

Comments from Mayor and Chief Executive

Welcome to Otorohanga District Council's Long Term Plan (LTP) for the period from 1 July 2018 to 30 June 2028.

The LTP outlines the strategic framework within which the Council operates, its key objectives and activities, and provides associated financial information.

Council had previously produced an amended LTP in 2017 to enable some significant changes to Council activities that were proposed in response to a number of commercial and central government projects in the Otorohanga District that have changed the growth outlook for the District.

Having made those amendments, and without any further major growth developments having occurred, the general form of Council's proposed 2018-28 LTP is not greatly different to that which was produced in 2017.

There remains optimism that the District is about to enter a period of potential economic and population growth that could yield significant benefits, and it is believed that Council is currently well positioned to play a role in making this a reality.

The financial position of the District - which has always been sound - has been further improved and the current outlook is extremely positive, with an average rates increase of 1.79% proposed for the 2018/19 year and with the forecast average annual rates increases over the next 10 years being a closely similar 1.8% per annum.

Council's debt is forecast to reach a near zero level by 2021, and is likely to remain so until the end of the LTP period.

This extremely strong financial position does not however mean that Council is without challenges. A period when more extensive replacements of infrastructure such as pipes and roads is expected to commence in the early 2030's and Council needs to be well

prepared for this, preferably not only with an absence of debt, but also with positive account balances that can contribute to the significant costs that will be encountered at that time.

The strict financial discipline that has brought Council to its current position has however had some adverse consequences in terms of restricting Council's activities to very core functions, and compromising the sustainability of the Council organisation.

People's expectations of Councils are rising, and many look to their local authority to do more than just effectively manage activities such as roads, water services and waste disposal. It is recognised that in comparison to some other local authorities the range of ODC's activities may be lacking, and that the District's residents may expect more of Council than it currently delivers.

The Council organisation has remained very lean with relatively small numbers of staff, but it is believed that this leanness is now posing a significant risk in terms of remaining sustainable in the future, and steps towards greater resourcing have now commenced.

Despite these challenges it is believed that Council and the District is entering a period of real opportunity, with the prospect of both population and economic growth and the potential to give residents the services that they desire.



M Baxter
Mayor



D C Clibbery
Chief Executive

Introduction to the Long Term Plan (LTP)

Definition of a LTP

“A document which provides a long term focus for the decisions and activities of the local Council for the next 10 years.”

The LTP is required by the Local Government Act 2002 to be produced once every three years.

Actual results achieved for 2018-28 may vary from the information presented, and the information contained within this document may not be appropriate for purposes other than guiding community input into Council decision-making. The variance of the actual results from the projected results may be material. Information relating to future years will be updated every three years in subsequent LTPs and in annual plans.

The information included in this LTP may not be appropriate for purposes other than those described below.

The achievements in any year will be presented in Council’s Annual Report for that year.

The purpose of the LTP is to:

- Describe the activities of the local Council;
- Provide the Community Outcomes of the local Council’s district or region;
- Co-ordinate the resources of the local Council and integrate decision-making;
- Provide long term focus for the decisions and activities of the local Council;
- Provide a basis for accountability of the local Council to the Community

LTP vs Annual Plan

What’s the difference?

The LTP is published every third year. In the two years between publications, the Annual Plan is produced.

The Annual Plan sets out what the Council intend to achieve over the next year, the costings, performance measures and funding sources.

The LTP sets out the Council’s programme for the next 10 years including the information above as well as how Council will contribute to achieving the Community Outcomes.

Contents of the LTP

The LTP provides a wide range of financial, policy and activity information.

In particular, the LTP:

- Sets out the long-term expectations of residents (community outcomes) and how these align with Council activities and services;
- Identifies key aspects on which Council intends to focus so that the expectations of residents can be most effectively met;
- Outlines the services and levels of service Council intends to provide;
- Identifies the Financial Strategy of the Council, which includes limits on debt and rates
- Identifies the measures or targets that will gauge Council’s performance towards the achievement of community outcomes, as well as the levels of service for each activity;

- Details the proposed activities, projects and financial implications of Council's significant activity areas;
- Provides detailed financial statements, the supporting policies and the assumptions upon which the financial statements have been prepared;
- Includes the financial management and decision-making policies required by the Local Government Act 2002;
- Provides an overview of the commercial organisations that Council has some direct involvement in or control over;
- Lists the major projects to be undertaken;
- Provides an overview of the proposed activities and projects within the communities of the District, the proposed funding

requirements and likely rating impacts within these communities and a District-wide summary of key financial information;

- Includes information about elected members, Council Committees, Community Boards and Council services; and
- Outlines the initiatives Council proposes to take to foster the development of Māori capacity to contribute to local decision-making.

Key directions of Council

A review of Council's strategic direction was undertaken in 2017, which built upon the results of a previous review in 2014. The 2017 review resulted in the following changes being made in response to the following observations or beliefs:

1. That a greater focus was needed on building the resilience of the District and the Council that serves it, and this is likely to require new approaches that may have higher associated costs.
2. That the primary focus in respect of stimulating economic growth in the District should be on facilitating population growth through the provision of additional housing to meet the strong demand that exists in the region.
3. That greater recognition needs to be given to the diverse identities of our communities, and in particular to the Maori community.

It was agreed that Council's vision is for the Otorohanga District to be a place 'where Kiwis can fly' – a strong, energetic, imaginative and supportive community where residents have the opportunity to achieve their aspirations.

Five key objectives to support and give direction to this overall vision were also agreed, as follows:

- **Use Resources Efficiently:** Council and the District must ensure that it makes the best possible use of the physical, social, economic and cultural resources available to it.
- **Support Young and Old:** Both young and older people will be increasingly important in the future of the District, and initiatives that benefit these groups should be encouraged and where appropriate supported.
- **Enable Economic Growth:** Opportunities for the development of additional housing and businesses should be facilitated, and the growth of existing businesses supported.
- **Enrich Our Local Identity:** We should establish a greater sense of 'who we are' in our District, that reflects our predominantly rural character, our history and the diversity of our communities.
- **Build Community Resilience:** The world is changing and the systems, organisations and processes that may have served well in the past may need to be changed to ensure that they are adequate and sustainable in the future.

Some further comments on each of these 5 key objectives are presented in the following sections.

Use Resources Efficiently

This objective encompasses both the specific activities undertaken by council and Council's broader aspirations for the District as a whole.

A strong focus on operational efficiency and financial prudence has been a key element of the District's past success, with much emphasis placed on the traditional core infrastructural services of Council and the delivery of those services in a highly cost-effective manner that has been believed to meet the expectations of our residents.

The importance and appropriateness of existing core services such as roads, water supply, drainage, refuse, reserves and facilities has been repeatedly confirmed through the results of District wide surveys of ratepayers. These results have strongly indicated that the existing levels of service (generally fairly basic) were the preferred option of ratepayers for all activities surveyed. Whilst these surveys have not extended to the full range of activities undertaken by Council, the results are interpreted as broad support for a general policy of maintaining the status quo in respect of the existing extent and level of traditional core Council services.

As such few changes to existing activities or policies are being proposed in this LTP, though it is proposed that some potential major changes will be investigated further in the future.

There is also considered to be a need to enhance the resilience of service delivery in accordance with another key objective, and there will be a cost associated with this, that is considered to be essential.

Support Young and Old

As most people will be aware the aging of the large post-war 'Baby Boomer' generation will have a significant impact on many communities.

The future will see increasing numbers of older (65 plus) residents in the district, with numbers of such residents projected to increase from 1250 in 2013 to around 2000 by 2025, and to continue rising until 2038. The potential needs of this increasing number of older residents – including affordability of rates - are recognised.

From 2018 onwards this increase in 65 plus population is also expected to be accompanied by a decrease in the under 65 population. This decrease in 'working age' residents will make it particularly important that young people are able to effectively enter the workforce to fill the vacancies resulting from retirements.

Council has previously been very active in the support of youth, and this will become even more important in the future. Young people will become an increasingly rare and precious resource and it is vitally important that they are given opportunities to develop to their full potential. There are therefore strong links between this objective and the efficient use of resources.

Council is therefore committed to doing what is within its power to make our district a place that meets the needs of both younger and older residents.

Enable Economic Growth

Growth of the local economy and population has a broad range of potential benefits for existing residents, and Council therefore encourages it. Strong growth of communities to our north, combined with potential major new commercial and government projects within our District suggests that significant opportunities for local growth currently exist.

A key factor that influences the extent to which these opportunities are realised is however the availability of housing, and at present the District has little vacant residential accommodation. A current focus of Council is therefore to facilitate the development of additional housing at appropriate locations.

A prosperous and growing business community is also an essential component of a strong local economy, and Council will also continue to explore what business development opportunities may exist for the District, both through its own efforts and by participation in regional or sub-regional initiatives.

Enriching our Local Identity

Council believes that there is value in efforts to enrich our local identity, so that residents have a greater sense of 'who we are' as a community.

This sense of identity should reflect our predominantly rural character, our history and the diversity of our communities.

Maori people, their history and culture have a prominent place in the District, and it is believed that this should be more strongly reflected in this identity, and that Council's engagement with the Maori community should be enhanced to provide more active relationships.

Whilst Council may in future become more active in collaborating with other districts, it is recognised as being important that doing so does not compromise the self-determination of the District.

Build Community Resilience

Whilst the Otorohanga District and the Council serving it can be proud of past achievements, the world is changing and the systems, organisations and processes that may have served well in the past may not be necessarily right for the future. The District currently faces a number of challenges arising from societal, demographic, economic, regulatory and physical change (including climate change) that need to be addressed with a willingness to take new approaches to ensure that our communities are adequately prepared for in the future.

In some cases taking these new approaches may have significant additional cost that might be seen to be in conflict with the long established Council objective of keeping rates low, but it is believed that in some respects the community and Council is at a critical point, and there is a significant risk that unless these changes are made the community could potentially be exposed to unacceptable levels of service failure or hazard.

In essence Council needs to move away from some of its decision making that has been driven by achieving the lowest cost in the short term, to a more balanced approach that recognises other broader and longer term benefits, including sustainability. This may include making greater use of services sourced externally.

It is recognised that many people fear change, but it is the role of Council to provide leadership to the community and to question the status quo rather than comfortably accepting continued 'business as usual' thinking and operations.