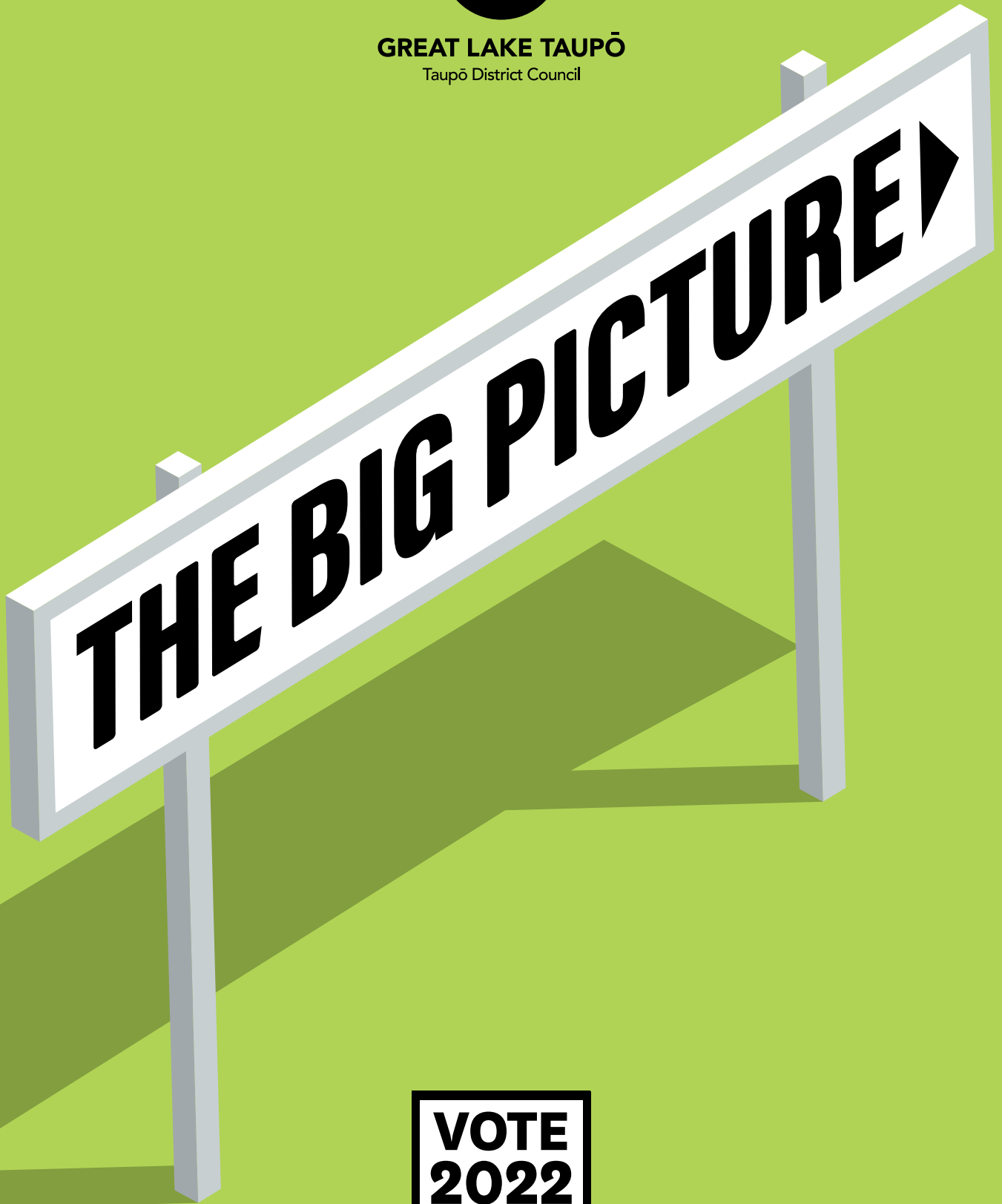




GREAT LAKE TAUPŌ
Taupō District Council



**HE PŪRONGO I MUA I NGĀ PŌTI
PRE-ELECTION REPORT**



HE KARERE NĀ TE TUMU WHAKARAE

MESSAGE FROM THE CHIEF EXECUTIVE

WELCOME TO TAUPŌ DISTRICT COUNCIL'S PRE-ELECTION REPORT FOR 2022

Tēnā koutou,

Thank you for taking the time to learn more about your district and your council ahead of the 2022 triennial election this October.

Our local election is a great opportunity to make a difference for the communities you live in and love. If you are reading this pre-election report, you may be considering standing for council or simply wish to be better informed as a voter ahead of the 2022 local election.

Before every election the chief executive provides an independent pre-election report. This report outlines the important issues and opportunities facing the district and the major projects that are underway or planned. It also sets out the financial position of the council and seeks to promote public discussion about the issues we are facing across the district.

Our Council will be governed by the Mayor and 12 councillors (including the Deputy Mayor). Councillors are elected to both represent the district and to be a voice for their wards to ensure all our communities are heard. From 2022, our representation model has changed, and our district is now made up of four general electoral wards (Taupō Ward, Mangakino/Pouakani Ward, Taupō East Rural Ward, Tūrangi/Tongariro Ward) and one district-wide Māori Ward (Te Papamārearea).

Our vision is for the Taupō District to be the most prosperous and liveable district in the North Island, a place that people want to be a part of. Covid has had significant impact on our community. We are focused on providing opportunities to give smaller communities and interest groups a voice in what we do, while also attracting people to invest in our local economy. We also continue to

work closely and collaboratively with our iwi and regional partners to achieve the best outcomes for our community and improve efficiencies.

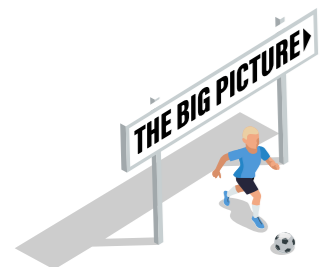
One of our key roles is to plan for and provide infrastructure to support our growing community. Our Long-term Plan sets out what this will look like over the coming years. However, we remain mindful of the ongoing impact of the current economic environment, especially in terms of cost escalations and labour shortages. There are also different reform projects being led by Central Government that will continue to impact how we work going forward.

I am privileged to lead a great team of staff dedicated to providing a quality service. Our staff provide sound advice and solutions to issues that in turn support our councillors to make good decisions for our community even in challenging times. Our current elected members and council management team have agreed on 12 priorities that are important for our organisation to deliver. These are a major focus of the day-to-day work we do and will continue to shape our work through over the next three years. Our 12 priorities are outlined further on page seven of this report.

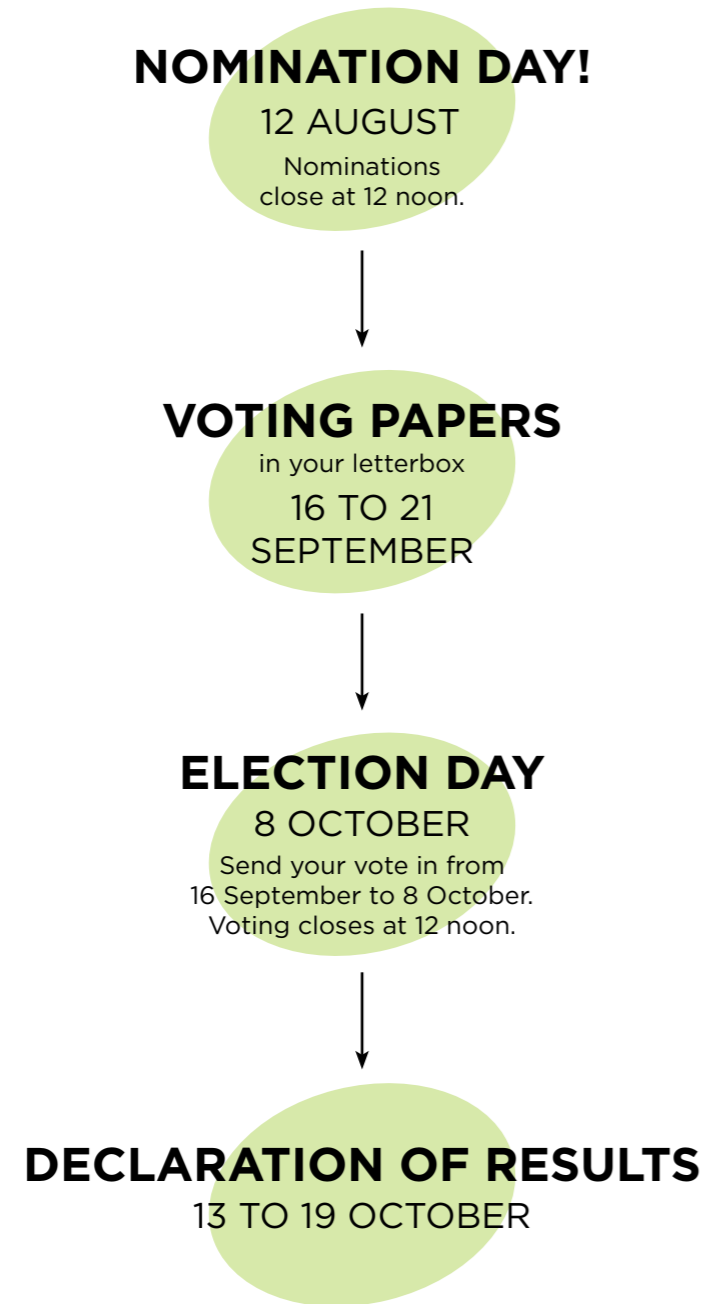
We have drawn information from the Long-term Plan 2021-31, Annual Reports and Annual Plan 2022-23 when creating this report.

All of these documents are available at www.taupo.govt.nz.

Gareth Green
Chief Executive



KEY ELECTION DATES



For more information about our election, including information on our candidates, as well as how to vote, you can visit our website:

www.taupodc.govt.nz/vote22

OUR COMMUNITY

41,000 → 43,800
Currently (2022) Projected Population (2048)

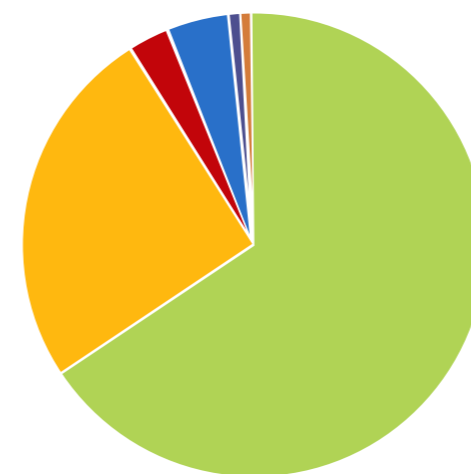
**Data sourced from Statistics New Zealand - Place Summaries.*

AGE // POPULATION



Data sourced from Statistics New Zealand - Population projections by age (medium scenario)

ETHNICITY



- 76% European
- 30% Maori
- 3% Pacific People
- 5% Asian
- 1% Middle Eastern/Latin American/African
- 1% Other Ethnicity

** Data sourced from Statistics New Zealand - Place Summaries
* Where a person reported more than one ethnic group, they were counted in each applicable group*



THE ROLE AND FUNCTION OF ELECTED MEMBERS:

Taupō District Council is made up of two separate parts that work together for the benefit of Taupō District's residents and ratepayers.

The Mayor and 12 elected members (also referred to as councillors) will make up the full council. They make decisions and represent the needs and interests of our community. Their work involves:

- Setting a vision and strategic direction for council
- Setting objectives and policies for council
- Making major decisions and approving budgets and major expenditure
- Considering the views of our community
- Employing the chief executive to manage day-to-day council operations
- Monitoring council's performance and raising issues that need to be addressed
- Engaging with and considering views of local communities, including advocating on behalf of others

THE ROLE AND FUNCTION OF TDC

The Taupō District Council is made up of staff responsible for providing services, facilities and projects to our community and delivering on the decisions made by the elected members.

Our current elected members and Council management team have agreed on 12 priorities that are important for our organisation to deliver for our community. These priorities are in addition to many other activities which the Council undertakes daily.

1. Integrating co-governance and management through everything that we do.
2. Developing a Climate Change Strategy to do our fair share of reducing greenhouse gas emissions.
3. Developing a Housing Strategy to do our part in addressing housing issues within our District in all housing areas including social housing, housing for the elderly, papakāinga (developments on Māori land), and affordable housing.
4. Completing a Sport and Recreation Strategy and an Arts and Culture Strategy to enable standard future investment and lease decisions to be made.
5. Preparing for reform of local government - specifically Three Waters, Resource Management Act and the Future for Local Government.
6. Focusing on localism and providing opportunities to give smaller communities and interest groups a voice in what we do.
7. Establishing and leveraging relationships, both regionally and nationally, to benefit the Taupō District.
8. Delivering our capital investment plan to ensure Council has reliable and fit-for-purpose assets to continue to deliver our core services.
9. Creating an empowered, engaged and efficient workforce to be able to meet the organisational priorities.
10. Implementing our digital transformation plan which is an update to our technology systems to improve efficiency of Council's operations.
11. Provision of and preparation for a new work environment - both physically and in the way we work, to ensure the wider Council team are productive and delivering on customer expectations.
12. Providing exceptional customer service and delivering on our statutory requirements across the organisation.



COUNCIL COMMUNITY SERVICES AND FACILITIES

- As well as:**
- Ensuring new development supports desirable and functional towns, residential neighbourhoods and rural areas
 - Libraries
 - Taupo Museum
 - Community Halls and Centres
 - Swimming Pools and Gyms
- We also have regulatory and compliance functions such as:**
- Dog control
 - Fencing of swimming pools
 - Gambling
 - Alcohol licensing
 - Enforcing hazardous substances requirements
 - Environmental health

HOW WE KNOW WE ARE DOING WELL

Our organisation regularly takes part in assessment and reviews of the way we work. These give us an idea of how we are delivering for our community, and benchmarks us against other Councils and organisations. These reviews include (but are not limited to):

COUNCILMARK

- The CouncilMARK programme, developed by Local Government New Zealand, is designed to improve the public’s knowledge of the work councils are doing in their communities and to support individual councils to further improve the service and value they provide to all New Zealanders.
- Councils that participate in CouncilMARK are given a rating ranging from AAA to C, after being assessed across these four priority areas:
 - Governance, leadership, and strategy
 - Financial decision-making and transparency
 - Service delivery and asset management
 - Communicating and engaging with the public and business.

OUR RECENT COUNCILMARK RE-ASSESSMENT SAW OUR RATING MOVE UP FROM BBB TO AN A.

STANDARDS AND POORS

- The Standards and Poors (S&P) rating is a credit score that describes the financial position and creditworthiness of our organisation.

OUR S&P RATING HAS MOVED FROM AN AA TO AN AA+.

BUILDING CONSENT ACCREDITATION

- Taupō District Council is a Building Consent Authority (BCA), which has a requirement to issue building consents and undertake building inspections. This is a critical area for Council as it ensures building work can proceed in a safe and efficient manner and provides confidence to the public that buildings they live and work in meet a high standard.

OUR 2022 BCA HAS BEEN ASSESSED AS LOW RISK.

IWI AND HAPŪ

Iwi and hapu (sub-tribes) play a role as kaitiaki (guardians) of natural resources, cultural sites of significance and wāhi tapu across Taupō District. They are connected to the whenua (land) through occupation and whakapapa (genealogy).

The iwi entities Taupō District Council has working relationships with are included below.

- | | |
|-------------------------------------|---|
| • Ngāti Tūwharetoa | • Te Arawa River Iwi Trust |
| • Tūwharetoa Māori Trust Board | • Ngāti Manawa |
| • Ngāti Turangitukua | • Ngāti Whare |
| • Te Kotahitanga o Ngāti Tūwharetoa | • Ngāti Tahu – Ngāti Whaoa |
| • Ngāti Raukawa | • Tūwharetoa Settlement Trust |
| • Ngiti Hineuru | • Te Tari o Te Ariki o Ngāti Tūwharetoa |



Estimates are that the district's GDP grew 6.4% over the year to March 2022, slightly outperforming the national economy which grew 5.2%.

Despite the constraint imposed by the lack of international tourists on Taupō's economy, the district's GDP is now 5% higher than the pre-pandemic level measured in the year to March 2020.

The top industries contributing to our District's GDP are:

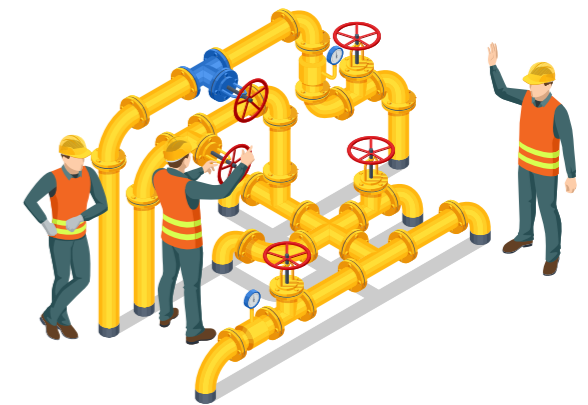
MAJOR CHANGES AND CHALLENGES IN GOVERNMENT

The roles and responsibilities of local government are set by national legislation. Central Government is moving forward with several major changes and reviews which will reshape Council's roles and responsibilities in the future. Our new elected members will play a significant part in how we respond to these changes as an organisation.

THE THREE WATERS REFORM

Taupō District Council currently owns and operates three waters services across the district. These services cover drinking water, wastewater and stormwater.

With objectives to support increased investment and provide more consistent and higher quality water services across the country, Central Government is moving the management of water to four new regional publicly owned water entities. The Government has indicated that it intends to introduce legislation to make this mandatory for Councils this calendar year.



Taupō District's three waters assets would be managed by a regional entity that spans from Waikato, across to the Bay of Plenty and down to Whanganui and Taranaki. Taupō District Council will be required to transfer its investment and management plans and assets and liabilities (including three waters-related debt) to this entity by 2024.

Taupō District Council will need a strong relationship with the new regional water entity so that local growth, development, water quality, and environmental aspirations are delivered and to ensure that there remains accountability to our communities. These reforms will be implemented through a series of legislation which are expected to be introduced to Parliament during 2022.

The shifting of these functions is expected to be mandatory.

Learn more about the Three Waters reform here:



GROSS DOMESTIC PRODUCT (GDP)



THE RESOURCE MANAGEMENT REFORM

Under the Resource Management Act, Council currently controls what can be built and where by providing areas for rural, residential, commercial and town centre, and industrial activities. Council ensures sufficient land is provided in these areas for new development and growth.

Council sets rules in these areas to ensure that new development is compatible with the activities around them. This supports vibrant towns and commercial areas, and efficient industrial and rural areas. In our residential areas, rules control the look and feel of our neighbourhoods, and support peace, privacy, sunlight, and green spaces.

Council also sets controls to protect the unique parts of our natural environment and biodiversity, and to protect productive rural land from incompatible development.

With the objective of providing greater consistency across the country Central Government is repealing the Resource Management Act 1991 (RMA) and replacing it with new legislation. This will result in changes to the way our communities determine what their neighbourhoods look like, as well as changes to the decision-making and implementation of these decisions. At the time of writing, it is too early to know exactly what the impact of this reform will be on the Taupō District Council's functions.

These reforms will be implemented through a series of legislation which are expected to be introduced to Parliament during 2022.

Learn more about the Resource Management reform here:



THE FUTURE FOR LOCAL GOVERNMENT REVIEW

With the removal of Three Waters and their associated resource management functions, the shape of councils, including assets, debts, operating structure, and revenue, will dramatically change.

Council will need strong relationships to continue to ensure local growth, development, water quality, and environmental aspirations are still delivered by these regional entities and ensure that accountability to our communities remains.

Central Government has initiated a review to determine what the future of local government will look like, and how a local democratic voice will be included in regionally and nationally run initiatives.

This review also has the potential to look at local councils' role in supporting community wellbeing through health, education, housing, social services, policing and other nationally managed initiatives.

Central Government has started initial scoping. Its next step is consultation with communities, iwi, business, local authorities, government agencies and others on how a new Local Government system might be designed.

Formal consultation on draft proposals is expected in 2023.

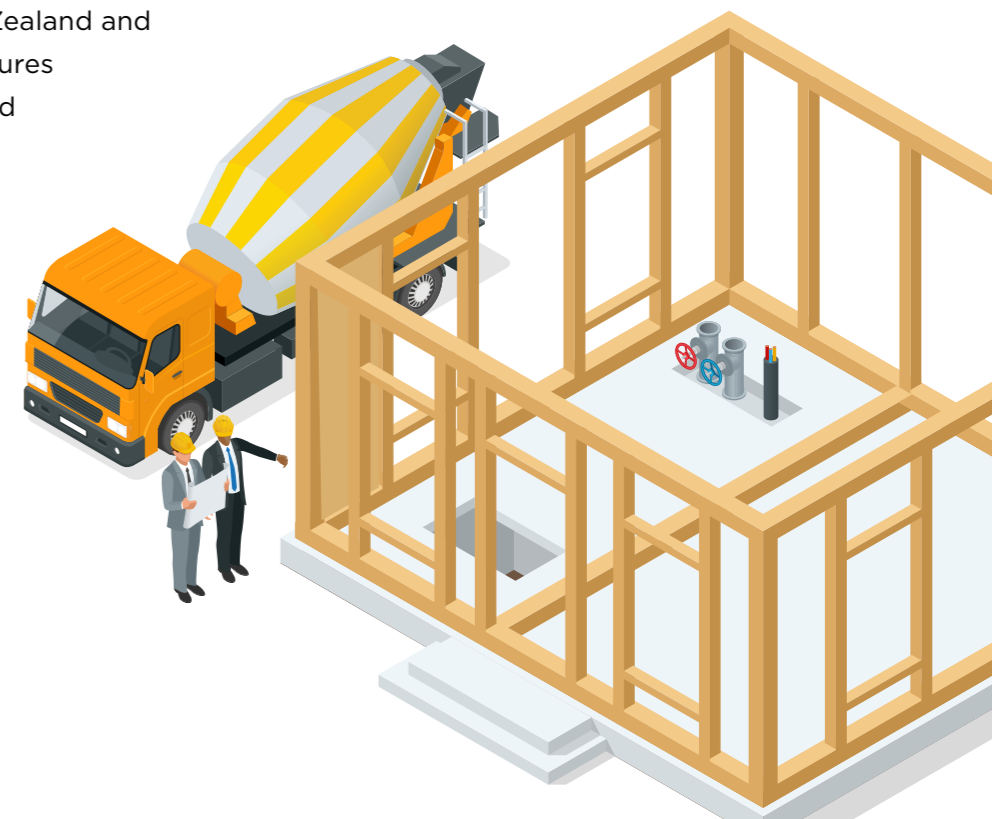
Learn more about the future for local government review here:



OPERATING ENVIRONMENT

New Zealand is currently going through a period of economic uncertainty driven by record high inflation, rising interest rates, low unemployment rates and supply shortages for construction materials and skilled labour. Navigating this uncertainty over the next three years will be challenging.

- High inflation and resource shortages are impacting Council-led projects that were started in the previous period to meet strong growth and tighter regulatory requirements for water and wastewater infrastructure. These projects are now costing more and taking longer to complete than they would have a year ago. It is likely this trend will continue over the coming years.
- Our local and national construction sector is facing extraordinary pressure to source building materials and to build new dwellings to meet record demand for housing. This has resulted in a sharp surge in housing costs and disruption of construction and infrastructure projects. In a matter of months, we have seen supply chain related risks move from a minor issue to a key risk consideration for Council when delivering capital projects.
- As an organisation, Council is facing human resource constraints driven by the current low levels of unemployment and an immigration policy reset that makes it harder to employ skilled migrants. Concurrently, high house prices and high inflation are making New Zealand less attractive compared to Australia, particularly for young people with a higher level of education and skills. This is expected to lead to a net outflow of skilled workers, intensifying the current shortage of skilled workers. We recognise that we are not alone in facing challenges to find staff with the relevant technical or project management skills and to retain them in our workforce.
- Underneath all of this is the impact of the Covid-19 pandemic that is ongoing since early 2020 when it first emerged in New Zealand and worldwide. Containment measures and travel restrictions impacted Taupō's economy with the tourism sector being hit the hardest. Lower consumer spending and supply disruptions have also impacted the retail sector, although in early 2022, household spending has rebounded somewhat as restrictions were eased.





OUR MAJOR PRIORITIES

CO-GOVERNANCE

Ensuring Māori representation and partnership is essential to Council effectively delivering its business. A third of our population across Taupō District identify as Māori.

Iwi and hapū own a large amount of the district's land. This includes many Council reserves, infrastructure sites, rural, residential and commercial land. Iwi and hapū have a spiritual relationship with these lands as tangata whenua.

Recent and ongoing work includes:

Ensuring Māori representation at Council through the creation of a Māori ward from 2022.

Reviewing and implementing co-governance frameworks with our iwi partners to ensure they reflect joint aspirations.

Establishing a co-governance committee through a Mana Whakahono a Rohe partnership agreement with Ngāti Tūrangitukua for the community in Tūrangi.

Working and partnering with iwi entities to recognise their aspirations for their land.

Māori representation on Council's Standing Committees.

Cultural capability building of Councillors and staff.

CLIMATE CHANGE

Climate change presents significant opportunities, challenges and risks to communities throughout the world and in New Zealand.

One of our 12 strategic priorities is to develop a strategy to influence how our district and organisation responds to climate change challenges in the short, medium and long term.

Council has undertaken a greenhouse gas emissions inventory and is developing an emissions reduction plan for its operations, including reduction targets. Waikato Regional Council is currently leading work that focuses on the impacts of climate change.

Council's largest emissions – that are directly within its control – come from the electricity used to operate water infrastructure, heating for community facilities, and fuel for our vehicle fleet.

We also play a significant role in some community activities that create a large amount of emissions, including transport, rubbish collection and disposal, and wastewater.

HOUSING

With a growing population and increasing demand across all demographics, key challenges facing the Taupō district include providing enough homes in the right places and addressing the urgent need for more affordable housing.

One of our 12 strategic priorities is to develop a housing strategy that will provide a framework for addressing these challenges and set out how Council manages housing issues over the next decade. The strategy will take a collaborative approach and acknowledge Council as one of many stakeholders that will need to work together to find solutions to the current and future housing situation.



Council is also undertaking a review of its land holdings. It has secured Central Government funding to accelerate infrastructure needed to construct new housing over the coming years.

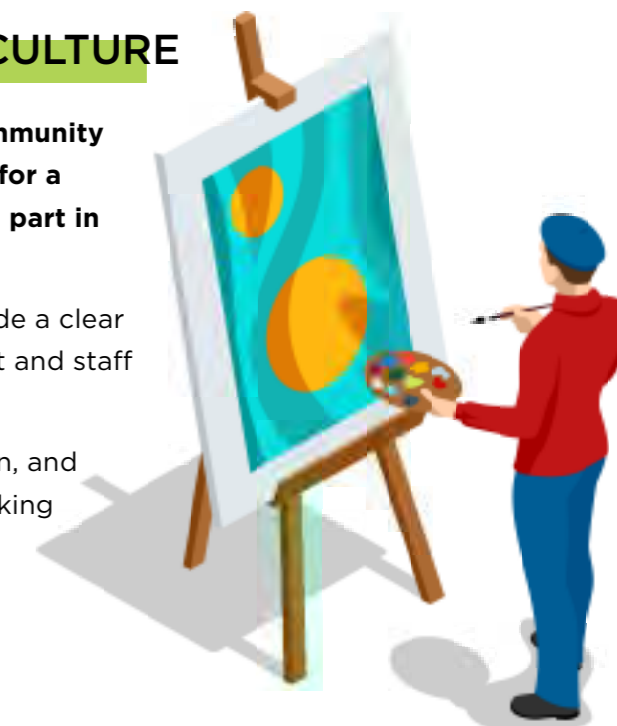
Council owns and manages some housing for the elderly, with future decisions around upgrades and additionality being considered.

SPORT, RECREATION, ARTS AND CULTURE

We are entering a phase of renewal for many of our community buildings. These are places and spaces that people use for a variety of activities - some play sport, while others take part in recreation activities, and arts and cultural activities.

We need to invest in community infrastructure and provide a clear direction for the Council's investment, asset management and staff resources that support such activities.

We are in the process of developing Sport and Recreation, and Arts and Culture strategies to guide Council decision-making on these topics.





LARGEST-EVER CAPITAL PROGRAMME

As a result of strong growth across the Taupō District, high environmental expectations, and an increasing regulatory environment, particularly on water quality and wastewater disposal, Council has invested more in core infrastructure over the past few years to keep pace with current demand and provide for future growth.

In addition, our local market has also been delivering Central Government funded shovel-ready projects such as the Taupō Town Centre Transformation Project.

Our Long-term Plan is committed to the delivery of a significant capital expenditure programme to ensure the provision of critical infrastructure across the district.

The Covid pandemic has had an impact on the availability of resources and cost of projects. However, we are well on track to deliver record levels of infrastructure, and it is likely this will continue over the coming years.

The value of our entire programme for the 2021 financial year (including those funded by Central Government, those that we have brought forward, those from grants and unbudgeted spending) is \$100 million.

Our planned Capital Programme for 2022 is \$59.79 million.

MAJOR INVESTMENT IN WATER

Over the last ten years, Taupō District Council has focused on upgrading core infrastructure investments to ensure we meet legislative compliance and to meet the health and well-being needs of our residents now and into the future. These upgrades will continue to be a major focus of our expenditure and spending in the next triennium.

Our current projects underway include:

- Tauhara Ridge reservoir
- Bonshaw Park water upgrade
- Centennial water upgrade
- Taupō water treatment plant upgrade
- Whakamoenga Point water upgrade
- Wastewater connection across Control Gates bridge
- Kohineheke stormwater improvement device
- New reservoir in Kinloch
- Kinloch water upgrade
- Kinloch wastewater improvements
- Hatepe water upgrade
- Motuoapa water upgrade
- Omori water upgrade
- Atiamuri wastewater upgrades
- Motutere water upgrade

Despite the pending Three Waters reform, we will continue to invest in these projects, in the knowledge that as they are debt funded, the costs of these developments will be transferred to the new entity on its creation.

OUR CURRENT + UPCOMING PROJECTS

TAUPŌ

TAUPŌ TOWN CENTRE TRANSFORMATION

In 2020, Council secured \$20.6 million in funding from Central Government to revitalise the streets of Taupō town centre and re-route traffic around the town centre.

While the construction of new road layouts is causing some disruption and congestion, once the project is complete a new traffic flow will be created, which will provide for significantly improved public spaces for people.

Traffic is being re-routed from Lake Terrace down Titiraupenga Street. Tongariro Street and part of our waterfront area on Lake Terrace will be prioritised for people. These changes will make our town centre more attractive and will encourage more people to visit and spend time here. This project is expected to be completed in 2023.

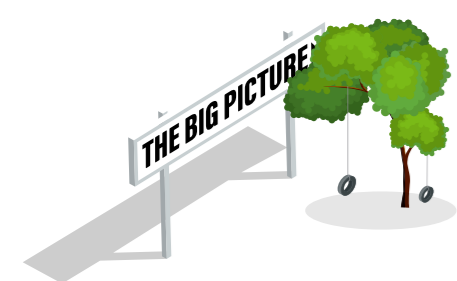
CIVIC ADMINISTRATION BUILDING

Taupō District Council had to vacate our council administration building on Lake Terrace in 2017 due to high costs for earthquake strengthening and asbestos removal and the need for refurbishment.

Taupō District Council is partnering with Te Whare Hono o Tūwharetoa Limited Partnership (TWHoT) on a new civic administration building. It will be built at the former RSA site at 67 Horomātangi Street. TWHoT will build, own, and manage the new building. Council will lease most of this space, sharing some of the building with other government and Iwi entities.

While it will cost more to lease than Council's current offices, this building will allow all council staff to be sited in the same building once again to ensure efficient and effective council operations.

It is expected the building will be completed in 2024.



TAUPŌ cont.

TAUPŌ AIRPORT UPGRADE

As a transport hub for our growing district, Taupō Airport has seen a steady increase in traffic over the years. The facility serves locals travelling throughout New Zealand as well as domestic and international visitors.

We know that traffic through the airport will only continue to grow in the coming years. With this in mind, an upgrade to the terminal building and its carpark was included in Taupō District Council's 2018-28 Long-term Plan.

This upgrade is now underway with a budget of \$9.2 million.

- \$3.3 million was allocated in the Long-term Plan
- \$5 million grant from the Crown's Provincial Development Unit
- \$0.9 million from the Ministry of Transport

WAIORA HOUSE

For 34 years Waiora House has been the heart of the Taupō district's social services and the place where people went for support and advice. Until 2019 it was housed in the former Taupō Maternity Hospital building, which had to be demolished following the discovery of asbestos.

We have been working with Waiora Community Trust to develop a purpose-built, safe and welcoming building to act as a social service hub for years to come. This partnership will allow agencies to connect and to collaborate as well as providing areas for the community to meet. While it is owned by Taupō District Council, it will be operated by the Waiora Community Trust.

The budget for the building is \$7.7 million. It is expected to be completed in 2023.

AS WELL AS...

- **Second bridge investigation**
- **Investigation into a wastewater solution for development on the northern side of Control Gates bridge**
- **Owen Delany Park upgrades**

TŪRANGI

TŪRANGI STREET REVITALISATION

Council has secured \$6.6 million of funding from Central Government for street renewals work. Tūrangi has about 30km of kerb and channel that requires replacing to avoid failures such as water undermining the roading networks, erosion, pavement failure and flooding.

The revitalisation of streets is focusing on footpath repairs, removal of trees causing problems and replanting of more appropriate trees. The project will continue through to 2024.

This programme of work will also be combined with removing accessibility barriers recently identified in an accessibility report.

TŪRANGI RECREATION AND EVENTS CENTRE

During the 2021-2031 Long-term Plan process Council responded to the Tūrangi Community's desire to replace their aged community buildings with a new community hub. Taupō District Council allocated \$16.9 million in the Long-term Plan for this project.

We are currently talking with the Tūrangi community to hear what they want in a recreation and events centre and will then develop a detailed option and feasibility analysis. It is likely that the anticipated funding requirement will change over time as a result of this analysis.

AS WELL AS...

- **Tūrangi depot refurbishment**
- **Te Kapua Park Playground Upgrade**



MANGAKINO

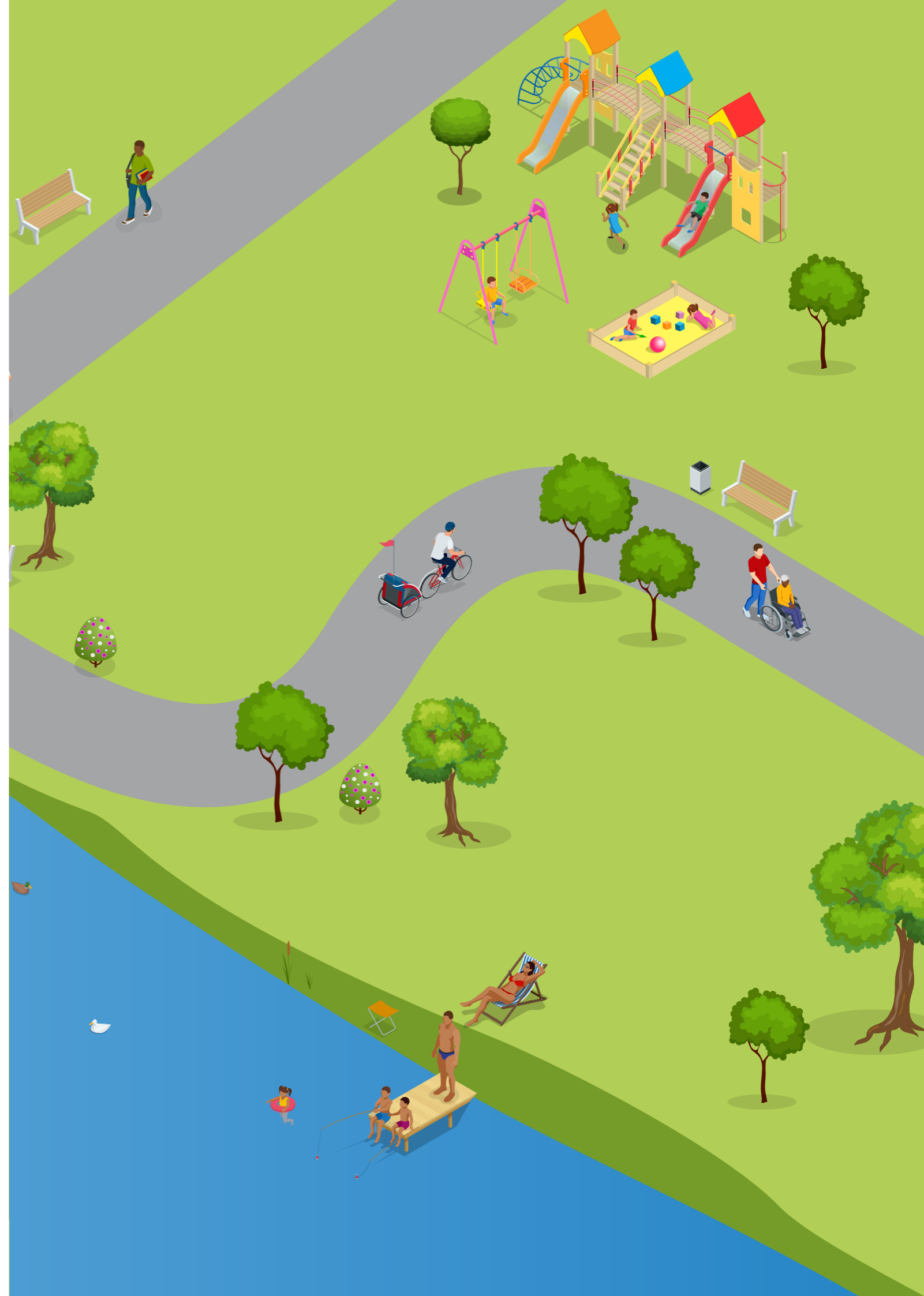
- Street upgrade programme
- Lakefront upgrade
- Basketball court upgrade
- Boat ramp improvements
- Atiamuri wastewater upgrades

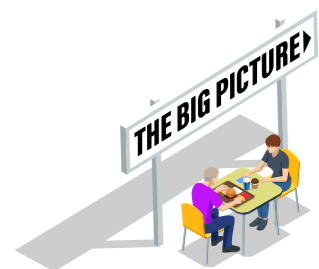
KINLOCH

- Whangamata Road improvements
- Poihipi Road widening
- Kinloch wastewater improvements

LAKESHORE SETTLEMENTS

- Hatepe Drinking Water Standards NZ upgrade
- Motuoapa Drinking Water Standards NZ upgrade
- Omori Drinking Water Standards NZ upgrade
- Kuratau foreshore erosion improvements
- Motutere UV Plant Upgrade





OUR FINANCIAL STRATEGY

Taupō District Council has adopted a financial strategy that guides its funding decisions and informs its capital and operating budgets.

The key aspects of the financial strategy are set out below. Our full strategy is published in the Council’s 2021 Long-term Plan and is available here: taupo.govt.nz/ltp

We have set ourselves several financial goals that we intend to achieve by 2031.

These goals support our three key principles of our financial strategy:

- Keeping rates affordable and sustainable
- Looking after the assets we have while maintaining levels of service
- Prudent management of our investments and borrowings

Financial Prudence	<ol style="list-style-type: none"> 1. Run a balanced budget in every year of the Long-term Plan. This means that operating income will meet or exceed operating expenditure in each year. 2. Maintain Council’s AA+ Standard & Poors (S&P) credit rating.
Income	<ol style="list-style-type: none"> 3. Annually review fees and charges revenue to ensure that they are set at the appropriate level. 4. Continue the sale of surplus land assets to reduce debt. 5. Investigate opportunities for growing non-rate revenue to reduce the reliance on rates.
Rates	<ol style="list-style-type: none"> 6. Maintain the limit on rates revenue at 80% of operating revenue. 7. Limit rates increases to LGCI + 2.5% in each year of the Long-term Plan.
Expenditure	<ol style="list-style-type: none"> 8. Continue to fund 100% of the wearing out of assets over their lifetime (funding of depreciation) in each year of the Long-term Plan. 9. Continue to fund the growth component of capital expenditure projects by development contributions and developer agreements. 10. Improve the delivery performance of the planned capital expenditure programme by implementing a new planning and project management framework. 11. Increase third party funding for new community projects by building closer relationships with other agencies, government departments and community groups. 12. Look after the assets we have by providing sufficient renewal budgets from reserve funds or loans to meet the asset renewal programmes outlined in the asset management plans.

Borrowing	<ol style="list-style-type: none"> 13. Maintain gross external borrowing below 225% of operating revenue. 14. Maintain borrowing costs to below 10% of revenue in each year of the Long-term Plan.
Levels of Service	<ol style="list-style-type: none"> 15. Maintain levels of service as set out in the Long-term Plan 2021-31.
Planning for Emergency Events and Contingencies	<ol style="list-style-type: none"> 16. Grow disaster recovery reserve contributions from \$50k per annum to \$550k per annum by 2028. This will grow the disaster recovery reserve to \$6.7m by 2031. Due to the uncertainty of disaster events, no drawdown of the fund has been budgeted. 17. Maintain the capital of the TEL community fund to be available as part of a disaster recovery fund. 18. Maintain appropriate insurance cover, activity budgets and committed borrowing facilities to mitigate costs related to unexpected events.

PROSPECTIVE AVERAGE RATES INCREASES



STATEMENT OF FINANCIAL POSITION

	Annual Report 2019/20 (\$000)	Annual Report 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)
ASSETS							
Current assets							
Cash and cash equivalents	12,505	5,939	2,914	4,367	3,182	3,116	4,440
Other financial assets	99,956	122,985	96,000	134,985	102,275	101,425	104,587
Other current assets	24,498	20,221	16,097	13,906	16,680	16,257	16,514
Total current assets	136,959	149,145	115,011	153,258	122,137	120,798	125,541
Non-current assets							
Other financial assets	11,109	15,622	16,000	20,622	22,609	21,609	23,609
Property plant and equipment	1,274,881	1,361,637	1,391,574	1,439,418	1,515,191	1,594,601	1,628,391
Other non current assets	27,471	39,398	30,614	36,145	31,312	31,886	32,777
Total non-current assets	1,313,461	1,416,657	1,438,188	1,496,185	1,569,112	1,648,096	1,684,777
Total assets	1,450,420	1,565,802	1,553,199	1,649,443	1,691,249	1,768,894	1,810,318
LIABILITIES							
Current liabilities							
Borrowings	52,296	48,075	38,000	48,085	51,555	56,111	51,090
Other current liabilities	16,575	27,908	16,438	19,806	17,307	17,717	18,162
Total current liabilities	68,871	75,983	54,438	67,891	68,862	73,828	69,252
Non current liabilities							
Borrowings	95,000	115,148	125,000	144,957	170,000	181,001	180,449
Other non current liabilities	44,505	27,859	25,316	17,115	14,255	10,422	7,602
Total non-current liabilities	139,505	143,007	150,316	162,072	184,255	191,423	188,051
Total liabilities	208,376	218,990	204,754	229,963	253,117	265,251	257,303
Net assets (assets minus liabilities)	1,242,044	1,346,812	1,348,445	1,419,480	1,438,132	1,503,643	1,553,015
EQUITY							
Accumulated funds	799,293	830,992	856,159	898,813	885,730	903,278	910,438
Reserves	442,751	515,820	492,286	520,667	552,402	600,365	642,577
Total equity	1,242,044	1,346,812	1,348,445	1,419,480	1,438,132	1,503,643	1,553,015

FUNDING IMPACT STATEMENT

	Annual Report 2019/20 (\$000)	Annual Report 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)
Sources of operating funding							
General rates, uniform annual general charge, rates penalties	44,080	43,880	49,035	51,015	54,657	56,236	58,872
Targeted rates	25,480	25,669	27,398	31,134	31,868	33,142	33,185
Subsidies and grants for operating purposes	3,420	3,207	3,523	3,085	2,881	3,075	3,210
Fees and charges	10,880	11,982	10,317	10,610	11,025	11,573	11,903
Interest and dividends from investments	3,442	1,998	1,584	3,323	1,972	2,477	2,706
Local authorities fuel tax, fines, infringement fees, and other receipts	1,039	1,187	1,167	1,220	1,232	1,263	1,296
Total operating funding (A)	88,341	87,923	93,024	100,387	103,635	107,766	111,172
Applications of operating funding							
Payments to staff and suppliers	57,992	56,336	65,075	68,785	69,180	70,272	72,541
Finance costs	8,152	8,020	7,358	9,395	7,955	8,115	7,656
Other operating funding applications	-	-	-	-	-	-	-
Total applications of operating funding (B)	66,144	64,356	72,433	78,180	77,135	78,387	80,197
Surplus (deficit) of operating funding (A – B)	22,197	23,567	20,591	22,207	26,499	29,379	30,975
Sources of capital funding							
Subsidies and grants for capital expenditure	2,391	13,804	3,869	3,196	3,827	2,843	3,029
Development and financial contributions	2,597	4,207	8,844	8,086	5,754	4,975	4,585
Increase (decrease) in debt	2,161	15,927	12,009	29,819	23,488	4,044	(5,061)
Gross proceeds from sale of assets	1,054	3,236	9,025	15,811	4,000	4,444	2,600
Lump sum contributions	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-
Total sources of capital funding (C)	8,203	37,174	33,747	56,912	37,068	16,306	5,153
Application of capital funding - Capital expenditure							
• to meet additional demand	1,164	2,450	3,504	3,248	4,309	1,412	1,399
• to improve the level of service	16,771	31,062	36,206	50,761	33,286	26,858	9,946
• to replace existing assets	17,662	15,234	20,081	20,551	18,847	19,286	18,317
Increase (decrease) in reserves	(2,697)	11,995	(5,453)	4,559	7,126	(1,871)	6,466
Increase (decrease) of investments	(2,500)	-	-	-	-	-	-
Total applications of capital funding (D)	30,400	60,741	54,338	79,119	63,568	45,685	36,128
Surplus (deficit) of capital funding (C – D)	(22,197)	(23,567)	(20,591)	(22,207)	(26,499)	(29,379)	(30,975)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-

FINANCIAL LIMITS

RATES REVENUE TO OPERATING REVENUE

Total rates revenue must not exceed 80% of operating revenue

	Annual Report 2019/20 (\$000)	Annual Report 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)
Limit in LTP Financial Strategy	<80%	<80%	<80%	<80%	<80%	<80%	<80%
Total rates as a % of operating revenue	75.46%	67.77%	62.42%	63.40%	69.13%	70.98%	72.32%

LIMITS ON RATES INCREASES

In 2019/20 to 2020/21 rate increases could not exceed Local Government Cost Index (LGCI) + 1.5%. From 2021/22 to 2023/24 rates increases must not exceed LGCI + 2.5%.

	Annual Report 2019/20 (\$000)	Annual Report 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)
LGCI	2.30%	-0.60%	3.70%	2.50%	2.50%	2.50%	2.60%
LGCI + Quantified Limit	3.80%	0.90%	6.20%	5.00%	5.00%	5.00%	5.10%
Actual/forecast rates increases	5.36%	-0.02%	8.69%	7.07%	3.74%	2.64%	2.45%

DEBT AFFORDABILITY

Gross external borrowing must not exceed 225% of annual operating income.

	Annual Report 2019/20 (\$000)	Annual Report 2020/21 (\$000)	Forecast 2021/22 (\$000)	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)
Gross external borrowing limit	<200%	<200%	<225%	<225%	<225%	<225%	<225%
Actual/forecast	160%	137%	146%	149%	177%	188%	182%

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 2019/20 (\$000)	Annual Report 2020/21 (\$000)	Forecast 2021/22 (\$000)
Benchmark	1.23%	0.43%	1.31%
Actual	2.46%	1.18%	1.01%



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