



GREAT LAKE TAUPŌ
Taupō District Council

Pre-Election Report 2019

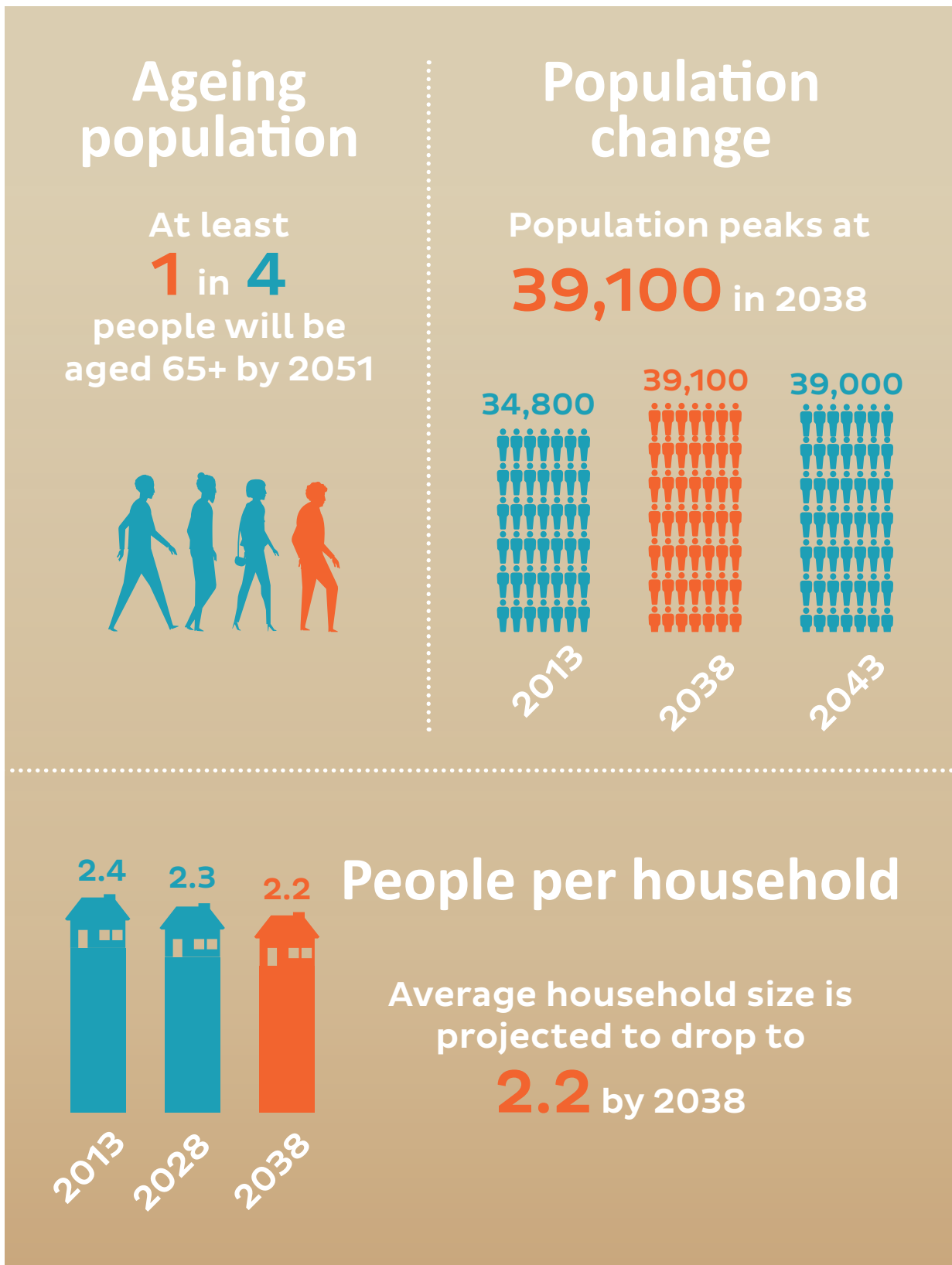


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District Snapshot

Population and Demographics





Welcome to Taupō District Council's pre-election report for 2019

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 2018-2028 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.



“The purpose of a pre-election report is to provide information to promote public discussion about the issues facing the Taupō District.”

Taupō District Council Vision

In preparing its LTP the Council adopted a new vision to help guide decision making. The vision is:
'To be the most prosperous and liveable district in the North Island by 2022'.

We want the Taupō District to be the 'Heartbeat of the North Island' not only by its geographical position but by creating world-class, authentic and resilient communities that people want to be a part of.

We want our district to be known for its charm, to be vibrant, and to also offer a quality experience for both residents and visitors, while creating real value in what we offer and by the way we do things. We will work closely and collaboratively with our partners to ensure the best possible outcomes are achieved for our community, including iwi, and to maximise any opportunities.

To help guide our strategy we have used a core set of values to underpin our decision-making when it comes to the services and activities we carry out as a council. These are:



World Class

The work we do will maintain – and build on – our international reputation as a destination of choice. We will promote an excellent quality of life for our residents while protecting the natural environment that makes our district so special.



Vibrant

The vibrancy of our district will be created by well-connected communities who work together to create a positive, fun environment people want to call home.



Authentic

We will be open and transparent in the way we carry out our business and offer an experience that is genuine and real.



Quality

We enable people to prosper by working to keep unemployment low, housing affordable and ensuring whatever we do is the best it can be.



Resilient

Our plans, infrastructure and work programmes will be designed to ensure we are prepared to withstand or recover quickly from disasters and/or difficult situations. We will be flexible and respond quickly to change.



Value

We will retain and attract residents and businesses by ensuring the district remains affordable and ensuring the work we do creates a better life for people and their families.

This long-term strategy continues to align with the goals we set ourselves in the last Long-term Plan of:

- Ensuring that the Taupō District remains a great place to live;
- Promoting economic development;
- Protecting our water resources and using them wisely;
- Maintaining the quality infrastructure that we have and
- Keeping rates and debt affordable.



Charming

Our district's reputation will be built on the attractiveness of our towns, the diversity of the experiences we offer, and the friendliness of our people.

We want to build on the strong foundation we have built over the past three years.

What We Do

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

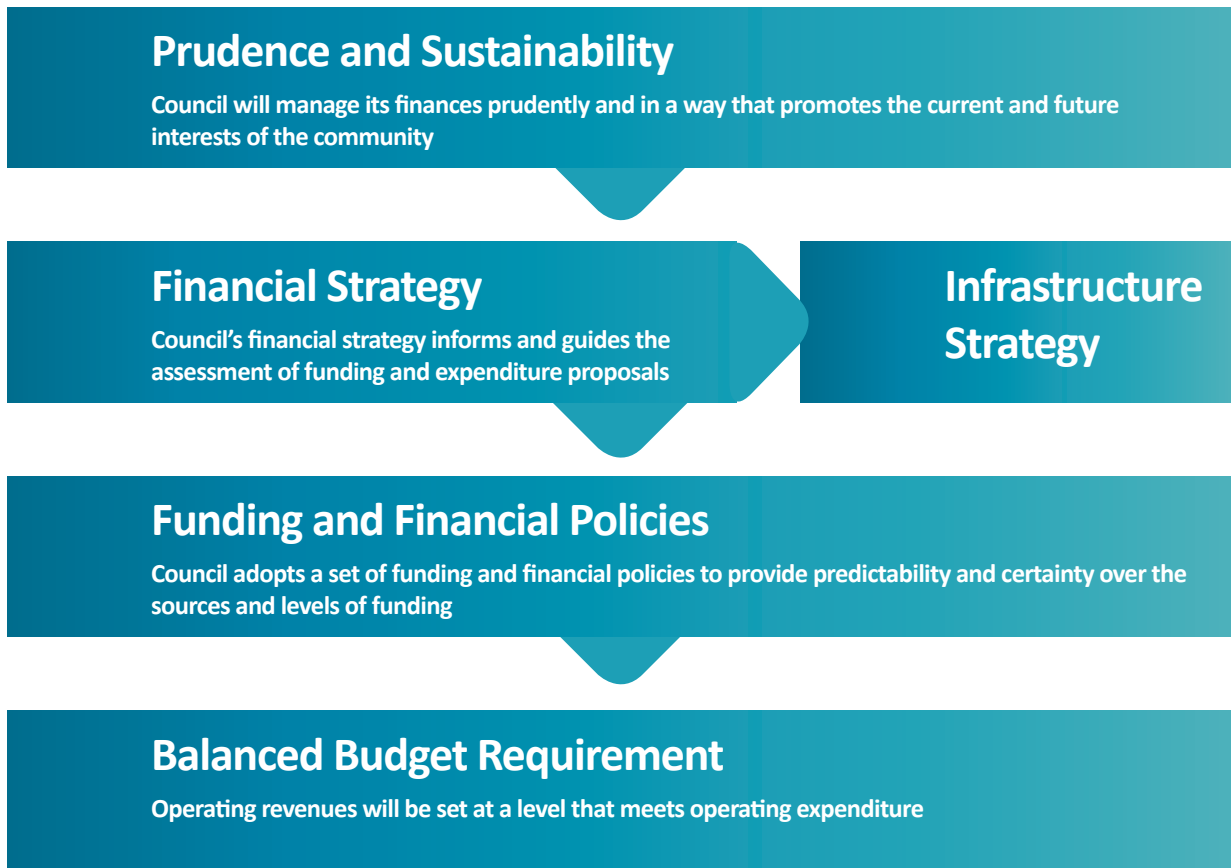
- Community services
- Water
- Transport
- Community facilities
- Stormwater
- Wastewater
- Solid waste
- Democracy and planning
- Investments
- Economic development



Financial Strategy

This financial strategy continues the focus set by council in Long-term Plans 2012-22 and 2015-25 on prudently managing our investments and borrowings, keeping rates affordable and sustainable, and looking after the assets we have while maintaining levels of service.

This strategy outlines council's financial vision for the next 10 years and the impacts on rates, debt, levels of service and investments. It will guide council's future funding decisions and, along with the Infrastructure Strategy, informs the capital and operational spending for the Long-term Plan 2018-2028. It also identifies the challenges that we want to respond to with our financial goals.



Major Projects

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

Upgrades to Water Supplies to meet Drinking Water Standards for NZ

We have 19 water schemes around the district and are required under legislation to take all practicable steps to ensure we supply drinking water that complies with the Drinking Water Standards for New Zealand. We have a programme of water treatment upgrades planned over the next 10 years to ensure we can meet this requirement.

Funding of Water Schemes

In this Long-term Plan 2018 – 28 council will give consideration to whether the current scheme-based approach to funding the provision of water is economically sustainable, or whether to move to an alternative, like district-wide funding of residential water supply (similar to how wastewater is currently funded).

Destination Play Space

A destination play space is planned for Taupō with play facilities for all ages and abilities. A master plan for the new playground is currently being considered with the preferred location being the Tongariro Domain area, though community engagement will be sought over the coming months to finalise both the location and the key components of the playground.

Taupō Airport Upgrade

Increasing passenger numbers, ageing infrastructure, health and safety issues, and projected tourism growth prompted us to take a good look at our airport facilities and the experience we offer to air travellers.

Towards the end of 2017 we presented a business case to the Minister of Transport outlining the need to upgrade the terminal building, carpark and entranceways as Taupō Airport is 50 per cent owned by the Crown.

Since then we have engaged with the Ministry of Business, Innovation and Employment and provided a business plan to the Regional Economic Development Fund seeking assistance with funding the upgrade. We have an opportunity to enhance the visitor experience and provide a fitting 'gateway' to the central North Island. We hope to attract some government funding to upgrade the facilities and have allowed \$2.5 million in the plan as our contribution.

District Plan Review

The Resource Management Act requires us to review the provisions of our District Plan at least every 10 years. Our focus will be on understanding the issues that the community and District Plan users face, collecting information and evidence, and preparing new draft provisions.

Planning for the New Council Administration Building

We had to vacate our council administration building due to high costs for earthquake strengthening and asbestos removal. Council is currently leasing six individual offices in the Taupō central business district and has made a decision to build a new Council Administration Building at 61-67 Tuwharetoa Street. The development will include two levels of underground parking, floor space for alternate uses including a café and bus facilities, and it will be built to IL4 standard, the minimum required for a post-disaster facility.

Turangi Events Centre

Council has commissioned a Needs Assessment and Feasibility Study for a Sports and Recreation Facility [Events Centre] in Turangi. The study will consider tourism opportunities and the potential to link an indoor court facility to the Turtle Pools swimming complex. An agreement between landowners Ngati Turangitukua and the council (Mana Whakahono a rohe) will be critical to the development of this project, as will engagement with the wider community and potential user groups.

IRONMAN 70.3 World Championship

Taupō will play host to the IRONMAN 70.3 World Championship in November 2020. The two-day event has secured both Council and Central Government funding and is expected to attract around 5000 competitors, 13,500 supporters and media from around the world. It will be the first time the 70.3 World Championship has been held in New Zealand and only the second time in Oceania. Investment includes an upgrade of the Taupō lakefront path (see below) and pedestrian islands on Lake Terrace.

Paetiki Shops Makeover

The Paetiki shops are the largest shopping area outside of the town centre and will be getting a bit of a facelift. We are looking at some traffic calming measures for the area to make it more pedestrian-friendly as well as some landscape improvements to create something the community is proud of.

Iwi and Māori forums and agreements

Over a number of years we have entered into forums and agreements to make decisions on a range of issues that affect the district. These decision-making forums have come about through Treaty or Land Court settlements, specific legislation or negotiated agreements between iwi and Council. We want to continue to strengthen relationships through these processes, but also beyond these agreements so that we can increase meaningful opportunities for Māori within decision making processes.

Taupō lakefront path and reserve enhancement project

A replacement path is planned for the Taupō lakefront that will involve upgrading 4km of the existing walkway into a shared use path. The upgrade will stretch from the water treatment plant on Lake Terrace to Rainbow Point. A master plan is being developed that will address existing health and safety issues and include features to enhance the reserve experience. The project will include working closely with the key stakeholders to ensure their values are reflected in the design.

Mangakino changing facilities

Some much needed changing facilities are planned for the Mangakino sportsgrounds. Concept designs are being developed with assistance from sports clubs and the Mangakino Pouakani Representatives Group. The facilities will provide a better equipped training ground for our King Country Rugby team, as well as enable Mangakino to host more home games, bringing more visitors to the district.

Current Issues

Growth then Decline in Population

The population of the Taupō district has seen steady growth in recent times but projected growth into the future remains modest before peaking in the late 2030s. The district population is projected to increase from 34,800 in March 2013 to a peak of 39,100 in 2038 before declining.

This will have financial implications as council will need to provide and fund infrastructure for this growth and then continue to fund it through the decline in population. However, as discussed in the Infrastructure Strategy, we do not know how the decline in population and therefore the number of houses for sale will impact on the number of holiday homes in the district and how this will impact on the provision of infrastructure.

Ageing Population and Affordability

While an ageing population is a worldwide phenomenon, it is anticipated that this will be highly pronounced in the Taupō District over the next 30 years. Currently 18 per cent of the population is aged 65 years and over but this is projected to increase to 25.4 per cent in 2033 and 28.5 per cent in 2043. As most of these people will be retired and many on fixed incomes, affordability of rates will be an issue for some. With increasing expenditure required for infrastructure in the next 30 years, the desire to reduce Council debt, and the ageing of the population, affordability of rates will need to be taken into account in future financial strategies.

Changes in Numbers of Dwellings

The long-term trend, for the past 50 years, has been for a decrease in the number of people per dwelling. This is true across all ages but particularly with an increasing ageing population. As retirees disinvest from larger family homes to smaller homes suitable for one or two residents, the reduction in average occupancy per household will result in an increase in household formation. Projections show a growth in households at a rate slightly faster than the population. However, the growth in households also peaks in 2038. The increase in households potentially enables a greater rate take but as many of these new households will be on fixed incomes, the ability to pay increased rates will be limited.

As these changes are long-term trends we need to keep monitoring them in subsequent Long-term Plans. We do not consider that there will be changes in capital and operating costs in this Long-term Plan in providing for these trends.

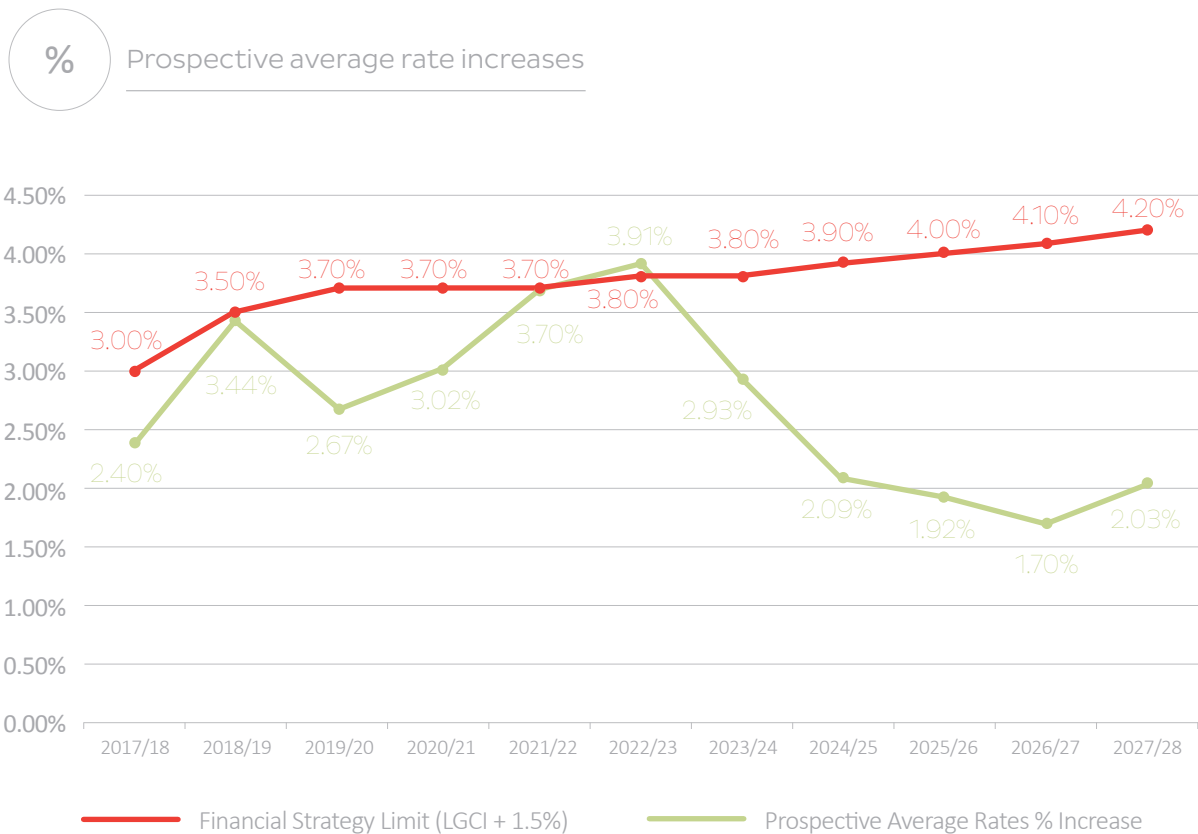
Maintaining and Renewing our Infrastructure

A range of council assets may be nearing the end of their useful life or are already at the end of their useful life and need renewal, however we do not know how many assets this issue potentially affects.



About our Finances

This financial strategy continues the focus council set in Long-term Plans 2012-22 and 2015-25 on prudently managing our investments and borrowings, keeping rates affordable and sustainable, and looking after the assets we have while maintaining levels of service.



Pre-Election Report - Statement of Financial Position

	Annual Report 2016/17 (\$000)	Annual Report 2017/18 (\$000)	Forecast 2018/19 (\$000)	Annual Plan 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)
ASSETS							
Current assets							
Cash and cash equivalents	8,294	12,761	6,308	4,114	5,363	5,102	5,415
Other financial assets	89,840	87,005	67,005	45,248	41,666	46,285	50,414
Other current assets	18,000	21,753	20,712	23,378	21,544	21,517	22,605
Total current assets	116,134	121,519	94,025	72,740	68,573	72,904	78,434
Non-current assets							
Other financial assets	11,840	21,763	47,763	68,763	61,261	66,261	70,261
Property plant and equipment	1,086,345	1,106,549	1,145,577	1,183,152	1,283,809	1,325,435	1,344,912
Other non current assets	26,451	25,544	23,375	19,304	21,383	21,352	20,781
Total non-current assets	1,124,636	1,153,856	1,216,715	1,271,219	1,366,453	1,413,048	1,435,954
Total assets	1,240,770	1,275,375	1,310,740	1,343,959	1,435,026	1,485,952	1,514,388
LIABILITIES							
Current liabilities							
Borrowings	21,094	49,102	47,173	21,145	47,420	55,264	53,657
Other current liabilities	12,169	12,699	12,699	12,698	12,937	13,216	13,518
Total current liabilities	33,263	61,801	59,872	33,843	60,357	68,480	67,175
Non current liabilities							
Borrowings	125,142	95,036	95,036	125,036	125,142	125,142	125,142
Other non current liabilities	22,888	24,570	24,577	24,584	22,963	22,982	23,004
Total non-current liabilities	148,030	119,606	119,613	149,620	148,105	148,124	148,146
Total liabilities	181,293	181,407	179,485	183,463	208,462	216,604	215,321
Net assets (assets minus liabilities)	1,059,477	1,093,968	1,131,255	1,160,496	1,226,564	1,269,348	1,299,067
EQUITY							
Accumulated funds	782,836	798,202	809,268	827,056	841,292	850,363	852,192
Reserves	276,641	295,766	321,987	333,440	385,272	418,985	446,875
Total equity	1,059,477	1,093,968	1,131,255	1,160,496	1,226,564	1,269,348	1,299,067

Pre-Election Report – Funding Impact Statement

	Annual Report 2016/17 (\$000)	Annual Report 2017/18 (\$000)	Forecast 2018/19 (\$000)	Annual Plan 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)
Sources of operating funding							
General rates, uniform annual general charge, rates penalties	38,269	39,998	42,887	43,589	44,835	47,078	49,772
Targeted rates	22,854	22,576	24,477	25,378	25,453	26,353	27,057
Subsidies and grants for operating purposes	1,935	2,571	2,740	2,351	2,463	2,513	2,599
Fees and charges	11,127	13,954	11,921	10,916	11,015	11,303	11,713
Interest and dividends from investments	3,541	4,099	4,431	3,675	4,241	4,183	4,295
Local authorities fuel tax, fines, infringement fees, and other receipts	1,312	2,120	1,218	1,095	1,167	1,192	1,219
Total operating funding (A)	79,038	85,318	87,674	87,004	89,174	92,622	96,655
Applications of operating funding							
Payments to staff and suppliers	48,302	53,772	58,967	57,268	55,916	57,265	59,085
Finance costs	9,009	8,611	8,972	8,078	8,749	9,656	9,987
Other operating funding applications	-	-	-	-	-	-	-
Total applications of operating funding (B)	57,311	62,383	67,939	65,346	64,665	66,921	69,072
Surplus (deficit) of operating funding (A – B)	21,727	22,935	19,735	21,658	24,509	25,701	27,583
Sources of capital funding							
Subsidies and grants for capital expenditure	1,190	2,917	2,837	2,682	1,692	2,015	2,161
Development and financial contributions	2,406	2,467	2,285	2,743	2,769	2,556	2,190
Increase (decrease) in debt	(1,864)	(2,100)	(1,929)	3,971	12,505	15,301	7,844
Gross proceeds from sale of assets	10,651	2,721	6,613	3,814	3,239	870	2,609
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	2,127	-	-	315	6,333	8,333
Total sources of capital funding (C)	12,383	8,132	9,806	13,210	20,520	27,075	23,137
Application of capital funding							
Capital expenditure							
• to meet additional demand	1,530	1,248	-	2,995	1,511	851	1,031
• to improve the level of service	6,408	10,342	16,024	19,487	32,289	39,238	26,125
• to replace existing assets	9,451	9,489	15,893	14,587	14,757	13,358	14,334
Increase (decrease) in reserves	16,721	9,988	(2,376)	(2,201)	(3,528)	(671)	9,230
Increase (decrease) of investments	-	-	-	-	-	-	-
Total applications of capital funding (D)	34,110	31,067	29,541	34,868	45,029	52,776	50,720
Surplus (deficit) of capital funding (C – D)	(21,727)	(22,935)	(19,735)	(21,658)	(24,509)	(25,701)	(27,583)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-

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 2016/17	Annual Report 2017/18	Forecast 2018/19	Annual Plan 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23
Limit in LTP Financial Strategy	<80%	<80%	<80%	<80%	<80%	<80%	<80%
Total rates as a % of operating revenue	74.38%	68.55%	68.26%	69.28%	67.38%	68.25%	68.20%

2. Limits on Rates Increases

In 2016/17 to 2017/18 rate increases could not exceed Local Government Cost Index (LGCI) + 1.0%. From 2018/19 to 2022/23 rates increases must not exceed LGCI + 1.5%.

	Annual Report 2016/17	Annual Report 2017/18	Forecast 2018/19	Annual Plan 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23
LGCI	2.45%	2.53%	2.00%	2.20%	2.20%	2.30%	2.30%
LGCI + Quantified Limit	3.45%	3.53%	3.50%	3.70%	3.70%	3.80%	3.80%
Actual/forecast rates increases	0.82%	2.26%	3.44%	3.65%	2.59%	2.39%	2.50%

3. Debt Affordability

Gross external borrowing must not exceed 200% of annual operating income

	Annual Report 2016/17	Annual Report 2017/18	Forecast 2018/19	Annual Plan 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23
Gross external borrowing limit	<200%	<200%	<200%	<200%	<200%	<200%	<200%
Actual/forecast	178%	158%	148%	147%	145%	144%	144%

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 2016/17	Annual Report 2017/18	Forecast 2018/19
Benchmark	2.92%	2.81%	2.51%
Actual	3.18%	3.29%	2.95%





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