Annual Report 2013/14	Annual Report 2014/15	Forecast 2015/16	Annual Plan 2016/17	LTP 2017/18	LTP 2018/19	LTP 2019/20
LGCI	3.12%	3.03%	2.45%	2.53%	2.53%	2.61%	2.75%
LGCI + Quantified Limit	7.62%	7.53%	3.45%	3.53%	3.53%	3.61%	3.75%
Actual/forecast rates increases	4.40%	7.31%	2.21%	1.10%	2.54%	2.57%	2.71%

3. Debt Affordability

In 2013/14 to 2014/15 gross external borrowing could not exceed 250% of annual operating income. In 2015/16 to 2019/20 gross external borrowing must not exceed 200% of annual operating income


	Annual Report 2013/14	Annual Report 2014/15	Forecast 2015/16	Annual Plan 2016/17	LTP 2017/18	LTP 2018/19	LTP 2019/20
Gross external borrowing limit	<250%	<250%	<200%	<200%	<200%	<200%	<200%
Actual/forecast	231%	193%	179%	173%	175%	164%	149%

4. Return on Investments

Investment returns are benchmarked to a market interest rate being the mid-point policy benchmark rate based on 0-12 months where there are enforced minimum percentages. The benchmark is constructed as follows:

50.0% 6-month BKBM mid-rate (average of reporting month)
50.0% 6-month BKBM mid-rate, 6 months ago (average of month)

	Annual Report 2013/14	Annual Report 2014/15	Forecast 2015/16
Benchmark	2.88%	3.59%	3.05%
Actual	3.86%	4.42%	3.63%



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