



WHANGANUI
DISTRICT COUNCIL
Te Kaunihera a Rohe o Whanganui



2019 Pre-election Report

Foreword



With the local authority elections coming up in October 2019, this report is an opportunity for both candidates and voters to get a better understanding of the Whanganui District Council's current position and where we're heading.

Most people in our community will be aware of the big projects and issues we currently have on our plate. This report brings you up to date with the latest information we have available on them as at the end of July 2019. The report also contains a considerable amount of financial information as required under the Local Government Act 2002, including past and prospective financial statements. We continue to manage our finances prudently, as reflected in Standard and Poor's recent confirmation of its long-term credit rating of AA.

A key focus for the organisation is on 'Service Excellence'. We want to make it easy for everyone to engage with the Council and we are continually looking to add value through implementing smarter, more cost-effective solutions.

Providing you with a snapshot in time – our position ahead of the 2019 local authority election

Our Whanganui: Leading Edge strategy, which our community helped develop, guides the way we make decisions on a day-to-day basis, as well as for the future of our district. Our vision is "to be an energised, united and thriving district offering abundant opportunities for everyone". This strategy is about Whanganui being seen as positive and exciting – a community that is united, connected, creative, environmentally rich and economically prosperous.

This report is a high level overview of Whanganui District Council today and doesn't address all our activities and projects. Our staff can assist with answers to questions not covered by this report. You can contact us by telephone on 349 0001 or email us at wdc@whanganui.govt.nz

A blue ink handwritten signature, appearing to read "Kym Fell", with a long horizontal flourish extending to the right.

*Kym Fell
Chief Executive
Whanganui District Council*

Background to the Pre-Election Report 2019

Introduction

Council finances and key projects will be a focus for candidates and voters as we approach the 2019 local authority elections.

The Pre-election Report gives an overview of where we've been, where we are and where we are heading, mostly in relation to our financial performance.

This report presents the financial information for the past three years (2016/17-2018/19), an overview of the current year's budget (2019/20) and projections for the next three years (2020/21-2022/23).

It also provides information on key projects planned during the three-year term of the new Council.

Basis of preparation

The Pre-Election Report is a requirement for all councils and must be prepared by the Council's Chief Executive. The report must not contain any political input from elected members.

It brings together information previously published in the Long Term Plan 2018-2028, Annual Plans and Annual Reports and associated documents; much of this information has been audited by Audit New Zealand. The purpose of the Pre-Election Report is to reflect the current Council's financial situation and policy and service delivery decisions at the time of publication.

This report includes the same inflation assumptions as in the Long Term Plan 2018-2028 and other assumptions as noted in that document. Please refer to the Long Term Plan 2018-2028 for more details.

Financial information for 2018/19 has been estimated based on the information available at the time of preparation. This financial information is likely to differ from that published in the 2018/19 Annual Report which is required to be completed and audited by 31 October 2019, however differences are not likely to materially impact the overall financial performance and position of the Council.

Forecast information for 2020/21 – 2022/23 is based on the 2018 -28 long term plan with adjustments made to reflect decisions made during the 2019/20 Annual Plan on the Port revitalization and Sarjeant Gallery redevelopment projects.

Who we are

Whanganui District Council resulted from the 1989 amalgamation of Wanganui County Council, most of Waitotara County Council, a small part of Stratford County Council and Wanganui City Council.

The Whanganui District has an area of 2373km², with much of the land being rough hill country surrounding the valley of the Whanganui River.

Our district is made up of the urban area, where the majority of the population lives, plus small rural settlements at Kai Iwi, Mowhanau, Fordell, Upokongaro, Maxwell and Mangamahu. Marae based settlements are at Kaiwhaiki, Pungarehu, Parikino, Atene, Korinitia, Matahiwi, Ranana and Jerusalem.

Latest Government statistics have Whanganui District's population at 45,200¹. As at 30 June 2019, the projected number of rating units in the district was 21,566.

Whanganui has a different ethnic mix compared with the rest of New Zealand. More

¹ MBIE, 2018

than three-quarters (82%) of residents described themselves as European (74% nationally). Maori comprise a considerably larger proportion of Whanganui's residents when compared nationally; 23% in Whanganui versus 15% nationwide. Less than 3% of residents identified themselves as Pacific and Asian, less than that recorded nationally (7% and 12%).²

More statistical information about the Whanganui District can be found in the Long Term Plan 2018-2028 (Volume 1).

What we do

We deliver a variety of services, facilities, information and advice within the broad activity areas of community, facilities and services; provision of infrastructure; economic development; transportation; investments; and corporate functions. Some of these activities are required by legislation and others respond to community need and demand. Some examples of our wide-ranging services include:

- Provision of safe drinking water
- Community contracts
- Public toilets
- Building and resource consents
- Cemeteries



- Community glass facility: New Zealand Glassworks – Te Whare Tūhua O Te Ao
- Advocating to central and regional government
- Shared pathways, footpaths and street lights
- Economic development
- Roothing
- Stormwater management
- Provision of facilities such as halls libraries, parks, swimming pools and sportsgrounds
- Sarjeant Gallery Te Whare o Rehua Whanganui
- Animal and noise control, food safety and other regulatory activities
- Emergency management
- Litter bins
- Airport
- Whanganui Sea and River Port

Complete information on all of our activities is available in the Long Term Plan 2018-2028 (Volume 2).

² NZ Census 2013. These figures include all people who stated each ethnic group, whether as their only ethnic group or as one

of several. Where a person reported more than one ethnic group, they have been counted in each applicable group. As a result percentages do not add up to 100.

Financial information

Funding impact statement

	Annual Report 2016/17 \$000	Annual Report 2017/18 \$000	Forecast Annual Report 2018/19 \$000	Annual Plan 2019/20 \$000	Forecast Long Term Plan 2020/21 \$000	Forecast Long Term Plan 2021/22 \$000	Forecast Long Term Plan 2022/23 \$000
General rates, uniform annual general charges, rates penalties	28,032	28,092	28,242	30,347	30,568	30,751	31,100
Targeted rates	27,719	29,818	34,440	32,505	34,819	35,768	36,507
Subsidies and grants for operating purposes	3,948	4,505	5,665	4,207	3,753	4,164	3,955
Fees and charges	7,302	7,693	5,096	9,558	9,588	9,861	10,185
Interest and dividends from investments	1,190	888	1,979	980	1,087	1,076	1,064
Local authorities fuel tax, fines, infringement fees and other receipts	2,797	3,016	4,790	2,473	2,252	2,291	2,413
Total operating funding (A)	70,988	74,012	80,212	80,070	82,068	83,911	85,225
Application of operating funding							
Payments to staff and suppliers	50,214	52,828	56,025	57,643	57,473	59,177	59,338
Finance costs	4,806	5,220	5,316	5,756	6,988	6,901	6,748
Other operating funding applications	0	0	0	0	0	0	0
Total application of operating funding (B)	55,020	58,048	61,341	63,399	64,461	66,078	66,086
Surplus (deficit) of operating funding (A - B)	15,968	15,964	18,871	16,671	17,607	17,833	19,138
Sources of capital funding							
Subsidies and grants for capital expenditure	13,361	14,291	5,639	6,848	5,753	5,447	5,614
Development and financial contributions	0	0	16	120	192	154	424
Increase (decrease) in debt	21,300	10,700	6,019	11,088	(2,095)	617	(4,598)
Gross proceeds from asset sales	81	141	228	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0
Other dedicated capital funding	34	388	596	29	8,384	8,384	29
Total sources of capital funding (C)	34,776	25,520	12,497	18,085	12,234	14,603	1,469
Application of capital funding							
Capital expenditure							
-to meet additional demand	0	0	111	1,805	940	2,071	1,731
-to improve the level of service	29,015	23,493	14,348	19,965	13,373	12,646	3,955
-to replace existing assets	22,445	18,882	19,352	13,476	15,608	17,798	15,002
Increase (decrease) in reserves	(716)	(491)	(94)	(290)	120	120	120
Increase (decrease) of investments	0	(400)	(2,350)	(200)	(200)	(200)	(200)
Total application of capital funding (D)	50,744	41,484	31,368	34,756	29,841	32,435	20,607
Surplus (deficit) of capital funding (C - D)	(15,968)	(15,964)	(18,871)	(16,671)	(17,607)	(17,833)	(19,138)
Funding balance ((A - B) + (C - D))	0	0	0	0	0	0	0

(See basis of preparation statement on page 3)

Statement of financial position

	Annual Report 2016/17	Annual Report 2017/18	Forecast Annual Report 2018/19	Annual Plan 2019/20	Forecast Long Term Plan 2020/21	Forecast Long Term Plan 2021/22	Forecast Long Term Plan 2022/23
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets							
Current assets							
Cash and cash equivalents	10,887	8,788	10,213	4,612	4,078	4,282	4,492
Receivables	7,838	5,365	4,923	7,226	7,385	7,547	7,721
Inventory	1	1	1	-	-	-	-
Non-current assets held for sale	-	10,414	-	-	-	-	-
<i>Total current assets</i>	18,726	24,568	15,138	11,838	11,463	11,829	12,212
Non-current assets							
Investment in Whanganui District Council Holdings Limited	7,846	7,846	7,846	7,846	7,846	7,846	7,846
Other financial assets	4,993	4,685	2,064	2,114	3,691	3,491	3,291
<i>Total other financial assets</i>	12,839	12,531	9,910	9,960	11,537	11,337	11,137
Property, plant and equipment	878,947	915,909	932,633	1,014,883	1,029,364	1,038,810	1,095,417
Forestry assets	8,833	925	-	-	-	-	-
Intangible assets	1,379	1,174	1,136	912	765	811	793
Investment property	23,737	23,381	23,381	24,809	25,758	26,325	26,931
<i>Total non-current assets</i>	925,735	953,920	967,061	1,050,565	1,067,425	1,077,284	1,134,277
Total assets	944,461	978,488	982,199	1,062,402	1,078,888	1,089,113	1,146,489
Liabilities							
Current liabilities							
Payables	14,864	10,550	7,651	9,994	11,152	11,366	11,594
Employee entitlements	1,644	1,707	1,692	1,453	1,499	1,532	1,567
<i>Total current liabilities</i>	16,508	12,257	9,343	11,447	12,651	12,898	13,161
Non-current liabilities							
Borrowings	94,050	104,750	99,750	124,328	125,142	125,759	121,161
Deferred tax liability	80	30	30	50	50	50	50
Derivative financial instruments	9,026	8,979	8,979	8,979	8,300	8,300	8,300
<i>Total non-current liabilities</i>	103,156	113,759	108,759	133,357	133,492	134,109	129,511
Total liabilities	119,664	126,016	118,102	144,804	146,144	147,007	142,672
Net assets (assets minus liabilities)	824,797	852,472	864,097	917,598	932,744	942,106	1,003,817
Equity							
Accumulated funds	547,363	560,765	569,053	575,785	593,237	602,479	605,072
Revaluation reserves	216,463	226,742	230,172	281,518	278,653	278,653	337,652
Restricted reserves	59,762	64,068	63,975	60,027	60,147	60,267	60,387
Other reserves	1,209	897	897	267	707	707	707
Total equity	824,797	852,472	864,097	917,598	932,744	942,106	1,003,817

(See basis of preparation statement on page 3)

Compliance with financial strategy

This following information is required by section 99A of the Local Government Act 2002 and compares some key debt, rates and investment return parameters with the limits and targets set out in the Council's financial strategy. The debt and rates parameters have been prepared on the same basis used to prepare the Council's annual reports and in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

Prudent debt ratios

Council's limits on borrowing identified in the financial strategy of the relevant Long Term Plan	Limit	Actual 2016/17	Actual 2017/18	Forecast 2018/19
Net debt as a percentage of total revenue	<200%	102%	107%	115%
Net interest as a percentage of total revenue	<15%	5%	5%	5%
Net interest compared to annual rates (excluding metered water, trade waste and penalties)	<20%	8%	9%	8%
Liquidity (external debt + cash + committed loan facilities) compared to external debt	>110%	139%	133%	130%

Investment ratios

Council's target for investment identified in the financial strategy of the relevant Long Term Plan	Target	Actual 2016/17	Actual 2017/18	Forecast 2018/19
<i>Target = Return on investment</i>				
Harbour Endowment	6.5%	7.3%	3.5%	5.2%
City Endowment	6.5%	7.7%	6.2%	6.1%
<i>Target = Dividends paid</i>				
Whanganui District Council Holdings Limited		\$0.8M	\$0.8M	\$1M
Budgeted Return		\$0.8M	\$0.8M	\$1M

Rates

Council limits an increase of total rates revenue from all existing ratepayers (excluding water by meter, trade waste and penalties) of no more than the local government inflation rate plus 2%.

Rates (income) affordability	Limit	Actual 2016/17	Actual 2017/18	Forecast 2018/19
Total Rates (excluding water by meter, trade waste and penalties) as a percentage of total revenue	75%	60%	57%	59%
Rates (increase) affordability				
Actual rate increase		4.5%	2.0%	4.5%
Limit		5.6%	3.4%	5.0%

Key projects – now and for the future

The following major projects are programmed to occur during the 2019-2022 Council triennium. Details of other projects and work programmes are available in the Long Term Plan 2018-2028 and the Annual Plan 2019/20.

Sarjeant Gallery redevelopment project

The Sarjeant Gallery Te Whare o Rehua Whanganui, built in 1919, is one of New Zealand's most important heritage buildings and the Gallery cares for an art collection of national importance. The Sarjeant Gallery Redevelopment project will make the earthquake-prone building safe and ensure the preservation, exhibition and long-term access to our precious collection. In the meantime, our staff and the collection have been temporarily relocated to 38 Taupō Quay.

Funding for the Sarjeant Gallery Redevelopment Project has come from Central Government, Whanganui District Council, public and private trusts and individual giving. An application has been submitted to the Provincial Growth Fund and we expect to hear the outcome of this in August 2019.

To date we have achieved developed and detailed design for the building, unencumbered resource consent, and proceeded through the value-engineering and tendering phases. The 2019/20 year will see the appointment of a main contractor as we move into the construction phase of the project.

Port revitalisation

Revitalisation of the port area is not only important for economic development locally, but to future-proof Whanganui as it continues to grow in population and attract more people who expect modern facilities and protection of unique natural surroundings such as the historic river port.

In the last three years, Whanganui District Council has upgraded commercial facilities at Wharf 1, undertaken a stage 1 upgrade of the

recreational trailer boat ramp, and undertaken stormwater and flood protection work at the Heads Road/Whanganui Port industrial area. However to attract further commercial and government investment, Whanganui District Council must show our financial investment in the port's future.

In the Long Term Plan 2018-2028 Council approved \$6.5M of spending on the Port Revitalisation Project between 2018/19 and 2022/23.

In the 2019/20 Annual Plan Council decided to bring all of the funding forward to the 2019/20 year, and to increase it by \$6.3M. This brings the total planned investment to \$12.8M and includes work on Wharf 1, Wharf 2, Wharf 3, boat launch infrastructure, dredging tools, building repairs, and demolition of derelict structures.

This proposed infrastructure will not only support current marine services and freight services, but encourage potential tenants in similar industries as well as from the seafood harvesting and processing sector to invest. This funding also takes into consideration the cost to protect the health, well-being and function of the Whanganui River.

Shared pathways

The final stage of the Te Tuaiwi shared pathway is nearing completion with the final section between London Street and Nelson Street almost finished. A shared pathway will also be put in place from the Splash Centre to Great North Road during 2019/20. The City to North Mole pathway is currently halted at Gilbert Street waiting on easement legalities relating to the Port Development Project, and the North Mole Whanganui River Rock Armouring Project to be undertaken by

Horizons Regional Council . These projects were 85% funded by NZ Transport Agency (NZTA).

Upokongaro cycleway

Outside the urban area, the construction of the Upokongaro cycleway will improve safety for cyclists travelling between Upokongaro and the Whanganui urban area as part of the Mountains to Sea cycle trail. The project is joint funded by the Ministry of Business, Innovation and Employment (MBIE) and Council.

As the design progressed, it was identified that it would be advantageous to build the abutments higher than originally detailed to reduce risks to the structure from climate change effects. The proposed change requires an amendment to the project's Resource Consent, including consultation under Te Awa Tupua legislation, introduced by Parliament in March 2017.

Discussions are progressing well and we anticipate that a revised resource consent will be obtained in the very near future. A launch date for the bridge will depend on the granting of the Resource Consent variation as well as a number of other factors, including weather conditions.

Stormwater improvements

Some parts of our district are more prone to experiencing poor stormwater drainage and may be exposed to more frequent flooding events than others.

Council has allocated \$25M over 30 years to invest in priority areas first. This will be \$500k each year of the Long Term Plan 2018-2028, with the balance then spent over the remaining 20 years.

In 2019/20 construction will commence on the upgrade to the stormwater system in Gloucester Street to improve levels of service in the London Street/Halswell Street area. Design work is also underway to upgrade the stormwater line in lower Wilson Street.

Mill Road

The Mill Road stormwater main upgrade is being completed at present, after which the remaining section of Mill Road will be sealed. This will enable the next phases of the Westbourne Structure Plan to be developed by private developers, providing much needed industrial capacity to our economy.

Other infrastructure upgrades for water and wastewater service are also planned over the next two to three years as part of the Westbourne Structure Plan, most notably an upgrade to the wastewater pump station on Mill Road, and the extension of the ring-main from Mill Road to Fitzherbert Avenue, and further stormwater drainage downstream of this area towards the Titoki wetland.

The Mosston Road stormwater upgrade is being completed at present – this gives much needed capacity to the Mill Road area for the development to occur, and also provides separation capacity to Heads Rd, Ruapehu St, Hinau St, Kowhai St, Titoki St and Tongariro St.

Fitzherbert Avenue extension

Council committed to proceeding with this project in the Long Term Plan 2018-2028. The project will provide an arterial link to the Castlecliff industrial area via Mosston Road and will open up the Springvale Structure plan for development. As part of this work, water, stormwater and wastewater growth projects are planned to provide the capacity required to allow this area to be rezoned to residential densities.

Land acquisition and detailed design for the Fitzherbert Avenue extension will take place in the 2019/20 year. Consultation will commence in early 2019/20 with construction expected to begin in the 2020/21 year.

Animal pound

Council is committed to building a new animal pound, which will provide a safer environment for the animals and for the officers who are responsible for the welfare of impounded dogs. Council have allocated \$1M for the

construction and work will commence in the 2019/20 year.

Climate change

Council recognises that climate change is a significant issue that will have real impact on the Whanganui District as its impacts unfold over time.

The Productivity Commission's draft report on Local Government funding and financing has identified climate change as one of its top four significant challenges affecting local government. In addition, the New Zealand Government is currently considering the Climate Change (Zero Carbon) Amendment Bill.

Council officers are preparing a Climate Change Strategy for Council's consideration to address how Whanganui District Council plans to manage climate change into the future.

Land for growth

With steady population growth and changing demographics, Whanganui is experiencing demand growth for sections and new build residential properties.

Council has recently rezoned rural land north-west of the city for residential purposes, providing much needed greenfield land supply for new housing. Council is currently in the process of rezoning rural land west of Springvale to provide for residential growth to meet projected demand out to 2065. Infill development within existing suburbs is promoted and encouraged, with the District Plan well placed to facilitate this sustainable form of housing development.

Velodrome roof

Council remain fully supportive of the Velodrome roofing project, with \$1M budgeted toward the project.

In line with the recommendations of the Sport New Zealand Peer Review of the Feasibility Study, the Project Control Group has undertaken a request for proposal for the

preparation of a Needs Analysis. . This is expected to be completed by August 2019.

Town Centre regeneration

The Town Centre Regeneration Strategy aims to revitalise and beautify our central city area. The overall vision for the town centre is: *Making Whanganui Visible*.

It's about developing new ideas for the best ways of using this space and embracing new uses so it's not just a retail area but includes arts, entertainment, education and residential uses.

Projects over the next 12 months include the second street art festival known as Whanganui Walls, preliminary planning for the redevelopment of Majestic Square (work programmed for 2021/22), relocating the bus interchange and associated amenities into the town centre and various activation initiatives like the Ridgway Popup and alleyway installations.

Heritage

Council has a significant focus on its built heritage as a point of difference. Council has a Heritage Grant Fund which provides financial assistance to private building owners in the Town Centre to undertake heritage enhancement work. The grants are for external works that enhance the historic character of heritage buildings listed in the District Plan, or have exceptional circumstances.

In the Annual Plan 2019/20 Council approved funding to develop and implement a heritage strategy. This will provide a framework to better understand, manage and protect our heritage.

Working together

Council engages with Maori through iwi, hapu and whanau as well as mataa waka (those who are not tangata whenua with mana whenua). The approach is based on partnership and participating at the strategic and operational levels.

Working with other local authorities and groups is increasingly important. We are continuing a programme of regional co-operation and collaboration with neighbouring councils.

More information

You can access more information on our website at www.whanganui.govt.nz/plans including:

- Long Term Plan 2018-2028
- Annual Plan 2019/20
- Annual Reports

Or contact our Customer Services Team, phone (06) 349 0001, email yourcouncil@whanganui.govt.nz

