

# PRE-ELECTION REPORT 2019





# From the Chief Executive

The Pre-election Report provides information about Council in the lead up to the local government election on 12 October 2019.

This document is designed to draw attention to the key issues over the coming years, and to the Council's performance against the adopted financial strategy. It also covers the forecast financial position for the incoming Council.

The Pre-election Report provides:

- The historic information for the last three years (2016/17 - 2018/19).
- An overview of the current election year (2019/20).
- The Council's forecast financial position for the next three years (2020/21 - 2022/23).

While this report has not been audited, much of the information included has already been audited by independent auditors.

In particular:

- The first two years' (2016/17 and 2017/18) retrospective financial data has been audited as they have been taken directly from the relevant Annual Report.
- The future three years' (2020/21 - 2022/23) prospective financial data from the Long Term Plan 2018-28. This has been audited in conjunction with service performance targets and planned projects.
- The retrospective financial information from the most recent financial year (2018/19) has not yet been audited, this is to be carried out in September. Similarly information for the current year (2019/20) is drawn from our current Annual Plan.

The preparation and timing of the Pre-election Report is required by the Local Government Act 2002. It is independently prepared, without input from elected members.

Today we are in a healthy position. We have:

- Sound existing infrastructure and assets that provide the services our community wants.
- Comparatively affordable rates.
- A comparatively low level of external debt.
- The prospect of medium growth, which means more ratepayers to spread costs over.

There are some interesting projects underway and planned in the coming years.

I hope this document is helpful in providing a high level overview of Council's strategic direction, financial performance, future plans and how we will continue to meet the needs of our communities.

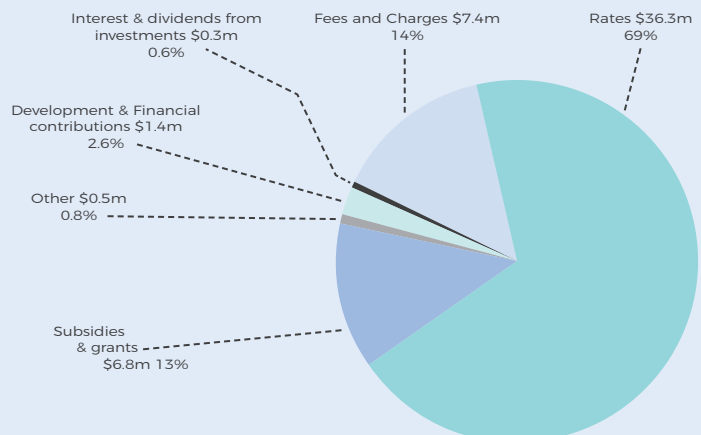
Further details about our performance and plans for the future are available in our Annual Report and Long Term Plan on our website.



Don McLeod  
Chief Executive

## Our income

While rates are our main source of income, we also receive money from other sources to fund the services we provide. The graph on the right shows our expected income from different sources. This includes funding for capital (e.g. buildings) and operational (day to day) items.



# Matamata-Piako - The Place of Choice

Lifestyle. Opportunities. Home.

As part of its work for the Long Term Plan in 2018 Council created a new vision and set of outcomes for the district. The intent was to offer a unique town and country lifestyle and provide opportunities for growth and investment. Most importantly Matamata-Piako is identified as home - a place we love, a place we are proud of and a place where we belong. Council also reviewed its community outcomes, which form the basis of Council's vision for our community.

Connected  
Infrastructure



Economic  
Opportunities



Healthy  
Communities



Environmental  
Sustainability



Vibrant  
Cultural Values



## The road ahead – how are going to get there?

The infrastructure strategy and financial strategy are our key strategies that aim to ensure we can provide quality infrastructure while maintaining a healthy financial position well into the future. It's important that these strategies align with our vision, our priorities and what we are trying to achieve for our community. The diagram below shows the relationship between our key strategies, and how they address our future challenges.

Full copies of the strategies are available in the Long Term Plan 2018-28

## Common external drivers

### Infrastructure strategy responses

- The use of technology
- Additional capital and operational expenditure
- Compliance with national standards
- Planning for sustainable growth
- Managing demand
- Levels of service
- Renewals/funding depreciation
- Optimising our investments
- Asset management

### Future challenges

- Compliance
- Growth and demand
- Affordability
- Resilience

### Financial strategy responses

- 4% rates - smoothing and prioritising work/outcomes
- Debt levels - investments/swaps
- Funding approaches, development contributions and partnerships, as well as funding sources
- Renewals/funding depreciation



# Financial Strategy limits and targets

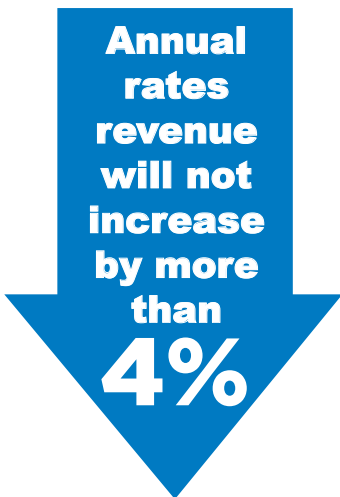
Our financial strategy is set out as part of the Long Term Plan. The Strategy sets self-imposed limits for Council’s debt levels, rates affordability benchmarks and targets for financial returns on investment. The financial strategy is reviewed every three years in line with the review of the Long Term Plan.

To deliver on the vision for our District, it’s council’s role to make decisions on the services and resources required to get us there. The financial strategy is a tool to help guide these decisions – to ensure they are prudent, and to ensure that we and the community, fully understand the effect of these decisions on our services, rates and debt.

## Our financial strategy goals

The key goals set in the current financial strategy in order to achieve Council’s vision are:

- To maintain the current levels of service we provide.
- To improve some levels of service where this complements our vision.
- To keep our rates at an affordable level.
- To ensure our debt is manageable and we allow ourselves some headroom to respond to emergencies or opportunities that may arise.



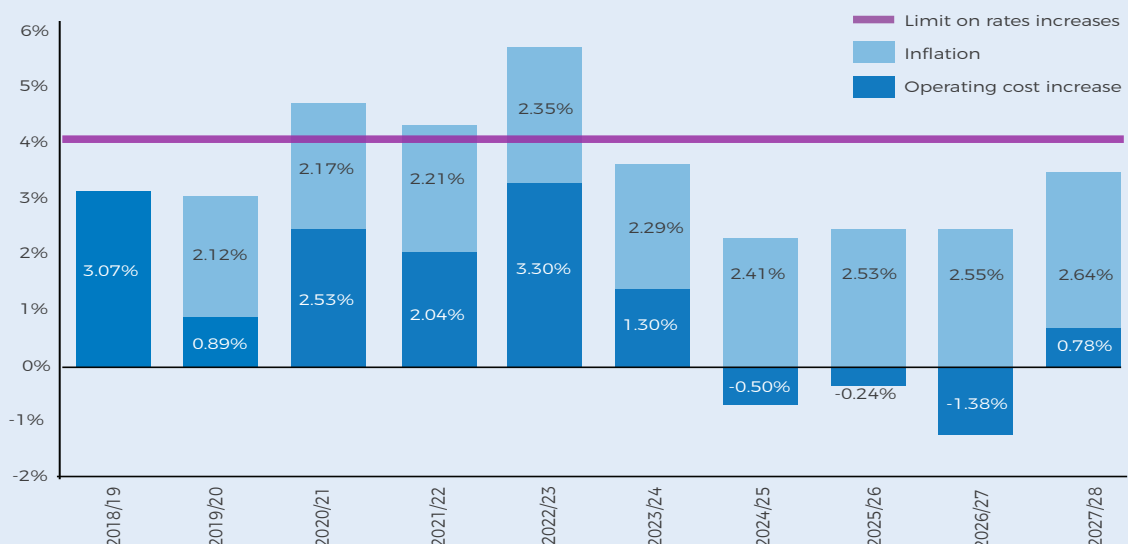
### Rates affordability

Council’s strategic goals are to maintain existing levels of service, whilst ensuring affordability to our rate payers. Council has set a limit that over the next ten years annual rates will not increase by more than 4%.

Council is forecasting at this stage, that rates increases will exceed the 4% limit in years 2021, 2022 and 2023. Council has made this call, as difficult as it is, because it is felt the time is right to invest in our District. Council has a chance to review budgets on an annual basis, so it will reassess progress, and actively seek to live within the 4% limit where this is achievable, and yet will still enable the community to make progress.

## Rates

Total forecast rates increase over the next 10 years as per the Long Term Plan 2018-28



## How are we doing?

This section provides an overview of how we have met our financial strategy obligations for the past three years. 2016/17 and 2017/18 results are compared to the Long Term Plan 2015-25 financial strategy, and 2018/19 results are compared to Long Term Plan 2018-28 financial strategy. We have achieved lower than expected rates increases each year over the past three years. Council has managed to decrease our debt levels, we are currently operating well within our self-imposed limit for debt to revenue ratio of 150%. Our investment funds delivered a lower return than forecast due to the downturn in international and domestic financial markets.

	Limit	Actual	Limit	Actual	Limit	Year end forecast ^
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19
<b>Rates affordability benchmarks</b>						
Limits on rates (income) affordability	\$33,355,000	\$31,599,000	\$34,690,000	\$32,019,000	\$33,198,000	\$32,862,411
Limits on rates (increases) affordability	4.00%	0.05%	4.00%	1.33%	4.00%	2.63%
<b>Debt affordability benchmarks</b>						
Net debt as a percentage of total revenue will not exceed 150%	150%	55%	150%	49%	150%	43%
<b>Return on investments</b>						
	Target	Actual	Target	Actual	Target	Year end forecast
Treasury investments	4.05%	3.17%	4.05%	3.21%	3.85%	3.20%

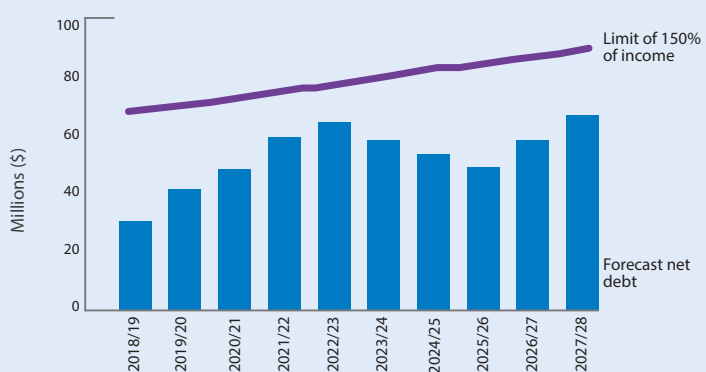
^ 2018/19 figures are based on actual performance up to 31 March 2019, then forecast to 30 June 2019.

## Debt affordability

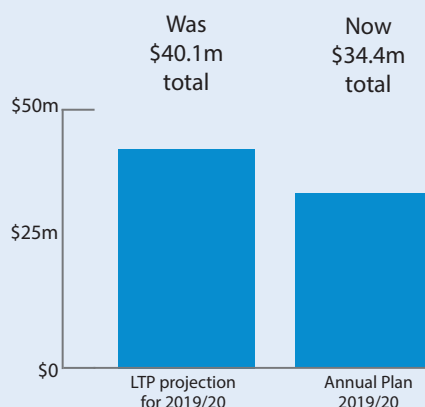
For a Council with a lot of assets that can last for as long as 100 years in some cases, having some long term debt makes sense. But having a high level of debt and living beyond our means would be unfair for current and future generations, and could mean we can't take up new opportunities when they arise. To balance this, Council has set a limit to not borrow more than 150% of our annual revenue. Our existing borrowing is significantly lower than the recommended maximum debt level.

# Debt

Our forecast debt for the next 10 years as per the Long Term Plan 2018-28



Estimated debt levels 2019/20



## Return on Investments

Our investment policy (available at mpdc.govt.nz) sets out the detail of the type of investments we can hold, and our objectives and risk management strategies related to holding these investments. We hold cash and treasury investments, such as term deposits, as part of managing our cash flow to finance our day to day operations and capital expenditure programme. We have targeted an average rate of return on cash and treasury investments of 3.85% over the 10 years of the Long Term Plan.

Council also holds a range of strategic investments. We are a shareholder of two Council Controlled Organisations (Waikato Local Authority Shared Service Limited and Waikato Regional Airport Limited), and we hold interests in other shared ventures such as New Zealand Local Government Insurance Company, New Zealand Local Government Funding Agency Limited and Hauraki Rail Trail Charitable Trust. Council does not set a targeted rate of return on strategic investments.



# Major projects

This section outlines the major projects currently underway this year or planned for the next three years. The project information has been sourced from the Annual Plan and/or our Long Term Plan. These projects have been highlighted due to them having major cost, variation and/or community interest involved with them.

## Projects for 2019/20

- We are planning a feasibility study to create a Matamata bypass to improve traffic flow and safety, with a budget of \$1 million, with an additional \$1 million set aside for 2020/21 for a detailed design.
- We are planning to upgrade the existing wastewater pipe of the Te Aroha falling main. The upgrade is to provide for the increased future flows and replacement of pipes which are at the end of their lives, with a total budget of \$3 million.
- We are planning to acquire and develop land to extend the River Walk from Studholme Street to Holmwood Park, Morrinsville. \$270,000 has been budgeted for this.

## Projects for 2020/21

- We are planning to extend the current cycleway to Piarere where it will meet Te Awa and the Waikato River Trail, with a projected budget of \$1.5 million.
- We are planning to upgrade the existing carpark at Waharoa Rest Area to meet increasing demand, with a project budget of \$200,000.
- We are planning to invest in an indoor sports court in Matamata, with Council contributing \$2 million to the project.
- We are planning to upgrade the pavement and stormwater systems for Factory Road, Waharoa with a project budget of \$250,000.
- We are planning to upgrade the Morrinsville Wastewater Treatment ponds with concrete lining, with a project budget of \$1.4 million.
- We are planning to upgrade the Matamata Wastewater Treatment Plant, to ensure compliance for nitrogen discharge. The upgrade to the first year has a project budget of 2.5 million, with an additional 2.5 million in our budget.
- We are planning to development of Te Aroha and Morrinsville CBD streetscapes, with a project budget of \$1 million.
- We have set aside \$250,000 to upgrade our drinking water standards district wide.
- We are planning to upgrade to the water line along Bolton Road, to service the newly zoned Morrinsville Industrial area, with a project budget of \$250,000.
- We are planning to develop the Waharoa Airfield bore supply and construction of a treatment plant with a project budget of \$450,000.



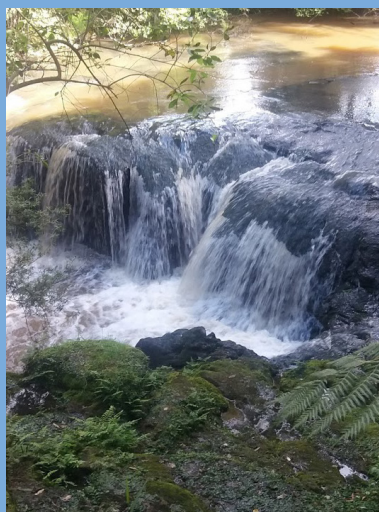
## Projects for 2021/22

- We are planning to continue to invest in road safety improvements with a total project budget of \$850,000.
- We have set aside \$250,000 to upgrade our drinking water standards district wide.
- We are planning a cycleway extension for Hinuera to Piarere, with a project budget of \$750,000.
- We are planning a walkway/cycleway from Tower Road, Matamata to Okauia Springs, Matamata has been planned with a project budget of \$600,000.
- We are planning to improve the Matamata inner walkway, to provide safe pedestrian routes, with a total project budget of \$475,000 .



## Projects for 2022/23

- We are planning to undertake redevelopment of Swap Park, Matamata, with a project budget of \$250,000.
- We are planning to upgrade the wastewater bulk sewer on Burwood Road, Matamata, with a project budget of \$480,000.
- We are planning to upgrade the wastewater pump station on Tower Road, Matamata and install of a new rising main to the treatment plant. With a total budget of \$320,000.
- We are planning improvements to road safety around the district which have been identified to enhance our local roads. This has a project budget of \$850,000.





# The past three years 2016/17 - 2018/19

This section contains financial information from the past three financial years, which run from 1 July to 30 June. Information from 2016/17 and 2017/18 has been drawn from our Annual Reports, which have been independently audited. Information for the 2018/19 financial year is based on our actual results to 31 March 2019, and forecast through to 30 June 2019 using our best estimates at that time. The 2018/19 information will be audited in September 2019 and the final Annual Report adopted on 2 October 2019. As such, it is possible that material differences could occur between this report and the final Annual Report 2018/19.

## Summary statement of financial position

The summary statement of financial position is also known as the summary balance sheet. It shows what Council owned or was owed from others (assets) and what Council owed to others (liabilities) at the end of the financial year. Total assets less total liabilities is referred to as 'net assets' – this is the net worth of Council – providing a 'snapshot' of Council's financial position at 30 June each year.

### Current financial assets

Deposits held in the 2016/17 and 2017/18 financial years were higher as a result of the delay in the completion of the capital works programme. In 2018/19 surplus funds have been used to reduce debt as it has matured.

### Non-current financial assets

The value of roading, utility and property assets have increased due to revaluations, and capital spent to renew or add to the network.

### Borrowings

These have reduced over the last three years as surplus cash has been utilised to reduce external debt, and the delay in the completion of the capital programme has meant that the debt levels forecast have not been required.

	Annual Report		Year end forecast <sup>^</sup>
	2016/17	2017/18	2018/19
	\$000	\$000	\$000
<b>Current assets</b>			
Financial assets	21,930	16,806	9,398
Other current assets	4,886	5,612	3,747
<b>Total current assets</b>	<b>26,816</b>	<b>22,418</b>	<b>13,145</b>
<b>Non-current assets</b>			
Financial assets	13,709	13,814	13,511
Other non-current assets	581,883	610,356	638,251
<b>Total non-current assets</b>	<b>595,592</b>	<b>624,170</b>	<b>651,762</b>
<b>Total assets</b>	<b>622,408</b>	<b>646,588</b>	<b>664,907</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	5,191	8,616	5,000
Other current liabilities	8,552	8,428	11,408
<b>Total current liabilities</b>	<b>13,743</b>	<b>17,044</b>	<b>16,408</b>
<b>Non-current liabilities</b>			
Borrowings	24,616	19,000	17,900
Other non-current liabilities	2,704	2,843	993
<b>Total non-current liabilities</b>	<b>27,320</b>	<b>21,843</b>	<b>18,893</b>
<b>Total liabilities</b>	<b>41,063</b>	<b>38,887</b>	<b>35,301</b>
<b>Total equity</b>	<b>581,345</b>	<b>607,701</b>	<b>629,606</b>

<sup>^</sup> 2018/19 figures are based on actual performance up to 31 March 2019, then forecast to 30 June 2019.





## Funding impact statement

The funding impact statement below shows how Council funded its activities in the past three years. It shows where the funding came from, including income from rates and how the funds were applied. It separates funding for the purposes of operating (which covers the day to day operations and services of Council), and capital (which covers the replacement, upgrade or spending on new assets).

### General and targeted rates

General rates have increased steadily over the last three years to fund a number of projects, the major ones including the Te Aroha Events Centre, Matamata Civic and Memorial Centre, and the Te Aroha to Matamata Cycleway extension, as well as increased spending on economic development and in the last year an increased budget to improve the upkeep of our public spaces. Revenue from targeted rates has decreased over the same time as less rates were required for interest (as total borrowings have decreased) and income from metered water has decreased due to a drop in consumption by two major industrial users, and for 2018/19, rubbish collection has been funded primarily through the sale of rubbish bags rather than by way of a targeted rate.

### Fees and charges

Revenue from fees and charges has increased over the last year particularly due to increased building and resource consent activity and good attendance numbers across a number of our district facilities, and also due to the shift to the sale of rubbish bags.

### Interests and dividends from investments

Investment income has been higher than budgeted as the delay in capital spending in this and previous years has resulted in more cash being available for investing.

### Payments to staff and suppliers

Payments to staff have remained relatively static over the last three years with a number of vacancies not being filled. Payments to suppliers have increased steadily across a number of activities, including building and resource consent processing, aquatic facilities, parks and tracks, and footpath maintenance. In the last year in particular there were some extra-ordinary one-off costs in the water and rubbish and recycling activities and grants for the Hauraki Rail Trail.

### Finance costs

Finance costs have reduced due to the \$5 million repayment of external debt, and the lower interest rate environment.

### Subsidies and grants for capital expenditure

The main capital subsidies received are for the renewal of our District's roads, received from the New Zealand Transport agency. This last year also included a significant Government grant for the Te Aroha to Matamata Cycleway extension.

### Development and financial contributions

A continuing increase in the level of development within our District has resulted in significant increases in revenue received to fund the growth in our infrastructure networks

### Improvement to levels of service

Significant projects in 2018/19 included the Te Aroha to Matamata Cycleway extension, installation of Ultra Violet treatment at the Matamata South and Tawiri water treatment plant, and the Te Aroha West water connection.

### Replacement to existing assets

Significant renewal projects in 2018/19 included road resurfacing and rehabilitation, water and wastewater reticulation, and pensioner housing renewals.

	Actual 2016/17 \$000	Actual 2017/18 \$000	Year end forecast <sup>^</sup> 2018/19 \$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	20,190	21,300	22,568
Targeted rates	13,812	12,799	12,214
Subsidies and grants for operating purposes	2,763	2,690	2,697
Fees and charges	6,640	6,643	6,836
Interest and dividends from investments	549	622	653
Local authorities fuel tax, fines, infringement fees, and other receipts	261	283	263
<b>Total operating funding (A)</b>	<b>44,215</b>	<b>44,337</b>	<b>45,231</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	30,482	32,162	35,678
Finance costs	1,349	1,335	1,270
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>31,831</b>	<b>33,497</b>	<b>36,948</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,384</b>	<b>10,840</b>	<b>8,283</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	4,597	4,141	5,541
Development and financial contributions	524	1,790	2,367
Increase (decrease) in debt	4,820	(2,191)	649
Gross proceeds from sale of assets	670	21	112
Lump sum contributions	77	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>10,688</b>	<b>3,761</b>	<b>8,669</b>
<b>Applications of capital funding</b>			
Capital expenditure			
—to meet additional demand	120	299	-
—to improve the level of service	6,298	9,345	8,619
—to replace existing assets	10,660	9,457	14,768
Increase (decrease) in reserves	(1,287)	1,108	-
Increase (decrease) of investments	7,281	(5,608)	(6,435)
<b>Total applications of capital funding (D)</b>	<b>23,072</b>	<b>14,601</b>	<b>16,952</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,384)</b>	<b>(10,840)</b>	<b>(8,283)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>^</sup> 2018/19 figures are based on actual performance up to 31 March 2019, then forecast to 30 June 2019.

# This year

## 1 July 2019 - 30 June 2020

This section contains forecast information for the current financial year. Council adopted its Long Term Plan 2018-2028 on 27 June 2018, covering the planned activities and projects for the district for the next ten years, including the 2019/20 financial year. Council is required to revise these projects and forecasts every three years.

### Forecast summary statement of financial position

The summary statement of financial position is also known as the summary balance sheet. It shows the forecast of what Council will own or be owed from others (assets) and what Council is forecast to owe to others (liabilities) at the end of this financial year. Total assets less total liabilities is referred to as 'net assets' – this is the net worth of Council – providing a 'snapshot' of Council's forecast financial condition at 30 June.

#### Total current assets

Forecast cash holdings have changed in line with spending and funding changes.

#### Total non-current assets

The revaluation of Council's assets at 1 July 2018, which is reflected in the Annual Plan forecast, was significantly more than forecast at the time the Long Term Plan was adopted.

#### Total non-current liabilities

The delay in the completion of our capital works programme has meant that the revised debt forecast to 30 June 2020 is lower than planned in the Long Term Plan.

	Long Term Plan	Annual Plan
	2019/20	2019/20
	\$000	\$000
<b>Current assets</b>		
Financial assets	10,690	6,945
Other current assets	3,546	6,077
<b>Total current assets</b>	<b>14,236</b>	<b>13,022</b>
<b>Non-current assets</b>		
Financial assets	13,447	13,814
Other non-current assets	645,896	666,045
<b>Total non-current assets</b>	<b>659,343</b>	<b>679,859</b>
<b>Total assets</b>	<b>673,579</b>	<b>692,881</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Borrowings	7,000	7,000
Other current liabilities	4,271	8,224
<b>Total current liabilities</b>	<b>11,271</b>	<b>15,224</b>
<b>Non-current liabilities</b>		
Borrowings	44,112	35,617
Other non-current liabilities	893	893
<b>Total non-current liabilities</b>	<b>45,005</b>	<b>36,510</b>
<b>Total liabilities</b>	<b>56,276</b>	<b>51,734</b>
<b>Total equity</b>	<b>617,303</b>	<b>641,147</b>





## Forecast funding impact statement

The funding impact statement below shows how everything Council plans to do this year is intended to be funded. It shows where the funding will come from, including income from rates and how the funds will be applied. It separates funding for the purposes of operating (which covers the day to day operations and services of Council), and capital (which covers the replacement, upgrade or spending on new assets).

### Sources and applications of operating funding

General rates required increased slightly compared to the Long Term Plan, due to a number of minor shifts in budgets across a number of activities.

	Long Term Plan	Annual Plan
	2019/20	2019/20
	\$000	\$000
<b>Sources of operating funding</b>		
General rates, uniform annual general charges, rates penalties	23,282	23,836
Targeted rates	12,831	12,513
Subsidies and grants for operating purposes	2,776	2,773
Fees and charges	6,916	6,988
Interest and dividends from investments	267	257
Local authorities fuel tax, fines, infringement fees, and other receipts	266	266
<b>Total operating funding (A)</b>	<b>46,338</b>	<b>46,633</b>
<b>Applications of operating funding</b>		
Payments to staff and suppliers	33,201	34,115
Finance costs	1,637	1,096
Other operating funding applications	-	-
<b>Total applications of operating funding (B)</b>	<b>34,838</b>	<b>35,211</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>11,500</b>	<b>11,422</b>
<b>Sources of capital funding</b>		
Subsidies and grants for capital expenditure	3,224	4,084
Development and financial contributions	1,397	1,370
Increase (decrease) in debt	11,996	16,860
Gross proceeds from sale of assets	-	-
Lump sum contributions	-	-
Other dedicated capital funding	-	-
<b>Total sources of capital funding (C)</b>	<b>16,617</b>	<b>22,314</b>
<b>Applications of capital funding</b>		
Capital expenditure		
—to meet additional demand	677	-
—to improve the level of service	13,550	19,346
—to replace existing assets	13,898	14,171
Increase (decrease) in reserves	(8)	219
Increase (decrease) of investments	-	-
<b>Total applications of capital funding (D)</b>	<b>28,117</b>	<b>33,736</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(11,500)</b>	<b>(11,422)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>

### Sources and applications of capital funding

Debt is expected to increase as we catch up on capital spending.



# The next three years

## 2020/21 - 2022/23

The information in this section has been sourced from Council's Long Term Plan 2018-28, which was adopted in June 2018 and covers the planned activities and projects for the District for the next ten years. The information in the Long Term Plan 2018-28 is now over a year old, and there have been some changes in work programmes and budgets since then that are not reflected in these forecasts. Keeping that in mind, these forecasts are only intended to give a reasonable indication of the major projects and forecast financial position and funding for the next three years. It is based on the best information we had available at the time when the Long Term Plan 2018-28 was prepared. Revised forecasts are published in June each year in the form of an Annual Plan.

### Forecast summary statement of financial position

The summary statement of financial position is also known as the summary balance sheet. It shows the forecast of what Council will own or be owed from others (assets) and what Council is forecast to owe to others (liabilities) at the end of these financial years. Total assets less total liabilities is referred to as 'net assets' – this is the net worth of Council – providing a 'snapshot' of Council's forecast financial position at 30 June each year.

	Long Term Plan		
	2020/21	2021/22	2022/23
	\$000	\$000	\$000
<b>Current assets</b>			
Financial assets	10,880	11,059	11,309
Other current assets	3,305	3,289	2,994
<b>Total current assets</b>	<b>14,185</b>	<b>14,348</b>	<b>14,303</b>
<b>Non-current assets</b>			
Financial assets	13,447	13,447	13,447
Other non-current assets	672,288	697,080	718,716
<b>Total non-current assets</b>	<b>685,735</b>	<b>710,527</b>	<b>732,163</b>
<b>Total assets</b>	<b>699,920</b>	<b>724,875</b>	<b>746,466</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	-	4,000	2,000
Other current liabilities	4,237	4,411	4,362
<b>Total current liabilities</b>	<b>4,237</b>	<b>8,411</b>	<b>6,362</b>
<b>Non-current liabilities</b>			
Borrowings	60,136	65,856	73,770
Other non-current liabilities	879	865	850
<b>Total non-current liabilities</b>	<b>61,015</b>	<b>66,721</b>	<b>74,620</b>
<b>Total liabilities</b>	<b>65,252</b>	<b>75,132</b>	<b>80,982</b>
<b>Total equity</b>	<b>634,668</b>	<b>649,743</b>	<b>665,484</b>



## Forecast funding impact statement

The funding impact statement below shows how everything that Council plans to do over the next three years is intended to be funded. It shows where the funding will come from, including income from rates and how the funds will be applied. It separates funding for the purposes of operating (which covers the day to day operations and services of Council), and capital (which covers the replacement, upgrade or spending on new assets).

	Long Term Plan		
	2020/21	2021/22	2022/23
	\$000	\$000	\$000
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	24,140	25,030	26,234
Targeted rates (other than a targeted rate for water supply)	13,612	14,280	15,218
Subsidies and grants for operating purposes	2,794	2,856	2,923
Fees, charges, and targeted rates for water supply	7,220	7,381	7,554
Interest and dividends from investments	303	349	386
Local authorities fuel tax, fines, infringement fees, and other receipts	272	278	284
<b>Total operating funding (A)</b>	<b>48,341</b>	<b>50,174</b>	<b>52,599</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	34,152	34,998	35,951
Finance costs	2,058	2,466	2,993
Other operating funding applications	-	-	-
<b>Total applications of operating funding (B)</b>	<b>36,210</b>	<b>37,464</b>	<b>38,944</b>
<b>Surplus (deficit) of operating funding (A – B)</b>	<b>12,131</b>	<b>12,710</b>	<b>13,655</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	3,293	4,139	3,418
Development and financial contributions	1,425	1,410	1,438
Increase (decrease) in debt	9,026	9,719	5,915
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding (C)</b>	<b>13,744</b>	<b>15,268</b>	<b>10,771</b>
<b>Applications of capital funding</b>			
Capital expenditure			
—to meet additional demand	392	722	5,201
—to improve the level of service	11,906	9,075	3,631
—to replace existing assets	13,583	18,190	15,605
Increase (decrease) in reserves	(6)	(9)	(11)
Increase (decrease) of investments	-	-	-
<b>Total applications of capital funding (D)</b>	<b>25,875</b>	<b>27,978</b>	<b>24,426</b>
<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(12,131)</b>	<b>(12,710)</b>	<b>(13,655)</b>
<b>Funding balance ((A – B) + (C – D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Any questions?

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 in the lead up to the Local Body Elections. In this Pre-election Report we have drawn information from the Long Term Plan 2018-28, Annual Reports and Annual Plan 2019/20. All of these documents are available at [www.mpdc.govt.nz](http://www.mpdc.govt.nz). However, if you haven't found the information you would like or if you have any questions please get in touch. You can:

- write to us at PO Box 266, Te Aroha 3342
- phone us on 0800 746 467
- email us at [info@mpdc.govt.nz](mailto:info@mpdc.govt.nz)