

ŌTOROHANGA DISTRICT COUNCIL PRE-ELECTION REPORT

From Chief Executive, Tanya
Winter



FROM THE CHIEF EXECUTIVE, TANYA WINTER



Tēnā koutou katoa,

Nāku te rourou, nōu te rourou, ka ora ai te iwi
With my basket and your basket, the people
will thrive

You are probably reading this report because you intend to stand for Council in the local body election in October 2022, right? That is fantastic! I want you to know that there is nothing political in this report. It does not need Council endorsement or approval.

This report is MY view on the challenges and opportunities in our rohe (district) and for the Council, and the leadership I think we need to tackle the challenges and make the most of the opportunities.

TĀ TĀTOU ROHE

Our District

It's an exciting time for our District, as we continue to grow despite the legacy of COVID and the global uncertainty impacting the community, Aotearoa and the world in a variety of ways.

Population projections prepared in 2021 indicate the District could to grow by up to 30% over the next 30 years (that's another 3500 people!). This growth is welcome, as it will help lift the economic and social wellbeing of residents, but we need to plan for it.

During the development of our 2021-2031 Long Term Plan, our community expressed a strong desire that Council shift its focus from austerity to vibrancy, and invest for the future of our District. Council has heeded that message and is preparing, in conjunction with our communities, concept plans for Ōtorohanga town, Kāwhia and our rural areas. Council has committed significant initial funding to support the implementation of these plans.



Other opportunities and challenges facing our community over the next three years are:

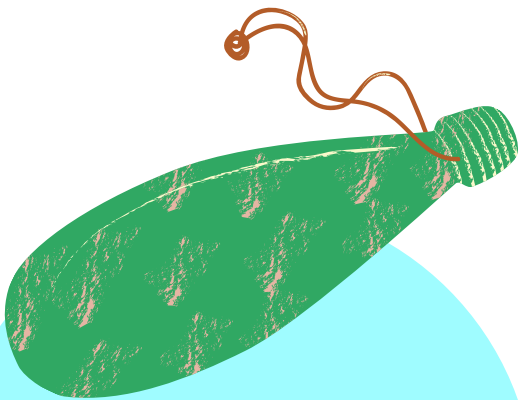
Housing availability & affordability



Lifting the involvement in local decision-making & community participation



The post-settlement environment for iwi & opportunities for partnership



Climate change, managing our waste, & living sustainably

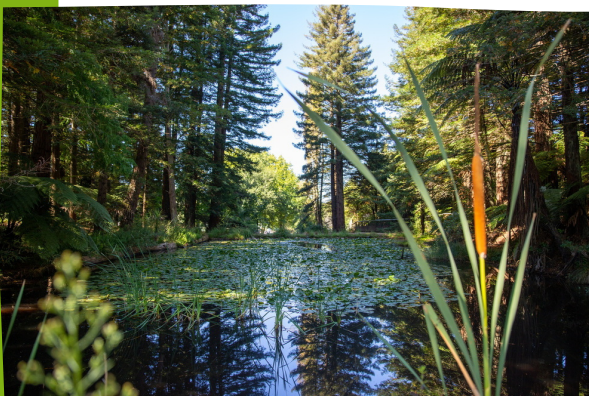


TĀ TĀTOU KAUNIHERA Our Council

Council is in good shape.

We are the 9th smallest in Aotearoa and yet I think we punch above our weight. We are a tiny team of around 55 staff, and we are expected to deliver the full range of services just like the bigger councils.

This can stretch us a bit sometimes, and means that most staff wear more than one hat.



Some of the opportunities and challenges we are facing are:



Attracting & retaining good staff

Managing cost pressures from inflation & supply constraints



Transitioning our three waters delivery responsibility to a new regional entity in mid-2024, while continuing to prudently manage these assets

Understanding & adapting to resource management planning reform



Participating in the Future for Local Government review & planning for a potential new roles across social, cultural, economic & environmental wellbeing.

TŌ HAUTŪTANGA

Your Leadership

Councils are changing, and a diverse range of leadership skills will be required to take us into the future.

It is likely that we will see a move away from being infrastructure and regulation focused, to making sure all members of our community have a quality of life that enables them to participate fully and feel a deep sense of connection and belonging.

To achieve this, it is imperative that everyone has a roof over their heads, a job, access to education and healthcare, food on the table, and opportunities to connect. Councils will play a role in this, and our leaders of the future will help shape this role.

TŌ HAUTŪTANGA Your Leadership

Leaders of the future will understand that co-governance with iwi/Māori is vital to the health of our community across all the wellbeings. Our leaders will need high levels of patience, tolerance and empathy. They will be curious, and seek to understand different perspectives.

We will see more engagement than ever before, with our community expecting to be part of the design of the places and spaces they use every day and hold dear. We will see a sharing of power and control in long-term planning and day to day decision-making.

Our leaders will have an inclusive decision-making style, recognising that by putting our baskets together, our people will thrive.

**Nō reira, tēnā koutou, tēnā koutou, tēnā
tātou katoa.**

LEGAL STUFF AND BUDGETS



Purpose

The purpose of a pre-election report is to provide information to promote public discussion about the issues facing the Council. The preparation of and information in this document is a legal requirement placed on the Chief Executive Officer of the council, by section 99A of the Local Government Act 2002.

Introduction

This report contains the following information:

- A Summary Balance Sheet for the three years leading up to the date of the election (being 2019/20, 2020/2021 and 2021/22) and for the three years after the election (being 2022/23, 2023/24 and 2024/25).
- A Funding Impact Statement for the three years prior to the date of the election.
- A Cashflow Statement for the three years prior to the date of the election
- Details of the major projects proposed in the 3 years following the election
- A statement comparing rates, rate increases and borrowings to limits specified in the Long Term Plan.

Source of the Information in the Document

The information provided in this document is a summary of what can be found in the following publicly available documents. Readers who want more detail should refer to the following audited documents, which are available on our website (www.otodc.govt.nz).

- 2019/20 Annual Report
- 2020/21 Annual Report
- 2021-2031 Long Term Plan

The data shown in the tables that follow are:

- The financial results for the Council for the 2019/20 and 2020/21 financial years as per audited annual reports.
- The budgets and projections for the 2021/22, 2022/23, 2023/24 and 2024/25 financial years as per the audited 2021-2031 Long Term Plan.

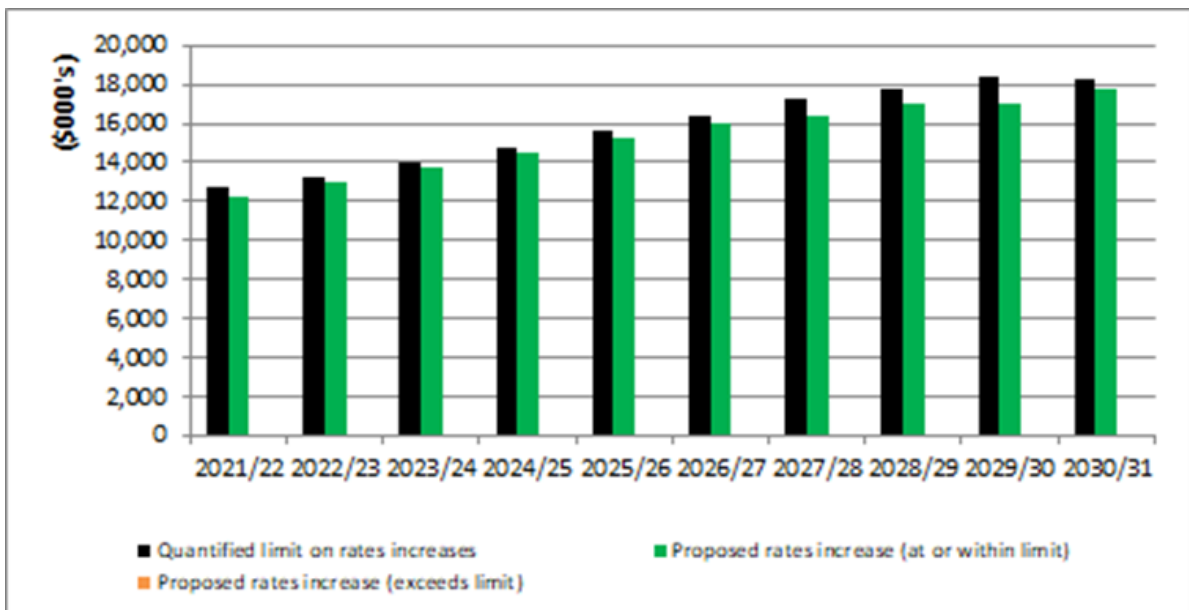
BALANCE SHEET

As part of the Long Term Plan process, Council is required to set a Financial Strategy. Part of this strategy sets limits on rates, rates increases and borrowings. The following graphs are from the 2021-2031 Long Term Plan and show how Council is expecting to perform against those limits.



Rates Limits

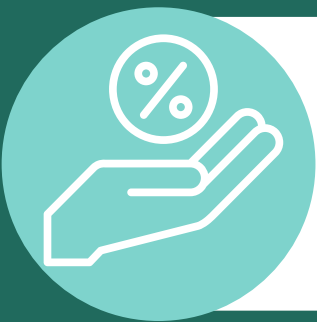
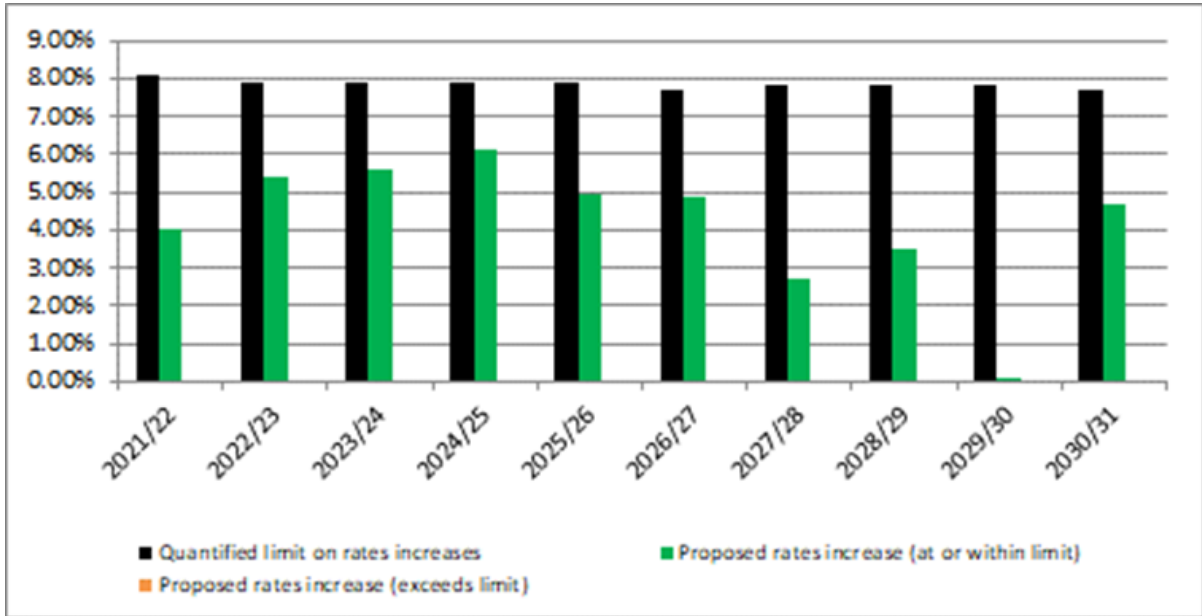
Council has set a limit on rates that they will not exceed prior year rates plus an increase of the Local Government Cost Index (LGCI) plus 5%. The LGCI is a measure similar to the Consumer Price Index (CPI), but taking account of the types of items Councils purchase, as opposed to the CPI which uses goods that households purchase.





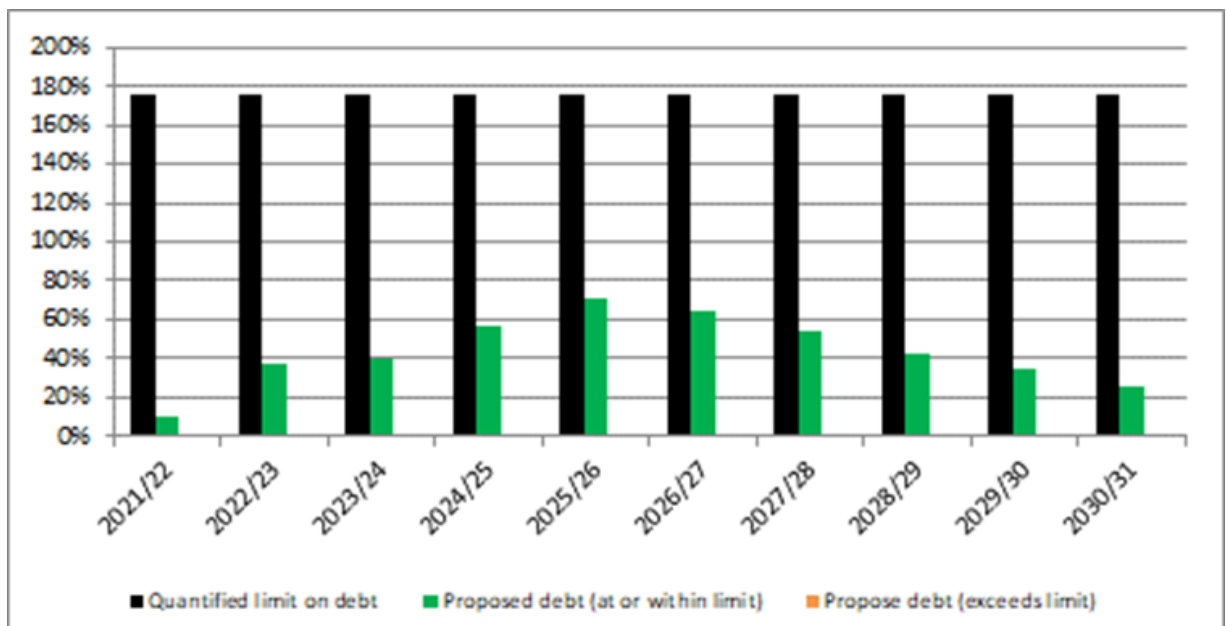
Rates Increase Limits

Council has set a limit on rates increases where the increase will not exceed to LGCI plus 5%.



Borrowing Limits

Council has set a limit on borrowings that they cannot exceed 175% of total revenue for each financial year.



BALANCE SHEET

The Balance Sheet shows the assets and liabilities of the Ōtorohanga District Council and the level of ratepayer's equity at the end of each financial year.

	Actual	Actual	Projected	Projected	Projected	Projected
	2019/20	2020/21	2021/22	2023/24	2024/25	2025/26
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Assets						
<i>Current Assets</i>						
Cash and cash equivalents	7,157	4,070	2,737	1,254	996	1,098
Trade and other receivables	2,179	3,129	2,231	2,499	2,715	2,983
Inventory	31	31	30	32	35	38
Loan receivable	-	985	-	-	-	-
Development property held for sale	-	-	-	-	-	-
Total current assets	9,367	8,215	4,998	3,785	3,746	4,119
<i>Non-current Assets</i>						
Equity investments	631	583	1,681	2,431	2,181	1,931
Property plant and equipment	321,387	328,157	339,357	354,178	387,643	401,575
Intangible assets	33	45	508	775	720	718
Total non-current assets	322,051	328,785	341,546	357,384	390,544	404,224
Total assets	331,418	337,000	346,544	361,169	394,290	408,343
Liabilities						
<i>Current Liabilities</i>						
Trade and other payables	1,615	2,645	2,788	2,964	3,138	3,369
Income in Advance	995	2,009	895	1,002	1,152	1,251
Development & financial contributions in advance	453	478	505	585	351	109
Provisions	1	1	1	1	1	1
Employee benefit liabilities	428	443	390	420	450	489
Borrowings	3,015	-	-	-	-	1,750
Total current liabilities	6,507	5,576	4,579	4,972	5,092	6,969
<i>Non-current Liabilities</i>						
Provisions	16	15	16	16	16	16
Employee benefit liabilities	22	31	45	48	48	52
Borrowings	448	448	2,448	9,448	14,848	14,848
Total non-current liabilities	486	494	2,509	9,512	14,912	14,916
Total liabilities	6,993	6,070	7,088	14,484	20,004	21,885
Net Assets	324,425	330,930	339,456	346,685	374,286	386,458
Equity						
Accumulated Funds	159,753	162,823	167,095	170,037	172,421	175,236
Council Controlled Reserves	3,832	2,595	2,758	1,352	1,698	2,425
Reserve Funds	3,297	3,356	3,372	3,507	3,577	3,648
Revaluation Reserves	157,543	162,156	166,321	171,789	196,586	201,895
Total equity attributable to Council	324,425	330,930	339,546	346,685	374,282	383,204

STATEMENT OF CASHFLOWS

This statement shows the various sources of and the use of cash for the Ōtorohanga District Council

	Actual	Actual	Projected
	2019/20	2020/21	2021/22
	\$000's	\$000's	\$000's
Cash flows from operating activities			
Receipts from rates revenue	12,855	14,578	12,906
Receipts from other revenue	8,414	6,564	10,227
Interest received	54	33	12
Dividends received	19	4	4
Payments to suppliers and employee	-13,770	-12,679	-15,096
Interest paid	-190	-153	-55
Net cash provided by Operating Activities	7,382	8,347	7,998
Cash flows from investing activities			
Proceeds from sale of Property, Plant and Equipment	43	67	134
Proceeds from sale of development property held for sale	-	-	-
Purchase of property, plant and equipment	-3,810	-7,484	-10,577
Purchase of investments	400	-937	-
Purchase of intangible assets	41	-65	-377
Net cash provided by Investing Activities	-3,326	-8,419	-10,820
Cash flows from financing activities			
Proceeds from borrowings	-	-	2,000
Repayment of borrowings	-18	-3,015	-
Net cash provided by/(used in) Financing Activities	-18	-3,015	2,000
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	4,038	-3,087	-822
Cash, cash equivalents and bank overdrafts at the beginning of the year	3,119	7,157	3,559
Cash and cash equivalents at the end of the year	7,157	4,070	2,737

FUNDING IMPACT STATEMENT - LONG TERM PLAN 2021-2031

The Funding Impact Statement shows how funds raised from rates and other sources are used to fund expenditure for the Ōtorohanga District Council.

	Projected	Projected	Projected	Projected
	2021/22	2023/24	2024/25	2025/26
	\$000's	\$000's	\$000's	\$000's
Source of Operating Funding				
General rates, uniform annual general charges, rate penalties	6,227	7,439	8,029	8,233
Targeted rates	7,805	8,401	8,770	9,420
Subsidies and grants for operating purposes	3,115	2,920	3,072	3,132
Fees and charges	1,481	1,655	1,537	1,551
Interest and dividends from investments	16	71	64	58
Local authorities fuel tax, fines, infringement fees, and other receipts	642	680	701	730
Total operating funding	19,286	21,166	22,173	23,124
Application of operating funding				
Payments to staff and suppliers	14,468	16,438	16,286	16,537
Finance costs	55	196	304	405
Other operating funding applications	1,116	911	902	923
Total application of operating funding	15,639	17,545	17,492	17,865
Surplus/(deficit) of operating funding	3,647	3,621	4,681	5,259
Sources of capital funding				
Subsidies and grants for capital expenditure	4,988	2,863	3,846	4,496
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	2,538	1,394	6,666	5,965
Gross proceeds from sale of assets	134	135	114	88
Lump sum contributions				
Total sources of capital funding	7,660	4,392	10,626	10,549
Application of capital funding				
Capital expenditure				
- to meet additional demand	175	160	439	452
- to improve the level of service	3,021	1,796	7,619	7,117
- to replace existing assets	9,052	6,913	7,628	8,604
Increase (decrease) in reserves	-941	-856	-379	-366
Increase (decrease) of investments				
Total application of capital funding	11,307	8,013	15,307	15,807
Surplus/(deficit) of capital funding	-3,647	-3,621	-4,681	-5,258
Funding balance	-	-	-	-

MAJOR CAPITAL PROJECTS

These are the major capital projects in the coming three-year period (2022-2025).

Project Name		LTP 2023/24	LTP 2024/25	LTP 2025/26
Land Transport				
	Seal Extension	251,104	258,656	265,972
	Drainage renewals	369,552	382,933	481,062
	Low cost low risk roading improvements	1,622,750	1,725,550	1,774,357
	Sealed Road Pavement rehabilitation	1,331	1,500,719	2,004,803
	Sealed road resurfacing	1,769,721	1,638,680	1,685,029
	Unsealed Road metalling	548,590	470,907	581,072
Total Land Transport		4,563,048	5,977,445	6,792,295
Water Supply				
	Otorohanga Mains Renewals	395,160	-	489,340
	Otorohanga Treatment Plant Sundry MEICA(Mechanical,Electrical,Instrumentation,Controls,Automattion)	53,400	55,150	56,900
	Kawhia Mains Renewals	178,001	162,449	-
	Kawhia Sundry MEICA (Mechanical,Electrical, Instrumentation,Controls,Automation)	55,536	57,356	59,176
Total Water Supply		682,097	274,955	605,416
Wastewater Treatment & Disposal				
	Kawhia Sewerage Consultation, Design and Consenting	373,800	-	-
	Kawhia Sewerage Build Plant and Mains	-	6,465,786	6,770,956
	Otorohanga Mains Renewals	160,200	165,450	170,700
	Otorohanga Sundry MEICA(Mechanical,Electrical,Instrumentation,Controls,Automattion)	105,198	108,646	112,093
Total Wastewater Treatment & Disposal		639,198	6,739,882	7,053,749
Flood Protection				
	Otorohanga Flood Pump Rebuild	-	165,450	-
Flood Protection Total		-	165,450	-
Waste Management				
	Feasibility Assesment - Community Resource Recovery Centre	79,200	-	-
Waste Management Total		79,200	-	-
Community Facilities & Services				
	Windsor Park Toilet Installation	116,160	-	-
	Town Centres Development	739,200	758,800	-
	Pensioner Housing - Refurbishment of Units	26,400	54,200	55,600
	Library Books	65,472	67,208	68,944
	Swimming Pools Building Renewals	15,840	59,620	-
Community Facilities & Services Total		963,072	939,828	124,544
Governance & Support Services				
	Website Development	105,100	10,760	11,010
	Council Building Reconfiguration	528,000	-	-
	Information Systems - Hardware	73,570	75,320	77,070
	Information Systems - Software	52,550	53,800	55,050
Governance & Support Services Total		759,220	139,880	143,130



"E TŪ!"

WILL YOU STAND AND LEAD THE DISTRICT INTO THE FUTURE?

