

Mission Statement

“Otorohanga District Council will strive
to be the best rural council in New Zealand,
operating proactive policies which promote progress
while taking into account social, cultural,
economic and environmental needs.”

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COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

Welcome to Otorohanga District's Long Term Plan (LTP) for the period from 1 July 2012 to 30 June 2022. The LTP outlines the strategic framework within which the Council operates, identifying its key objectives and how it will contribute towards the achievement of desired outcomes for the community.

Council is proud that the Otorohanga District has a long history of effective management that has contributed to continuing positive development and prosperity over many years. Council is however also keenly aware that this previous success must not generate a sense of complacency, and that a strong and sharp focus must be maintained on opportunities to continue the advancement of the District.

Maintaining affordable delivery of essential 'no frills' infrastructural services (roads, water supply, drainage, refuse, reserves etc) at the existing levels indicated to be preferred by ratepayers remains the Council's highest priority. As such there is a strong element of a conservative 'business as usual' approach in this LTP, recognising that significant challenges exist in the current difficult and uncertain economic environment, where costs of service delivery are continuing to rise, whilst ratepayer's ability to pay may decline.

Council will implement an average rates increase across the District of 3.35% in 2012/13 with a general trend of lower increases in the later years of the LTP period. Council's debt is also forecast to decrease over the period of the LTP from a current level of \$14 million to approximately \$2 million in 2022. Whilst there is always the potential for unforeseen events to impact on such projections, at this time the likelihood of significant adverse impacts appears relatively low, and as such Council is considered to be in a very satisfactory position.

This satisfactory position could however be improved even further if population and economic growth was stimulated, allowing the cost of Council's services to be shared amongst a larger number of ratepayers, minimising the financial impacts on individuals. Experience in recent years has been that in addition to being

adversely affected in respect of rates, rural Districts with static or declining populations have experienced progressive reductions or withdrawals of central government administered services, encouraging movement of residents to other locations where such services are more readily and affordably available, further exacerbating the situation.

Council therefore remains strongly focussed on actions that will bring new residents, businesses and increased employment opportunities to all of the communities within the District, including the rural areas. Six proposed Key Areas of Focus for Council, in addition to the continuing effective delivery of core services, are identified in a later section of this LTP. Every one of these key areas has potential to contribute, directly or indirectly, to facilitation of growth within the District.

A balance is however needed between facilitating development and preserving the character of the District, and the review of the District Plan, that is now nearing completion has attempted to provide this. Council is very appreciative of the many parties who have contributed to the discussion around the Plan review, and who have helped ensure that this resultant framework reflects the many and varied interests of the people and businesses of the District.

The review of Council's District Plan is however likely to be just one of a number of major changes that may have an impact on the local government of this District over the next 10 years. At the time of completing this LTP central government has released details of proposed reforms to the local government sector, the consequences of which may be far reaching. Whilst it is too early to be able to reflect the impact of potential changes in the LTP, it will be the intention of Council to respond to these reforms in a way that will be in the best interests of the residents and ratepayers of the District.



D F Williams
Mayor



D C Clibbery
Chief Executive

SUBMISSIONS PROCESS FOR 2012-22 LTP

The Statement of Proposal for the Draft Long Term Plan was adopted by Council on the 8th May 2012 for submissions. Copies of the Statement of Proposal were made available at the Council offices and a summary of the Statement of Proposal was made available to all ratepayers.

The submissions period was from 10th May 2012 until 12pm 11th June 2012. A total of 12 submissions were received during this period related to a number of different topics, including;

- Rooding
- Sustainability within the District
- Regional and district promotion
- Water supplies
- Disability access to services and facilities

Of the 12 submitters, seven submitters requested to be heard by the Council at the meeting of 19th June 2012. After hearing these submitters and reviewing the submissions of those not wishing to be heard, the following major changes were made as a result of these submissions.

- A budget for maintaining roadside gardens and grass verges was moved from Land Transport to Community Services to align better with the roles of the staff responsible. (Page 47)

- Reduction in the Security Patrol activity rates to reduce the balance in that account. (Page 87)

Council would again like to take this opportunity to thank all those who submitted on the draft LTP. A copy of all the submissions made on the Draft LTP is available on request from the Council offices.

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 2012-22 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; and

- Provide an opportunity for participation by the public in decision-making processes on activities to be undertaken by the Council.

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

'Business As Usual'

The content of this LTP reflects the key directions of Council for the next 10 years.

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 confirmed through the results of a District wide survey of ratepayers conducted in 2008. This survey presented a range of options for differing levels of service (both higher and lower) for these activities, accompanied by an estimate of the associated effect on the level of rates, and invited ratepayers to select which option they preferred.

The survey results (presented in Appendix 1) strongly indicated that the existing level of service was the preferred option of ratepayers for every activity surveyed. Whilst this survey did not extend 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.

This, together with the low levels of growth projected to occur in the District, has resulted in the LTP being largely based on a conservative 'business as usual' model, with relatively few changes to existing activities or policies. The next few years are not considered an appropriate time for ambitious new activities or costly new non-essential projects.

Areas of Focus Beyond 'Business as Usual'

Council maintains existing traditional core infrastructural services in a highly efficient and cost-effective manner and this is viewed as the highest priority. Council also recognises that significant changes have occurred in the social, economic and physical environments, and in the public's perception these changes need to be reflected in the strategic direction of Council.

Council discussion in relation to its role and direction is ongoing. However as a result of workshops conducted in 2008 the following six key objective statements were developed:

Facilitate Managed Growth

Implement a planning framework that enables growth within the District without significant detriment to the District's character.

This objective is based on a belief that economic and population growth within the District is essential if the core services available to the District - including both those services provided by Council and by other agencies - are to be maintained or improved. A failure to do so is likely to compound the existing slow decline of population in the District, as people choose to move to other locations where these core services are more readily or affordably available.

Such stimulation of growth does however need to take account of the District's environment and character, to the extent that this is possible without creating barriers that will compromise the social and economic viability of communities.

Responses to this objective will be provided through the Planning and Development activity of Council, with the current review of the District Plan providing the primary opportunity for establishing an

appropriate planning framework. See responses to this in the Planning and Development activity.

Enhance Branding and Promotion of the District

Develop and implement, in conjunction with other stakeholders, appropriate strategies to more effectively promote the District as a place in which to live and work and a tourism destination.

This objective was developed in response to a belief that the environment, history and culture of the District and King Country region provide significant further opportunities for tourism that are not being fully realised due to inadequate and fragmented promotion efforts, and that this lack of effective promotion also has a negative effect on the ability of the District to attract new residents and businesses which will support growth.

Responses to this objective will be provided through the District Promotion activity of Council.

Develop Outdoor Recreational Opportunities

Investigate, and where appropriate support development of outdoor recreational activities that will effectively integrate with the environment and character of the District.

This objective was developed in response to a belief that the District has strengths in respect of its natural resources and the accessibility of those resources that could be more effectively utilised to provide outdoor recreational opportunities in both the urban and rural areas.

Outdoor recreational opportunities contribute positively to residents quality of life, support tourism, and make the District more marketable as a place in which to live.

It is envisaged that responses to this objective would be primarily provided through the Parks and Reserves activities and Roading group of activities of Council.

Promote Business Opportunities

Continue to promote the District as a good place in which to do business, both directly and indirectly through business friendly policies.

This objective was developed based on recognition that a strong and growing business community is a fundamental requirement for the continued wellbeing of the District. Agriculture and supporting services provide the District's economic backbone, and a broad range of other industrial and commercial activities is also desirable to provide a diversified and resilient local economy.

Council believes that it should adopt a 'business friendly' approach that will support existing enterprises and make the District an attractive location for new business developments.

Responses to this objective will be delivered through both Council's District Promotion activity and through adoption of business enabling attitudes and policy development in other relevant Council activities.

Adopt a 'User Pays' approach to lifestyle choices

Where communities make choices in respect of lifestyle, social or environmental factors, any additional costs to Council associated with these choices should be paid by those communities.

This objective was developed in response to a belief that where particular communities make choices that extend beyond normal Council practice for lifestyle, social or environmental reasons, it is not reasonable for any additional costs associated with those choices to be passed on to the District as a whole, and that the

community making such choices should instead be responsible for those costs, providing local accountability.

Responses to this objective will be delivered through the Governance and Leadership activity of Council.

Encourage broader community awareness and ownership in respect of environmental issues

Encourage the broadest possible awareness of environmental issues, with the intention that the expressed views of communities do not only reflect the views of a small and potentially non-representative minority.

This objective was developed in response to a belief that there have in recent times been cases where significant decisions in relation to environmental matters, with broad implications for particular communities, have been made with the broader community either being unaware of and/or failing to effectively express views on the relevant issues.

Council considers it is important that members of communities in the District effectively utilise their rights to be involved in decision making on environmental matters, particularly where decisions on those matters could contribute to undermining the social and economic viability of their communities.

There is considered to be a linkage between this objective and the previous objective, in that communities also need to be made aware that environmental choices often have significant associated direct and/or indirect costs for that community. Where an environmental decision is made within a community, any resultant additional direct costs to Council may be recovered from the ratepayers of that community, regardless of the extent to which those ratepayers were involved in making that decision.

Responses to this objective will be delivered through the Democratic Process activity of Council, and will be largely educational.

These key objective statements represent the particular views of Council on the most practical opportunities by which it can make a positive contribution to the wellbeing of the District after continuing maintenance of effective core services.

How Objective Statements relate to Community Outcomes

In identifying these opportunities consideration has been given to the desires of the community as expressed through the Community Outcomes process, and which are described in a future section. Whilst the primary purpose of these Key Areas of Focus is not necessarily to directly facilitate such outcomes, it is believed that none of the stated objectives is fundamentally contrary to the outcomes, and that all have broad potential to make positive contributions towards the achievement of a range of Community Outcomes.

Issues of affordability have also played a role in shaping these objective statements, and it is believed that there are many actions with relatively low costs that will facilitate achievement of these objectives.

KEY INFRASTRUCTURAL WORKS

Council continues to be in a consolidating phase during the period of this LTP, having undertaken a substantial program of improvement and renewal works to roads, water supplies and other infrastructure during the 1990's and early 2000's.

These improvements have left most of Council's significant assets in a sound condition, generally requiring only modest routine maintenance and routine renewals to achieve desired levels of service over the 10 years to 2022.

Roading

Council recognises that the availability of a safe and efficient roading network is important for all residents, and has particular significance for many rural ratepayers, for whom the provision of roads represents by far the most significant benefit that they receive from Council.

The significance of roading for rural ratepayers has been reflected in a long history of works to improve rural roads throughout the District. Investment in this area is planned to continue, even though the majority of the roads in the District have already been substantially improved, and those which remain in an unimproved state generally have very low traffic volumes, typically less than 30 vehicles per day.

Road improvement works are indicated to continue throughout the entire period of this LTP, though the rate at which these improvements will be delivered during the early years of this period will be lower than what has occurred in recent times. This slower rate improvements reflects both the financial constraints that Council is currently facing (in particular those constraints associated with servicing the debt incurred in delivering previous road improvements) and unfavourable changes in the manner in which the subsidy for such works is provided by the New Zealand Transport Agency (NZTA).

In the past the NZTA has provided subsidy, at around the 50% level, of the cost of approved seal extensions and improvements of local

roads. In recent times such subsidy has been withdrawn to reflect changes in Land Transport policy at a national level that have placed greater emphasis on improvements of more major 'Strategic Corridors', with a resultant reduction of funding for works to improve less heavily trafficked local roads.

The total cost of major road improvements over the period from 2012/13 to 2021/22 is indicated to be \$5.28 million, which can be broken down as follows:

Seal Extensions - \$210,000

Smoothing & Widening of Sealed Roads - \$5.07 million

The particular major road improvement projects indicated for the first three years of the LTP period are shown in the table below. The scheduling of these projects, and others in the period beyond the 2014/15 year may be subject to change.

Project	Affected Road Length	Scheduled Completion Year	Estimated Total Project Cost
Sealed road smoothing and widening, Rangiatea Road	0.43km	2012/13	\$163,100
Sealed road widening, Kio Kio Station Road	1.6km	2013/14	\$259,700
Sealed road smoothing and widening, Wharepuhunga Road	1.7km	2014/15	\$458,900

Other Infrastructural Works

The 'business as usual' case also generally applies to other infrastructural activities, but some improvements are planned during the LTP period, the most substantial of which are listed in the table below:

Project	Completion Year(s)	Estimated Total Project Cost
Water Quality & Quantity Upgrade, Otorohanga / Waipa Water Treatment Plant	2012/13 2013/14	\$1.95 million
Construction of additional timber water reservoir, Otorohanga	2013/14	\$385,000
Construction of new reservoir, Mountain View Rd, Otorohanga	2020/21	\$519,000
Sewer main renewals, Otorohanga	2012/13 2015/16 2018/19/20	\$227,000
Stormwater Drain, Main North Road, Otorohanga	2020/21	\$50,000
Stormwater systems improvements Hinewai & Haerehuka Streets, Otorohanga	2012/13	\$110,000
Water Quality & Quantity Upgrade, Kawhia Water Treatment Plant	2013/14	\$312,000
Wharf Renewal, Kawhia	2013/14 2016/17 & 2018/19	\$117,000

Project	Completion Year(s)	Estimated Total Project Cost
Waiwera Street Subdivision Development, Kawhia	2013/14	\$1.25 million

A significant proportion of the cost associated with these works has arisen from improvement projects related to water supply and wastewater.

Some of these projects are being undertaken in response to changes in legislation requiring higher standards of water treatment, which Council do not believe to be justified.

The Kawhia community poses a particular challenge in respect of water supply, since the existing spring source can only provide a limited quantity of water, and if this became fully used in the future through development of new properties or other increased water use, a new water source would have to be developed at a substantial cost to the community.

Council has responded to this threat by introducing an innovative system of 'seasonal metered water charges' that will be applied to new developments in the Community, to limit demand for water and provide additional funding for future upgrading of the water supply.

It is recognised that this approach may contribute to constraining growth in the community, but this appears to be an unavoidable consequence of environmental and social factors affecting Kawhia.

Another substantial project indicated for completion in Kawhia is development of a residential subdivision on Waiwera Street, but the progress of this project will be dependant on environmental issues and the prevailing economic climate. The project is only likely to proceed if there is a high level of confidence that the development will yield a direct financial benefit for the community.

THE OTOROHANGA DISTRICT, TODAY AND TOMORROW

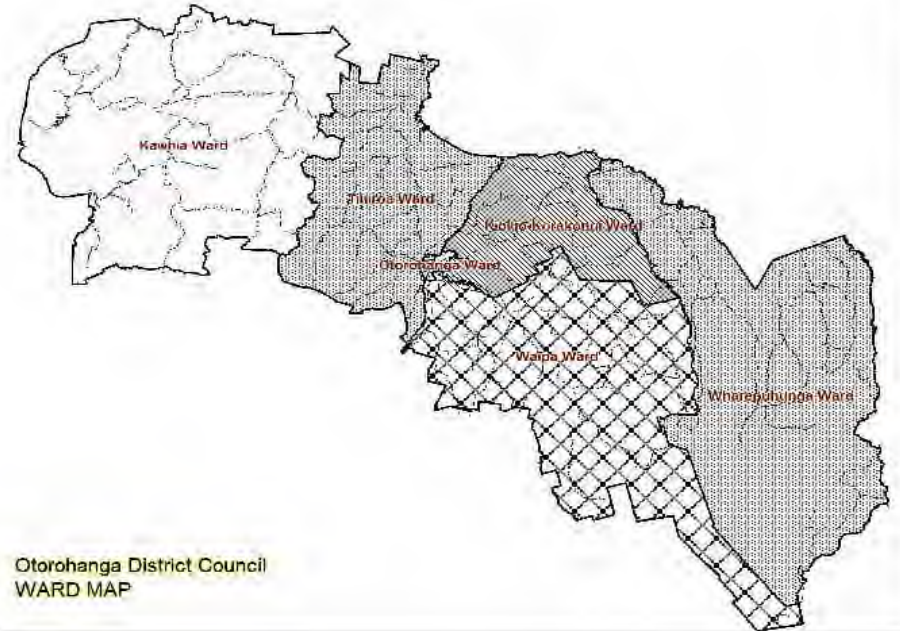
Our District and Associated Planning Assumptions

The Otorohanga District covers an area of 1976 square kilometres (197,600 Hectares) comprising a strip of land approximately 30 kilometres wide that extends from the shores of the Tasman sea in the West to the Waikato River in the East. Falling within the boundaries of the Waikato Regional Council, the District is a varied area containing diverse topography, productive farmland, extensive native vegetation, ocean beaches and protected harbours. It is a District with strong historical and cultural associations, dating back to the arrival of the Tainui waka in the coastal community of Kawhia 600 to 700 years ago. Kawhia and other locations retain considerable significance for Maori.

The Otorohanga District has existed in its current physical form since it was formed by the amalgamation of the former Otorohanga County and Borough Councils in 1971. The District contains 5,142 rateable units, spread over two significant Communities (Otorohanga and Kawhia) and the surrounding rural areas. For Local Government Electoral purposes the District is divided into 6 wards as shown on the accompanying map. The administrative and commercial centre of the District is Otorohanga, which has a resident population of approximately 2,700.

The District has a well developed roading network, including State Highways 3, 31/39 and more than 900 km of local roads, whilst the North Island Main Trunk Line Railway also runs through the central area.

The following sections provide further information on the Social and Economic characteristics of the District, and outline key assumptions that have been made in the development of this LTP.



Cancellation of 2011 Census and Effect on Assumptions

The assumptions on which the LTP have been based were made without access to the updated data that was expected to be provided by the 2011 census, which was cancelled in response to the earthquakes in Christchurch.

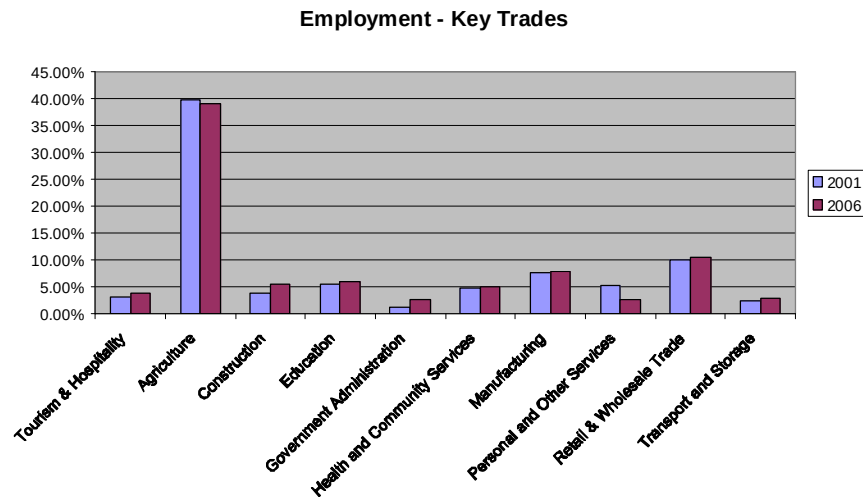
References made to demographic data and trends in the following sections therefore generally continue to relate to, or are based upon, the 2006 census.

Whilst it would have been desirable to have used the census data to update previously observed trends, it is however in general believed that there has been little fundamental change within the District since

the previous census that is likely to have significantly altered these well-established trends.

Economic Activity

Agriculture is the economic backbone of the District, directly providing 37% of employment in the District, and supporting many further jobs in associated industries and services. It is probably not unrealistic to estimate that upwards of 70% (by value) of all economic activity in the District is closely associated with the agricultural sector.



Agricultural land in the District is in general very effectively utilised, with most of the land suitable for dairy farming being used for this purpose, leaving little practical scope for further value adding farm conversions.

Of the other sectors it is believed that tourism and hospitality probably has the greatest potential for growth in the medium or long term, but even with such growth these activities are likely to remain a relatively minor component of the District's overall economy, and in

the short term the environment appears challenging for such businesses. Agriculture is therefore expected to remain the dominant activity within the District for the foreseeable future.

It is believed that since the 2006 census business activity in the District has been relatively stable. No notable major businesses have either arrived in or left the District, and some of the Otorohanga community's larger businesses have made significant capital investments that reflect an intention to remain in the community, which is viewed very positively.

The prevailing economic climate has been difficult for some of the smaller businesses, and there have been some changes to businesses in the retail and service sectors, though it is suspected that these changes have occurred without any substantial net loss or gain in total employee numbers.

The Otorohanga District Development Board (ODDB) has been active in promoting opportunities for new businesses in the District, but this task has been challenging in the current economic environment. Investigations commissioned by the ODDB have also indicated that some of the opportunities that may be present in other Districts for substantial economic development - such as aquaculture - are much less likely to be viable here.

Whilst some potential opportunities for new economic activity may remain - such as servicing offshore oil and gas development, or mining of iron sands or coal - these are dependant on many factors and are therefore very much prospective, and assumptions cannot be made that such opportunities will be realized.

As such it is not expected that there will be substantial increases of economic activity in the District during the period of this LTP, other than those associated with the cyclic variations of agricultural commodity prices.

On the other hand there is considered to be potential for significant decreases of economic activity in the District, if the world economy goes into a sustained recession in response to debt issues in Europe and the United States. Whilst logic suggests that such a recession

must occur to correct existing economic imbalances, and that central government action taken to date has done little to address the fundamental causes of these imbalances, uncertainty continues as to when this correction will occur, and the degree to which other nations and the different communities within those nations will be affected.

It is recognised that in a global recession all industry sectors may be adversely affected as decreased demand for commodities depresses prices and revenues beyond those nations in which the adverse economic conditions originated, and as such this District is unlikely to be immune to such effects.

Overall it is believed that there is greater potential for deterioration of economic conditions relative to those currently being experienced, than there is for improvement of those conditions, and that it is possible that the general standard of living of residents could decrease during some years of the LTP period.

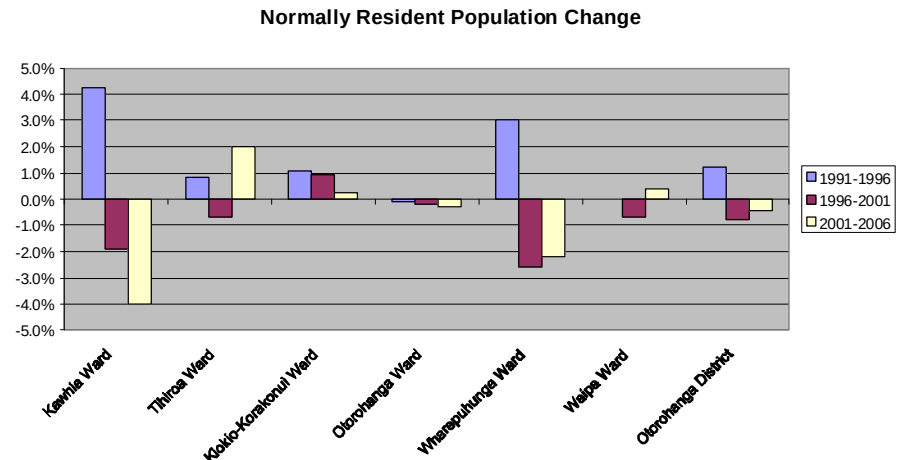
For this reason it is considered appropriate to limit rate increases to the greatest extent deemed possible throughout the LTP period, and particularly during those early years when a global recession might have greatest effect.

It is also noted that the Waikato Regional Council intends to take a role in economic development in the future, in addition to its previous environmentally focused roles. It is however not expected that this new role will have a material impact on the Otorohanga District.

The LTP is therefore very much a 'business as usual' plan, generally focused on retaining the existing extent and levels of service at minimum additional cost.

District Population

The District had a normally resident population¹ of 9075 at the 2006 census, having registered a slow decline of population (at a rate of approximately -0.5% per annum) over the previous 10 years. The accompanying figure does however show that the population change has however not been uniform over the District, with much of the overall decrease having occurred in Kawhia, with Otorohanga and most of the rural wards retaining population or even showing modest growth.



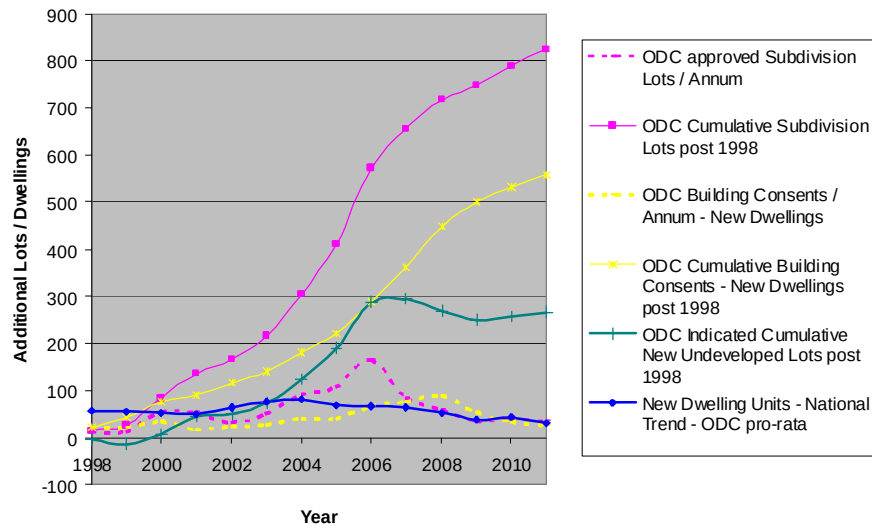
In the 2009 LTCCP it was suggested that this, together with other indications of further potential for localised population growth in the north of the District and projections of continuing population growth in the Waikato region at a rate of 0.5-1.0% per annum, might reverse the overall trend of declining of population in the District that had been evident over the preceding 10 years.

¹ There are two measures used during the Census, normally resident population (where someone usually lives) and Census Night population (where someone was on the night of the Census). This may include people on holiday or visiting friends, so the normally resident population is used to more accurately reflect the District population.

The suggested potential for localised population growth identified in 2009 was in part based on the extent of subdivision activity that had been undertaken within the District since 2003, as shown in the figure below.

At the time of preparing the 2009 LTCCP it was still believed that a significant proportion of the newly subdivided lots were likely to be built upon and occupied, but this has not occurred to the extent expected, and it now appears that much of the later subdivision activity was irrational, and not based upon any evidence of demand for the created lots.

Property Development Indicators - Otorohanga District



At the start of 2012 it is believed that there is an inventory of around 300 residential lots that have been subdivided since 1998, but not built upon. These lots exist in Otorohanga, Kawhia/Aotea and the rural areas, and in effect represent an existing capacity for a 10% increase of District population. This substantial and still expanding inventory of undeveloped lots reflects a lack of population growth in

the District, and has other implications for Council's resource and building consent issuing activities in the future.

Without data from a later census it is difficult to ascertain whether the previous trend of declining District population has been arrested or reversed.

Available evidence does however suggest that there has continued to be relative stability in the normally residential population of areas outside of Kawhia and Aotea.

How demographics in Kawhia/Aotea have changed over the last 3 years is not altogether clear. Factors which have driven the previous strong trend of decreasing normally resident population in this community has been a lack of employment opportunities, a government policy that made persons moving to Kawhia/Aotea ineligible for unemployment benefits and the increasing value of coastal property that has made holiday homes an attractive investment.

During the past three years the first two factors have remained, but the third factor has substantially diminished, with notable falls in both the demand for and value of properties in Kawhia and Aotea.

Fewer purchases of previously permanently occupied residences as holiday homes will affect the rate of normally resident population decrease in these communities. However, it is unlikely that it will reverse it.

Because of the lack of local employment opportunities (which is beyond the control of Council) and the small size and relative isolation of the community (which would be expected to limit its appeal as a retirement destination) only the establishment of a major new business activity - such as an extractive industry - is likely to reverse this decline.

As stated previously, such new activities are not currently viewed as likely, and it therefore assumed that there will be a continued slow decline of normally resident population in Kawhia/Aotea. This continuing decline may see a point being reached where the local services to support a permanent population - such as a petrol

station, general store and medical centre - become unsustainable, which is in turn likely to drive further reductions of permanent residents.

Overall District Population Growth

With an apparent likelihood of continuing permanent population decrease in Kawhia/Aotea, and little to indicate likely sustained population growth elsewhere in the District, it appears appropriate to assume that the overall normally resident population of the District will continue to decrease slowly.

For this reason planning has continued to be based upon the 'medium growth' scenario for the District previously presented by the Ministry of Economic Development, which indicates a continuing decline of overall population at minus 0.5% per year to 2018².

The factors underlying this trend - and in particular the changes to Kawhia and Aotea - do however suggest that there will be a lower limit for population subject to the current mechanisms, perhaps around 8500 permanent residents. This figure would allow for loss of almost all of the permanent population in Kawhia/Aotea, plus some small reduction of population in Otorohanga.

In the longer term it is possible that technological change could further reduce populations in rural areas, but it currently seems unlikely that this will be a significant effect within the term of this LTP.

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² Note - Condition of Global Economy

In making this, and the other assumptions contained in this section, it is acknowledged that there are very substantial uncertainties related to the world economy, and that a wide variety of other projections could be made.

The approach that has been generally adopted is to extrapolate existing trends (including pre-recession data) unless there is considered to be clear evidence that such trends are now manifestly incorrect. It is felt that to adopt any other approach could move predictions into a realm of severe negativity which might be alarmist and which could substantially undermine the LTP, with little certainty that the indicated problems would actually eventuate. Such an approach is viewed as counter productive and therefore has not been pursued.

Other Demographic Aspects

The ethnic composition of the District is predominantly European and Maori, with other ethnic groups being only very lightly represented.

Of the District's population 28% is of Maori descent, which is well above the national average of 16%. In recent years the overall proportion of Maori in the District has remained stable, with the only significant local change being in Kawhia, where the proportion has increased from 39% to 45% as the normally resident population of this community has decreased. The proportion of the population commonly speaking Maori has remained relatively constant at approximately 8% during the last 10 years.

The median age of permanent residents in the District is similar to the national average at 35 years, though the median age of the Kawhia ward is much higher, at 45 years, whilst median ages in the rural wards are lower.

The median age of residents in the District is rapidly increasing, in line with national trends linked to the 'baby boomer' generation, and is projected to rise to more than 39 years by 2019. Very large increases in the proportion of residents older than 65 years are expected to occur, with this element of the population forecast to grow at a rate of more than 3% per annum through the period of this plan.

This has potential to have a particularly significant effect on the urban communities, where there is already more than 17% of the population above this age. The ready availability of medical and other support services is therefore likely to be a key issue in the future, with the level of health deprivation in the District (as represented by the relevant Ministry of Health Index Data) already relatively high at 7.2, and exhibiting a slight worsening trend.

There is perhaps the potential for health service issues to become critical if there is a continuing decline in the overall population of the District that makes existing delivery modes unsustainable.

At the other end of the age demographic, the proportion of the population that is under 15 years old is 24.1%, above the national average of 21.5%. This proportion has however been relatively stable in the District over the past 10 years, and as such it would not be expected that significant further rationalisation of educational services will be required in the short term.

With an average educational decile of 5.5 across all schools, the District exactly matches the national average, and is significantly better than many other rural areas.

In recent times Council and associated agencies have had an extremely strong focus on youth issues, with a vision that the positive potential of local youth will be developed to the greatest extent possible, through provision of enhanced recreational, educational and employment opportunities. Council's Mayor is Chairman of the Mayor's Taskforce for Jobs whose aim is "that all young people under the age of 25 should be involved in appropriate education, training, work or other options, which will lead to long-term economic independence and well being".

Some notable successes have been achieved from the implemented initiatives, including zero registered youth unemployment in the District and a significant reduction in the youth crime rate. In general, there is a low level of crime in the area, with an annual reported crime rate in the Otorohanga Police area (which encompasses the majority of the District) of approximately 600 incidents per 10,000 population, which is well below the national and Waikato region averages of around 1,000 incidents per 10,000 population.

The relatively high local crime resolution rate (typically above 54%) is again well above the national average of 48%.

Council therefore views local youth positively and the rapidly aging profile of District residents in future years will make younger people an increasingly valuable resource, and a continuing commitment to the existing philosophy of 'Zero Waste' in respect of the District's youth is therefore considered entirely appropriate.

In recent times Council has strengthened its formal commitment to youth support, and there is a strong intention to maintain efforts in this area. That said, it is however also believed that the success that has to date been achieved is in a large part attributable to a small number of extremely capable and committed individuals, and that it cannot be assumed that such individual contributions will necessarily be forthcoming in the future.

Household Finances and Employment

Residents of the Otorohanga District have generally been in a relatively sound financial position. The average (mean) annual household income in the District was \$61,200 in 2006, which was well above the national average of \$55,400 and that found in other similar rural Councils.

This apparently very strong result does however in part reflect the very high levels of income received by some farmers, and the more typical median annual household income of \$49,400 in 2006 was substantially below the national average of \$59,000. As such there is clearly a wide range of individual financial circumstances in the District, with the Kawhia community having a very low median household income of \$30,300, which is little more than half of that found in some rural wards of the District.

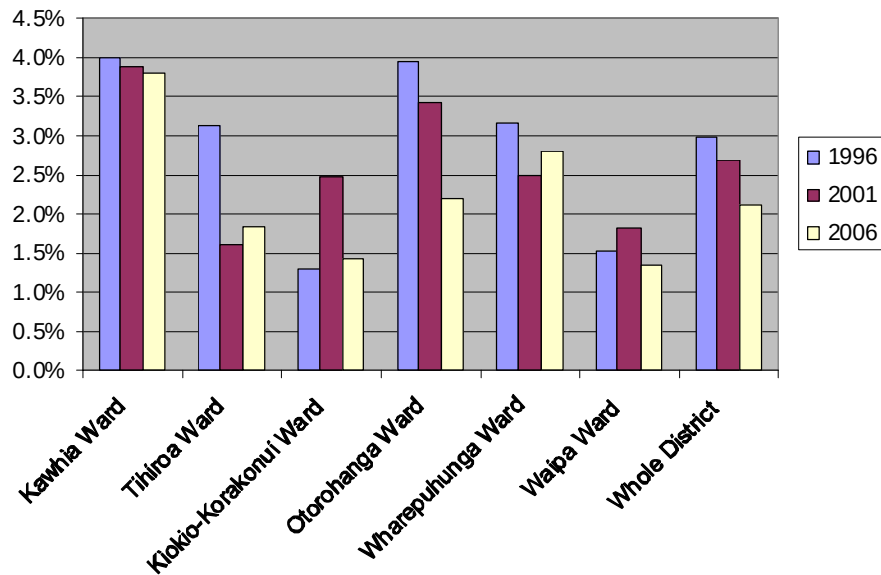
In relation to housing the District is considered to generally be in a position of comparative strength, with 61% of residents having full or partial ownership of their own homes. For those in rented accommodation the situation is however perhaps less favourable, with residential rents having increased at an average rate of around 10% per year for the last 5 to 7 years, though this trend may cease as property values in the District are adjusted downwards, as has been occurring since 2008.

Council is therefore mindful that whilst the overall financial condition of the District may be satisfactory, there are a significant number of ratepayers whose economic circumstances are difficult, and for

whom substantial future increases in Council rates are likely to be unacceptable. This unacceptability will be heightened in the continuing difficult economic conditions that are likely to limit income growth for many residents. This has reinforced Council's belief that a 'no frills' approach to provision of services is appropriate for the period of this LTP.

Though household circumstances are quite variable, unemployment rates in the District have historically been relatively low, and in recent times have further reduced, as shown in the attached figure.

Unemployment Rate



This has in part been due to a range of innovative youth employment initiatives driven by Council and associated agencies, that are considered to be at the "leading edge" of youth development at a national level.

The proportion of District ratepayers who are beneficiaries and otherwise on fixed incomes was 26% in 2006, which is well below

both the national average of 30.6% and what is found in a sample of other comparable rural Districts.

In the short term there may be some increase in the levels of unemployment in the District if a global recession occurs, but it is believed that the agricultural sector which forms the backbone of the local economy is fundamentally robust.

While the agricultural sector is robust as a whole, certain parts have experienced significant volatility in demand and prices for its products, and whilst the Ministry of Agriculture, Food and Fisheries makes regular projections of commodity prices and volumes over 4 year periods, the usefulness of these projections is considered very limited in the current climate of economic uncertainty. As such no attempt has been made to incorporate such data into development of this LTP.

Worldwide there is however a very limited quantity of land with potential for intensive agriculture, whilst the world has a growing population demanding more agricultural produce, both as food and as a source of energy. Though in the short term there may be significant variations in the strength of the agricultural sector it appears reasonable to believe that in the long term the fundamental high productive value of land within the District will protect it against sustained high levels of local unemployment.

Another aspect of employment that is however of concern is the possible escalation of existing difficulties in attracting professionals and other senior specialist workers to the District.

It had previously been expected that the current economic situation would loosen the general employment market, but this does not appear to have significantly eased the recruitment of staff to some senior or professional positions in the District. As such the impending retirement of the 'baby boomer' generation and the opportunities associated with the redevelopment of Christchurch have potential to create some significant recruitment challenges for employers within this District.

Property Development and Values

The Otorohanga District, like much of NZ, experienced something of a property value 'bubble' between 2005 and 2007. Residential property in the urban areas was most significantly affected, with a near doubling of residential property values occurring in Otorohanga over a period of little more than 2 years.

Since 2008 a significant downward correction to property values and levels of development activity has occurred.

Looking forward it is likely that the downward correction to residential property values will continue, but it is expected that values of other property classes may hold more firmly to their current levels. Levels of property development activity are likely to remain low.

These value changes would have some impact on the distribution of Council costs through rates, but would not be expected to significantly alter Council costs or revenues associated with property asset ownership of use.

Potential for Natural Disasters

Recent events in Christchurch have highlighted the potential for natural disasters to have a major influence on communities. In response to this Council has recently re-evaluated its exposure to natural disasters. Risks are summarized in the table below.

Risk Type	Comments
Earthquake	District remote from high risk zone, thinly distributed population and development, few highly susceptible buildings or structures.
Flooding	Otorohanga community on a flood plain, previous disaster event experienced, with a likely 1 in 500 year recurrence. Climate change may be increasing risk. Community stopbanks do not provide full protection. Low risk elsewhere.

Volcanic Eruption	Events up to 1 in 5000 year (20mm average ash fall) have limited effect.
Tsunami	West coast has low tsunami risk, 1 in 500 year event has predicted surge height around 1.5 metres on open shore, further reduced in harbours for Kawhia/Aotea
Other Coastal Erosion or Storm Surge	Aotea & Kawhia have limited risk areas, erosion likely to be progressive, surges of limited depth
Wind Damage	Generally relatively low risk
Drought	Little of district considered 'marginal' in respect of agricultural production, reducing likely extent of drought effects
Landslide	Inherently low risk due to topography and settlement pattern

The primary conclusion of this risk evaluation is that by far the most significant 'traumatic' natural disaster risk within the District is the potential flooding of Otorohanga, and that an improved plan was required to manage such an event, which has now been prepared.

The need for some relatively minor improvements to the stopbanks protecting Otorohanga was also identified, and will be undertaken in the early years of the plan.

While the risk of a volcanic eruption is low, the impacts of the volcanic ash could be significant, particularly in relation to the agricultural production of the District, but there is little that can be realistically done to manage these effects.

Similarly it is recognised that a prolonged drought is a 'non-traumatic' event that could have a severe effect on agricultural production, but again there does not appear to be any action that Council could realistically take to mitigate the effects of such an event.

As such, and whilst recognizing that there is inherent uncertainty in relation to such events, the potential occurrence of natural disasters has had relatively little influence on the development of this LTP.

Climate Change

The current climate of the District is moderate in all respects, and the topography of the area is also relatively moderate and physically stable, limiting the potential adverse effects such as flash flooding and erosion. These factors contribute to there being little agricultural activity within the District that is only marginally suitable for the location at which it is being conducted. As such it would not be expected that there would be significant sensitivity of the agricultural sector to potential climate change over a relatively short period of 10 years, even if a well defined trend existed.

Similarly most significant water sources in the District have been proven to be reliable even in the extreme drought conditions of the 2007 summer, and as such it seems unlikely that any climate change over the next 10 years would be sufficient to result in major water shortages.

It is recognised that in the long term climate change could affect the agricultural sector and some other activities in the District, but to date Council is unconvinced that any existing climate change forecast data is sufficiently reliable for it to be used to significantly influence any decisions of Council over the period of this LTP, other than those associated with the review of Council's District Plan, which are based upon expert advice from specialist consultants.

Whilst climate change is expected to have limited direct effect on the District or Council, indirect effects have resulted, and will continue to result from the progressive introduction of central government's Emissions Trading Scheme (ETS) and associated increases in costs of electricity fuel and solid waste disposal.

The majority of these cost increases have now been felt, but a further small cost increase is likely to be incurred in 2013 when the provisions of the ETS take effect in relation to solid waste. It is however expected that such cost increases would be transferred directly to users of the service by the relevant contractor.

Other Environmental Issues

During the last 10 years there has been a significant change of perceptions in respect of environmental issues within the District, that largely reflects changing societal values. These changing perceptions have been most evident in the Kawhia / Aotea area where increased environmental activism and awareness of historical, cultural and environmental issues has resulted in successful legal challenges to decisions made by Council under its operative District Plan.

That these challenges were successful (and resulted in significant additional legal costs to Council) highlighted the need for a review of Council's District Plan to provide a more legally robust framework for control of development within the District. This review has now been completed.

Whilst the new District Plan to some extent increases the restrictions on development, the resultant effect of these changes is expected to be limited, as in many cases the activity being restricted is one that has seldom if ever been undertaken in the District.

As such whilst some parties view the new plan as unacceptably reducing their freedom to undertake certain activities, the fact remains that previously most of these parties have themselves chosen not to undertake these activities.

It is also believed that the accompanying greater clarity of the new District Plan will be of benefit to prospective developers, reducing the uncertainty that has existed in the past. As such it is not expected that the introduction of the new District Plan will significantly reduce development that might otherwise have occurred in the District.

Council does however recognise the need to balance environmental protection against potential for growth, and believes that central government legislation may have swung too far towards a protective stance. The indications that central government may moderate some aspects of the Resource Management Act are therefore welcomed, and it is not expected that any significant further environmental

responsibilities or constraints will be placed on Council by central or regional governments in the near future.

Extent and Standard of Council Services

Only very modest changes in the extent and level of Council services are expected in response to similarly modest changes in population and economic activity during the period of the LTP.

Maintenance and improvements of roads is by far the most significant activity of Council in terms of cost, and this is unlikely to change. Whilst the population of the District is not projected to increase over the LTP period, it is likely that the previous trend of increasing volumes of traffic on roads will continue, as vehicle ownership in the District rises (having risen from 1.75 to 1.95 vehicles per household over the 10 years to 2006) and owners use their vehicles more often.

It is however expected that in future the average rate of traffic growth on roads in the District may be lower than the 2 to 3% per annum commonly seen in the past, with NZTA data suggesting that road traffic volumes in the region will increase at around 1% per annum over the period of this plan. Such modest traffic growth will not place extensive pressure on network capacity in the short or medium term, though localised exceptions may continue to exist. Council believes its existing roading network has sufficient spare capacity to handle this increase in traffic volumes.

Council is required to hold Resource Consents for some of its activities, in particular for water supply, wastewater disposal and stormwater discharge, and these consents must be renewed from time to time if the activities are to continue. Such consent renewal is not expected to be problematic because the activities are of relatively limited and stable extent, and high levels of compliance with the existing consent conditions are generally achievable.

It is recognised that changes in national and regional regulations will take effect during the period of this plan that are likely to influence renewals of resource consents, particularly in respect of water supply, where the Water Allocation Policy of the Regional Council

will require greater emphasis on efficient water use. Appropriate responses to such issues have however been incorporated into asset management planning, and as such Council does not envisage any significant consent renewal problems at this time.

Council's existing fixed assets are largely sufficient for it to conduct its activities at the planned levels, and Council fully funds the depreciation on these assets, except on certain assets as identified on page 179. The funded depreciation is used to fund capital expenditure requirements. Refer to the depreciation note in the Statement of Accounting Policies for the useful lives of assets.

The Council fully funds the replacement of assets in accordance with the Revenue and Financing Policy on page 226.

The Revenue and Financing policy has been updated since the 2009 LTCCP to give more clarity and understanding as to how Council funds its various activities and how that funding is applied to operational and capital expenditure.

The costs that the Council has to pay to deliver roading and its other activities are likely to continue to increase. These increases are expected to be brought about by a number of factors, which may include:

- Inflation
- Changes to subsidies received from the New Zealand Transport Agency
- Interest rates on borrowings
- Interest rates received on cash surpluses
- The valuation of assets
- The ability to receive competitive tenders for contracts
- International market prices of components of infrastructure building, such as steel, oil, bitumen etc

Mode of Delivery of Council Services

Since the 2009 LTCCP much consideration has been given to potential alternative modes by which Council services could be delivered, which might have potential benefits for residents and ratepayers in respect of the cost, quality and/or sustainability of those services.

As a very small District this Council must give consideration to potential opportunities with work with other Councils, either through amalgamation or collaboration.

The notion that potential 'economies of scale' can be achieved where Councils work together has been frequently promoted by various parties, but in the experience of Council there has been little hard evidence to support this view in terms of benefits to Otorohanga District Council. For many of Council's activities there are inherent operational costs that cannot be reduced through joint delivery arrangements.

Potential collaborative delivery of a broad range of services has recently been investigated, and it has been indicated that the overall potential cost savings are very modest, even in a likely best case situation.

Some of these potential collaboration opportunities are however being pursued, in the belief that there may be other worthwhile benefits in addition to the relatively modest financial benefits.

The greatest overall benefits of joint service delivery are however most likely to be achieved through the comprehensive integration that occurs in an amalgamation of Councils.

The challenge accompanying such an amalgamation lies in achieving an acceptable degree of equality between the partners, in respect of District character, elected representation and economics (to avoid one District subsidizing the other).

In respect of the first two of these criteria, the Otorohanga and Waitomo Districts are potentially compatible amalgamation partners, but significant economic differences (relating both to inherent costs

of operating Council services and accumulated debt) continue to pose a significant barrier to such a union from the perspective of this Council.

On the other hand a potential amalgamation with other Councils to the north of the Otorohanga District may initially appear attractive in terms of economics and sustainability, but this would be a very unequal partnership in terms of representation. Without substantial representation on an amalgamated Council, the initially perceived benefits of amalgamation for the smaller partners may not be realized or sustained.

It seems inevitable that any Council giving consideration to an amalgamation will act in the perceived best interests of the ratepayers and residents that they currently represent, and it therefore appears unrealistic to expect that a mutually acceptable voluntary amalgamation proposal involving the Otorohanga District will emerge in the near future.

On this basis this plan assumes that there are limited changes to the mode of Council service delivery during the term of this LTP.

Inflation

In preparing this LTP Council has used projected inflation adjustment factors as provided by Business and Economic Research Limited (BERL) in their report of September 2011. The figures below show the per annum escalation adjustments applied to particular cost groups relative to the year ending 30 June 2012 as the base year, hence zero inflation in that year. These figures include the projected effect of the implementation of the Emissions Trading Scheme.

Year Ending	Road	Property	Water	Energy	Staff	Other
June 2012	0.0	0.0	0.0	0.0	0.0	0.0
June 2013	3.8	3.0	4.2	4.8	2.5	2.4
June 2014	3.1	2.9	3.9	4.7	2.4	3.2
June 2015	3.5	2.9	3.5	4.7	2.4	3.2
June 2016	3.1	3.0	3.7	5.0	2.6	3.4
June 2017	3.0	3.1	3.8	5.1	2.6	3.5
June 2018	3.2	2.8	3.5	4.6	2.4	3.4
June 2019	3.5	2.8	3.5	4.5	2.3	3.3
June 2020	3.7	3.0	3.8	5.0	2.6	3.3
June 2021	3.4	3.3	4.1	5.4	2.7	3.6
June 2022	3.5	3.3	4.1	5.4	2.7	3.5

Subsidies

Council has made the assumption that the subsidy received from the New Zealand Transport Agency (in most cases 52% for maintenance and capital expenditure, with some capital subsidies at 62%) will be maintained at these current levels.

Interest rates

Council funds a substantial portion of its capital works through raising debt, and the cost of servicing such debt therefore has a significant impact on the cost of providing those activities.

While interest rates can be volatile, Council has elected to use a flat interest rate of 6.6% on borrowings, and 2.5% on cash surpluses. These rates were determined after taking account of Council's projected borrowing requirements, and assumptions made around

the interest rates that Council may be able to achieve on those borrowings. An interest rates on deposits of 2.5% was a conservative estimate based on the return currently being received by Council. A weighted average interest rate of 6.6% was deemed by Council to best reflect the likely interest costs of the Council.

Valuation of Assets

Council's assets are valued every 3 years, in conjunction with the LTP timeframe, and the valuations obtained are used to determine the levels of depreciation charges applicable to asset based activities, which may again be reflected in the cost of that activity to ratepayers.

The last revaluation was effective from 1 July 2011. Revaluations during the span of the LTP will be conducted for years commencing 1 July 2014, 1 July 2017 and 1 July 2020. To determine the likely impact of these valuation changes, Council has used the BERL adjustors for inflation as an indicator of likely valuation changes.

The valuation increases used have been:

	1 July 2014	1 July 2017	1 July 2020
Piped Assets	13.3%	12.5%	15.5%
Roading Network	10.4%	9.3%	10.6%
Land	8.8%	8.9%	9.1%
Buildings	8.8%	8.9%	9.1%

Waikato Regional Airport Limited

Otorohanga District Council currently has an amount of \$300,000 of uncalled capital in the Waikato Regional Airport Limited. Council has made the assumption that there will be no call made on this capital during the 10 year period.

Guarantee obligations for the Local Government Funding Agency (LGFA)

The Council is a shareholder in the LGFA. As a shareholder, the Council has guarantee obligations. At the time of preparing this plan for public consultation, the Council is unable to quantify the Council's potential exposure arising from the financial guarantee in support of the LGFA and to all participating Councils. As a sector, Councils are seeking independent advice on how potential exposure can be measured. The exposure will be different for each Council as it is proportionate to that Council's rates. Once Council is able to quantify the potential exposure, it is likely Council will be required to recognize the amount of the potential exposure as a liability to ensure its prospective financial statements complies with relevant reporting standards.

Summary of Significant Assumptions

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
Negative Population Growth of minus 0.5% per annum	Determines extent of rating base, influences required infrastructural asset capacity, influences sustainability of Council and non-Council services	Low; strong Council emphasis on growth but probable results constrained in short/medium term, strong agricultural base limits potential downside.	Existing population trends only weak, variance of this trend likely to be small, limited financial effect
Increase in population over 65 years of age of more than 3% per annum	Influences on ratepayer ability to pay and demand for medical services etc	Low	Demographic trend well established. Little direct financial effect
Limited short term increases in unemployment	Influences on ratepayer ability to pay	Low	Unlikely that District will not feel effects of global economic downturn
Population under 15 years of age stays consistent	Declining proportion would threaten viability of schools, weaken future	Low	Demographic trend well established. Little direct financial effect.

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
	labour pool		
1% increase per annum in traffic volumes on roads	Higher rates increase for road maintenance and improvement requirements	Moderate; NZTA projection data used but relevance to local roads questionable	Financial effects limited as significant spare capacity in much of network.
Introduction of new District Plan does not significantly affect economic development	Provisions of new plan might prevent development that might have otherwise occurred	Low	Changes to Plan affect only small range of potential activities
Existing Resource Consents for Council services will be renewed	Services such as water supply and drainage require Resource Consents for continuance	Low	Relevant activities are of limited & stable extent, high level of compliance with existing consent conditions is achievable
Infrastructural asset lives based on NAMS or other relevant guidelines	Over-estimation of asset lives results in underestimation of renewal requirements and depreciation	Moderate; general acceptance that actual lives are dependant on variety of	Adopted expected lives considered conservative. Effects of long-life asset uncertainties only

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty	Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
		factors, not easily assessed	evident in longer term	There will be no significant movement in the value of the Waikato Regional Airport	Significant movements in value could have an impact on operating costs, requiring Council contributions	Low	Any significant changes to the valuation will only have an impact on Council's balance sheet
Otorohanga Water Treatment Drinking Water Standards upgrade will require a large amount of work	No additional risks, highest level of work used for estimate purposes	Moderate; current testing of water quality taking place	Reduction in work required has positive financial effects	No call on uncalled capital from the Waikato Regional Airport Investment	Any call of the capital would be unbudgeted	Moderate	Potential \$300k cost to Council of any call on capital
No significant other new environmental issues or Resource Management needs	Significant new requirements could increase Council's costs and/or further restrict growth	Low	Government not supportive of increased control in these areas, increased regional Council role unlikely in short term	Continuing Introduction of Emissions Trading Scheme (ETS), will have limited further effect on rates	Implementation of ETS would contribute to broad cost inflation, increasing rates	Low; ETS implementation appears likely to continue as previously indicated, cost increases already factored in	Rates variance of circa 1% associated with ETS / non-ETS BERL inflation indicators previously factored in
Direct climate change effects are minor during plan period	Climate change could influence rural economy & climate related assets.	Direct climate change uncertainty low in plan period, moderate/high in longer term.	Limited direct financial effects in short term as local land & agriculture generally not climatically marginal & limited climate dependant asset creation/renewal.	Inflation estimates based on BERL indicators	Moderate; higher than expected inflation has major effect on rates affordability, though effect	Moderate; unprecedented global economic situation casts doubt on conventional	Expectation that variances from assumptions likely to be generally lower (favourable). Govt stimulus spending

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty	Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
	may be offset by household income growth	inflation forecasting methods.	could raise inflation for infrastructure.		to Council		Otorohanga flooding most predictable (1 in 500 year) risk.
Funding for replacement of significant assets obtained as identified in Revenue and Financing Policy	Some items not budgeted for and sources may not meet requirements	Low	Little to no risk of sources of funds not being achieved.	No residual liability from unforeseen disasters has been included	More severe weather event may be experienced, increasing community demand for response	Moderate	Significant one-off repair costs and rating impacts may arise from severe weather events. May be insufficient funds to meet these costs.
Subsidies from NZTA will remain constant for the full period of the LTP	Moderate. Even minor reduction of subsidy has major effect on rates affordability or level of service.	Moderate; Recent reduction of subsidy level may signify new trend	Potential of lower NZTA subsidy possible as consistent with other govt policy directions.	Assumption of sale prices for properties held for resale	Risk of receiving less than assumed, also additional costs of holding if properties not sold	Moderate	Changing property markets, Council will not sell the properties if price not sufficient
No significant new shared services established during the term of the plan	Any new shared services will only be joined where there are benefits to Council	Moderate	No negative financial effects, as Council will not proceed with shared services if the terms are unfavourable	Interest rates will, on average over the period of the 10 years, be 6.6% on borrowings and 2.5% on deposits	Large increases in interest rates could result in significant changes to the interest expense.	High; given the current economic climate.	An increase of 0.5% would add \$69,735 to the interest expense in 2012/13, reducing to \$19,735 in 2021/22.
Little potential for significant natural disasters	Natural disaster has potential to result in substantial additional costs	High	Nature of district limits potential exposure to effects of disaster;				

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty	Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
Future asset value increase proportions based on BERL indicators	Under-estimation of future value increases cause depreciation shortfall, increasing rating requirement	Moderate for land and buildings, low for other asset groups	Financial effects limited for high value long-life assets because of frequency of revaluation cycle, enabling corrections	Rental Income will increase in proportion to relevant BERL indicators	Over-estimation of rental income will increase rating requirement	Low	Projected increases are modest and extent of rental revenue limited
Council will cease membership of the Local Authority Protection Programme in 2013/14	Possibility of selling land to cover potential costs prior to insurance fund being built	Low	Possible further premium increases if do not cease membership	Extent, complexity and cost of LTP audit requirements will not significantly increase	Additional rating requirements and associated resource issues	Low	There are currently no signals from central Government of any additional requirements.

COMMUNITY OUTCOMES

What Are Community Outcomes

“Community Outcomes means the outcomes that a local authority aims to achieve in order to promote the social, economic, environmental, and cultural well-being of its district or region, in the present and for the future”.

Otorohanga District Council Community Outcomes

The Local Government Act 2002 (the Act) requires Council’s LTP to describe the community outcomes for the District and wants these outcomes (desired results or state of affairs) to be identified so that those items that the community thinks are important for its wellbeing, are clearly understood.

The outcomes should also reflect the four aspects of community wellbeing identified in the Act (Economic, Environmental, Social, and Cultural).

The Local Government Amendment Act 2010 changed the definition of community outcomes to the definition above. This makes it clear the outcomes are something that the council ‘owns’ and should be working towards.

To comply with the Act the LTP sets out the activities that Council will undertake over the next ten years, the reasons for undertaking these activities, how they might contribute to the achievement of community outcomes, what assets might be required and how these activities will be funded.

How Were The Community Outcomes Identified

A series of public meetings were held in Kawhia, Otorohanga and throughout the rural area from 2003 - 2005. These meetings were attended by a wide range of representatives, including local groups, Iwi and individuals.

Community Outcomes were identified and a community plan containing these outcomes was produced. Consultation was

undertaken with regional and other groups in the community and a draft document was made available for public submission.

A number of submissions were received and the community plan was further refined before being adopted in February 2004 for Kawhia and Otorohanga and in November 2005 for the Rural area.

Community Outcomes – Working with Others

The Council’s first task was to establish what people value for their future and what they want for themselves, their communities and their District. The ‘community’ includes Iwi, stakeholder groups, businesses, government agencies, regional agencies and people across all sectors.

Making progress towards achieving the Community Outcomes will need to be a collective effort; it is not only up to the Council. Importantly, regardless of financial constraints, it must also be determined whether it should be the role of local government, which is ratepayer funded, to address issues which have traditionally been the role of central government. Some issues that have been discussed for potential Council involvement such as labour market shortages, affordable housing and domestic violence, are underpinned by a raft of complex factors which may be beyond the influence and expertise of local government. Any expansion of the Council’s role into such areas can only be pursued with the clear mandate of the community and with the assurance that the Council has the expertise to maximize the application of community resources and / or funds in this area.

The Council already engages with a number of key community groups, regional and government organisations, the private sector and Iwi.

It is important to recognise that the Council’s work programme over the next ten years is set to make a very large and valuable contribution to many of the Community Outcomes in relation to safeguarding the environment and promoting a safe and healthy community. The infrastructural works planned have a significant impact on Community Outcome delivery by protecting our

environment and ensuring that we have clean water and sanitary living conditions.

Community Outcome Statements

Community Outcome statements have been developed to provide the Community with a short and easy-to-follow summary of the 61 Community Outcomes. Similar outcomes were grouped together and overarching statements that reflected the intent of each group of outcomes were written to provide a link between the Community Outcomes and the grouping of activities.

These are shown below;



Otorohanga District is a safe place to live.



Ensure services and facilities meet the needs of the community.



Provide for the unique history and culture of the district.



Promote the local economy and opportunities for sustainable economic development.



Manage the natural and physical environment in a sustainable manner.



Foster an involved and engaged community.



Protect the special character of our harbours and their catchments.

Recognise the importance of the District's rural character.

How Will The Council Contribute To Furthering The Community Outcomes?

Community outcomes express a District wide vision and cannot be achieved by Council alone. Council targets its activities to the Community Outcomes and the detail is found under the significant activity section.

Many government and non-government groups and agencies assist in progressing social, cultural, economic and environment well-being to achieve the community vision.

The Council can contribute to furthering community outcomes in the following ways:

- Advocate – Council promotes and encourages progress towards achievement of a goal by other organisations through active liaison;
- Partner – Funding and carrying out of an objective to reach a goal is done by Council in formal partnership with other organisations;
- Implementer – Planning and carrying out an action contributing to the achievement of an outcome is fully Council's responsibility;
- Regulator – Council has statutory responsibility and may choose or be required to regulate an activity;
- Monitor – Council gathers information on actions and processes and checks and reports on progress against the targets set.

How do the Well Beings relate to Community Outcomes

Overarching Community Outcomes have been developed to provide the Community with a short and easy to follow summary of the detailed Community Outcomes.

Each of the overarching community outcomes has a strong linkage to one or more of the 4 well beings which are the social, economic, environmental and cultural aspects of the community.

The four well beings and how they relate to the community are as follows:

- *Economic – Ensuring that core facilities, services and infrastructure keep pace with the needs of the Community.*
- *Cultural – Ensuring that the cultural diversity of the District is recognized.*
- *Environmental – Ensuring that the Districts environment is managed in a sustainable manner.*
- *Social – Ensuring the achievement of a safe and healthy community with strong community networks.*

The eight overarching community outcomes that Council has developed have a strong relationship to each of the four well beings. That relationship can be described as follows:

- Otorohanga District is a safe place to live

This overarching community outcome links predominantly to the Social Well Being by ensuring Otorohanga District is a safe environment in which to live and play.

- Ensure services and facilities meet the needs of the community.

This overarching community outcome links predominantly to the Economic and Social Well Beings. The Economic Well Being ensures services and facilities are maintained to promote growth and cater for community needs whereas the Social Well Being ensures

that those services and facilities meet community expectations for health, education and other social needs.

- Provide for the unique history and culture of the District.

This overarching community outcome links predominantly to the Cultural Well Being by ensuring that our cultural identity and history is preserved and fostered, including Maori and Pakeha inheritance and recognition of all cultures and religions.

- Promote the local economy and opportunities for sustainable economic development.

This overarching community outcome links predominantly to the Economic Well Being by ensuring that business and employment opportunities are increased and enhanced, existing economic strengths in the community are promoted and Otorohanga District is an attractive destination for development of small to medium sized businesses.

- Manage the natural and physical environment in a sustainable manner

This overarching community outcome links predominantly to the Environmental Well Being by ensuring that the community has ready access to its natural environment and the concept of sustainable environmental management is maintained.

- Foster an involved and engaged community.

This overarching community outcome links predominantly to the Social Well Being by ensuring that the community participates fully in decision making and a sense of social responsibility is fostered.

- Protect the special character of our harbours and their catchments.

This overarching community outcome links predominantly to the Environmental Well Being by ensuring that the harbours, waterways and wetlands are preserved and protected.

- Recognise the importance of the District's rural character

This overarching community outcome links predominantly to Environmental and Economic Well Beings. The Environmental Well Being ensures that the community recognizes that our rural landscape receives a high level of protection and natural, historical or outstanding landscapes are protected by landowners whereas the Economic Well Being ensures that lifestyle development is managed to not conflict or inhibit existing rural activities.

Linkage Of Community Outcomes To Other Documents And Processes

The Council will have regard to the community Outcomes when all documents, strategies and processes are being formulated.

Monitoring And Reporting Of Community Outcomes

Reviewing progress within the District as a whole provides the community with a chance to build on achievements and to take a critical look at where applying resources might help achieve the Community Outcomes and enhance well-being. Council will monitor progress on targeting Community Outcomes using indicators developed by Council and other organisations, for example; Choosing Futures.

Council will continue to develop a range of measures to monitor the progress on achieving the Community Outcomes over time.

To help identify what Council should be monitoring, Council will work with a variety of organisations that will help collect data for the measures. Through Choosing Futures, discussions are underway both regionally and locally with government agencies to discuss and collaborate on monitoring progress across the District. Council will use both statistical and non-statistical evidence to monitor the Community Outcomes.

FINANCIAL STRATEGY

Introduction

The financial strategy sets out the Council's strategic approach to the management of its finances and presents indicative rates and debt levels for the 10 year term of the Long Term Plan.

The purpose of the financial strategy is to facilitate –

- a) Prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- b) Consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects on these proposals on the local authority's services, rates, debt and investments.

Key Challenges for Otorohanga District Council

Some of the key challenges facing Otorohanga District Council are:

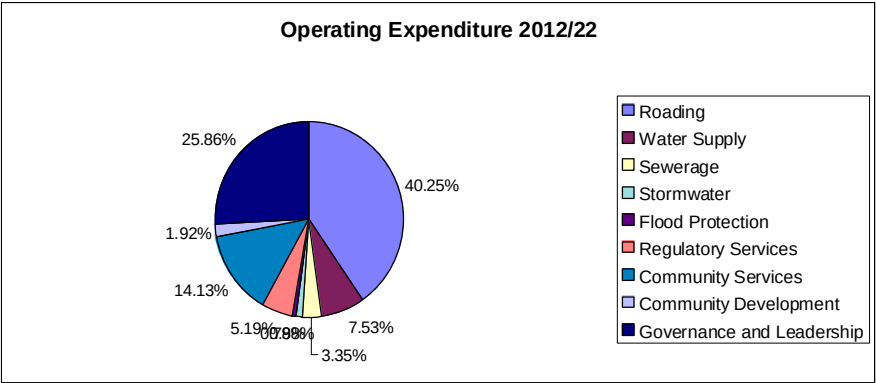
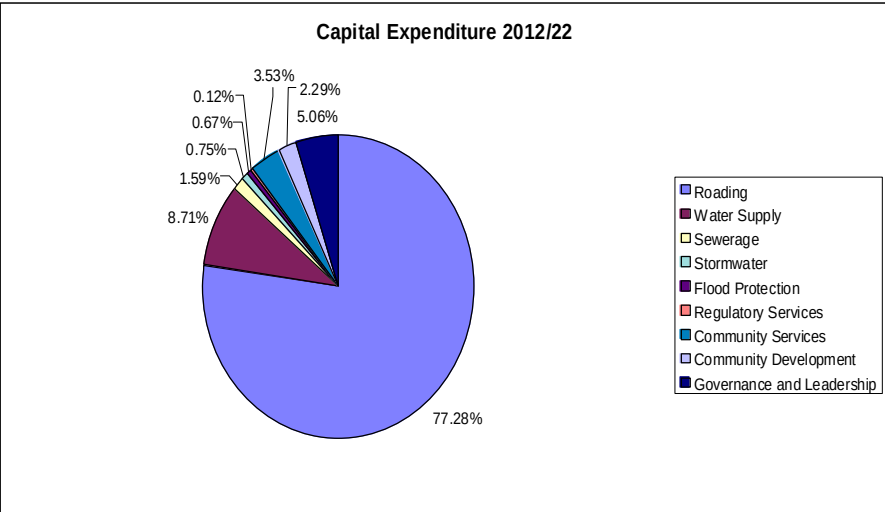
- The cost of providing local government services (the local government cost index) has continued to increase at a higher rate than inflation
- It appears likely that market prices for many of the goods and services required by Councils will continue to rise at rates in excess of general inflation
- The devolution of responsibilities from central government (such as alcohol and gambling regulation) and increased standard requirements (such as building regulation) places more mandatory requirements onto the Council, which ultimately comes at a cost

- Local government is a large and complicated business, providing many different services not only for communities now, but into the long-term future
- There is significant variation between the financial circumstances of residents and ratepayers in the District; there are some very affluent communities, but others are struggling
- There appears to be little potential for significant growth of the population or economy of the District in the short or medium term, and indeed it is likely that population will continue to slowly decline
- There is a risk that economic conditions in the District would substantially deteriorate if, as has been widely predicted, a global recession was to occur
- A continuing focus on efficient and cost effective delivery of core services has progressively eliminated non-essential services and other financial 'fat' from the Council organisation' leaving little potential for achieving cost savings without significantly reducing levels of service.

Financial Management Issues

There are a number of factors which are expected to impact on the Council's management of the business and its finances over the 2012-2022 period. Specifically these relate to economic climate and growth (as discussed earlier on pages 11 and 12), balancing the budget, intergenerational equity and affordability.

Council Expenditure



The above graphs identify the total expenditure over the 10 year period for each of the groups of activities the Council provides.

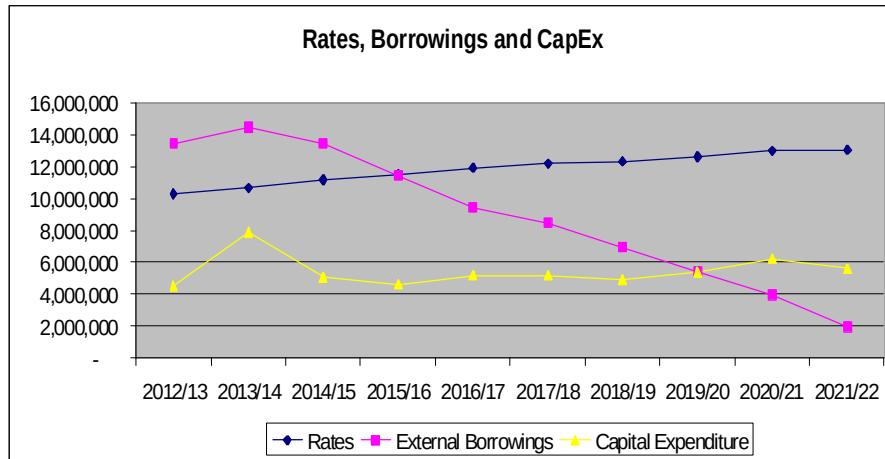
The costs of maintaining assets to continue providing existing services is \$42 million over the 2012-22 period. The expected capital expenditure on roads, water, wastewater, stormwater and flood protection over this period is \$38 million over the 10 year period.

The Council continues to be concerned about the resulting level of rates increases that have been needed to fund the services it delivers, and the impact of these on the district's communities. We are aware that the income levels of some of the residents within the District are generally lower than the New Zealand average and that it is likely that some of our residents on low incomes are reaching their limits in terms of ability to pay.

The Council also wishes to encourage economic activity in our towns, so the affordability of rates to our commercial ratepayers is also a concern.

Balancing these concerns with continued customer expectations for maintained and improved services is a challenge.

The graph below shows the trend for rates, borrowings and capital expenditure which are the key financial aspects of this plan. Inflation is assumed to average 31.4% over the 10 years, which is included in all figures in the plan.



The council is forecasting that its operating expenditure will increase from \$13.7 million to \$16.5 million between 2012 and June 2022. These increases are as a result of:

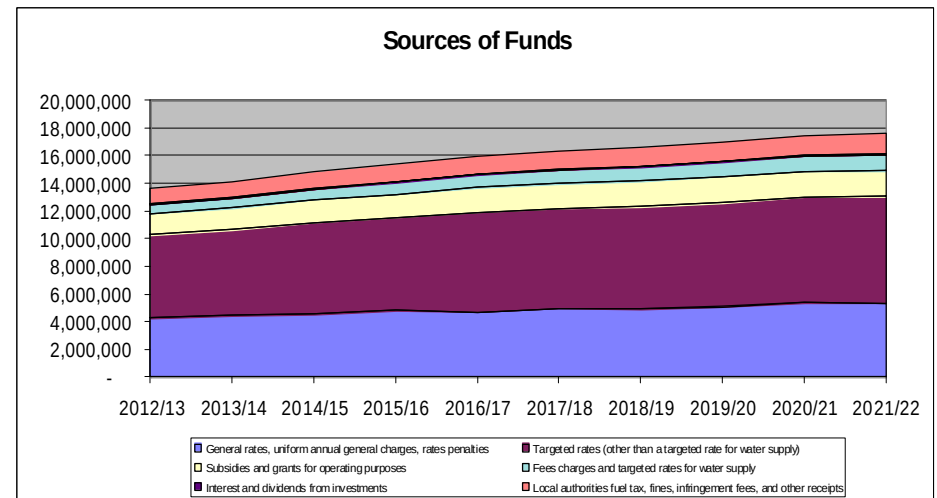
- Price Increases – inflation and the factors that influence it will mean that it costs more to do business
- Service level increases – in some areas Council will provide a higher level of service in response to either changing statutory requirements or (and to a much lesser extent) the desires of ratepayers and residents
- Little likely opportunity to deliver existing levels of service at lower costs after numerous previous investigations and changes to reduce these costs
- Few opportunities to implement reductions of levels of service that will be acceptable to ratepayers and residents, as a strong focus on delivery of only core 'no frills' services has been in place for some time, and customer surveys

have indicated no desire for further reductions in service levels.

Public consultation will be undertaken on the draft 10 year plan in the knowledge that there is limited capacity for Council to increase expenditure in certain areas. Potential rates increases need to be kept under control and the overall level of debt need to be reduced, while still adhering to the overall financial strategy adopted by the Council.

The council has assessed the Local Government Act requirements and has adopted strategies to ensure that over the period of the 10-year plan, we continue to move to a financially sustainable position.

The Council pays for its services from a variety of sources with rates being the largest portion. The graph below shows how the Council's activities are funded.



Changes in Population - Otorohanga District

As discussed earlier within the document the District's population is anticipated to decrease over the life of the plan by 0.5%. This decrease is insignificant and no changes in operating and capital costs are anticipated as a result.

Changes in Land Use - Otorohanga District

As stated previously the backbone of the local economy is agriculture, and the District contains some of the best agricultural land in New Zealand, which puts it amongst the very small quantity of highest productivity agricultural land in the world.

With the land itself being such a valuable resource (the value of which will only increase as world demand for agricultural products rises), not being in close proximity to any expected centres of major urban development, and being in a District that is not expected to experience significant growth, it appears very unlikely that there will be any significant changes of land use within the District during the term of this LTP. This therefore has no impact on operating or capital costs.

Proposed Policies and Parameters

The following sections outline some of the actions and policy approaches that will be adopted to respond to the previously identified issues. These include: ³

- Statements on the council's quantified limits on rates, rates increases and borrowing
- Policy on the giving of securities for its borrowing

³ In order to meet the Local Government Amendment Act 2010 requirements regarding financial strategy content

- The Council's objectives for holding and managing financial investments

Limits on Rates

Council will endeavour to keep the income required from rates steady as well as creating predictability in the level of rates required.

Currently, the Council funds about 71.5% from rates because it does not have alternative revenue streams for example, significant financial investment funds or investments, and has taken a fairly low risk approach to borrowing.

While the Council will continue its approach of allocating rates as a funding proportion based on who causes and benefits from its activities, it proposes to limit the rates collected each year to a maximum of 75% of total council revenue. Ideally, the Council will seek to reduce the proportion of revenue collected through rates. The Council's Revenue and Financing Policy sets out the sources of funding to be used, and how they will be applied to each activity with a view to achieving this objective.

Limits on Rate Increases

While the Council will continue to consider affordability issues when setting rate levels each year, it is also required by legislation to include a statement on quantified limits on rate increases. Council has decided that limiting the increase to no more than the forecast % ⁴ increase of the local government cost index (LGCI) plus 2% for that year reflects the realities of higher local government costs i.e. the cost of doing Council business. It also recognises that from time to time Council will need to increase the level of service that it is providing to meet, for example, community needs and new resource requirements. Individual properties may experience smaller or

⁴ As provided by Business and Economic Research Limited (BERL)

larger increases depending on movements in property values, the services that they receive and their location.

This approach will limit the extent to which the Council can undertake new or increased services and projects unless savings can be found elsewhere. As it provides for little contingency, this reflects a conservative approach.

The Council does not intend providing for different rate increase limits for individual community board areas. Rather it will focus on the overall District Rate Requirement movement and then look to prioritise the desires of different communities within the district average.

	LGCI	Plus 2%	Rate Increase Limit as % of previous year rates income
2010/11	2.34	2.00	4.34
2011/12	5.34	2.00	7.34
2012/13	3.79	2.00	5.79
2013/14	3.46	2.00	5.46
2014/15	3.17	2.00	5.17
2015/16	3.27	2.00	5.27
2016/17	3.42	2.00	5.42
2017/18	3.26	2.00	5.26
2018/19	3.38	2.00	5.38
2019/20	3.69	2.00	5.69
2020/21	3.89	2.00	5.89
2021/22	3.90	2.00	5.90

The value of all properties within the Otorohanga District Council boundaries are reviewed as part of the three – yearly valuations. These values were published in September 2010, and took effect in 2011/12 for rating purposes.

Limits on Costs of Particular Activities

Council has the ability to provide and maintain existing levels of service to meet the limited additional demand, with the rates and borrowing limits. Should costs increase during this time, Council has mechanisms such as placing limits on costs of particular activities, in order to remain within these stated limits.

Some Council activities have had a history of costs increasing at rates substantially above those of both the rate of general inflation and the rate of general District rates.

One particular example is the operation of the Otorohanga swimming pool, the cost of which has more than quadrupled as a percentage of total District rates over the last 25 years. Council has recently agreed that this trend of increasing cost (driven by both increased levels of service, stricter regulatory requirements and inflation) cannot continue, and has therefore set a limit on the cost of this activity as a percentage of total District rates. If it appears that this limit will be exceeded in any forthcoming year, level of service reductions or other cost saving measures will be required to prevent this occurring.

The setting of this limit has already had a beneficial effect on controlling the cost of this activity, and it is possible that a similar approach could be adopted for other activities that have an unacceptable trend of increasing cost in relation to the overall costs of Council.

Debt and Interest

Council wishes to continue taking a conservative approach to managing its finances. This includes borrowing within its ability to service and repay that borrowing while adopting less conservative borrowing limits to provide the flexibility to fund projects deemed to be of benefit (acknowledging that borrowing capacity does not have to be fully utilised).

Details on how the Council's debt is managed is set in its Liability Management Policy which is publicly available.

The Council also utilises internal borrowing which is not subject to the above limits.

Securities for Borrowing

- Council borrowings are secured over annual rates on every rateable property situated within the Otorohanga District.
- Under the Debenture Trust Deed, the Council offers deemed rates as security for general borrowing programmes
- From time to time, security may be offered over specific assets within Council approval or infrastructural assets where special rating provisions apply
- The Securities Act 1978 and the Securities (Local Authority Exemption) Amendment Act allow council to issue debt securities to raise funds for Capital Investment. Any issue of debt securities must be approved by Council and will be in compliance with the Securities Act 1978 and the Securities (Local Authority Exemption) Amendment Act.

Financial Investments and Equity Securities

In keeping with the Council's objective to adopt a conservative approach to managing its finances, any surplus funds are usually used for debt repayment rather than financial investment. It does not intend to undertake financial investments for the purpose of generating significant returns, now or in the future. As such, the Council does not seek to hold financial investments other than those that are short term surpluses.

In relation to equity (shares in stocks) for investment purposes, the Council will only hold these for strategic purposes such as holding

equity in shared services to help councils provide services more efficiently.

Forecast equity investments reflect Council's shares in the following entities:

- Waikato Regional Airport
- Balance Agrinutrients
- King Country Energy
- NZ Local Government Insurance Corporation Ltd
- Local Government Funding Agency

The Council is primarily concerned with the protection of its investment. The Council recognises that as a responsible public authority, any investments that it does hold will be low risk. It also recognises that lower risk generally means lower returns.

While the Council acknowledges that the amount of return on financial investment is the responsibility of the lender and therefore outside of the Council's control, it is required by law to identify targets for the returns received on its investments and equity securities. In keeping with the Council's objective to invest in a secure, low risk vehicle which will result in lower return in investment but does not compromise on the principle, its quantified financial investment target is to achieve a return equivalent to the five year government stock rate. Targeting returns for equity securities is not applicable.

Other Sources of Income

Council will endeavour, where possible, to maintain and maximise the income coming from other sources. These other sources include subsidies available, including NZTA subsidy and grants for capital projects. Other sources of income are from user fees and charges, particularly with regards to regulatory areas. Again, these

will be maximised where possible, reflecting the user pays philosophy.

Balanced Budget Requirement

Section 100 of the Local Government Act 2002 states:

- (1) A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.
- (2) Despite subsection (1), a local authority may set projected operating revenues at a different level from that required by that subsection if the local authority resolves that it is financially prudent to do so, having regard to:
  - (a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the LTP, including the estimated expense associated with maintaining the service capacity and integrity of assets throughout their useful life; and
  - (b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
  - (c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
  - (d) the funding and financial policies adopted under section 102.

Council has decided not to fund depreciation on the following assets, while this does not comply with the legislation, it is acceptable providing appropriate community consultation has taken place.

Community Facilities – Depreciation has not been funded on some of these assets as they are considered non-strategic and will not be replaced once they are no longer useful.

Waipa Rural Water Supply – After consultation with the Water Supply Committee the decision was made not to fund depreciation. It was considered that the scheme was relatively new with minimal renewal work required over the next 20 years and consumers had also paid a capital contribution to join the scheme. It is envisaged that sustaining current income levels over the term of the LTP will result in sufficient surpluses to fund desired capital expenditure.

	2012/2013	2013/2014	2014/2015
	\$	\$	\$
Community Facilities			
Community Halls	6,800	6,984	7,167
Kawhia Community Centre	6,150	6,316	6,482
Kawhia Wharf	13,550	13,916	14,282
Kawhia Housing for the Elderly	5,205	5,529	5,270
Otorohanga Housing for the Elderly	26,241	27,137	27,404
	57,946	59,882	60,605
Rural Fire Control	8,000	8,000	8,000
Waipa Rural Water Supply	42,891	44,288	45,054
Depreciation not funded	108,837	112,170	113,659

Link between Financial Strategy and Financial Statements

The financial strategy talks about tough times ahead for the Council, however we are showing a profit in our Statement of Comprehensive Income. The profit being shown is not true profit in terms of money over and above expenditure, as it contains subsidy received from NZTA for roading capital projects, as well as money from funding depreciation that is put aside to fund future capital projects.

Review

The Financial Strategy will be reviewed three-yearly as part of the ten year planning process.

SIGNIFICANT ACTIVITIES

Introduction to Council Activities

This part of the LTP explains how Council's activities will contribute towards the achievement of community outcomes.

The diagram illustrates the planning hierarchy that Council has followed in developing its 10-year plan for each activity. The process consists of using community outcomes to help inform the development of Council's strategic direction.

Each activity comprises Levels of Service, work programmes and a monitoring framework which the community can use to assess Council's progress. Council communicates its progress against its performance measures once a year in the Annual Report.

This section explains the plans that have been developed for each of Council's significant activities. The activities have been placed into one of the following:

- Roads and Footpaths
- Water Supply
- Sewerage Treatment and Disposal
- Stormwater Drainage
- Flood Protection and Control Works
- Community Services
- Regulatory Services
- Governance and Leadership; or
- Community Development

Each group of activities is discussed separately.

The financial impact of each activity's 10-year plan is also shown in each activity section. These financial forecasts contain inflation and are based on a 10-year view of the District covered by this LTP. The inflation and other assumptions that define Council's view of the District over the 10 Year period ending June 2022, are contained in the significant assumption section located on page 23.

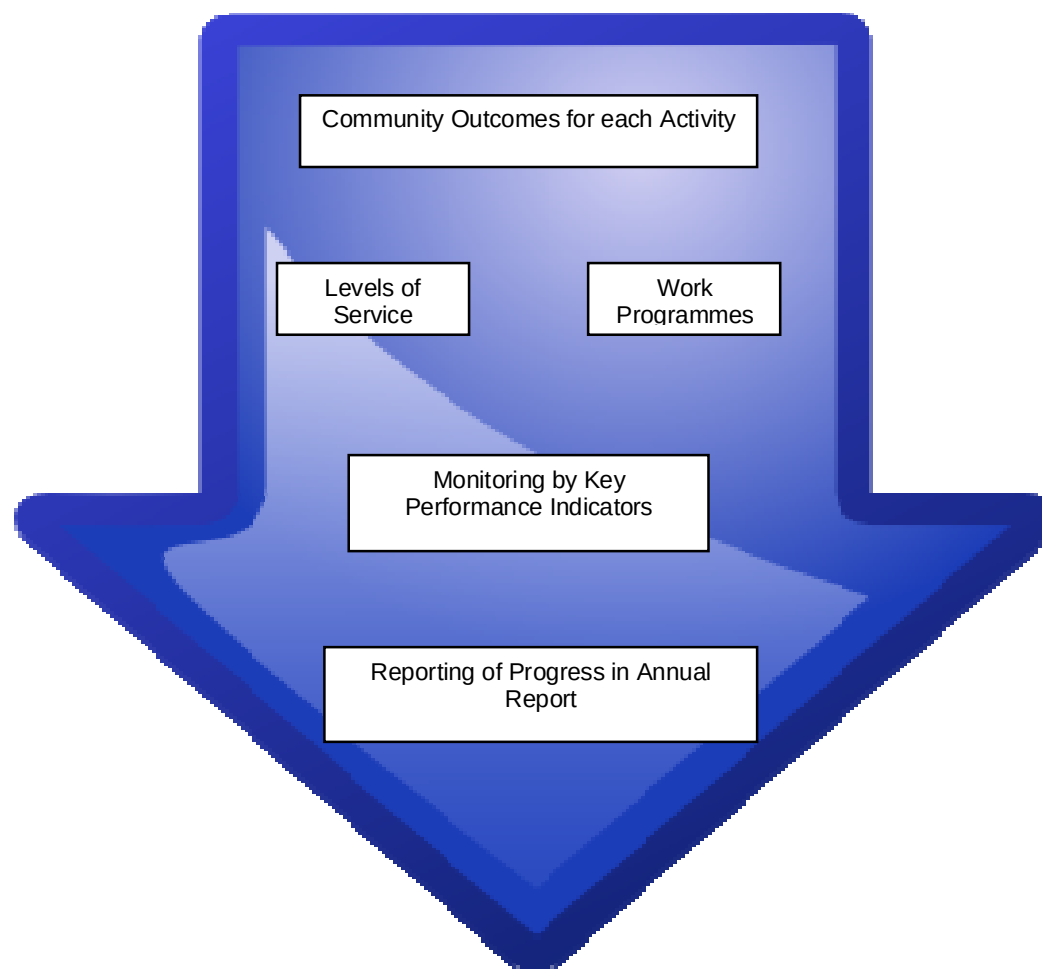
How this section works

At the start of each group of activities section there is an introduction that explains what activities are included within the group and why they are included. This is followed by an explanation of the rationale for delivery of the activity and a table showing what Community Outcomes each activity within the group contributes to and also Council's role in delivering those outcomes. The Cost of Services Statement for each group of activities then follows this.

Each activity within the group of activities contains the following information;

- An explanation describing the extent of Council's responsibility.
- Any negative effects associated with the activity and how they will be mitigated.
- A description of the existing level of service for that activity.
- A description of how the activity contributes to Community Outcomes and Council's role in delivering those outcomes.
- A performance monitoring framework, showing target levels of service, performance indicators and a description of how Council will measure performance against those indicators.
- The key components of the work programme relating to additional asset capacity and maintenance, also renewal and replacement of existing assets and how this work will be undertaken and funded.

The Levels of Service were developed through a review by staff that took into consideration consultation with the community on the agreed level of service.



Example Table

The following example table sets out the relationship between Community Outcomes, Level of Service Statements and Key Performance Indicators. The Key Performance Indicators are how Council will measure its performance in achieving the Level of Service.

Key Example Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Provide a brief overview of what Council currently provides	Indicates how each Level of Service performance target contributes to Community Outcomes	Specific performance measure directly relating to a particular level of service	Actual performance in the most recent completed financial year to provide baseline date	Shows the targets for the first year of the LTP. The targets are what Council will be trying to achieve under each Key Performance Indicator	Shows the targets for the second year of the LTP. The targets are what Council will be trying to achieve under each Key Performance Indicator	Shows the targets for the third year of the LTP. The targets are what Council will be trying to achieve under each Key Performance Indicator	Indication of the expected level of performance, including progress towards any specific long term targets identified under the objective

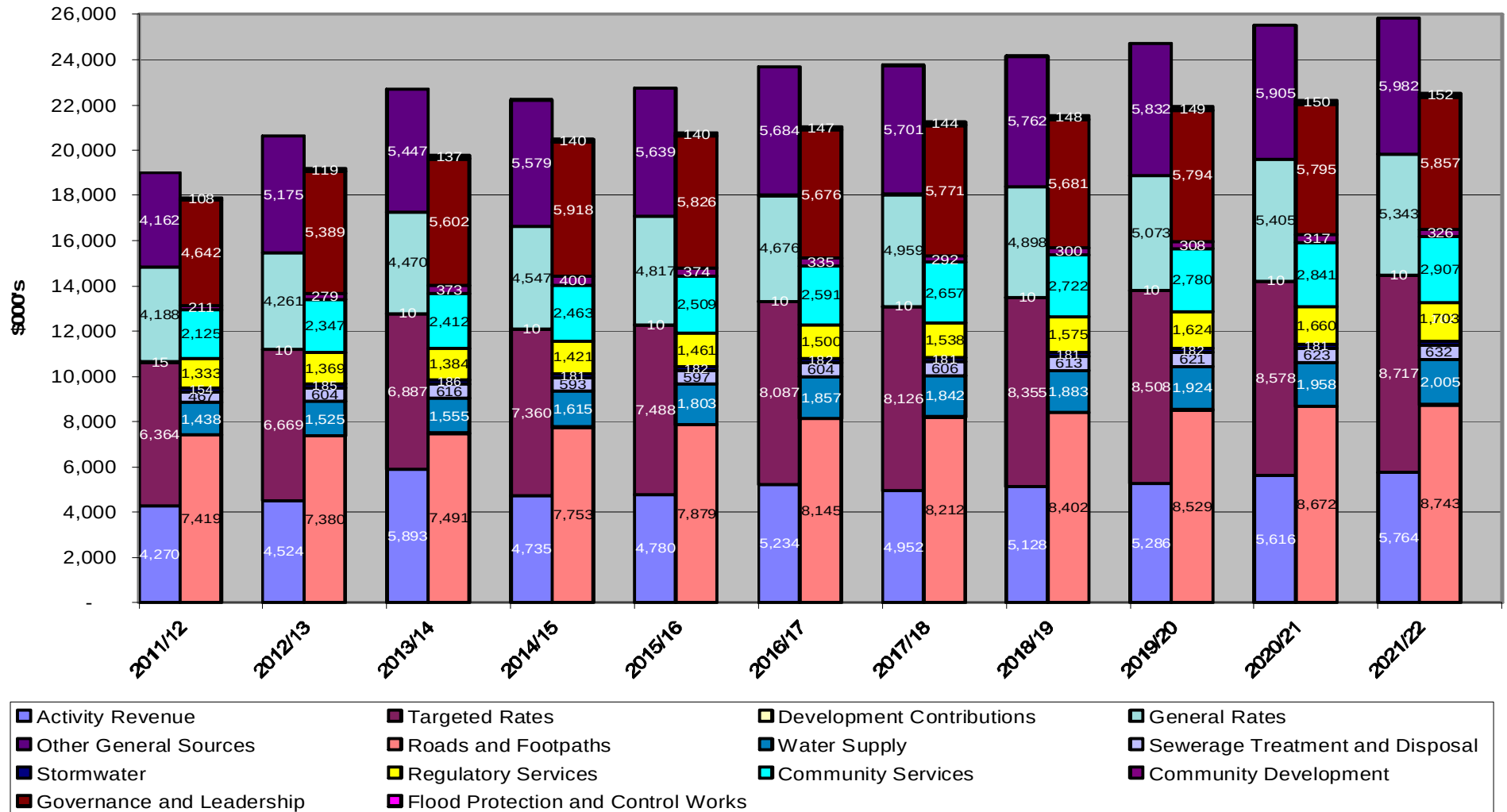
Combined Cost of Services Statements

Combined COSS - Operating Statement	2012/13	2013/14	2014/15
Operating Revenue	(000's)	(000's)	(000's)
Activity Revenue	4,524	5,893	4,735
Targeted Rates	6,669	6,887	7,360
Development Contributions	10	10	10
General Rates	4,261	4,470	4,547
Other General Sources	5,175	5,447	5,579
Total Operating Revenue	20,639	22,707	22,231
Operating Expenditure			
Roads and Footpaths	7,380	7,491	7,753
Water Supply	1,525	1,555	1,615
Sewerage Treatment and Disposal	604	616	593
Stormwater	185	186	181
Flood Protection and Control Works	119	137	140
Regulatory Services	1,369	1,384	1,421
Community Services	2,347	2,412	2,463
Community Development	279	373	400
Governance and Leadership	5,389	5,602	5,918
Total Operating Expenditure	19,197	19,756	20,484
<i>includes:</i>			
Salaries and Wages	2,979	3,147	3,221
Depreciation	3,442	3,550	3,595
Interest	820	836	845
Operating Surplus (Deficit) \$	1,442	2,951	1,747
Operating Surplus transferred to Reserves; or	1,905	3,039	1,869
Operating Deficit funded from Reserves	462	84	121

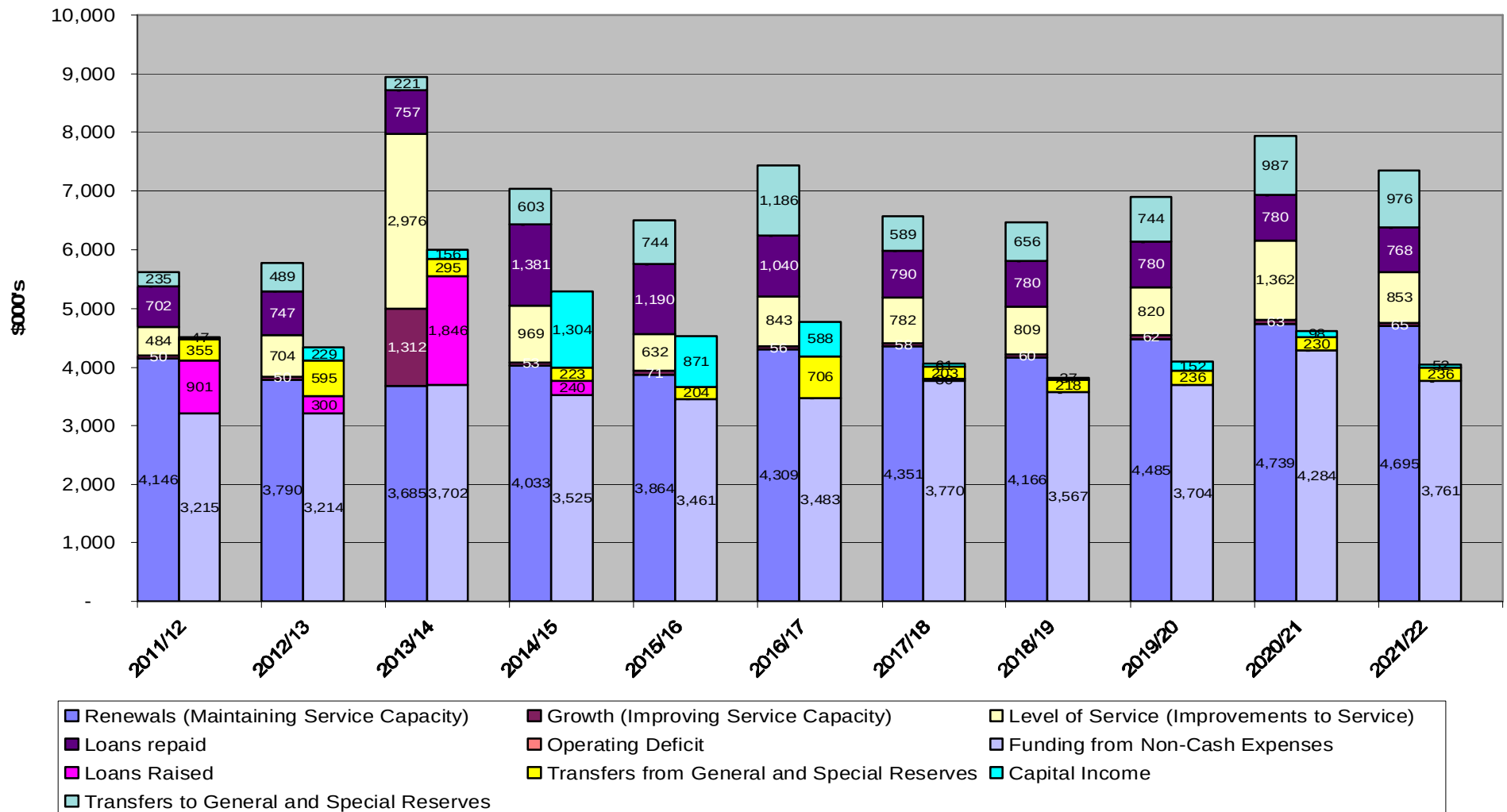
Combined COSS - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
Capital and Reserves Funding Requirements:	(000's)	(000's)	(000's)
Capital Expenditure			
Renewals (Maintaining Service Capacity)	3,790	3,685	4,033
Growth (Improving Service Capacity)	50	1,312	53
Level of Service (Improvements to Service)	704	2,976	969
New Statutory Requirements	-	-	-
Total Capital Expenditure	4,544	7,973	5,055
Loans repaid	747	757	1,381
Operating Deficit	462	84	121
Transfers to General and Special Reserves	489	224	604
Total Funding Required	6,242	9,038	7,161
Funded by:			
Operating Surplus (via reserve)	1,905	3,039	1,869
Funding from Non-Cash Expenses	3,214	3,702	3,525
Loans Raised	300	1,846	240
Transfers from General and Special Reserves	594	295	223
Capital Income	229	156	1,304
Total Funding Applied	6,242	9,038	7,161

This cost of service statement links through to the All of Council Funding Impact Statement on page 185.

Combined Cost of Service Statement - Operating



Combined Cost of Service Statement - Capital



Roads and Footpaths

What Community Outcome Does Roads and Footpaths Contribute To

Community Outcomes	Roads and Footpaths	Professional Engineering Business Unit
 Otorohanga District is a safe place to live	Implementer Advocate Partner Regulator Monitor	Implementer
 Ensure services and facilities meet the needs of the Community	Implementer Partner Advocate Regulator Monitor	Implementer
 Manage the Natural and Physical environment in a sustainable manner	Implementer Monitor	

RATIONALE FOR SERVICES

Roads and Footpaths

The road network forms the backbone of the District's infrastructure and impacts on the potential for development in the District. The purpose of this activity is to provide for the safe and efficient passage of traffic throughout the District and Council acknowledges its

interdependency on the State Highway network, as well as partnerships with key stakeholders in the transport arena.

This is the single largest activity of Council, and provides for road improvement and maintenance works such as pavement rehabilitation, reseals, bridge repairs, storm damage restoration, general maintenance, vegetation control, landscaping, sign posting and pavement marking, street lighting, street cleaning, minor safety projects, and footpath repairs.

The rationale for Council's involvement stems in part, from statutory requirements. The Local Government Acts 1974 and 2002 empower Council to construct, upgrade and repair all roads, which is done with the help of Government funding. It also ensures common law rights of public access.

Professional Engineering Business Unit

Council's general aim is for the unit to provide a Civil Engineering Service that is efficient, technically competent and achieves effective results. This unit is a separate group within Council's Engineering Division and provides professional and technical consultancy services for carrying out a large proportion of the works and utility service operations planned by Council.

The unit is responsible for investigation, design, contracting and supervision of most of the works and service operations.

Pursuant to Section 31 of the Transit New Zealand Amendment Act 1995 (where NZ Transport Agency funding is involved), Council is required to disclose separately a financial statement for the operation of the Professional Service Business Unit. This statement is reported below.

Roads and Footpaths Financial Statements

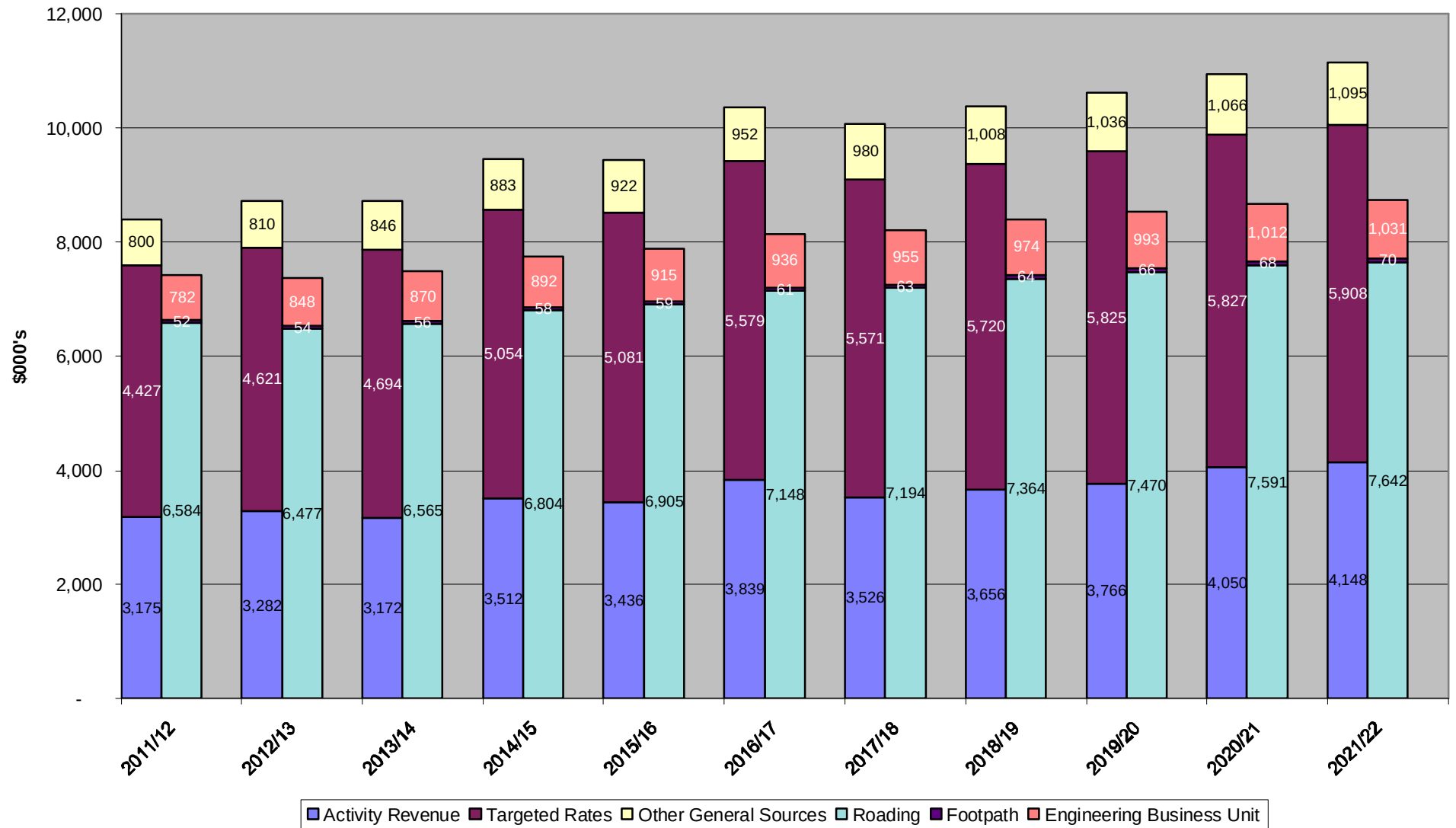
Roads and Footpaths - Operating Statement	2012/13	2013/14	2014/15
Operating Revenue	(000's)	(000's)	(000's)
Activity Revenue	3,282	3,172	3,512
Targeted Rates	4,621	4,694	5,054
Development Contributions	-	-	-
General Rates	-	-	-
Other General Sources ⁽⁵⁾	810	846	883
Total Operating Revenue	8,713	8,712	9,449
Operating Expenditure			
Roading	6,477	6,565	6,804
Footpath	54	56	58
Engineering Business Unit	848	870	892
Total Operating Expenditure	7,379	7,491	7,754
<i>includes:</i>			
Salaries and Wages	562	575	589
Depreciation	2,434	2,499	2,565
Interest	435	409	383
Operating Surplus (Deficit) \$	1,334	1,221	1,695
Operating Surplus transferred to (specify) Reserve(s); or Operating Deficit funded from (specify) Reserve(s)	1,334 -	1,221 -	1,695 -

Roads and Footpaths - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
Capital and Reserves Funding Requirments:	(000's)	(000's)	(000's)
Capital Expenditure			
Renewals (Maintaining Service Capacity)	3,198	2,945	3,411
Growth (Improving Service Capacity)	50	52	53
Level of Service (Improvements to Service)	222	378	437
New Statutory Requirements	-	-	-
Total Capital Expenditure	3,470	3,375	3,901
Loans repaid	422	422	422
Operating Deficit	-	-	-
Transfers to General and Special Reserves	-	-	-
Total Funding Required	3,892	3,797	4,323
Funded by:			
Operating Surplus (via reserve)	1,334	1,221	1,695
Funding from Non-Cash Expenses	2,434	2,499	2,565
Loans Raised	-	-	-
Transfers from General and Special Reserves	124	77	63
Capital Income	-	-	-
Total Funding Applied	3,892	3,797	4,323

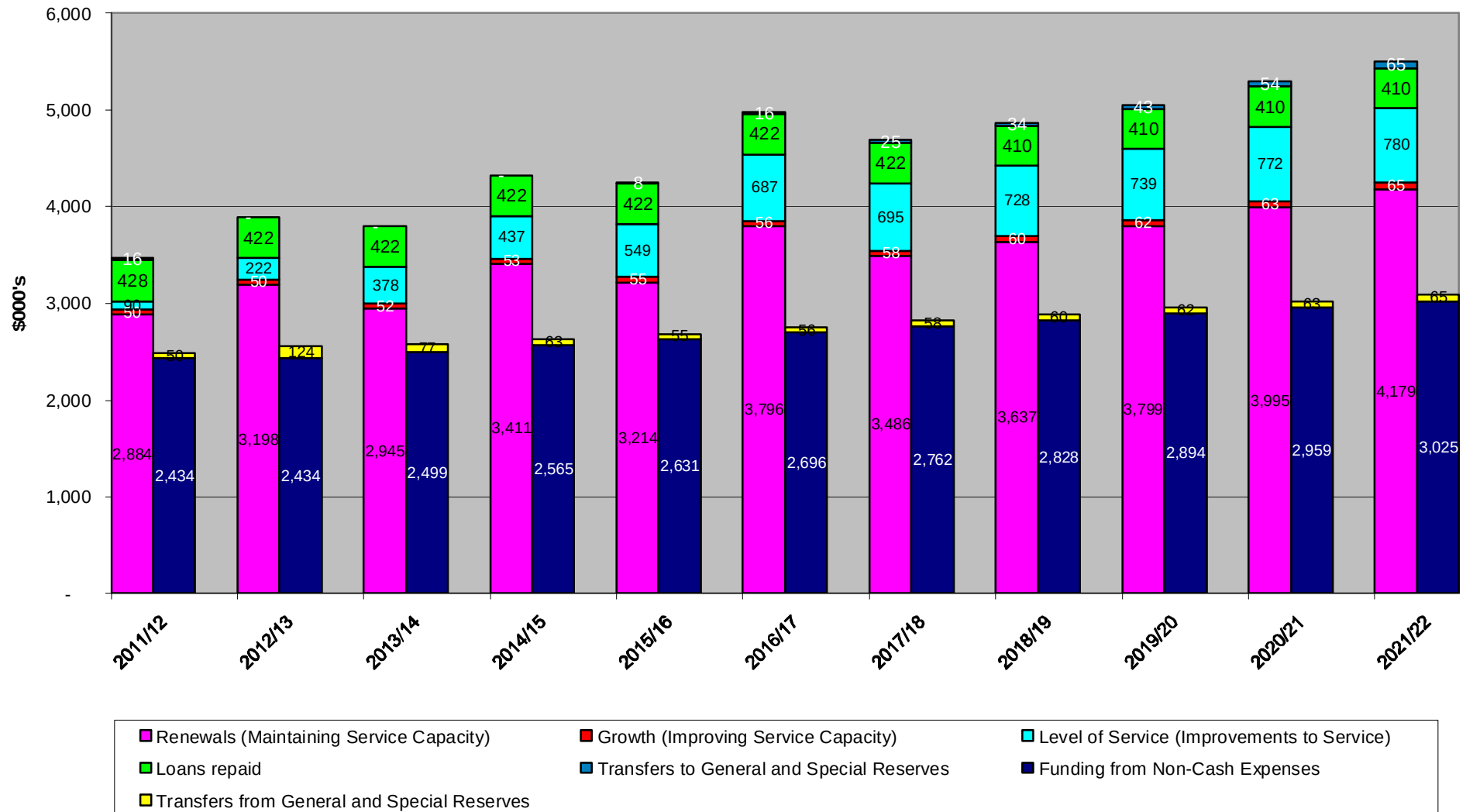
This cost of service statement links through to the Roothing Funding Impact Statement on page 186.

⁵ This represents internally generated income from the Business Unit time charged to other departments.

Roads and Footpaths - Operating



Roads and Footpaths - Capital



Roads and Footpaths

What is the extent of Council's responsibility?

Council's roading activity encompasses the strategic planning, asset management, operation and administration in respect of roading assets that include the following:

- 798 kilometres of maintained roads (549 km of which are sealed)
- 190 bridges
- 28 km of footpaths
- 591 streetlights
- 2356 signs
- 69 km of culverts

All of Council's significant physical works to maintain or improve roads are carried out by contractors through competitively awarded contracts.

The involvement of Council staff in this activity is generally limited to technical functions such as planning, design and contract management.

Planning and delivery of Council's roading activities is undertaken in accordance with the requirements and financial assistance of the New Zealand Transport Agency and in conjunction with the Waikato Regional Land Transport Plan.

What are the significant negative effects

Potential risks associated with carrying out this activity are mainly considered to be economic, in the form of potentially increased costs associated with some of the following:

- Central government subsidies are less than the level expected.

- Traffic volumes, the nature of road use and weather conditions increase road requirements.

- Contract costs increase at higher than expected rates.

It is recognised that roading activities may have negative environmental effects related both to the existence of the road (effects on water quality, vegetation, landform etc) but these are to a large extent considered to be inherent to this activity, for which there is not a viable alternative in a rural District.

How are these negative effects mitigated

Negative economic effects are primarily mitigated through adjustment of discretionary (road improvement) expenditure to accommodate economic variations in respect of essential expenditure, of which road maintenance and safety related works are the most significant components.

That Council retains a significant long term road improvement program which provides a margin of safety throughout the duration of this LTP.

Negative economic and environmental effects are also mitigated through use of well developed planning and operational guidelines in respect of roading works and improvements that are contained in Council's Contracts and Bylaws and in Policies and Regulations of the New Zealand Transport Agency and Waikato Regional Council.

What is the existing level of service

Roading activities have had a very high level of significance to Council for many years. In addition to being Council's most substantial expense, roading has consistently been the key focus of Councillors attention because it is seen as a key to the economic progress of the District. This strong focus on both road maintenance and improvement has resulted in the current situation where the standard of roads within the District is relatively high in relation to the volumes of traffic carried.

Key level of service targets for Roading activities are identified in the following table. These levels of service measures are part of a broader

range of targets that is contained in Council's Rooding Asset Management Plan.

Council has a strong record of progressively improving roads and footpaths within the District, but in recent times the extent of such works has been reduced in response to constraints on the ability to obtain funding for improvements through rates or NZTA subsidy. Most of the well utilised roads in the District have now been improved, and it is difficult to generate a sound economic case for improvement of the remaining roads, many of which have daily traffic volumes of 30 vehicles or less.

Council does however remain committed to continuing road improvements, even if these works are at a relatively low level. Towards this end a schedule of potential road improvements (seal extensions, road widening and smoothing of sealed and unsealed pavements) is maintained, with prioritisation of these works based upon consistent and objective criteria.

What will be the effect of change in demand

In recent times the population of the District has been relatively static, following a long period of slow decline. This, combined with the sound standard of most existing roads make it unlikely that significant additional traffic pressure will be placed on the roading network during the next 10 or 15 years, other than at very few locations towards the northern boundary of the District, in particular on Te Tahi, Mangati and Hanning Roads.

What will be the effect of change in Levels of Service

Continuing improvements to minor roads as funding permits will result in a progressive increase in the level of service provided by the District's roading network. The relatively small number of vehicles using the roads that are being improved does however mean that the effective rate of level of service improvement across the district (for example in terms of average travelling times) will be very slow.

What additional Asset Capacity is required

Only very limited additional asset capacity is expected to be required, mainly in respect of Te Tahi, Mangati and Hanning Roads.

How will the provision of additional Asset Capacity be undertaken

Primarily by straightening and widening potential under-capacity sections of Te Tahi, Mangati and Hanning Roads. These works will be progressively implemented in response to continuing traffic-generating development on these roads.

What is the estimated cost for the provision of additional Asset Capacity

The estimated cost for the provision of this additional asset capacity is set at \$50,000 (plus inflation) per annum from 2012/13.

How will the provision of additional asset capacity be funded

Necessary works will be funded largely through levy of Development and Financial Contributions, augmented by rates and debt funding as appropriate.

How will the maintenance, renewal and replacement of assets be undertaken

Asset maintenance, renewal and replacement will be undertaken by contractors as required.

Council's roading assets are currently well maintained and generally in sound condition and no particular problems are envisaged in sustaining this situation, provided that there are not substantial adverse financial circumstances such as greatly increased unit costs or loss of NZTA subsidy.

How will the maintenance, renewal and replacement of assets be funded

Council considers that roading should be funded as follows:

- Maximise funding from NZTA and other sources
- 20 - 30% of the remainder from a Uniform Targeted Rate on each rateable property in the district, which is considered to be a fair charge to connect every property to a roading network, and to recognise that all properties should make some contribution.
- 70 - 80% of remainder from a Targeted Rate on capital value of each property in the district.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner



Otorohanga District is a safe place to live

Key Roading Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
The design and maintenance of District roads ensures that they are safe and comfortable to travel on	Reliable roading around the District will ensure that the transportation needs of communities are met. Providing safe vehicular access helps keep our communities safe and also helps provide quality transport networks	Road smoothness of roads in the district compare favourably with other local authorities in the Waikato Region	New measure	Equal or better than average Waikato Region results	Equal or better than average Waikato Region results	Equal or better than average Waikato Region results	Equal or better than average Waikato Region results per annum
		Number of complaints received regarding roading issues recorded in the service request system	New measure	<60 complaints per annum	<55 complaints per annum	<50 complaints per annum	<50 complaints per annum

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
	for both current and future generations	The recorded number of defects on sealed rural roads per 10 km of lane length.*	Average of 9.36 defects	Average of 10 defects or less	Average of 10 defects or less	Average of 10 defects or less	Average of 10 defects or less
		The recorded number of defects on sealed urban roads per 10 km of lane length.*	Average of 1.04 defects	Average of 3 defects or less	Average of 3 defects or less	Average of 3 defects or less	Average of 3 defects or less
		Unsealed road bulk metalling programme completed	Achieved	Annual bulk metal programme completed	Annual bulk metal programme completed	Annual bulk metal programme completed	Annual bulk metal programme completed

* Defects include things such as bleeding, shoving, ruts/hollows, edge breaks, potholes, inadequate drainage and loose surface material,

Professional Engineering Business Unit

What is the extent of Council's responsibility?

To comply with NZTA under Section 28 of the Transit New Zealand Amendment Act 1995, Council must comply with the special provisions relating to in-house professional services. These conditions include 'due consideration' of cost effectiveness, accountability, contestability of service and availability of resources.

What are the significant negative effects

If the unit was disbanded, the cost to Council of providing this service through Consultants is likely to be higher, as will the physical contract costs.

How are these negative effects mitigated

By ensuring that the necessary recruitment, training and career development opportunities are provided to ensure the long-term viability of the unit.

What is the existing level of service

To provide a Civil Engineering Service that is efficient, technically competent and achieves effective results. This unit is a separate group within Council's Engineering Division and provides professional and technical consultancy services for carrying out a large proportion of the works and utility service operations planned by Council.

What will be the effect of change in demand

Essential core services provide a significant base level of demand for this activity. Other cyclical variations in demand (such as for improvement works) can be accommodated by developing a diversified range of external clients.

What will be the effect of change in Levels of Service.

Business Unit will maintain effective, efficient and economically justifiable engineering services for the Council.

How will the maintenance, renewal and replacement of assets be undertaken.

Personnel assets to be assisted through cadet training to NZDE level. Software and hardware assets and plant will be replaced when technically obsolete or economically viable.

How will the maintenance, renewal and replacement of assets be funded.

The Professional Engineering Business Unit is primarily funded internally, from charging of time to other departments. Occasional income from external work may also be received.

Water Supply

What Community Outcome Does Water Supply Contribute To

Community Outcomes	Water Supply
 Otorohanga District is a safe place to live	Implementer
 Ensure services and facilities meet the needs of the Community	Implementer Advocate Regulator Monitor
 Manage the Natural and Physical environment in a sustainable manner	Implementer Advocate Regulator Monitor

RATIONALE FOR WATER SUPPLY

Council has historically provided potable water to the urban communities of Otorohanga and Kawhia and to some rural areas to assist in facilitating economic development, and in recognition that such delivery of water is preferable to reliance on individual supply arrangements, particularly in the urban areas.

Having established such services Council is now limited in its ability to discontinue this activity, due to the provisions of the Local Government Act 2002.

Water Supply Financial Statements

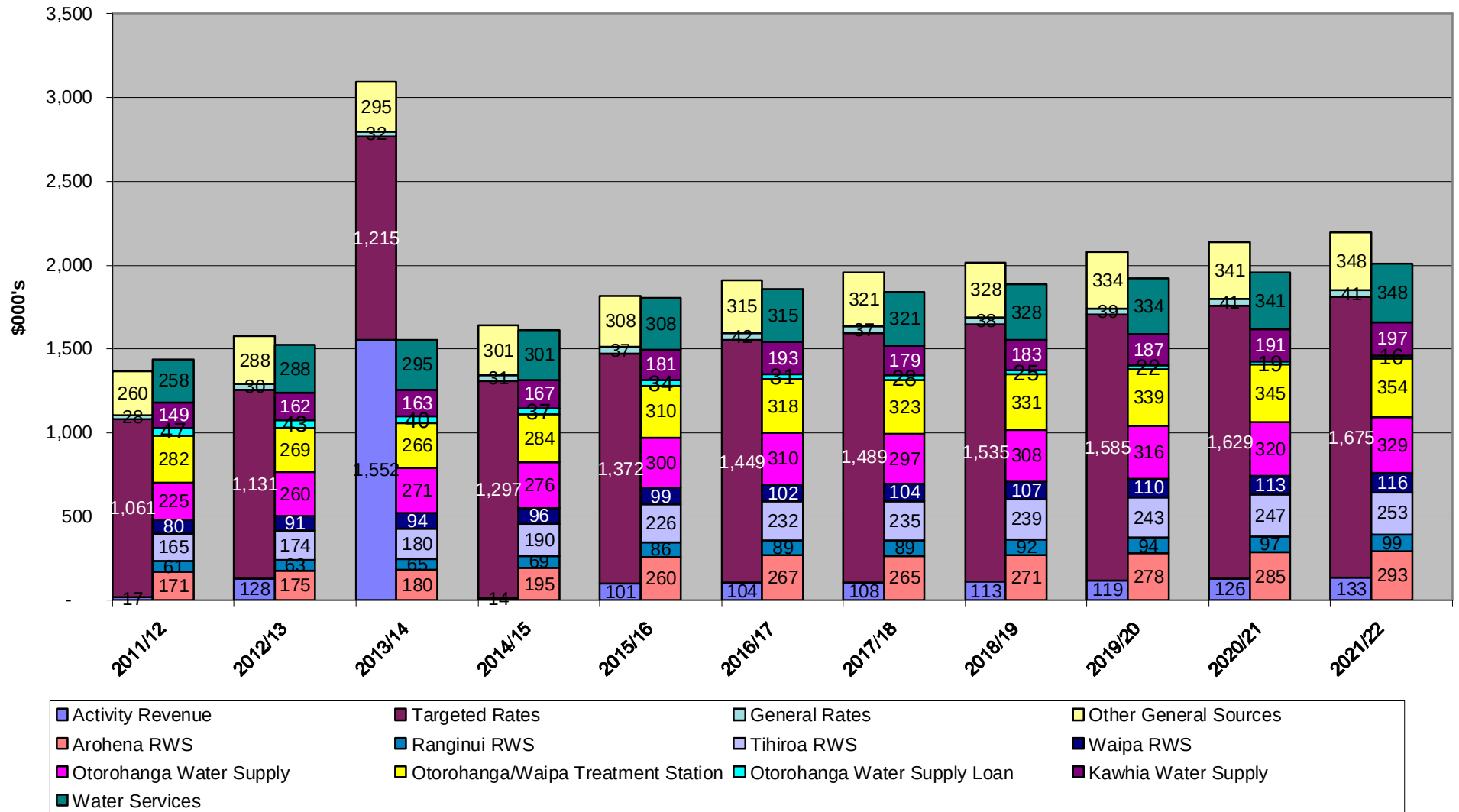
Water Supply - Operating Statement	2012/13	2013/14	2014/15
Operating Revenue	(000's)	(000's)	(000's)
Activity Revenue	128	1,552	14
Targeted Rates	1,131	1,215	1,297
Development Contributions	-	-	-
General Rates	30	32	31
Other General Sources ⁽⁶⁾	288	295	301
Total Operating Revenue	1,577	3,094	1,643
Operating Expenditure			
Arohena RWS	175	180	195
Ranginui RWS	63	65	69
Tihiroa RWS	174	180	190
Waipa RWS	91	94	96
Otorohanga Water Supply	260	271	276
Otorohanga/Waipā Treatment Station	269	266	284
Otorohanga Water Supply Loan	43	40	37
Kawhia Water Supply	162	163	167
Water Services	288	295	301
Total Operating Expenditure	1,525	1,554	1,615
<i>includes:</i>			
Salaries and Wages	191	195	200
Depreciation	298	314	316
Interest	73	73	93
Operating Surplus (Deficit) \$	52	1,540	28
Operating Surplus transferred to (specify) Reserve(s); or Operating Deficit funded from (specify) Reserve(s)	52	1,540	28

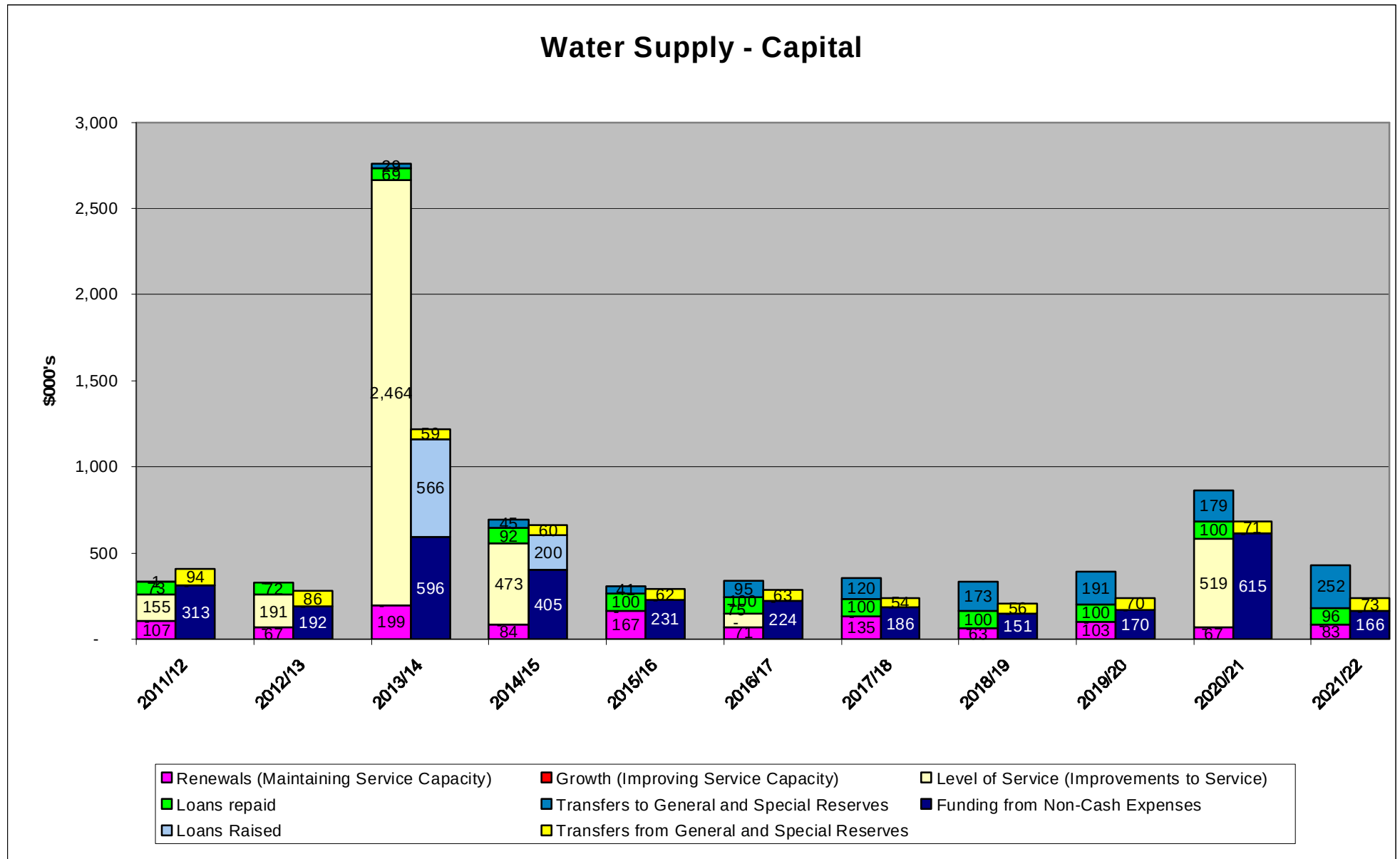
Water Supply - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
Capital and Reserves Funding Requirements:	(000's)	(000's)	(000's)
Capital Expenditure			
Renewals (Maintaining Service Capacity)	67	199	84
Growth (Improving Service Capacity)	-	-	-
Level of Service (Improvements to Service)	191	2,464	473
New Statutory Requirements	-	-	-
Total Capital Expenditure	258	2,663	557
Loans repaid	72	69	92
Operating Deficit	-	-	-
Transfers to General and Special Reserves	-	29	45
Total Funding Required	330	2,761	694
Funded by:			
Operating Surplus (via reserve)	52	1,540	28
Funding from Non-Cash Expenses	192	596	405
Loans Raised	-	566	200
Transfers from General and Special Reserves	86	59	61
Capital Income	-	-	-
Total Funding Applied	330	2,761	694

This cost of service statement links through to the Water Supply Funding Impact Statement on page 187.

⁶ This represents internally generated income from Business Unit time charged to other departments.

Water Supply - Operating





Water Supply

What is the extent of Council's responsibility?

Council owns water supply systems (treatment plants, reservoirs and reticulation) serving the Otorohanga and Kawhia communities and the Waipa, Tihiroa, Arohena (3 separate supplies) and Ranginui rural supply areas.

- Council is responsible for ensuring reliable supply of potable water to both the main communities and to those rural areas where water supply schemes have been established.
- Council undertakes strategic planning, asset management, operation and associated administrative activity, including charging for water.
- Council also co-operates with the Waikato District Health Board to ensure that treated water meets relevant quality standards.

What are the significant negative effects

Potential significant adverse effects of water supply activities are environmental (in particular the effects of water abstraction) and economic (notably the costs associated with potential required increases in water quality and/or quantity).

Because many of the water sources currently utilised are relatively small in relation to the volume of water extracted from them, there is potential for conflict to arise in respect of community outcomes requiring good environmental management of bodies of water.

Similarly the limited size of some current water sources could require additional sources to be developed in the future if growth-orientated community outcomes are to be achieved, which in turn may place a significant economic burden on those communities.

In some cases there is also potential for increased water supply costs to cause existing rural consumers to abandon the existing supply schemes in favour of other private supply arrangements.

How are these negative effects mitigated

Negative environmental effects associated with water abstraction are mitigated by ensuring compliance with water take conditions specified in relevant Resource Consents. Such compliance is supported by use of measures to restrict the demand or supply of water where deemed appropriate.

Negative economic effects are mitigated by adopting operational practices and charges for the use of water that are best suited to the characteristics of the particular water schemes.

What is the existing level of service

There are some significant differences in the levels of service provided by the urban and rural supplies within the District, with a primary point of difference being that the urban supplies provide water to properties on an 'on demand' basis whilst the rural supplies are designed to provide water on a more regular 'trickle feed' basis to storage tanks on properties from which more irregular demands for water can be met.

The rural water schemes also differ in that they were established with extensive landowner involvement with a primary purpose of providing water for farm stock, and the farming communities remain strongly involved in the management of these supplies through rural water scheme committees. The objectives of these schemes are therefore somewhat different to those of the urban supplies.

From a practical perspective it is believed that levels of service provided by both the urban and rural water supplies have been adequate, but this has not been clearly demonstrated because the previously defined level of service targets had in general been inappropriate and difficult to measure performance against. That most supplies are only able to achieve compliance with a very old (1985)

version of New Zealand Drinking Water Standards may also be interpreted as indicating a technical inadequacy.

A District-wide survey in respect of desired levels of service for various activities was however conducted in 2008 (results attached as **Appendix 1**) and this strongly indicated that the existing levels of service were preferred to other presented higher and lower level of service options.

Target levels of service for Council's water supplies have however been subject to a significant recent revision, and are established based upon four primary service characteristics, these being:

- The quality of water supplied poses no significant health risks
- The available quantity of water meets reasonable user needs
- Maintenance needs are predictable, with few major failures
- That passive and active customers are adequately satisfied

Further details of level of service targets for Council's water supply activities are presented in the table on page 62. The main projected level of service improvements are in respect of water quality, and are driven by the legal requirements of the Health (Drinking Water) Amendment Act 2007. This Act contains duties Council must perform with regards to drinking water, including having a public health risk management plan, water standard monitoring and provision of drinking water, all of which are currently being met. The Act also allows for the government to create drinking water standards, including the current Drinking-Water Standards for New Zealand 2005 (Revised 2008).

None of Council's water supplies can currently meet the requirements of Drinking-Water Standards for New Zealand 2005 (Revised 2008), and significant upgrading of water treatment plants is required to meet these higher quality standards.

A program of associated works is therefore planned that will satisfy the required schedule for compliance with Drinking-Water Standards for New Zealand 2005 (Revised 2008) that is set out in the legislation,

requiring the Otorohanga and Kawhia supplies to achieve compliance by 1 July 2014, and the others by 1 July 2016.

Whilst there is not considered to be an indicated desire from the community for a substantial change in the level of functional service delivery for this activity, it is recognised that there is potential for other benefits to be associated with planned upgrading works.

What will be the effect of change in demand

Whilst it is projected that permanent population within the District will decline over the period of this LTP it is however recognised that the demand for water supply is not dependant on population alone, and there is believed to be potential for limited increases of average and peak demand on Council's water supplies, as follows:

Water Supply	Forecast Increase - Annual Average Demand	Forecast increase - Annual Peak Demand
Otorohanga	1%	1%
Waipa RWS	1%	1%
Kawhia	1%	2%
Tihiroa RWS	1%	1%
Arohena RWS	1%	1%
Ranginui RWS	Nil	Nil

The Otorohanga and Kawhia supplies would be most affected by these changes in demand, since both are currently almost fully utilised during periods of peak demand.

It is expected that these changes in demand will have the effect of requiring moderate upgrades to the capacity of the Otorohanga and Kawhia water supplies, augmented by water conservation initiatives.

The upgrade for the Otorohanga community is programmed for the 2013/14 year, with a new reservoir being proposed to be built at this time. A limited amount of additional capacity has been built into the new reservoir built in Kawhia in 2010/11.

Actual changes in demand will be monitored through routine reporting on Resource Consent compliance and on performance against relevant level of service targets.

What will be the effect of change in Levels of Service

The only substantial changes in levels of services will be improvements primarily driven by the need for legislative compliance. These improvements will ensure compliance with the requirements of current Drinking-Water Standards for New Zealand 2005 (Revised 2008) as they become mandatory for the particular supplies under the Health (Drinking Water) Amendment Act 2007.

Such improvements will be provided through targeted upgrades of the existing Otorohanga/Waipā, Kawhia and Tihiroa treatment plants, and probable installation of additional 'point of use' treatment systems on properties supplied by the other rural water supplies. The only significant secondary effects of these improvements will be additional capital expenditure and increased ongoing maintenance and depreciation costs associated with the water treatment upgrades.

What additional Asset Capacity is required

It is intended to increase the water supply capacity of the Otorohanga water supply by approximately 25% as an opportunity exists to do so synergistically with improvements required to the treatment plant for drinking water standards compliance. This increase exceeds the projected short term increase in demand.

How will the provision of additional Asset Capacity be undertaken

Additional capacity in Otorohanga within the term of this LTP will be provided in conjunction with the targeted upgrade of the existing

treatment plant, augmented by construction of an additional storage reservoir in Otorohanga.

What is the estimated cost for the provision of additional Asset Capacity

The estimated total inflation adjusted cost of upgrades to water supplies over the next 10 years (including upgrades to improve drinking water quality) is estimated to be \$3.12 million, with the majority of this being spent on the Otorohanga community supply.

How will the provision of additional asset capacity be funded

Funding will be provided through Development Contributions and subsidy under the Ministry of the Environment's Drinking Water Assistance Program, with the balance provided from reserve funds, rates, loan monies or general funding.

How will the maintenance, renewal and replacement of assets be undertaken

Asset maintenance, renewal and replacement will be undertaken by Council staff or contractors as required.

There has been an active program of water main renewals in recent years and Council's water supply assets are currently well maintained and in sound condition and no particular problems are envisaged in sustaining this situation.

How will the maintenance, renewal and replacement of assets be funded

Otorohanga & Kawhia

Council concluded 5% of the cost of water should be met from the Uniform Annual General Charge, and the balance of 95% to be funded from a Uniform Targeted Rate and that water meters for extraordinary supplies would be encouraged.

Council policy is to fund loan charges for loans raised to finance capital expenditure from targeted rates based on capital value (with the same commercial differentials) over the area of benefit.

Rural Supplies

Council concluded that those connected to a reticulated water supply should pay the costs of operating through a combination of consumption and availability charges. The Arohena Rural Water Supply has a targeted rate on CV to fund the cost of debt raised on the existing infrastructure.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

What's changed since the 2009-19 LTCCP?

Since the 2009 LTCCP, Council has taken the provision of the water, wastewater and stormwater facilities in-house, hiring staff to perform the work, as opposed to the previous practice of hiring contractors. This has had a positive outcome for council, not only in terms of financial savings, but due to more hands on control and better reporting of issues as they are identified.

Key Water Supply Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16 – 2021/22
The water provided is safe to drink	Providing continuous, efficient, quality water supply to communities ensures the health of consumers of	Instances of illness indicated to be associated with consumption of water from Council supplies per annum	0	0	0	0	0
		Instances of water disinfection failure, on Council water supplies with disinfection per annum	Compliance in all areas except Kawhia,	< 4 instances per water scheme per	< 4 instances per water scheme per	< 2 instances per water scheme per	< 2 instances per water scheme

A number of capital projects have been completed in the past three years, including an additional water reservoir being built in Kawhia to alleviate peak season pressures on the system, and an upgrade of the Tihiroa Water Treatment Plant metering and control systems.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes:



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16 – 2021/22
	both current and future generations		which had 5 instances	annum	annum	annum	per annum
		Instances of bacteriological contamination of water from Council supplies per annum	2 instances	< 3 instances	< 3 instances	< 2 instances	< 2 instances per annum
		Council administered water supplies achieving compliance with Drinking-Water Standards for New Zealand 2005 (Revised 2008)	None Comply	None Comply*	None Comply*	Otorohanga, Waipa RWS and Kawhia comply	All schemes comply
The Council provides reliable drinking water supplies	Providing continuous, efficient, quality water supply to communities ensures the health of consumers of both current and future generations	Number on instances of interruptions to water supply through reported pipe breaks	New measure	<3 breaks per 10 km of pipes, per scheme	<3 breaks per 10 km of pipes, per scheme	<3 breaks per 10 km of pipes, per scheme	<3 breaks per 10 km of pipes, per scheme per annum
		Number of instances when levels of monitored urban storage reservoirs are below 50% of capacity at 9.00am, unless due to planned maintenance works in the preceding 48 hours – instances per annum	2 instances in Kawhia and 2 instances in Otorohanga Community	< 5 instances in all areas	< 5 instances in all areas	< 3 instances in all areas	< 3 instances in all areas per annum

* Compliance will only be achieved after the upgrade of existing treatment plants are upgraded to enable real time water quality treatment process monitoring to ensure that water quality standards are met consistently. This will commence in 2014/15.

Sewerage Treatment and Disposal

What Community Outcome Does Sewerage Treatment and Disposal Contribute To

Community Outcomes	Wastewater
 Otorohanga District is a safe place to live	Implementer
 Ensure services and facilities meet the needs of the Community	Implementer Regulator Advocate
 Manage the Natural and Physical environment in a sustainable manner	Implementer Regulator Monitor

RATIONALE FOR SEWERAGE TREATMENT AND DISPOSAL

This activity (encompassing collection, reticulation and treatment of sewerage) is undertaken in the Otorohanga Community to prevent nuisance and health risks, and to meet the expectations of residents of larger communities.

Whilst there is no legal obligation on Council to maintain this activity it is strongly believed that such a service makes a significant contribution to community wellbeing, and that it should therefore be continued.

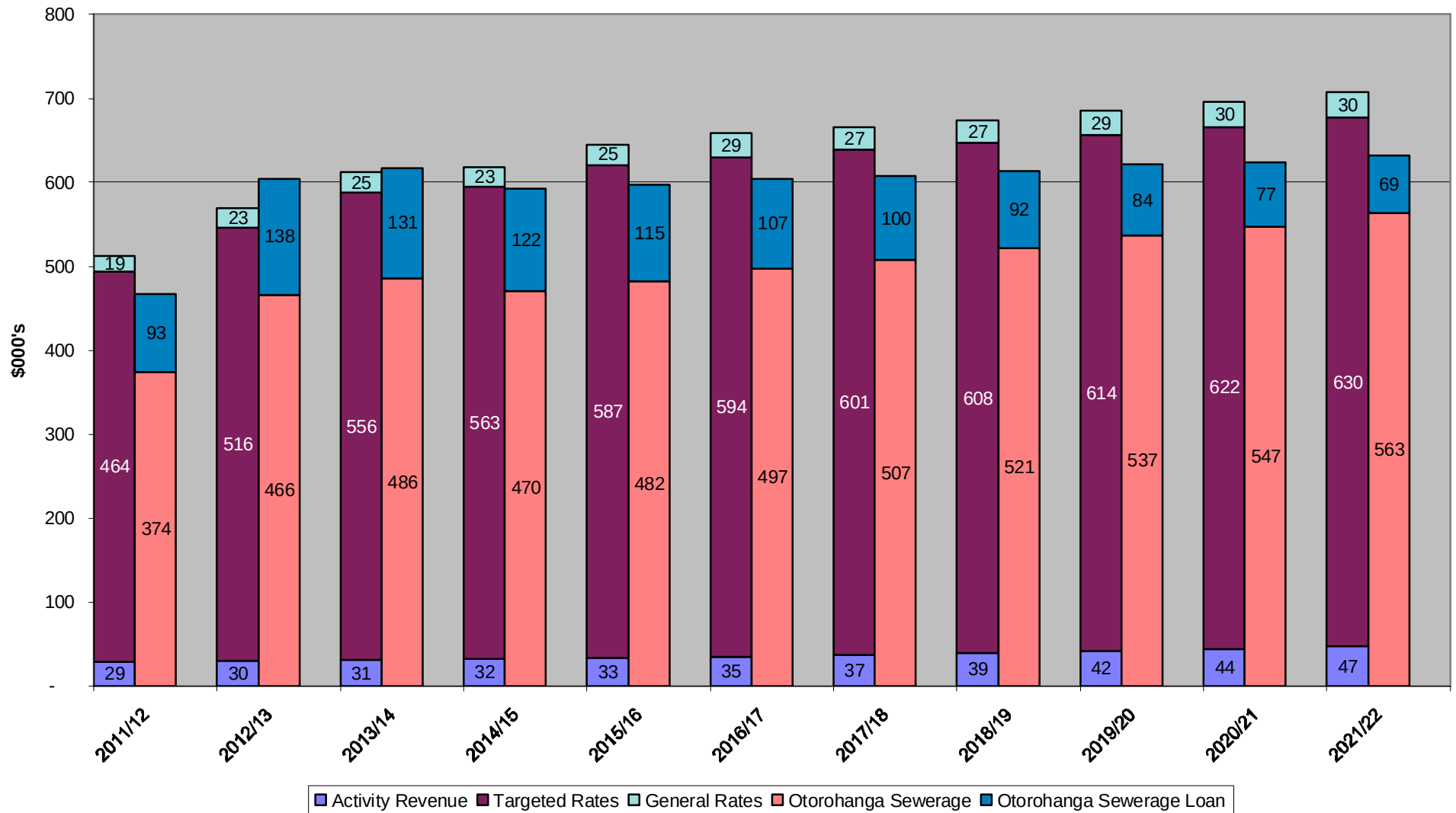
Sewerage Treatment and Disposal Financial Statements

Sewerage Treatment - Operating Statement	2012/13	2013/14	2014/15
Operating Revenue	(000's)	(000's)	(000's)
Activity Revenue	30	31	32
Targeted Rates	516	556	563
Development Contributions	-	-	-
General Rates	23	25	23
Other General Sources	-	-	-
Total Operating Revenue	569	612	618
Operating Expenditure			
Otorohanga Sewerage	466	486	470
Otorohanga Sewerage Loan	138	131	122
Total Operating Expenditure	604	617	592
<i>includes:</i>			
Salaries and Wages	-	-	-
Depreciation	208	217	193
Interest	135	130	123
Operating Surplus (Deficit) \$	- 35	- 5	26
Operating Surplus transferred to (specify) Reserve(s); or	-	-	26
Operating Deficit funded from (specify) Reserve(s)	35	5	-

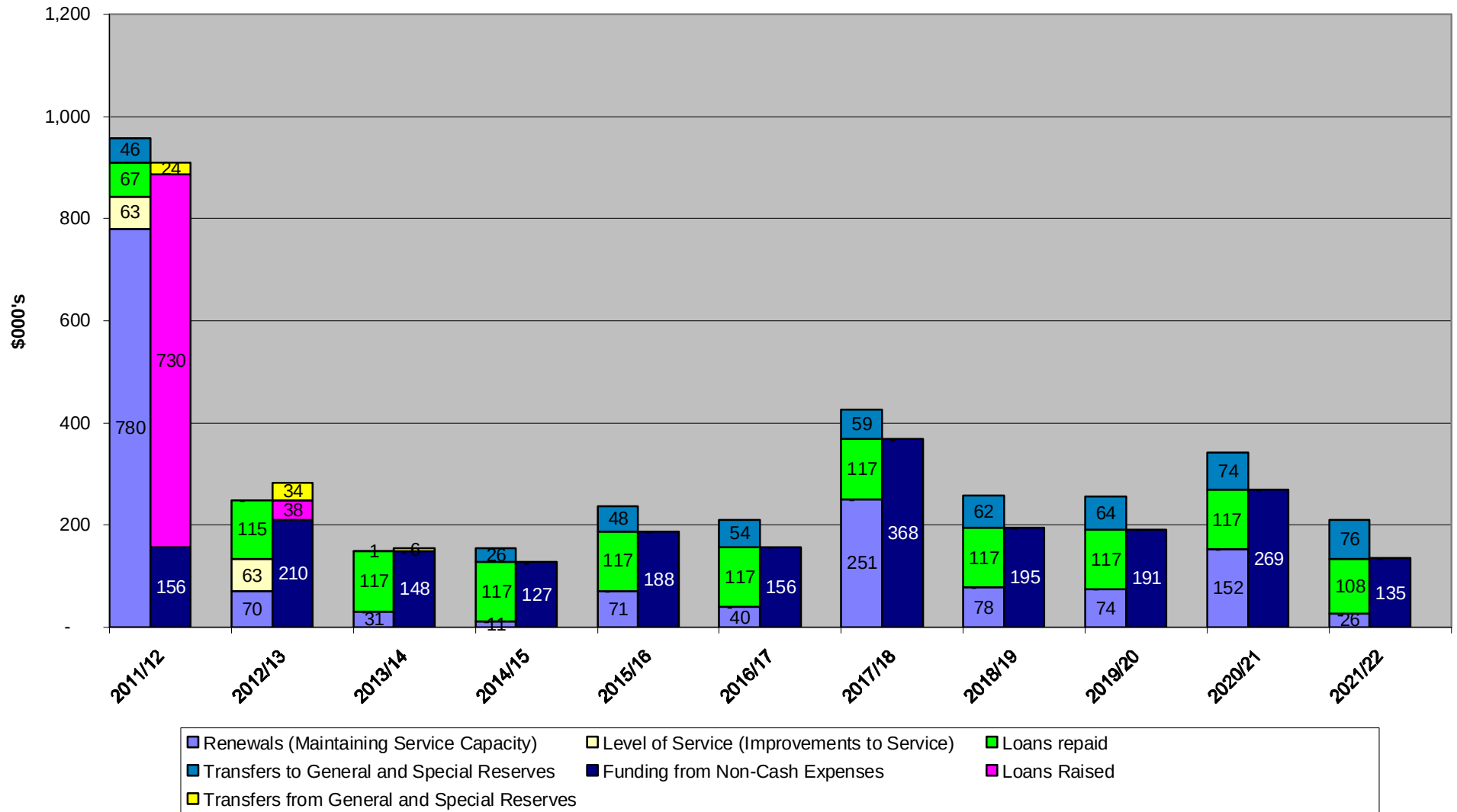
Sewerage Treatment - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
Capital and Reserves Funding Requirements:	(000's)	(000's)	(000's)
Capital Expenditure			
Renewals (Maintaining Service Capacity)	70	31	11
Growth (Improving Service Capacity)	-	-	-
Level of Service (Improvements to Service)	63	-	-
New Statutory Requirements	-	-	-
Total Capital Expenditure	133	31	11
Loans repaid	115	117	117
Operating Deficit	34	5	-
Transfers to General and Special Reserves	-	1	26
Total Funding Required	282	154	154
Funded by:			
Operating Surplus (via reserve)	-	-	26
Funding from Non-Cash Expenses	210	148	128
Loans Raised	38	-	-
Transfers from General and Special Reserves	34	6	-
Capital Income	-	-	-
Total Funding Applied	282	154	154

This cost of service statement links through to the Sewerage Funding Impact Statement on page 188.

Sewerage Treatment and Disposal - Operating



Sewerage Treatment and Disposal - Capital



Sewerage Treatment and Disposal

What is the extent of Council's responsibility?

Council owns the wastewater system serving the Otorohanga community, which comprises 34 km of reticulation, 11 pump stations and an oxidation pond / wetland wastewater treatment facility.

Council is responsible for ensuring that all public elements of the Otorohanga Wastewater treatment system function effectively and that discharges from the system remain in compliance with associated Resource Consent requirements.

Council undertakes strategic planning, asset management, supervision of operations, maintenance and monitoring (carried out by contractors) and associated administration including Trade Waste consenting.

What are the significant negative effects

Negative environmental effects may arise if increasing loading on the systems and/or inadequate operation and maintenance practices compromise the effectiveness of treatment processes. Increasingly stringent resource consent or public health requirements also have potential to cause significant adverse economic impacts.

How are these negative effects mitigated

Potential negative environmental effects are mitigated by regular monitoring of the performance of the wastewater treatment process and associated contractors. A high level of compliance with relevant Resource Consent conditions is targeted, with upgrading of assets conducted where necessary to ensure that this is achieved.

This strong focus on environmental compliance is also considered likely to limit the potential for more stringent regulation in the future, thereby mitigating potential adverse economic effects.

What is the existing level of service

The level of service provided by the Otorohanga Community Wastewater system is generally considered to be very satisfactory.

Unfortunately this view has not been clearly demonstrated through monitoring of performance against previously defined level of service targets, since a number of these targets have been inappropriate and/or difficult to meaningfully measure. A significant programme of improvements to the Wastewater treatment system was commenced in 2011/12 to address potential performance deficiencies and enable a new resource consent for effluent discharge to be obtained.

A District-wide survey in respect of desired levels of service for various activities was however conducted in 2008 (results attached as Appendix 1) and this strongly indicated that the existing levels of service were preferred to other presented higher and lower level of service options.

Target Levels of service for Council's Waste Water activity have however been subject to a significant recent revision, and are established based upon three primary service characteristics, these being

- The environmental impact of the activity is adequately controlled, as reflected by performance against Resource Consent conditions
- That maintenance needs are predictable, with few major failures
- That passive and active customers are adequately satisfied

Further details of level of service targets for Council's waste water activities are presented in the following table. These levels of service targets are the same for all years within the period covered by this LTP.

What will be the effect of change in demand

Though there is predicted to be a slow increase in the level of demand for water in the Otorohanga Community during the next 10 years it is not expected that this will significantly change the effective treatment load placed on existing wastewater assets, because little of this additional demand is expected to be associated with new population or other activities that generate highly contaminated wastewater.

What will be the effect of change in Levels of Service

No significant changes in levels of service for this activity have been indicated as being desired by the community. The renewal of Council's Resource Consent for wastewater discharge in 2012 has taken place and there is a limited increase in the quality of the discharge from the scheme. However, these may not be reflected in respect of performance against all of the adopted level of service targets.

What additional Asset Capacity is required

Though there is now little evidence to suggest significant increases in demand for wastewater services during the period of this LTP, an upgrade of the Otorohanga wastewater treatment process will be required for renewal of Council's wastewater discharge consent, and this provides an associated opportunity to increase process capacity by 5% over 25 years to accommodate potential longer term demand growth.

Whilst there is perhaps potential for construction of a reticulated wastewater system in Kawhia, there are known to be significant barriers to this occurring, and for this reason it has not been reflected in this LTP.

How will the provision of additional Asset Capacity be undertaken

The form of such additional process capacity is an increase of the volume of the existing aerated lagoon. This was included in the treatment upgrade that occurred in 2011/12.

How will the provision of additional Asset Capacity be funded

Funding will be provided through Development Contributions with the balance provided from reserve funds, rates, loan monies or general funding.

How will the maintenance, renewal and replacement of assets be undertaken

Asset maintenance, renewal and replacement will be undertaken by Council employed operators as required.

The majority of Council's wastewater assets will be in a very sound condition after the current upgrading and no particular problems are envisaged in sustaining this situation in the future. However, some assets requiring renewal have been identified and these have been programmed into the estimates.

Associated costs will be met by reserve funds, rates, loan monies or general funding.

How will the maintenance, renewal and replacement of assets be funded

Council concluded 5% of the cost of waste water to the Otorohanga Community should be met from the UAGC, and the balance of 95% from extraordinary users and a Uniform Targeted Rate on each property benefiting from the service or able to benefit from the service.

Council policy is to fund loan charges for loans raised to finance capital expenditure from targeted rates based on capital value (with the same commercial differentials) over the area of benefit.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

What's changed since the 2009-19 LTCCP?

Since the 2009 LTCCP, Council has taken the provision of the water, wastewater and stormwater facilities in-house, hiring staff to perform the work, as opposed to the previous practice of hiring contractors. This has had a positive outcome for council, not only in terms of financial savings, but due to more hands on control and better reporting of issues as they are identified.

A number of capital projects have been completed in the past three years, including an upgrade of the Otorohanga sewerage treatment plant, as well as a mains renewal on Haerehuka Street in Otorohanga.

Contributions of Activity to Overarching Community Outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner

Key Waste Water Levels of Service

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
The Council provides wastewater services that effectively collect and dispose of wastewater	Ensure that the needs of local and visitor communities are met. Contributes to the public health of the community	Frequency of sewerage overflows caused by failure or blockage of Council assets per annum	4 instances reported	<5 reported overflows	<5 reported overflows	<5 reported overflows	<5 reported overflows
Wastewater disposal as provided by the Council does not create any smells, spills or health issues and causes minimal impact on the natural environment		By measuring compliance with Wastewater discharge consent	Non Compliance	Full Compliance	Full Compliance	Full Compliance	Full Compliance
		Number of complaints received of smells or spills from wastewater recorded in the service request system	New measure	<12 per annum	<12 per annum	<12 per annum	<12 per annum

Flood Protection and Control Works

What Community Outcome Does Flood Protection and Control Works Contribute To

Community Outcomes		Flood Protection Control Works
	Otorohanga District is a safe place to live	Implementer Partner
	Ensure services and facilities meet the needs of the Community	Implementer Partner

RATIONALE FOR FLOOD PROTECTION AND CONTROL WORKS

There is no statutory requirement for Council to provide flood protection and control works and it is recognised that some communities may, through no fault of Council, have historically developed in locations which might be judged as being inappropriate in respect of the risk of flooding by rivers or streams.

A system of flood control works to protect the Otorohanga community was however constructed after a devastating flood in 1958, and Council has committed to working with the Waikato Regional Council to continue to operate and maintain those works. It is the expectation of the community that this occurs.

The existing flood protection and control works in Otorohanga do not provide the community with complete protection against flooding, but are believed to be capable of withstanding a flood event with a likely occurrence interval of one hundred years.

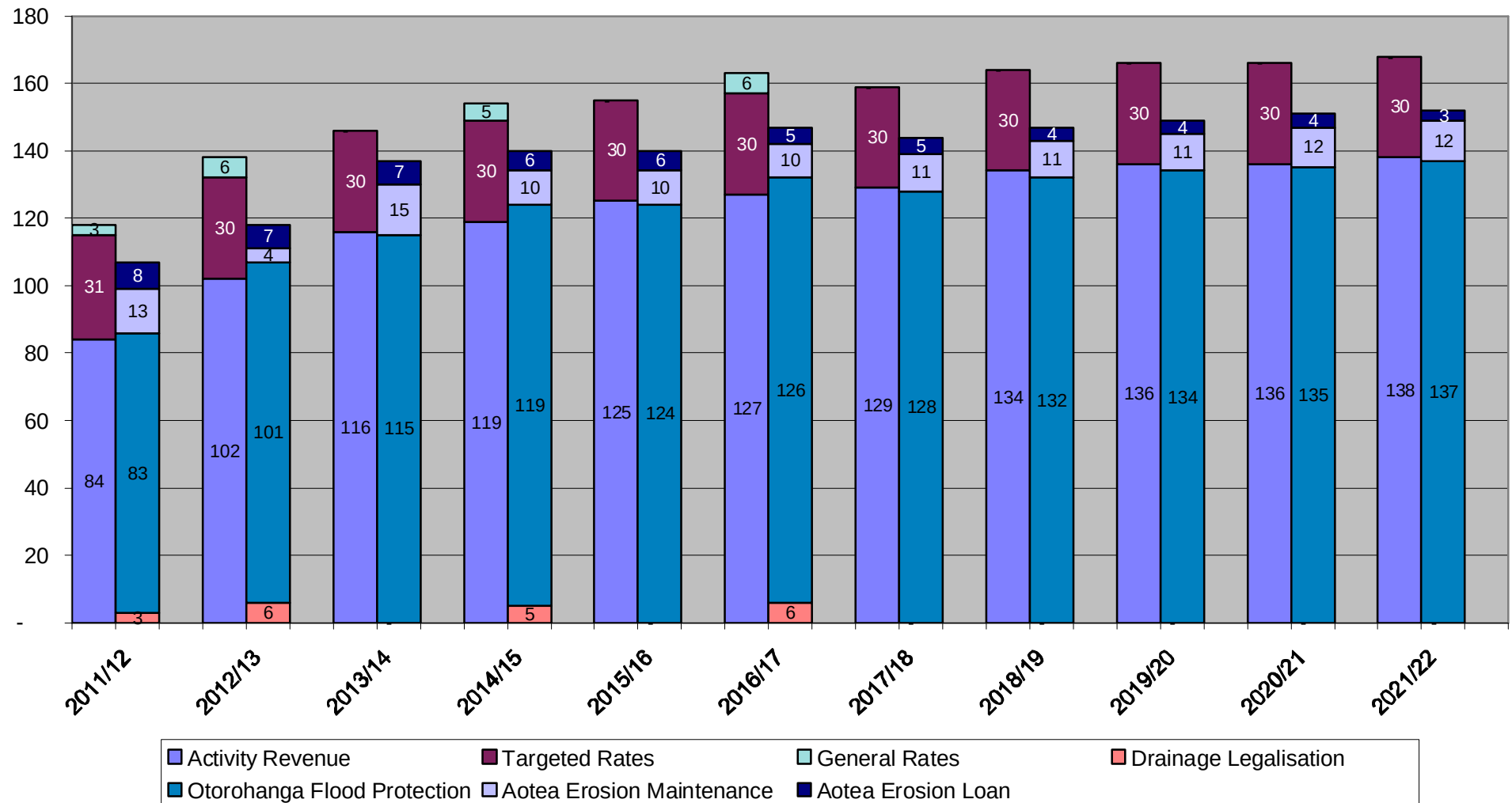
Flood Protection and Control Works Financial Statements

Flood Protection and Control Works - Operating Statement	2012/13	2013/14	2014/15
	(000's)	(000's)	(000's)
Operating Revenue			
Activity Revenue	102	116	119
Targeted Rates	30	30	30
Development Contributions	-	-	-
General Rates	6	-	5
Other General Sources	-	-	-
Total Operating Revenue	138	146	154
Operating Expenditure			
Drainage Legalisation	6	-	5
Otorohanga Flood Protection	101	115	119
Aotea Erosion Maintenance	4	15	10
Aotea Erosion Loan	7	7	6
Total Operating Expenditure	118	137	140
<i>includes:</i>			
Salaries and Wages	-	-	-
Depreciation	16	19	16
Interest	19	27	31
Operating Surplus (Deficit) \$	20	9	14
Operating Surplus transferred to (specify) Reserve(s); or Operating Deficit funded from (specify) Reserve(s)	20 -	9 -	14 -

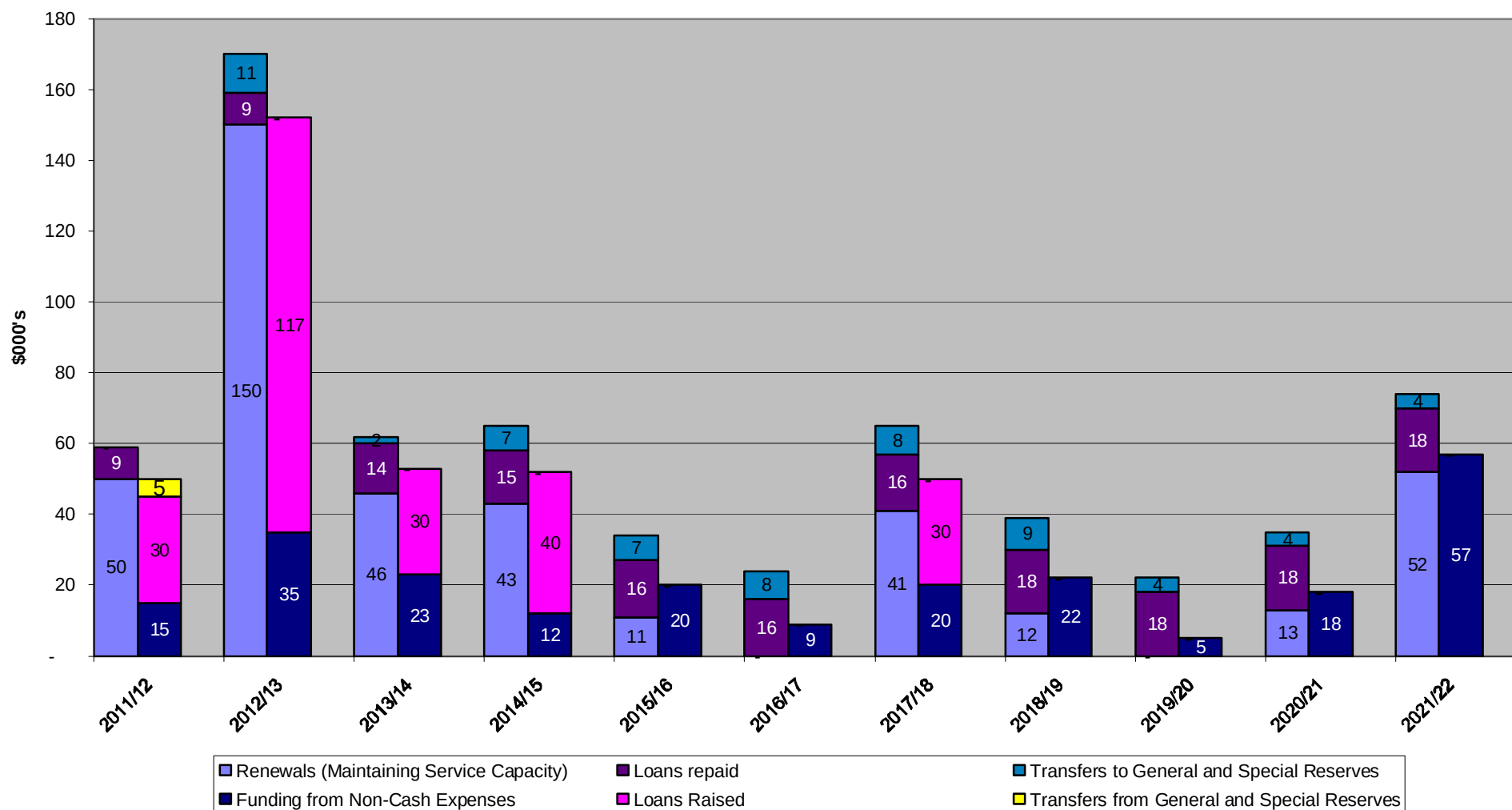
Flood Protection and Control Works - Capital and Re serves Funding Statement	2012/13	2013/14	2014/15
	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirments:			
Capital Expenditure			
Renewals (Maintaining Service Capacity)	150	46	43
Growth (Improving Service Capacity)	-	-	-
Level of Service (Improvements to Service)	-	-	-
New Statutory Requirements	-	-	-
Total Capital Expenditure	150	46	43
Loans repaid	9	14	15
Operating Deficit	-	-	-
Transfers to General and Special Reserves	12	2	7
Total Funding Required	171	62	65
Funded by:			
Operating Surplus (via reserve)	19	9	13
Funding from Non-Cash Expenses	35	23	12
Loans Raised	117	30	40
Transfers from General and Special Reserves	-	-	-
Capital Income	-	-	-
Total Funding Applied	171	62	65

This cost of service statement links through to the Flood Protection and Control Works Funding Impact Statement on page 190.

Flood Protection and Control Works- Operating



Flood Protection and Control Works - Capital



Flood Protection and Control Works

What is the extent of Council's responsibility?

Council provides, operates and maintains flood protection systems that provide the Otorohanga Community with a degree of protection from flooding of the Waipa River and its tributaries.

The flood protection system consists of 3.5 kilometres of stop banks and 3 pump stations which discharge stormwater from within the community through the stopbanks in times of flood.

These flood protection measures are managed by Council, with financial support from Waikato Regional Council.

What are the significant negative effects

If not appropriately managed Council's flood protection activities have potential to expose the Otorohanga Community to greater levels of flooding risk than is necessary.

How are these negative effects mitigated

The risk of unnecessary flooding is mitigated by regular inspections and maintenance of flood protection infrastructure.

What is the existing level of service

The level of service provided is the retention of the flood protection systems in substantially the same form as when they were initially created following the 1958 flood.

What will be the effect of change in demand

There is potential for a change in demand for this activity associated with climate change. Increased severity and/or frequency of severe rainfall events would reduce the level of protection provided by the flood protection system.

At this time there is not considered to be sufficient reliable data to enable changes of demand associated with climate change to be predicted in a meaningful way. It is however considered unlikely that significant additional pressure will be placed on existing flood protection assets by climate change during the next 10 years.

What will be the effect of change in Levels of Service

No significant changes to levels of service are envisaged. A change to a level of service based on a 'probability of failure' rather than the retention and maintenance of assets would only be considered if better data was available on which to base the calculation of such probabilities.

What additional Asset Capacity is required

No additional asset capacity is expected to be required at this time. Planned capital works are only intended to maintain or restore original asset capacity.

How will the provision of additional Asset Capacity be undertaken

No additional asset capacity is intended to be provided.

How will the maintenance, renewal and replacement of assets be undertaken

Asset maintenance, renewal and replacement will be undertaken by council staff or contractors as required.

Council's flood protection assets are generally in a sound condition, though some limited deferred maintenance work will be undertaken in the near future. No particular problems are envisaged in maintaining or renewing these assets in the future.

How will the maintenance, renewal and replacement of assets be funded

The maintenance of the flood protection is funded through rentals received from leasing the stopbanks for grazing, with the balance being funded by Waikato Regional Council. Aotea erosion maintenance is funded by a targeted rate over those properties receiving the benefit of the Aotea Seawall.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community

Key Flood Protection and Control Works Level of Service

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Retention of assets in substantially the same form as when they were initially constructed	Effective maintenance of flood protection systems will ensure that communities are safe and healthy and ensure that efficient and effective water services are provided, to meet both current and future demands.	Quantitative assessment of condition and serviceability of flood protection assets based on an annual inspection conducted by Council staff and elected members	New Measure	90% against quantifiable standardised assessment criteria as set by Council	95% against quantifiable standardised assessment criteria as set by Council	95% against quantifiable standardised assessment criteria as set by Council	95% against quantifiable standardised assessment criteria as set by Council per annum

Stormwater Drainage

What Community Outcome Does Stormwater Drainage Contribute To

Community Outcomes		Stormwater Drainage
	Ensure services and facilities meet the needs of the Community	Implementer Partner Regulator
	Manage the Natural and Physical environment in a sustainable manner	Regulator Monitor

RATIONALE FOR STORMWATER DRAINAGE

Council is required to administer urban drainage maintenance under the Land Drainage Act 1908, and considers that this activity also makes a positive contribution towards the potential for beneficial development in the urban areas. The provision of urban drainage protects private property (including land and assets) from flooding and subsequent erosion, and enables Council to fulfil its statutory responsibilities under the Building Act 1991.

Waikato Regional Council has largely relieved Council of their responsibility for managing rural land drainage schemes.

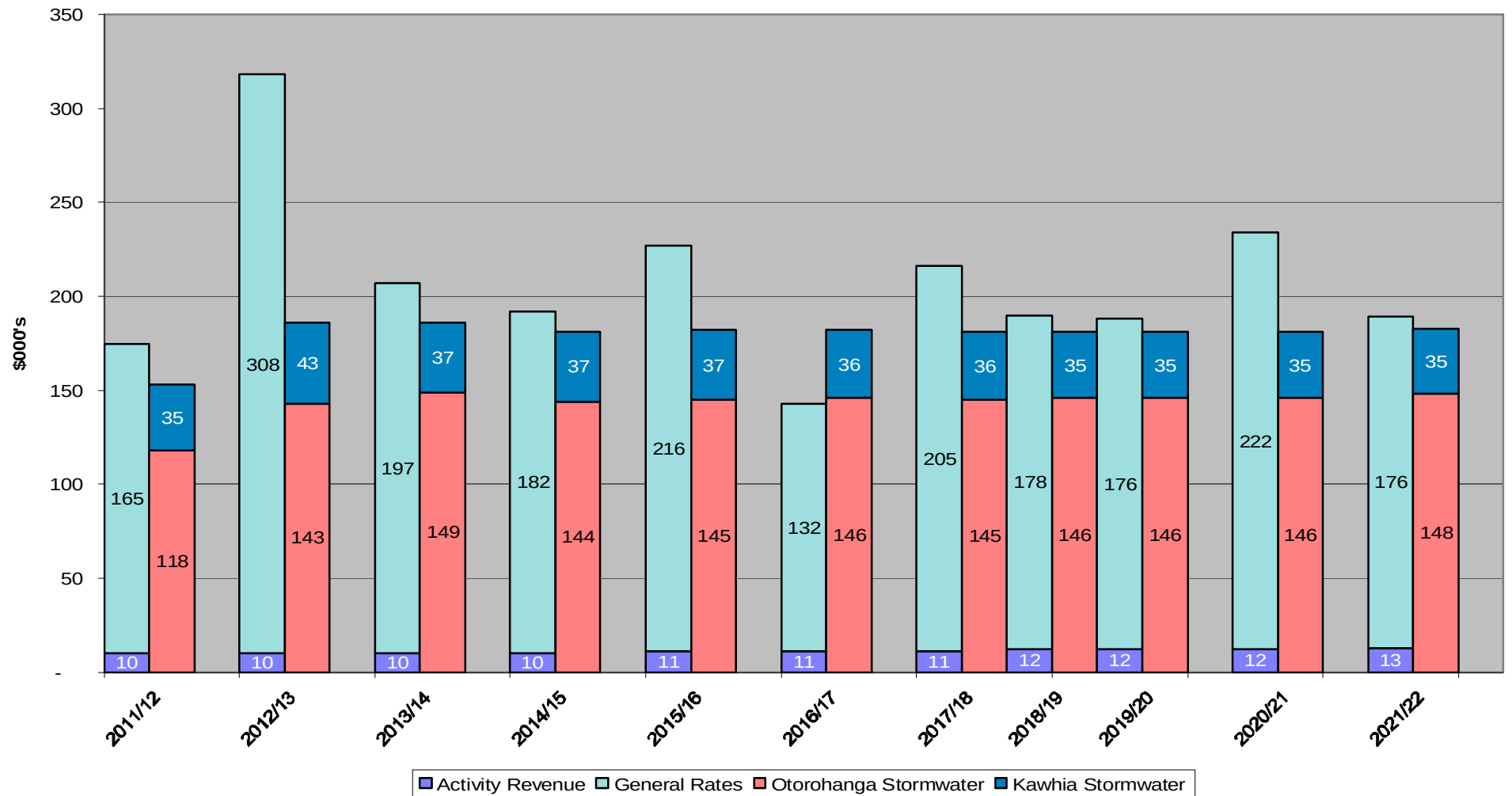
Stormwater Drainage Financial Statements

Stormwater Drainage - Operating Statement	2012/13	2013/14	2014/15
	(000's)	(000's)	(000's)
Operating Revenue			
Activity Revenue	10	10	10
Targeted Rates	-	-	-
Development Contributions	-	-	-
General Rates	308	197	182
Other General Sources	-	-	-
Total Operating Revenue	318	207	192
Operating Expenditure			
Otorohanga Stormwater	143	149	144
Kawhia Stormwater	43	37	37
Total Operating Expenditure	186	186	181
<i>includes:</i>			
Salaries and Wages	-	-	-
Depreciation	60	63	60
Interest	59	59	56
Operating Surplus (Deficit) \$	132	21	11
Operating Surplus transferred to (specify) Reserve(s); or Operating Deficit funded from (specify) Reserve(s)	132 -	21 -	11 -

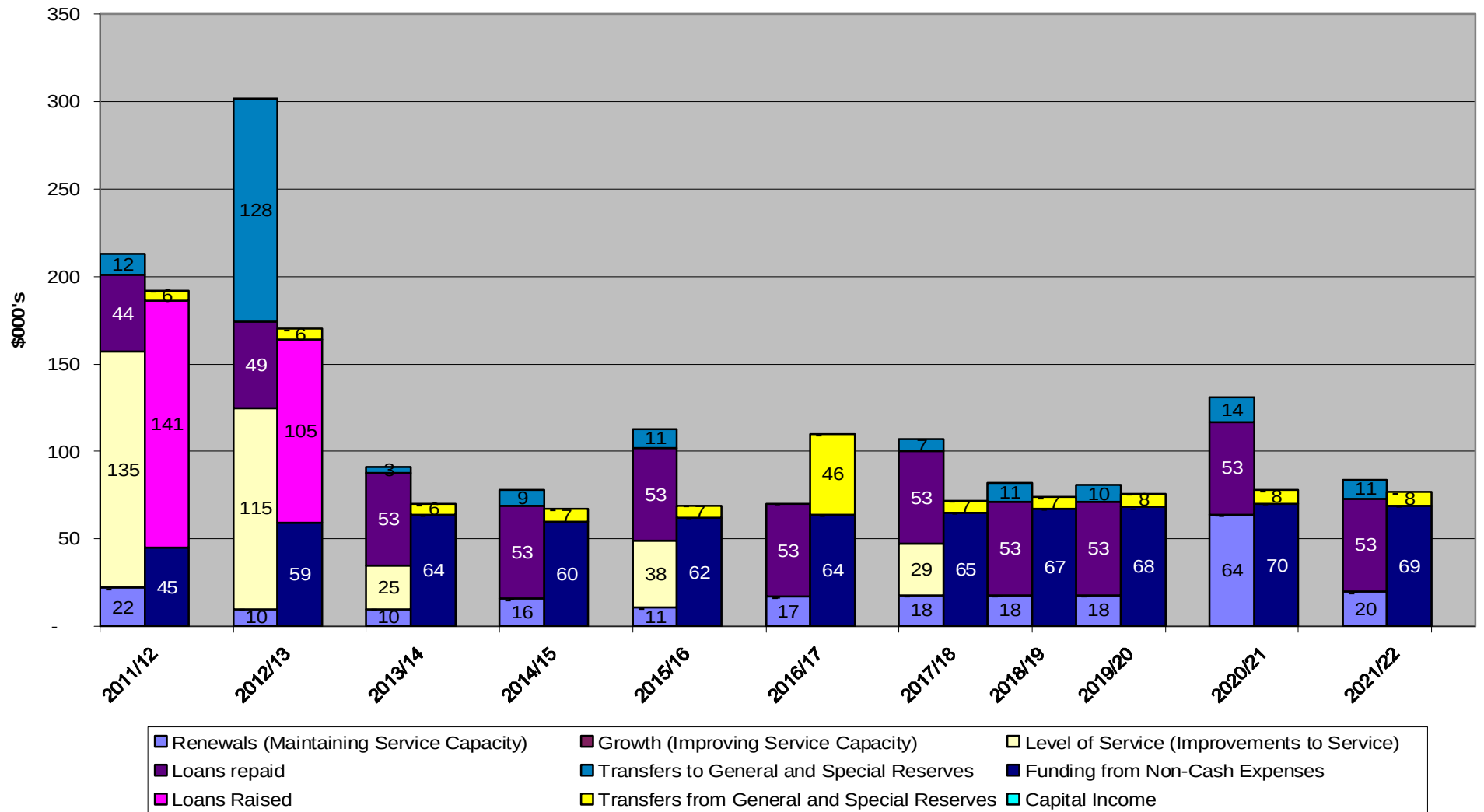
Stormwater Drainage - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements:			
Capital Expenditure			
Renewals (Maintaining Service Capacity)	10	10	16
Growth (Improving Service Capacity)	-	-	-
Level of Service (Improvements to Service)	115	25	-
New Statutory Requirements	-	-	-
Total Capital Expenditure	125	35	16
Loans repaid	49	53	53
Operating Deficit	-	-	-
Transfers to General and Special Reserves	128	3	9
Total Funding Required	302	91	78
Funded by:			
Operating Surplus (via reserve)	133	21	11
Funding from Non-Cash Expenses	59	64	60
Loans Raised	105	-	-
Transfers from General and Special Reserves	5	6	7
Capital Income	-	-	-
Total Funding Applied	302	91	78

This cost of service statement links through to the Stormwater Drainage Funding Impact Statement on page 189.

Stormwater Drainage - Operating



Stormwater Drainage - Capital



Stormwater Drainage

What is the extent of Council's responsibility?

Council provides, develops, operates and maintains stormwater drainage systems that enable effective and environmentally sustainable discharge of stormwater from the Otorohanga and Kawhia communities.

There are in total 8 km of piped drains and 4km of open drains, 1 pump station in Kawhia and various associated structures.

What are the significant negative effects

If not appropriately managed Council's stormwater and flood protection activities have potential for significant adverse environmental effects, in particular:

- Failure of drainage infrastructure may result in localised flooding.
- Quantities and/or qualities of discharged stormwater have potential to adversely affect the receiving waters.
- Increasingly stringent resource consent requirements also have potential for economic impact on the Community, though such effects would be expected to be relatively minor.

How are these negative effects mitigated

Physical effects are mitigated by effective design (including stormwater storage areas and provision of back-up systems where appropriate), regular inspections and maintenance of stormwater infrastructure.

The quality of discharged stormwater is also monitored, and where quality results are inadequate, efforts are made to identify and control particular sources of such contamination, using the provisions of relevant Bylaws.

What is the existing level of service

The level of service provided for this activity is generally considered to be very satisfactory.

It is unlikely that target levels of service will significantly change during this period.

What will be the effect of change in demand

With relatively little additional development expected in the Otorohanga and Kawhia Communities it is considered unlikely that significant additional pressure will be placed on existing stormwater drainage assets during the next 10 years.

What will be the effect of change in Levels of Service

No significant changes to levels of service are envisaged.

What additional Asset Capacity is required

Only limited additional asset capacity is expected to be required in response to the minor changes in levels of demand identified above, and to remedy a small number of very localised capacity issues that already exist.

How will the provision of additional Asset Capacity be undertaken

A few relatively minor improvement projects will be undertaken by contractors on a progressive basis. These include extending the stormwater scheme within the Otorohanga community to relieve potential localised flooding issues.

How will the maintenance, renewal and replacement of assets be undertaken

Asset maintenance, renewal and replacement will be undertaken by Council staff or contractors as required.

Council's stormwater drainage assets are currently well maintained and considered to be in sound condition, and no particular problems are envisaged in sustaining this situation in the future.

How will the maintenance, renewal and replacement of assets be funded

Otorohanga stormwater is to be funded by a Uniform Targeted rate across the Otorohanga Community and Kawhia stormwater is to be funded by a Uniform Targeted rate being 75% across the Kawhia/Aotea community and 25% across the rural area. Additional income is derived from rental of land along the Otorohanga stopbanks.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

What's changed since the 2009-19 LTCCP?

Since the 2009 LTCCP, Council has taken the provision of the water, wastewater and stormwater facilities in-house, hiring staff to perform

the work, as opposed to the previous practice of hiring contractors. This has had a positive outcome for council, not only in terms of financial savings, but due to more hands on control and better reporting of issues as they are identified.

A number of capital projects have been completed in the past three years, including installing stormwater drainage along Factory Drive and Bledisloe Ave in Otorohanga, as well a portion of Jervois Street in Kawhia.

Contributions of Activity to Overarching Community Outcomes



Ensure services and facilities meet the needs of the Community



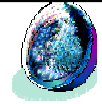
Manage the Natural and Physical environment in a sustainable manner

Key Stormwater Levels of Service

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2011/12	2012/13	2013/14	2014/15	2015/16-2021/22
Council stormwater systems are well operated and maintained	Sound planning of appropriate stormwater systems will ensure that communities are safe and healthy and ensure that efficient and effective water services are provided, to meet both current and future demands.	Measuring compliance of stormwater discharge with conditions of applicable stormwater discharge resource consents	New measure	Full compliance with resource consent conditions	Full compliance with resource consent conditions	Full compliance with resource consent conditions	Full compliance with resource consent conditions
		Number of complaints of widespread flooding as recorded in the service request system.	New Measure	<5 complaints	<5 complaints	<5 complaints	<5 complaints per annum

Community Services

What Community Outcome Does Community Services Contribute To

Community Outcomes	Parks & Reserves (incl Toilets)	Library	Pensioner Housing	Other Property	Cemeteries	Swimming Pool	Solid Waste Disposal	Litter Control	Security Patrol	District Sports Co-ordinator
 Otorohanga District is a safe place to live						Implementer	Implementer	Implementer	Implementer Advocate	
 Ensure services and facilities meet the needs of the Community	Implementer	Implementer Partner	Implementer	Implementer Partner	Implementer Regulator	Implementer	Implementer	Implementer	Implementer	Partner
 Manage the Natural and Physical environment in a sustainable manner							Implementer Advocate			
 Protect the special character of our harbours and their catchments							Implementer Partner			
 Provide for the unique history and culture of the District	Implementer	Implementer			Implementer					

WHAT ARE COMMUNITY SERVICES

Community Services provide for the community's need for recreational, social, and amenity activities. Community services represent's Council's second main group of asset-based activities.

These activities meet important community needs, but are considered to be on a second tier in relation to Network Services in respect of both social and economic importance. For these reasons the management of these activities is generally conducted without the depth of technical planning that underlies activities in the Network Services group.

WHICH ACTIVITIES ARE INCLUDED IN THE COMMUNITY SERVICES GROUP

- Parks and Reserves (including Public Conveniences)
- Library
- Community Facilities
  - o Housing for the Elderly
  - o Other Property
  - o Swimming Pool
  - o Cemeteries
- Solid Waste Disposal
- Litter Control
- Security Patrol
- District Sports Co-ordinator

WHY ARE THESE ACTIVITIES INCLUDED?

Community Services are provided in response to the public seeking to improve quality of life with the provision of services that address the social, cultural and environmental well-beings. The community accepts that the provision of these services is a discretionary cost that they pay for.

The provision of Community Services is not a legislative requirement (except cemeteries). Where provided, community facilities must meet public safety standards set by various government agencies.

RATIONALE OF COMMUNITY SERVICES

Parks and Reserves (including Public Conveniences)

Council's involvement in parks, reserves and associated activities is in part based upon provisions of the Reserves Act 1977 and the Resource Management Act 1991 and is also intended to improve the general quality of life for the residents in the District. In particular the parks and reserves provide facilities for passive or active enjoyment by residents and visitors alike.

Library

Our public libraries have been supplying our communities with a library service for many years. While the technology and delivery options may change over time the core roles of the library remain unchanged. Our libraries support and are actively involved in the following;

The core roles are;

a) Reading and literacy

Libraries are a trusted source of information and provide extensive collections in range and depth. They encourage and support reading and literacy in people of all ages. Book and leisure resource lending will remain a key role. Increasingly libraries are enabling people to acquire information and digital literacy – essential skills in a digital world.

b) Community identity and local heritage

Libraries provide community identity and reflect the communities we serve.

Libraries are a key institution for collecting, conserving and making available local information and resources. Libraries are an important gateway for our community.

c) As a public place

Libraries are venues in which groups and individuals can participate in community activities. They provide a non-commercial community public space for research, programmes and activities.

d) Opportunities for lifelong learning and leisure

By providing opportunities for informal learning and by supporting formal education, libraries contribute to the economic and social wellbeing of people.

The need for retraining and ongoing learning has become a feature of modern economic life.

Libraries continue to be a key leisure provider. Traditionally this was through book circulation; increasingly it is through different formats and services.

Housing for the Elderly

This service is provided by the Council to ensure that there is a good standard of affordable rental accommodation for the elderly within the Otorohanga district. This service also helps Council to meet community expectations and our social obligation to the residents within the community.

Other Property

Council owns various types of property, which are managed in the best interest of the residents and ratepayers of the District. These properties are classified as commercial or community investments.

Swimming Pool

Council carries out this activity to meet the expectations of the Community.

Cemeteries

Cemetery services are provided for a couple of reasons, over and above the requirement to provide these services to meet legislative requirements. The first reason for providing a cemetery service is a matter of public health, ensuring that disposal of the deceased meets the requirements of the Burial and Cremations Act 1964. The other main reason is to provide a means of connecting with the past, through the use of cemetery records, for people to research family history, as well as provide information around the history of the district.

Solid Waste Disposal

There is a community expectation that household waste is removed from properties and managed in an environmentally sound manner.

Council has no legal requirement to carry out this activity but believes that it will better protect the environment by providing cost effective and efficient methods of refuse disposal and recycling. It is also generally expected by the community that the Council will provide this service.

An interim Waste Minimisation and Management Plan was completed and adopted by Council in 2010, and a full plan review is being undertaken to be completed by 1 July 2012.

Litter Control

This service is outside the scope of the refuse collection contract and the main focus is one of picking up litter on the roadside and in Parks and Reserves. The service is also provided under contract to the State Highway network.

Security Patrol

Council provides this service in response to a request from local businesses as there was insufficient demand for a private scheme. This activity also fits in well with the Council outcome of making Otorohanga District a safe place to live.

District Sports Co-ordinator

Council's role in this scheme satisfies part of its Mission Statement by recognising the social need to promote physical activity. Through the District Sports Co-ordinator scheme, Council delivers a range of leisure programmes and events which increase participation in leisure activities.

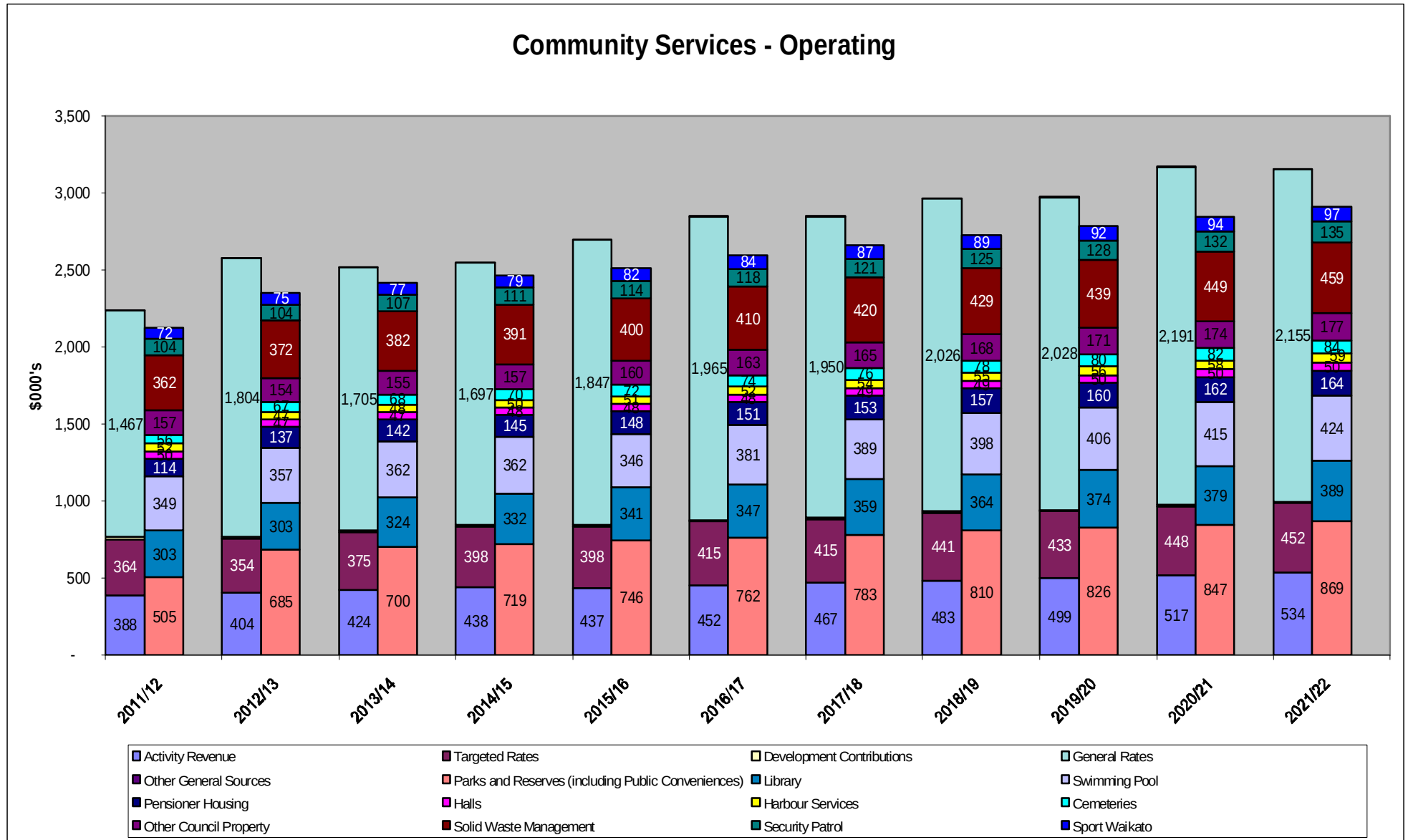
Community Services Financial Statements

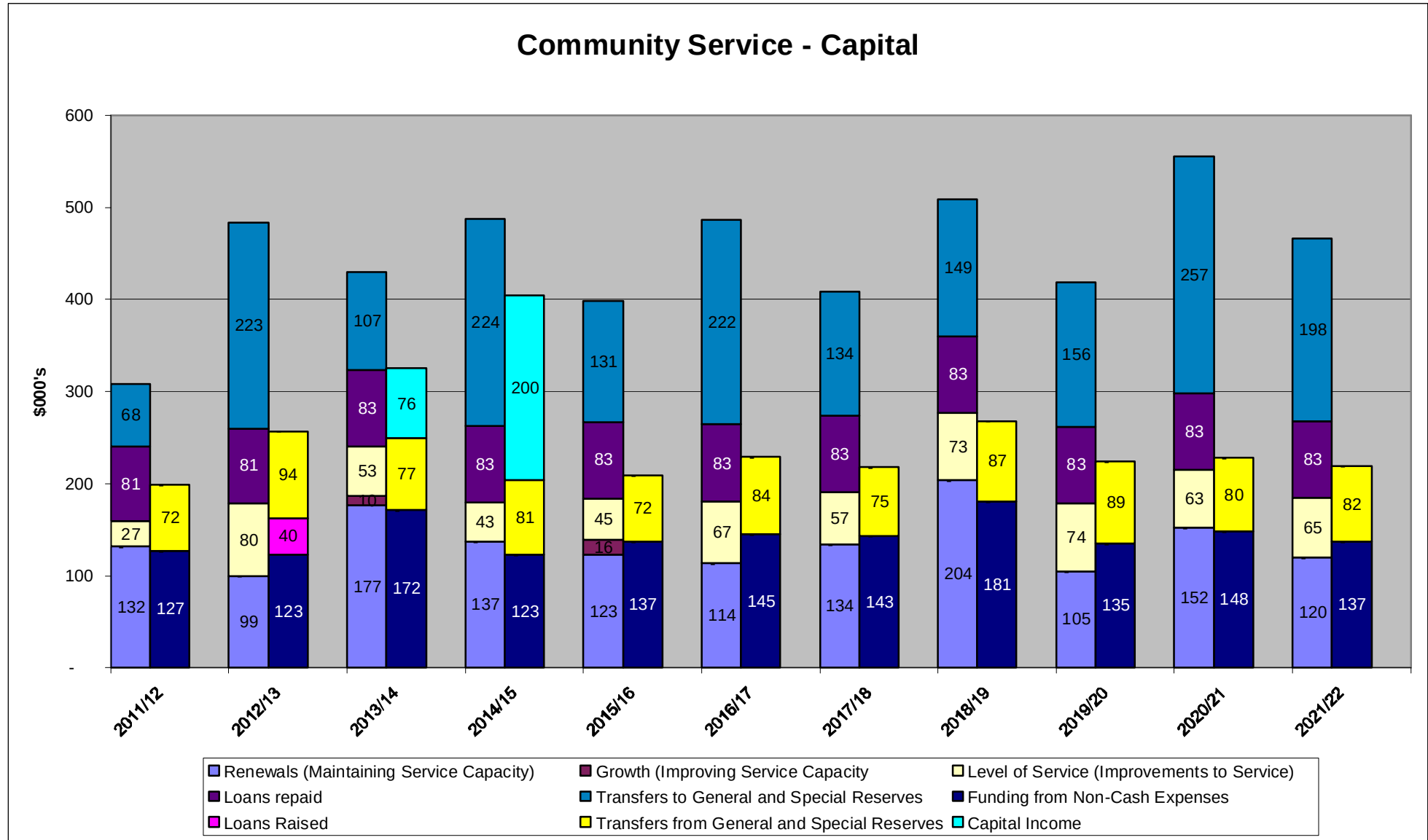
Community Services - Operating Statement	2012/13	2013/14	2014/15
	(000's)	(000's)	(000's)
Operating Revenue			
Activity Revenue	404	424	438
Targeted Rates	354	375	398
Development Contributions	10	10	10
General Rates	1,804	1,705	1,697
Other General Sources ⁽⁷⁾	3	3	3
Total Operating Revenue	2,575	2,517	2,546
Operating Expenditure			
Parks and Reserves (including Public Conveniences)	685	700	719
Library	303	324	332
Swimming Pool	357	362	362
Pensioner Housing	137	142	145
Halls	47	47	48
Harbour Services	47	48	50
Cemeteries	67	68	70
Other Council Property	154	155	157
Solid Waste Management	372	382	391
Security Patrol	104	107	111
Sport Waikato	75	77	79
Total Operating Expenditure	2,348	2,412	2,464
<i>includes:</i>			
Salaries and Wages	175	179	183
Depreciation	206	211	216
Interest	92	89	84
Operating Surplus (Deficit) \$	227	105	82
Operating Surplus transferred to Reserves; or Operating Deficit funded from Reserves	227	105	82

Community Services - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements:			
Capital Expenditure			
Renewals (Maintaining Service Capacity)	99	177	137
Growth (Improving Service Capacity)	-	10	-
Level of Service (Improvements to Service)	80	53	43
New Statutory Requirements	-	-	-
Total Capital Expenditure	179	240	180
Loans repaid	81	83	83
Operating Deficit	-	-	-
Transfers to General and Special Reserves	223	107	224
Total Funding Required	483	430	487
Funded by:			
Operating Surplus (via reserve)	226	105	83
Funding from Non-Cash Expenses	123	172	123
Loans Raised	40	-	-
Transfers from General and Special Reserves	94	77	81
Capital Income	-	76	200
Total Funding Applied	483	430	487

This cost of service statement links through to the Community Services Funding Impact Statement on page 191.

⁷ This represents income earned from internal charging between departments for staff time spent working for other departments.





Parks and Reserves (including public conveniences)

What is the extent of Council's responsibility

Council owns, administers and where appropriate maintains Parks or Reserves land at 70 separate locations, which have in total an area of approximately 83 Ha. Included within these areas are 5 public toilet facilities and some sports related infrastructure.

What are the significant negative effects

There are considered to be few potential negative effects associated with this activity, the most significant of which is arguably the possible cost of meeting the expectations of some interested groups in relation to levels of service.

How are these negative effects mitigated

By engaging in open discussion of parks and reserves issues that will enable the broader community to have input into decision making. Examples of this include the public workshops that have accompanied development of community landscape plans.

What is the existing level of service

The level of service for these activities is considered to be relatively sound at a basic level.

Specific level of service targets have previously been largely defined through contractual requirements in respect of mowing and vegetation control and other maintenance services.

Key level of service targets that will in future be adopted are listed in the following table. In practical terms these are considered to represent a status quo situation.

What will be the effect of change in demand

Only limited increases in demand for parks and reserves assets are expected in the short or medium term, in response to a relatively constant population in the urban centres.

What will be the effect of change in Levels of Service

The effects of likely progressive minor changes in level of service are expected to be limited. The nature and extent of these effects will however become clearer as Management Plans are developed for the main Council Reserve areas, in accordance with the requirements of the Reserves Management Act 1977.

What additional Asset Capacity is required

Only relatively minor additional asset capacity is expected to be required in response to the minor changes in demand identified above. At this stage no entirely new reserve areas are envisaged, though such areas are likely to be required if major residential developments take place in the urban communities.

How will the provision of additional Asset Capacity be undertaken

The described relatively minor additional asset capacity will be provided through an ongoing program of minor scheduled asset improvements which align with the direction provided by relevant community landscape plans.

What is the estimated cost for the provision of additional Asset Capacity

The estimated total inflation adjusted cost of additions or improvements to parks, reserves and public toilets over the next 10 years is estimated to be in the order of \$0.7 million.

How will the provision of additional asset capacity be funded

The most significant source of funding for additional or improved parks and reserves assets will be from Reserve Contributions. Outstanding funding requirements will be obtained from reserve funds, rates, loan monies or general funding.

How will the maintenance, renewal and replacement of assets be undertaken

Asset maintenance, renewal and replacement will be undertaken by Council staff or contractors as required.

How will the maintenance, renewal and replacement of assets be funded

District and Community Reserves

75% of this activity will be funded by the General Rate across the District with the balance of 25% funded by the Uniform Annual General Charge.

Public Conveniences

Otorohanga Community

60% funded by the General Rate across the district, 20% by the Uniform Annual General Charge and 20% by a Uniform Targeted Rate across the Otorohanga Commercial ratepayers.

Kawhia Community

80% funded by the General Rate across the district and 20% funded by the Uniform Annual General Charge.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Ensure services and facilities meet the needs of the Community



Provide for the unique history and culture of the district.

Key Parks, and Reserves (including public conveniences) Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Providing Council parks and reserves that enhance our communities quality of life	Parks and reserves provide for a number of things – a sense of place, active recreation spaces and opportunities for communities to interact – all contributing to our community outcomes	Outdoor reserve structures comply with relevant standards*	33%	66% compliance	66% compliance	66% compliance	100% compliance
		Paths and tracks comply with relevant standards*	15%	20% compliance	25% compliance	30% compliance	Increasing by 5% each year
		Park furniture meets safety and maintenance criteria 22/34 picnic tables 2/2 barbecues 0/8 seats	54.5%	70% meet safety criteria	70% meet safety criteria	70% meet safety criteria	80% by end 2017/18 and 90% by end 2021/22
Public Toilets as provided by Council are maintained in good condition	Having safe toilets helps achieve safe communities	Number of complaints received about public conveniences recorded in the service request system	New measure	<12 complaints	<12 complaints	<12 complaints	<12 per annum

* New Zealand Standards NZS 8630 sets out legislation and best practice for outdoor tracks and structures

Library

What is the extent of Council's responsibility?

Although there is no legislation or government policy in New Zealand that ensures the provision and development of public libraries, there are government initiatives that provide a context and opportunities for public library growth and development. These strategies are designed to improve the standard and quality of life in New Zealand.

What are the significant negative effects?

The absence of a well resourced library system will have a significant negative effect on the community social well being and prosperity, if services are not maintained and access to electronic resources are not available. Libraries also provide a place for congregation, which may result in noise and vandalism.

How are these negative effects mitigated?

Library systems, including electronic catalogue will be maintained and updated regularly to ensure the latest technology is available to library patrons. Library staff will ensure that patrons respect the rights of other users and maintain an acceptable level of noise. The library building is within an area that is monitored nightly by a security control officer which will ensure that vandalism is kept to a minimum.

What is the existing level of service?

Libraries are located in Council owned buildings situated at :-

- Maniapoto Street, Otorohanga
- Pouewe Street, Kawhia

Operating hours for the Libraries are –

Otorohanga Library	Monday to Thursday	9.00am to 5.00pm
	Friday	9.00am to 5.30pm
	Saturday	10.00am to 12.30pm
Kawhia Library	Tuesday	1.30pm to 3.00pm
	Wednesday	10.30am to 11.30am
	Friday	1.30pm to 3.00pm
	Saturday	1.30pm to 3.00pm

Each library offers a range of fiction, non-fiction, paperback, large print, and reference books for both children and adults, as well as access to electronic resources for information and leisure use.

The libraries are open 4 to 5.5 days per week. Between them they stock approximately 26,500 books. The libraries have 3,400 members with district-wide book issues of 58,400 per annum. The Otorohanga library is staffed by two full-time equivalents and the Kawhia library is serviced by a part-time librarian.

The libraries provide free internet access through the governments Peoples Network initiative. This includes four PC's situated at the Otorohanga Library and one PC situated at the Kawhia Library. A wireless connection is also available at the Otorohanga Library.

What will be the effect of change in demand

Projected demographic changes are considered to have no impact upon library service growth or demand.

The largest impacts will come from rapidly developing technology and increasing customer expectations.

It is unlikely that technologies such as the internet will do away with the libraries' core business – recreational reading. Information and communications technology makes it easier to connect people to information they need and to guide them to hard copy or digital content.

A large percentage of our community do not have access to information and communications technology resources in their homes and workplaces, often the library is their only opportunity to access the internet and personal computer services. There is a growing demand for free access to key internet sites and for access to public use computers within each of the libraries.

These trends will place greater demands on staff, both in terms of skill level and in time to provide assistance.

These trends will also increasingly put pressure on library building size and design flexibility to accommodate different technologies and services.

What will be the effect of change in Levels of Service

It is recognised that due to advances in technology, there may be a growing trend for electronic media over the next 10 years.

What additional Asset Capacity is required

No additional asset capacity is currently expected to be required.

How will the maintenance, renewal and replacement of assets be undertaken

No addition asset capacity has been identified. Provision has been made for the increasing cost of replacement and/or new books and electronic resources. Asset maintenance will be undertaken by Council staff or contractors as required.

How will the maintenance, renewal and replacement of assets be funded

Council will maximise user charges and the remaining costs of this activity will be funded 50% from the Uniform Annual General Charge and 50% from the General Rate.

Council acknowledges that the effect of the policy is that non-users may be receiving less benefit and subsidising users but consider that the policy is in the best interests of the district.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Ensure services and facilities meet the needs of the Community



Provide for the unique history and culture of the district.

Key Library Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Relevance of library services to the community is measured by: • Material issued • Physical visits • Website visits • Computer sessions	Healthy, cohesive, and informed communities have access to a wide range of current library materials, in a variety of formats. People in the community have access to public spaces offering programmes and activities which contribute to local identity, lifelong learning and recreation.	Statistical data is maintained to record material issued	Decrease of 6.7% in material issued	2% increase over previous year issues	2% increase over previous year issues	2% increase over previous year issues	2% increase over previous year issues
		Statistical data is maintained to record website visits	New measure	2% increase over previous year visits	2% increase over previous year visits	2% increase over previous year visits	2% increase over previous year visits
Currency of physical book stock is maintained		Book stock has an average publication date of 10 years or less	69%	>75% have publication date less than 10 years	>75% have publication date less than 10 years	>75% have publication date less than 10 years	>75% have publication date less than 10 years

Housing for the Elderly

What is the extent of Council's responsibility?

Council owns, maintains and administers limited stocks of housing for the elderly in Otorohanga and Kawhia to meet the physical and social needs of this group of people. Housing rentals are established on a “user pays” basis at levels which will sustain the long-term operation and maintenance of the Housing for the Elderly units.

What are the significant negative effects

Adverse economic effects to residents may result if the cost of maintaining the assets should increase.

How are these negative effects mitigated?

Council endeavors to minimise the cost of the activity by making use of available subsidies or other alternative funding sources for asset related works where this is possible.

By focusing on the elderly, the needs of others, such as people with disabilities, may not be adequately addressed.

What is the existing level of service?

Otorohanga District Council provides Housing for the Elderly Units at the following locations –

- Elizabeth Place, Rangitahi Street, Otorohanga -10 Units
- Windsor Court, Haerehuka Street, Otorohanga - 12 Units
- Rosamond Terrace, Kawhia – 6 Units

What will be the effect of change in demand?

The key factors impacting on demand forecasts for Housing for the Elderly are:

- An aging population
- Appropriateness/affordability of providing existing service on a “user pays” basis
- Reduced affluence associated with current economic climate
- A general public expectation of higher standards in respect of housing
- An overall decrease in district population.

Whilst it is considered likely that the demand for affordable pensioner housing may increase in the future, Council does not consider that provision of such housing is an element of its core business. This, combined with the likely continuation of a “user pays” approach, means that any such changes in demand are not expected to have significant effects on Council.

What will be the effect of change in Levels of Service?

No significant changes to the level of service for this activity are expected to be required. A decline in the level of service may mean that the expectations of the elderly are not met and that the overall standards achieved do not meet the basic requirements for social housing of this nature. Increased levels of service are likely to increase the cost of users if the existing full “user pays” philosophy is maintained.

What additional Asset Capacity is required?

No additional asset capacity is currently expected to be required.

How will the maintenance, renewal and replacement of assets be undertaken

Council ensures Housing for the Elderly Units are maintained to a consistent level of service for similar facilities district-wide. Industry standard 'Best Practice' methods are used wherever possible.

How will the maintenance, renewal and replacement of assets be funded

Council confirmed its policy that this activity should be fully funded by property rentals.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Ensure services and facilities meet the needs of the Community

Key Housing for the Elderly Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
Provide Housing for the Elderly that is fully utilised	This service ensures Otorohanga District has housing that satisfies the needs of the community and is seen to be an ideal place for retirement	Percentage of the year units are occupied	Otorohanga 96.3% Kawhia 99.4%	>95% occupied	>95% occupied	>95% occupied	>95% occupied
Good standards of maintenance and accommodation are maintained by Council		Maintenance items identified during annual inspections remedied to residents satisfaction, as measured by annual survey	New Measure	>95% satisfaction	>95% satisfaction	>95% satisfaction	>95% satisfaction

Other Property

What is the extent of Council's responsibility?

Council owns, administers and where appropriate maintains a variety of properties that exist for purposes outside of the core business of Council. These properties are classified as commercial or community investments, and include:

- Otorohanga Support House
- Otorohanga Railway Station
- Trade Training Centre
- Rural Fire Store
- Kawhia Medical Centre
- Kawhia Museum
- Otorohanga Museum Complex
- Some car park areas in Otorohanga
- Kawhia boat ramp
- Quarries

Council engages in such property related activity because it believes that it supports important community services and/or is a viable commercial proposition. There is no legal obligation for Council to undertake this activity.

What are the significant negative effects?

The activity may create expectations from some community organisations that Council will continue to provide property for their purposes in the future. Increasing maintenance requirements and/or declining market rentals could make continuation of this activity more financially unfavourable for Council.

How are these negative effects mitigated?

Council is able to reduce the extent of this activity if the need arises, though it has no intention to do so at this time. This can be done by divesting of freehold properties when needed.

What is the existing level of service?

Council undertakes to ensure that all building and structures meet the requirements of relevant legislation (including the provisions of the Building Act and Fire Safety and Evacuation of Buildings Act) and are maintained in a sound, sanitary and safe condition.

What will be the effect of change in demand?

No significant growth-driven increase in demand for this activity is expected in the period of this LTP. It is however recognised that a lack of community growth could create conditions where further Council involvement in property might become appropriate to support other community services. This is however speculative and no allowance for such additional support has been therefore been made at this stage.

What will be the effect of change in Levels of Service?

No significant changes to the level of service for this activity are expected to be required.

What additional Asset Capacity is required?

No additional asset capacity is currently expected to be required.

How will the maintenance, renewal and replacement of assets be undertaken?

Maintenance, renewal and replacement are undertaken by Council staff or contractors on an as required basis.

How will the maintenance, renewal and replacement of assets be funded?

Council will charge rentals that the market will sustain (approximately 70%) and the remaining costs will be funded equally from Uniform Targeted Rates and targeted rates on capital value over the whole district. Rural area, Otorohanga Community and Kawhia Community,

generally based on the property location or whether a property is considered to be a district wide asset.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Ensure services and facilities meet the needs of the Community

Key Other Property Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Ensure that all buildings and structures are maintained in a sound, sanitary and safe condition	Having safe buildings that are maintained in a sound, sanitary and safe condition – ensures our communities are safe	Building maintenance is regularly assessed and carried out	Urgent maintenance carried out within 5 working days	Urgent maintenance carried out within 5 working days	Urgent maintenance carried out within 5 working days	Urgent maintenance carried out within 5 working days	Urgent maintenance carried out within 5 working days
Ensure that all buildings with a Compliance Schedule meet the requirements of the Building Act		All applicable buildings have a current Building Warrant of Fitness (BWOFF)	5 of 5 applicable buildings have current BWOFF*	Current BWOFF in place	Current BWOFF in place	Current BWOFF in place	Current BWOFF in place

* Buildings are Otorohanga Council Building, Swimming Pools, Kawhia Community Hall, WINTEC Training Centre, Otorohanga Public Library.

Swimming Pool

What is the extent of Council's responsibility?

Council owns, operates and maintains a swimming pool complex in Otorohanga which contains indoor and outdoor swimming pools and a gymnasium. Operation of the pool complex is carried out by a contractor under a long term contract.

What are the significant negative effects?

Operation and maintenance of the pool complex is already a relatively expensive activity, and these costs may increase in the future due to the age of the facility and increases in other significant cost components such as energy.

As such the activity may have an adverse economic impact on the Community.

How are these negative effects mitigated?

Council adopts a very cautious approach in respect of undertaking further infrastructural improvements or increasing operating costs. Council has recently set 'affordability limits' for this activity as a proportion of its overall rates budget.

What is the existing level of service?

The pool facility is considered to provide a sound level of service for a community of this size. The Contractor is required to meet standards of supervision recommended in NZRA Swimming Pool Guidelines 1999, and to test pool water quality in accordance with NZS 5826: 2000. Pool Management is also to comply with Water Safety NZ / ACC Poolsafe Quality Management Scheme.

What will be the effect of change in demand?

After recent significant increases in swimming pool patronage it is now believed that a relative plateau has been reached, from which further significant changes are not expected during the period covered by the LTP.

What will be the effect of change in Levels of Service?

No significant changes in level of service are planned.

What additional Asset Capacity is required?

No significant additional asset capacity is expected to be required during the next 10 years.

How will the maintenance, renewal and replacement of assets be undertaken?

Asset maintenance, renewal and replacement will be undertaken by Council staff or contractors as required. The condition of Council's swimming pool assets is generally sound, and only relatively limited maintenance and renewal inputs are expected to be required to sustain this over the period of the LTP.

The pool complex is however a significant asset, and in the longer term relatively high levels of renewal expenditure are likely to be required.

How will the maintenance, renewal and replacement of assets be funded?

Council considers that 54% should be funded by way of a Uniform Targeted Rate over the Otorohanga Community, 44% from a Uniform Targeted Rate over the Rural area and 2% from a Uniform Targeted Rate over the Kawhia Community.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live

Ensure services and facilities meet the needs of the Community

Key Swimming Pool Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Provision of a clean, safe, public swimming pool that can be accessed by the District	Ensuring that the public's access to a safe public swimming facility helps create safe communities and a range of recreational facilities	The water quality of the pools meets acceptable standards* for the safety and health of users	Non compliance	Daily testing meets acceptable standards* 85% of each month	Daily testing meets acceptable standards* 85% of each month	Daily testing meets acceptable standards* 85% of each month	Daily testing meets acceptable standards* 85% of each month

* Acceptable standards as defined in the contract including NZS 5826.

Cemeteries

What is the extent of Council's responsibility?

Council owns, develops, maintains and administers the operation (including associated record keeping) of public cemeteries in Otorohanga and Kawhia to satisfy local needs in respect of burials.

What are the significant negative effects?

Cemeteries, if not well managed, can have negative effects on the psychological wellbeing of the community, and in particular relatives and friends of those interred there. In extreme cases inadequate management can pose health risks.

How are these negative effects mitigated?

By managing cemeteries in an efficient and sympathetic manner which recognises the emotional nature of the facilities for some residents.

What is the existing level of service?

The level of service provided by Council's cemeteries is considered to be generally satisfactory.

The targeted level of service is for cemetery management and maintenance to comply with the requirements of the Burial and Cremation Act 1968 and associated regulations and Bylaws with less than 10 justified complaints per annum.

What will be the effect of change in demand?

With the average age of the District's population forecast to increase quite rapidly as the 'Baby Boomer' generation retires, it is likely that a significant increase in the number of internments will occur, though this may to some extent be offset by greater residential mobility amongst the elderly and other demographic changes, such as the declining number of permanent residents in Kawhia.

It is however believed that the existing cemeteries will have more than sufficient capacity to accommodate any likely changes in burial rates during the period of this LTP and well beyond.

What will be the effect of change in Levels of Service?

No changes to the existing levels of service are envisaged.

What additional Asset Capacity is required?

Only minor additional asset capacity is expected to be required during the next 10 years.

How will the provision of additional Asset Capacity be undertaken?

The works likely to be required are construction of additional burial berms, and possible earthworks to extend the useable area within the Kawhia cemetery.

What is the estimated cost for the provision of additional Asset Capacity?

The likely costs over the next 10 years is in the order of \$15,000 (Otorohanga) and \$16,000 (Kawhia).

How will the provision of additional asset capacity be funded?

Associated costs will be met by reserve funds, rates, loan monies or general funding.

How will the maintenance, renewal and replacement of assets be undertaken?

Asset maintenance, renewal and replacement will be undertaken by Council staff or contractors as required. The extent of these required activities will be relatively low.

How will the maintenance, renewal and replacement of assets be funded?

Council will continue to maximise plot charges, fully recover grave digging and sexton charges (approximately 5%). The remainder will be funded from General Rates. The impact of this policy is that the general ratepayer subsidises those who use the cemeteries.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Ensure services and facilities meet the needs of the Community



Provide for the unique history and culture of the district.

Key Cemeteries Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
The Cemeteries are well maintained and developed for future use	Well maintained and conveniently located cemeteries will be provided and planned for ahead of growth and development, ensuring these needs are met in the future	Number of complaints received regarding maintenance of the cemeteries	New Measure	Less than 10 complaints	Less than 10 complaints	Less than 10 complaints	Less than 10 complaints per annum
Information about cemeteries and internments are readily available	Providing information about internments at the cemeteries provides a link to the history of the District	Number of pageviews of cemetery information on Council website	New measure	500 pageviews	500 more pageviews	500 more pageviews	500 more pageviews per annum

Solid Waste Disposal

What is the extent of Council's responsibility?

Council's solid waste disposal activities comprise strategic planning, asset management and administration of contracts for delivery of refuse disposal and recycling services.

Council does not own substantial assets in relation to this activity, with such significant asset ownership limited to recycling centres in Otorohanga and Kawhia.

Council endeavours to ensure that efficient refuse and recycling services are available on a cost effective and environmentally responsible basis for all properties within the Otorohanga, Kawhia and Aotea Communities, and that rural residents can access recycling services in the urban centres if they wish to do so.

Council is also committed to working towards a progressive reduction of the quantity of solid waste going to landfill from the District in accordance with its adopted Zero Waste philosophy.

What are the significant negative effects?

The District produces a significant quantity of refuse, which if dumped in an uncontrolled manner on private or public land would have significant adverse effects on health and the general standard of living of the community. The regulatory costs associated with such dumping are also likely to be high, elevating rating requirements.

How are these negative effects mitigated?

Council coordinated refuse disposal and recycling services provide a readily available, affordable, controllable and environmentally acceptable means of managing waste.

Refuse disposal services are provided on a user-pays basis, reducing costs to ratepayers who choose to follow the 'Zero Waste' principles that have been adopted by Council.

All solid waste is taken outside of the District for disposal, eliminating local environmental issues associated with land filling activities.

What is the existing level of service?

Weekly kerbside refuse and recycling collection services are provided in Otorohanga and Kawhia, complementing the recycling centres that exist in those communities. Council also supports a small rural recycling centre at the Ngutunui School.

Refuse disposal services are generally provided on a user-pays basis, whilst recycling services are subsidised to encourage the use of such services in accordance with the principles of Council's Waste Minimisation philosophy.

The data that is available suggests that the Council services have sustained a relatively constant level of performance in recent years, and that the needs of the urban communities are generally being met. A recent District-wide level of service survey has however indicated that there is a desire from ratepayers for extending the services available to the rural areas, and for some enhancement of the urban services, though not all of these desired 'enhancements' are in accordance with Waste Minimisation concepts.

What will be the effect of change in demand?

In recent times the population of the District has been relatively static, following a long period of slow decline, and it does not appear that volumes of solid waste are increasing. Given the current unfavourable economic climate it is considered unlikely that significant additional pressure will be placed on existing solid waste assets and services by growth during the next 10 years.

What will be the effect of change in Levels of Service?

Possible level of service changes are associated with introduction of the Waste Minimisation (Solids) Act, probably in the form of extensions to recycling services.

What additional Asset Capacity is required?

No substantial additional asset capacity is expected to be required in response to the minor changes in demand or target levels of service identified above.

Extension of recycling services into the rural areas is one possible response to the legislation and indicated customer desires.

How will the provision of additional Asset Capacity be undertaken?

The additional asset capacity described above would most probably be provided through purchase of a limited number of mobile 'recycling containers' which could be placed at rural schools, and for which the cost would be very modest.

How will the provision of additional Asset Capacity be funded?

Required funding would be sourced from Rates and Landfill Levy funding arising from the legislation.

How will the maintenance, renewal and replacement of assets be undertaken?

Only very minor maintenance of solid waste assets is expected to be required during the period covered by the LTP.

How will the maintenance, renewal and replacement of assets be funded?

Refuse

The residents of Otorohanga, Kawhia and Aotea communities will fund the costs through a Uniform Targeted Rate over the properties in the Otorohanga, Kawhia and Aotea communities to recover 90% of the costs and a targeted Community Rate on Capital Value to fund the remaining 10%

Solid Waste Management

Council considers that both Otorohanga and Kawhia closed landfills and recycling centre should be funded 80% from the Otorohanga and Kawhia/Aotea community respectively and 20% from the Rural area.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

What's changed since the 2009-19 LTCCP?

Council has made some progress towards providing recycling containers to rural schools, with assistance being provided to Arohena School with concreting the floor of their shed, as well as assisting Ngutunui School with the collection of the recycling.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Protect the special character of our harbours and their catchments



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner

Key Solid Waste Disposal Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Refuse and recycling collection services are provided and recycling actively promoted	Councils planning for the future of the District will consider growth and development in its waste management strategies, and will involve recycling as a key aspect for communities – engraining the importance of the character and natural values of our District	Increase in recycling volumes over previous year.	New measure	1% increase	1% increase	1% increase	1% increase
		Complaints received from people whose rubbish was not collected during kerbside collection as recorded in the service request system	New measure	<10 complaints	<10 complaints	<10 complaints	<10 complaints per annum
The closed landfills the Council is responsible for meet environmental compliance		Extent of compliance with associated Resource Consent conditions for the closed landfills in Otorohanga and Kawhia	Full Compliance	Full Compliance	Full Compliance	Full Compliance	Full Compliance

Litter Control

What is the extent of Council's responsibility?

Council collects scattered litter from roadside verges, parks and reserves within the District.

What are the significant negative effects?

The only potential negative effects associated with this activity are the potential economic impacts if the extent of litter increased, or the efficiency of the service decreased.

How are these negative effects mitigated?

By continuing to retain and support the existing staff resource for this activity, which is seen as critical to continued efficient service delivery.

What is the existing level of service?

Council employs a single dedicated Litter Control Officer who travels around the District for this purpose. The individual filling this role is well known to residents and widely acknowledged as providing an excellent level of service.

The target level of service for this activity is identified in the Network Services (Roading) category of this LTP.

What will be the effect of change in Levels of Service?

No changes in level of service are planned

What additional Asset Capacity is required?

The only significant asset associated with this activity is the Litter Control Officers vehicle. No additional asset capacity is identified as being required during the period of this LTP.

How will the maintenance, renewal and replacement of assets be undertaken?

The Litter Control Officer's vehicle will be renewed in accordance with normal Council vehicle management policy.

How will the maintenance, renewal and replacement of assets be funded?

Council recognised that it is impossible to identify the exacerbator (those responsible for the rubbish) and considered that the activity should be funded publicly.

Council considers that litter control should be funded 33.33% from the Uniform Annual General Charge and 66.66% from the District Wide general rate.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community

Key Litter Control Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
Provide a roadside litter collection service throughout the rural area	This service ensures that Otorohanga's clean green image is maintained and the rural environment is not a dumping ground	Number of complaints received regarding roadside litter	New Measure	<12 complaints	<12 complaints	<12 complaints	<12 complaints per annum

Security Patrol

What is the extent of Council's responsibility?

Council provides Contract Management Services in respect of a contract that provides a security patrol to monitor the night-time security of commercial premises in Otorohanga.

What are the significant negative effects?

There are no known potential negative effects associated with this activity.

What is the existing level of service?

The key target level of service is for the security patrol to engage in patrol operations for not less than 8 hours every night, during which all nominated premises within the patrol area will be visited twice by appropriately registered security officers.

What will be the effect of change in demand?

Demand has increased in the past with the development of new businesses, but the current economic climate does not suggest that there will be any significant further growth of demand in the short to medium term.

What will be the effect of change in Levels of Service?

No changes in level of service are planned.

How will the maintenance, renewal and replacement of assets be undertaken?

No Council owned assets are associated with this activity.

How will the activity be funded?

Council concluded that it would maximise recoveries from properties outside the area using the service and 5% of the cost of this activity would be funded from the General Rate, and a further 10% to be funded from a Targeted Rate across the Otorohanga Community. The balance to be funded from the defined Security Patrol area equally by way of a Uniform Targeted Rate and Uniform Targeted Rate based on Capital Value.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community

Key Security Patrol Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
To provide Security Patrol services for a defined area within Otorohanga Community during night time hours	By ensuring that Otorohanga is a safe, crime free environment to live, work and play	Number of crimes against property in the patrolled area (excluding graffiti)	New measure	<10 reported crimes	<10 reported crimes	<10 reported crimes	<10 reported crimes
		Number of reported instance of graffiti within the patrolled area	New measure	<10 reported graffiti instances	<10 reported graffiti instances	<10 reported graffiti instances	<10 reported graffiti instances

District Sports Co-ordinator Scheme

What is the extent of Council's responsibility?

Council provides financial support to Sport Waikato to engage in promotion of sport and physical activity within the District.

No assets are associated with this activity.

What are the significant negative effects?

The most significant potential negative effects associated with this activity are the cost and possible perceptions that the activity is not cost effective, or not part of Council's core business.

How are these negative effects mitigated?

By remaining alert for expressions of dissatisfaction with this service from those involved in sport within the District, or from other residents.

What is the existing level of service?

The existing level of service is covered in an agreement between Sports Waikato and Otorohanga District Council. The District Sports Co-ordinator reports quarterly to Council on activities undertaken which includes:

- Promoting sport and physical activity throughout the whole district.
- Running educational seminars, coaching of coaches courses, in service courses etc in the defined area.
- Co-ordinating holiday sports programmes for children.

This level of service is similar to that provided by other Waikato Councils.

What will be the effect of change in demand?

Sport and Leisure activities should be actively promoted to ensure constant demand, and there is nothing to indicate that this won't continue into the future.

If for some unforeseen reason, there was a reduction in demand then the District Sports Co-ordinator activity may need to be scaled back to meet community expectations.

What will be the effect of change in Levels of Service?

Though the District's population is expected to decrease, other demographic changes are expected to maintain the existing demand for this activity.

If the activities run by Sport Waikato were discontinued or reduced Sporting Clubs which are largely run by volunteers may try and run these events which will further stretch community resources.

How will the maintenance, renewal and replacement of assets be funded?

Council concluded that this activity was a people driven activity, and funding should be 67% by way of the Uniform Annual General Charge over the whole District and 33% from the General Rate.

Council acknowledges that the effect of the policy is that non-users may be receiving less benefit and subsidising users but consider that the policy is in the best interests of the district.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



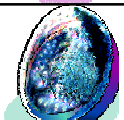
Ensure services and facilities meet the needs of the Community

Key District Sports Co-Ordinator Scheme Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
Delivery of sport and leisure activities as per agreement between Sport Waikato and Otorohanga District Council	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy and active	100% compliance with agreement monitored through quarterly reports to Council	100% Compliance	100% Compliance	100% Compliance	100% Compliance	100% Compliance per annum

Regulatory Services

What Community Outcome Does Regulatory Services Contribute To

Community Outcomes	Building Control	Planning & Development	Civil Defence	Dog Control	Stock Ranging & Impounding	Environmental Health	Rural Fire Control
 Otorohanga District is a safe place to live	Regulator Monitor	Implementer Regulator Monitor	Implementer Partner Advocate Regulator Monitor	Partner Advocate Regulator Monitor	Advocate Regulator Monitor	Implementer Partner Advocate Regulator Monitor	Implementer Partner
 Ensure services and facilities meet the needs of the Community	Regulator Monitor	Regulator Monitor	Implementer Regulator Monitor	Regulator Monitor	Regulator Monitor	Implementer Partner Advocate Regulator Monitor	Implementer
 Manage the Natural and Physical environment in a sustainable manner	Regulator Monitor	Regulator Monitor	Regulator Monitor	Regulator Monitor	Regulator Monitor	Regulator Monitor	
 Protect the special character of our harbours and their catchments	Advocate Regulator Monitor	Advocate Regulator Monitor	Implementer Partner	Regulator Monitor	Partner Advocate Monitor	Partner Advocate Monitor	
 Recognise the importance of the District's rural character	Monitor	Implementer Regulator Monitor	Implementer Partner	Regulator Monitor	Regulator Monitor	Regulator Monitor	

WHAT ARE REGULATORY SERVICES?

Regulatory Services are a group of responsibilities placed:

- On Council by Central Government to ensure community compliance with national policies, regulations, standards and guidelines;
- By Council through policies, plan and by-laws to regulate local issues and maintain community safety and welfare.

The national standards and guidelines allow the Council to develop local compliance standards such as the Operative District Plan, by-laws and response plans.

WHICH ACTIVITIES ARE INCLUDED IN THE REGULATORY SERVICES GROUP?

- Building Control
- Planning and Development
- Civil Defence
- Dog Control
- Stock Ranging and Impounding
- Environmental Health
- Rural Fire Control

WHY ARE THESE ACTIVITIES INCLUDED?

Council works in partnership with the Government and other agencies to implement regulatory controls on issues that have a direct relationship to the public's health, safety and well-being in the District.

All these activities are in the category where Council has implementation, monitoring and enforcement roles. Legislation, Codes and by-laws set either minimum or absolute standards.

RATIONALE OF REGULATORY SERVICES

Building Control

The rationale for this group of activities is to safeguard people and property by monitoring, inspecting and controlling all new building construction and modifications to existing structures in accordance with the Building Act 2004.

Planning and Development

This activity exists as a result of the statutory requirements of the Resource Management Act 1991. Under this Act Council is required to promote the sustainable management of natural and physical resources and to enable people and communities to provide for their social, economic, and cultural well-being.

Civil Defence

The rationale for this activity is to fulfil Council's legal obligation under the Civil Defence Emergency Management Act 2002 and to fulfil the Community's expectation that this service will be provided.

Dog Control

The rationale for this activity is to service the Community's expectation for health, order and safety and to meet the Council's statutory obligations under the Dog Control Act 1996.

Stock Ranging and Impounding

The law relating to the establishment and management of public pounds, trespassing and wandering stock, and the impounding of stock provided under the provisions of the Impounding Act 1955.

Environmental Health

The rationale for this group of activities is to fulfil Council's duty to provide Environmental Health services to meet the requirements of the Health Act 1956, Local Government Act 2002 and Resource Management Act 1991. The introduction of the Food Bill will cause major changes to the manner in which this activity is regulated.

Rural Fire Control

Council provides a Rural Fire Service to fulfil its obligations under the Forest and Rural Fires Act 1955 and the Fire Service Amendment Act 1976. The public's expectation is Council will provide rural fire protection and fire prevention services.

Regulatory Services Cost of Service Statements

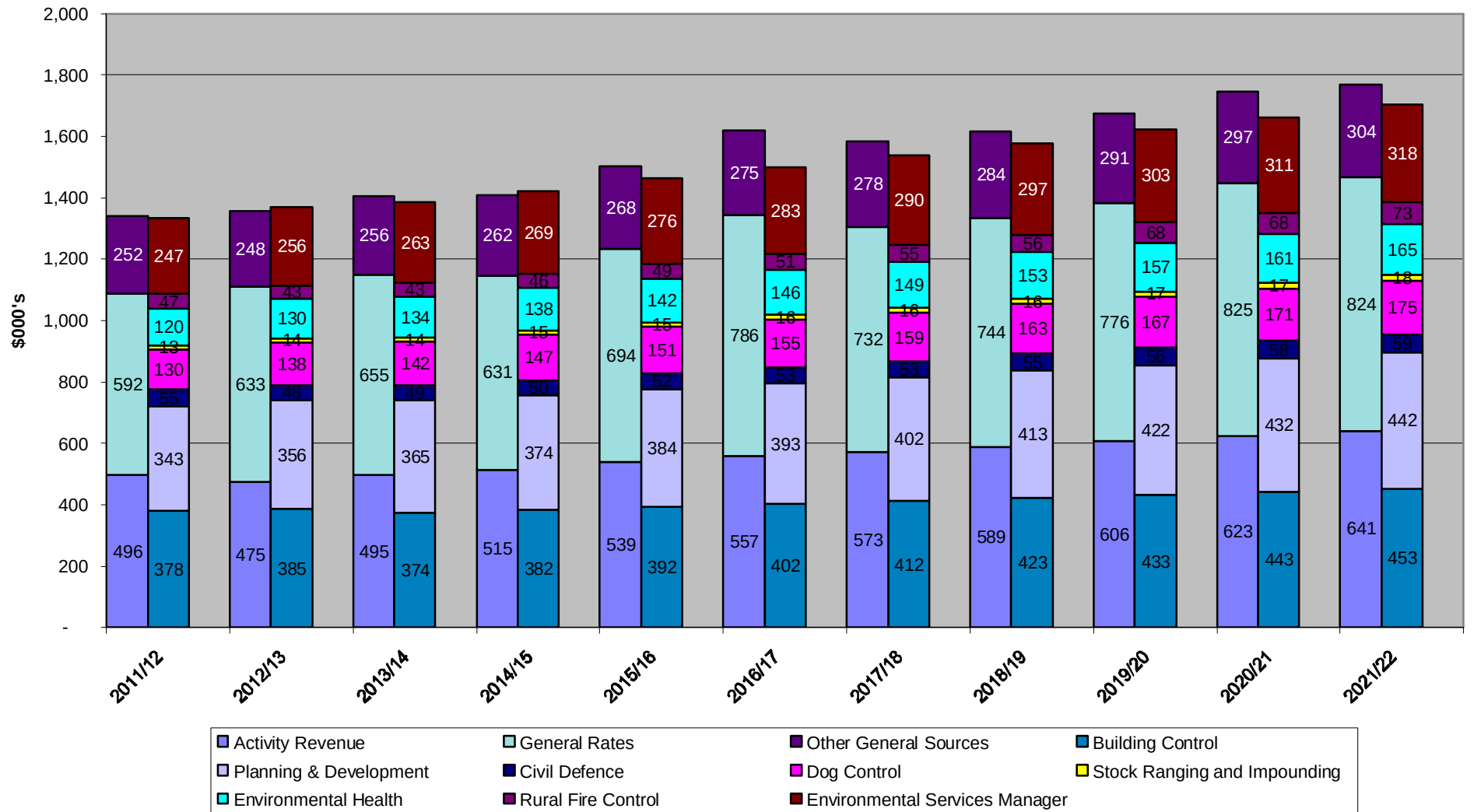
Regulatory Services - Operating Statement	2012/13	2013/14	2014/15
Operating Revenue	(000's)	(000's)	(000's)
Activity Revenue	475	495	515
Targeted Rates	-	-	-
Development Contributions	-	-	-
General Rates	633	655	631
Other General Sources ⁽⁸⁾	248	256	262
Total Operating Revenue	1,356	1,406	1,408
Operating Expenditure			
Building Control	385	374	382
Planning & Development	356	365	374
Civil Defence	48	49	50
Dog Control	138	142	147
Stock Ranging and Impounding	14	14	15
Environmental Health	130	134	138
Rural Fire Control	43	43	46
Environmental Services Manager	256	263	269
Total Operating Expenditure	1,370	1,384	1,421
<i>includes:</i>			
Salaries and Wages	421	432	442
Depreciation	3	2	5
Interest	1	2	2
Operating Surplus (Deficit) \$	- 14	22	- 13
Operating Surplus transferred to Reserves; or	-	22	-
Operating Deficit funded from Reserves	14	-	13

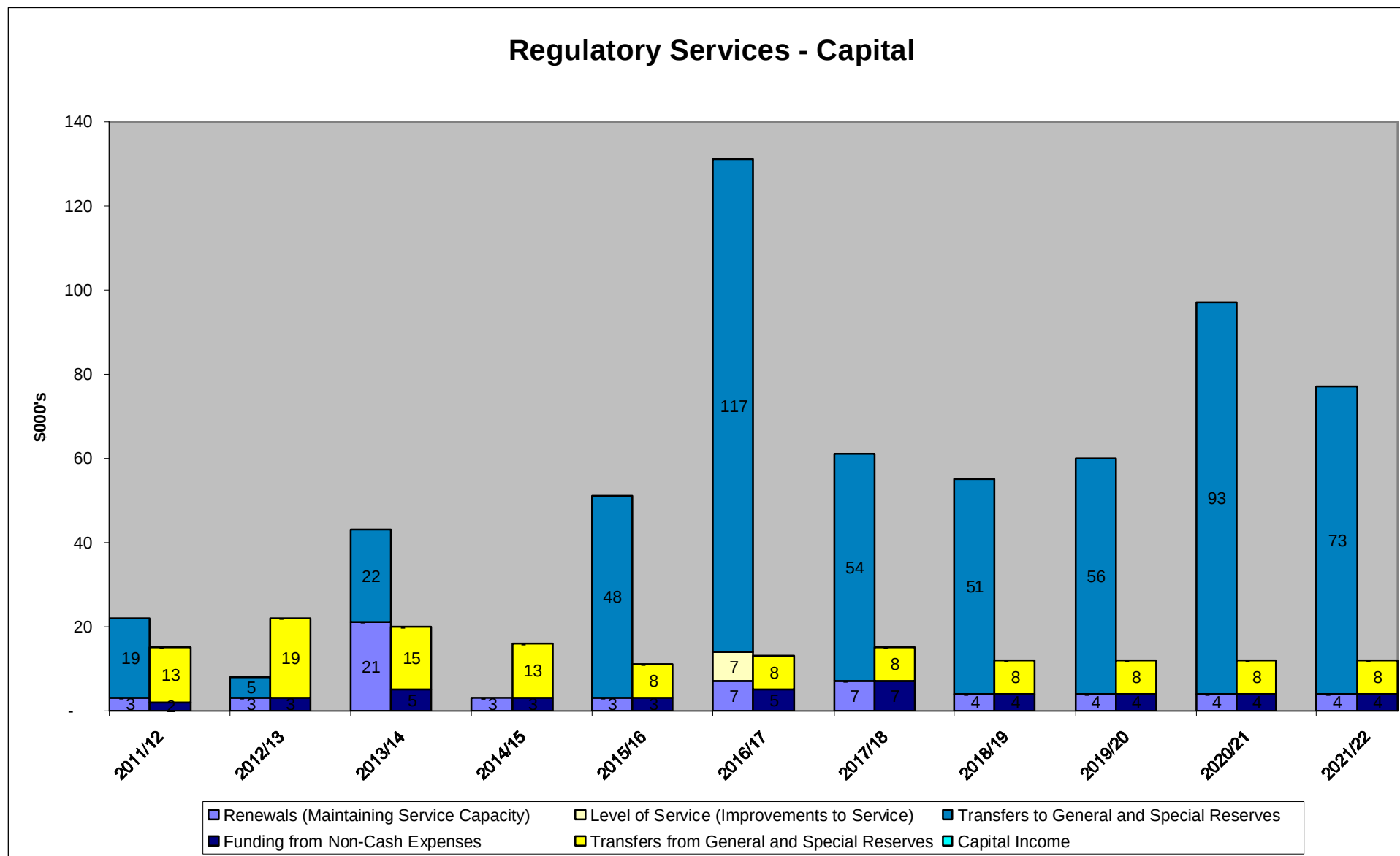
Regulatory Services - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
Capital and Reserves Funding Requirements:	(000's)	(000's)	(000's)
Capital Expenditure			
Renewals (Maintaining Service Capacity)	3	21	3
Growth (Improving Service Capacity)	-	-	-
Level of Service (Improvements to Service)	-	-	-
New Statutory Requirements	-	-	-
Total Capital Expenditure	3	21	3
Loans repaid	-	-	-
Operating Deficit	14	-	13
Transfers to General and Special Reserves	5	21	-
Total Funding Required	22	42	16
Funded by:			
Operating Surplus (via reserve)	-	22	-
Funding from Non-Cash Expenses	3	5	3
Loans Raised	-	-	-
Transfers from General and Special Reserves	19	15	13
Capital Income	-	-	-
Total Funding Applied	22	42	16

This cost of service statement links through to the Regulatory Services Funding Impact Statement on page 192.

⁸ This represents income earned from internal charging between departments for staff time spent working for other departments.

Regulatory Services - Operating





Building Control

What is the extent of Council's responsibility?

- Issue building consents, inspect building work and issue final Code Compliance Certificates.
- Carry out all the functions of a Building Consent Authority and all other duties and responsibilities including the functions of a Territorial Authority in ensuring public safety in the built environment and when necessary the enforcement of the provisions of the Building Act 2004.
- Enforce the provisions of the Fencing of Swimming Pools Act 1987.

What are the significant negative effects?

The large amount of information now required to be submitted in consent applications and the detailed review process mean that applications take longer to process. There are negative cost implications for owners and applicants due to time delays. Continuing changes to building control legislation have greatly increased the requirements on Council staff.

Increased regulation can lead to an increased incidence of unauthorized building work.

How are these negative affects mitigated?

These effects can be mitigated by providing applicants with an accurate list of requirements and detailed information about the application process. Consents are issued within statutory time-frames.

Lower costs are charged for minor works in order to keep compliance costs at a reasonable level.

What is the existing level of service?

Otorohanga District Council is registered with the Department of Building and Housing as a Building Consent authority (BCA). To maintain this registration the BCA must pass an audit by International Accreditation New Zealand (IANZ) every two years. The third such audit by IANZ since 2008 is scheduled for August 2012. Consent processes around receiving, issuing and inspecting building works will all be reviewed during the review. This audit procedure ensures adherence with regulatory deadlines and national standards.

What will be the effect of change in Levels of Service?

Future changes in the legislative framework for building control have been signaled by central government. During 2012 Council will play a key role in the commencement of the Licensed Building Practitioner (LBP) scheme. This will be followed by the introduction of risk based consenting whereby LBPs will self certify their own building work. These proposals to reorganize building control systems have created uncertainty about the future role of Territorial Authorities in the building control process.

How will this activity be funded?

Council determined that the costs of processing building consents and inspections should be funded by maximising user fees such that applicants pay all costs relating to their application. The remainder (approximately 40%) including the cost of public enquiries should be funded by a general rate based on capital value.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner



Recognise the importance of the District's rural character

Key Building Control Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
The Council processes, inspects and certifies work in Otorohanga District	The Council remains a Building Consent Authority to help ensure buildings are safe	Otorohanga District Council maintains and enhances its processes so that it meets BCA accreditation every two years	Achieve BCA Accreditation	-	Achieve BCA Accreditation	-	Achieve BCA Accreditation every 2 years
	The Fencing of Swimming Pools Act is enforced	Annual recorded pool inspections of the properties listed on the Swimming Pool Register.	No inspections undertaken	> 10% of pools on register	> 10% of pools on register	> 10% of pools on register	> 10% of pools on register per annum
Building consent applications are processed within 20 working days as required by Sec 48 of the Building Act 2004	Council certifies all consented building work complies with the Building Code – ensuring our communities are safe	Percentage of consents processed within 20 working days	96.44%	100%	100%	100%	100%
		Average time to process a building consent	8 days	< 10 days	< 10 days	< 10 days	< 10 days

Planning and Development

What is the extent of Council's Responsibility?

Planning is a statutory function of the Council under the Resource Management Act 1991. The Act deals with the use, development, subdivision and protection of land in the District. The primary emphasis is on dealing with the effects of land based activities in the District.

Planning staff ensure that buildings, subdivision and land uses meet the effects levels agreed by the community in the District Plan. Staff also provides planning advice to the public and professional advice to Council on policy matters at a local, regional and national level.

What are the significant negative effects?

Concern that excessive regulation and restrictive planning rules will stifle development and growth in the District.

This is balanced by public disquiet that permissive planning rules have allowed subdivision and development that is viewed as inappropriate in certain locations.

Due to the long term timeframes involved in the development and implementation of land use policy and rules, it is difficult to foresee all the consequences of decisions made now. There is a risk of unintended negative effects.

How are these negative affects mitigated?

These effects are best mitigated by encouraging maximum community involvement in the consultative process when developing new policy and rules.

The adoption of our second generation District Plan following a long period of consultation will demonstrate that Council is responsive to community views and concerns. The Decisions version of this plan was adopted in March 2012.

What is the existing level of service?

Council processes applications for subdivision and land use activities. Staff are available to meet with applicants and the public to discuss issues arising from the implementation of the Resource Management Act and the Councils current Operative District Plan.

What will be the effect of change in Levels of Service?

Proposed legislative changes will affect the delivery of this service. It is not known at this stage if this will have a minor or major impact on this activity.

How will this activity be funded?

Council recognises that a significant portion of the cost of this activity involves dealing with general public enquiries, many of which lead to a consent application, but some that do not. Council considered that it was not appropriate to charge for general enquiries, as that would be a disincentive, which would not be in the best interests of the district.

Council determined that the cost of processing and monitoring consent applications should be funded by maximising user fees such that consent applicants are paying the full cost of the application. The remainder, including the cost of public enquiries, should be funded by the District Wide general rate based on Capital Value.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner



Protect the special character of our harbours and their catchments



Recognise the importance of the District's rural character

Key Planning and Development Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
All resource consent decisions will be notified within the time limits of Sec 115 of the Resource Management Act 1991	Efficiently processing resource consent applications enables the Council to regulate land-use activities consistently with its District Plan (Landuse regulations), demonstrating that the Council values the natural environment	The time to process non-notified land use and subdivision consents will be no more than 20 working days	93%	100%	100%	100%	100%
		All decisions are prepared, signed and mailed to applicants within three days of the signing of the Planner's Report and Recommendation.	< 3days	< 3days to sign Planner's Report	< 3days to sign Planner's Report	< 3days to sign Planner's Report	< 3days to sign Planner's Report
Good advice will be delivered to help people understand the District Plan rules	Good advice from the Council, in accordance with the District Plan, will contribute to ensuring that growth and development is managed appropriately and that the natural environment of the District is treated respectively	Current and consistent information available to the public	New measure	Updated information available on Council website	Updated information available on Council website	Updated information available on Council website	Updated information available on Council website

Civil Defence

What is the extent of Council's responsibility?

Otorohanga District Council is actively involved in Civil Defence and Emergency Management at a regional and local level. An Otorohanga District councillor sits on the Waikato Region Civil Defence Emergency Management Group comprised of all the eleven Councils in the Waikato Region. A senior council manager is a member of the Coordinating Executive that provides policy and budget advice to the Group.

Otorohanga is also a member of the Waikato Valley Emergency Operating Area (WVEOA). This sub group involves six western Waikato councils including Hamilton City Council. It is responsible for planning for and coordinating emergency response to civil defence incidents in the Waikato area that includes Otorohanga.

At a District level, the Council maintains and practices activating the Otorohanga Emergency Operations Centre (EOC) to manage local Civil Defence emergencies. Council supports the Community Emergency response Group formed in Kawhia township.

What are the significant negative effects?

The negative aspect of Civil Emergency preparedness is that the actual form and time of any event is unknown. Many staff live outside the District and circumstances at the time will impact on the ability to respond.

Surveys show a low level of community awareness and ability to respond to natural disasters. Despite national and international events it is likely that the long time interval (over 50 years) since the last civil emergency in this District contributes to the public indifference on this subject.

How are these negative affects mitigated?

This is mitigated by practicing for a wide range of events and encouraging all staff to participate in Emergency Management Exercises and training.

Council advertises in and promotes booklets and publications to raise awareness of Civil Defence issues.

In conjunction with WVEOA staff Council participates in exercises and events aimed at raising the public profile of Civil Defence.

What is the existing level of service?

- Council staff holds regular training exercises. Individual staff members attend Critical Incident Management Systems (CIMS) skill training. Emergency Management Plans are updated as required.
- The Emergency Operation Centre is ready to be activated in time of emergency. The Centre's role is to provide welfare assistance and logistic support to other emergency services as requested.

What will be the effect of change in Levels of Service?

It is not expected that there will be any change in the level of service.

Civil Defence Assets

Civil Defence assets consist of one base radio at Otorohanga EOC and one at Kawhia Community Rooms. The Otorohanga EOC has five hand held radios.

How will this activity be funded?

Council concluded that this function should be funded 100% from the Uniform Annual General Charge over the District to recognise that the benefit is equally available to all people of the District.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner



Protect the special character of our harbours and their catchments



Recognise the importance of the District's rural character

Key Civil Defence Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
People are prepared for a civil defence emergency	This service means the Council has a direct role in ensuring communities are prepared for emergencies	Formal training exercises are conducted each year.	1	2 formal training exercises	2 formal training exercises	2 formal training exercises	2 formal training exercises per annum
		The Civil Defence action team comprising key staff will meet at least once between formal exercises to ensure preparedness and training schedules are maintained.	One meeting	Once between exercises	Once between exercises	Once between exercises	Once between exercises

Dog Control

What is the extent of Council's responsibility?

Council has a statutory requirement to implement and carry out the functions of the Dog Control Act 1996. The performance of enforcement activities.

Council's animal control services include the registration of dogs, the provision of a dog impounding service, the investigation of dog complaints, the education of dog owners and the general public, and the performance of enforcement activities. These services are provided by contract to meet the Community's expectation for health, order and safety.

What are the significant negative effects?

Dog control regulations reduce personal freedoms in order to promote wellbeing and safety in the wider community.

How are these negative effects mitigated?

This effect is mitigated by Council officers discharging their duties in a fair and impartial manner.

Dog control fees are reduced for those dog owners who can demonstrate a record of responsible dog ownership.

What is the existing level of service?

The Council contracts Otorohanga Animal Control Services to implement the Dog Control Policy and enforce the provisions of the Dog Control Act.

What will be the effect of change in Levels of Service?

It is not expected there will be any change in the level of service.

Dog Control Assets

■ Dog Pound at Otorohanga.

What additional asset capacity is required?

It is not expected that there will be any additional asset capacity required.

How will the maintenance, renewal and replacement of assets be undertaken?

Asset maintenance will be undertaken by Council staff or contractors as required.

How will the maintenance, renewal and replacement of assets be funded?

Council concluded that 90% of this activity would be funded through dog control fees and 10% through the Uniform Annual General Charge.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner



Protect the special character of our harbours and their catchments



Recognise the importance of the District's rural character

Key Dog Control Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Dogs roaming outside property boundaries and on public reserves will be impounded. The dog control officer responds to public complaints about roaming dogs and uplifts and impounds dogs found wandering the streets. Regular patrols are carried out in urban areas	Through this service, the public feel safe from roaming dogs	Percentage of registered dogs impounded	<5%	<5%	<5%	<5%	<5%
		Complaints about roaming dogs that are responded to	100%	100%	100%	100%	100%

Stock Ranging and Impounding

What is the extent of Council's responsibility?

To provide and maintain a stock pound and appoint officers to administer the Impounding Act 1955.

What are the significant negative effects?

There is very limited opportunity to recover the cost of this activity from the owners of wandering or lost stock. This can not be mitigated and in the interests of safety, particularly for road users the activity is almost totally funded by ratepayers.

The Keeping of Stock Poultry and Bees Bylaw places restrictions on the activities of urban residents in the interests of the wellbeing of the general community.

How are these negative affects mitigated?

The community accepts the need to manage stray and wandering stock especially on rural roads where they can be a serious traffic hazard.

What is the existing level of service?

The Otorohanga Stock Pound is located on Otewa Road. Otorohanga Animal Control Services are contracted to carry out the duties of Pound Keeper and Stock Ranger under the Impounding Act.

This service is provided to ensure public safety and manage nuisance by removing wandering animals from roadway, public places and private property.

Council contracts to the Land Transport Safety Authority to provide a stock ranging service on state highway located within the Otorohanga District.

What additional Asset Capacity is required?

No additional asset capacity is required.

How will the maintenance, renewal and replacement of assets be undertaken?

Asset maintenance will be undertaken by Council staff or contractors as required.

How will the maintenance, renewal and replacement of assets be funded?

Council will fund this activity by maximising (to what the market can bear) the poundage fees and sustenance charges levied on the owners of impounded stock (2.5%) and the remainder (97.5%) will be funded from the Uniform Annual General Charge over the whole District.

The effect of this policy is that the general ratepayer subsidises those who benefit.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

What changed since the 2009-19 LTCCP?

The fence around the stock pound has been upgraded. It is now a stock proof enclosure and is also suitable for use as an exercise area for dogs being held in the Pound.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner



Protect the special character of our harbours and their catchments



Recognise the importance of the District's rural character

Key Stock Ranging and Impounding Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
Wandering animals are removed from roadways, public places and private property.	Public safety is enhanced because wandering animals are removed from roads and public places.	Calls about stock wandering on roads are actioned immediately. Response time depends on location of stock and travelling times	100%	100%	100%	100%	100%

Environmental Health

What is the extent of Council's responsibility?

Council administers Acts and Health Regulations that cover public safety issues relating to food safety, safe water, disease containment and environmental nuisance. In addition this activity is responsible for licensing and monitoring premises where liquor is sold, noise control responsibilities and businesses that hold a licence issued under the Trade Waste Bylaw.

What are the significant negative effects?

Licence holders may feel restricted by the requirements of bylaws and regulations. The freedom to operate a business or licenced premise must be balanced against the wellbeing and safety of the wider community.

How are these negative affects mitigated?

This effect can be mitigated by Council officers discharging their duties in a fair and impartial manner. Licence holders must be allowed to participate in the development of bylaws or regulations that affect their livelihood.

What is the existing level of service?

Otorohanga Council belongs to a shared services agreement with Waitomo and Waipa District Councils for Environmental Health services. Under this agreement a qualified Environmental Health Officer (EHO) provides two days service per week. This is sufficient to maintain an adequate level of service to existing licence holders and to investigate and report on communicable diseases. Council also has the ability to call upon the additional capacity of the Waipa District to provide backup, relieving staff and assistance on large projects such as food fairs.

What will be the effect of change in Levels of Service?

The Food Bill 2008 will be enacted in stages over the next two years. Premises preparing and selling food will be moved to a graded system based on risk assessment and food type.

Proposed changes to the Sale of Liquor Act will require Council to develop and adopt a community liquor policy. The decision making process for granting liquor licences is to be devolved back to a local Licencing Committee.

Implementation of both these changes will require far more resource than is currently allocated to this activity. It remains to be seen at what pace these changes will occur. Council will have to adapt as required to ensure a smooth transition to the new regimes.

How will this activity be funded?

There are statutory limits on some of the charges that can be levied, and Council recognises that in some cases the cost of the activity can not be recovered.

Council concluded that it would fund this activity by maximising user charges to what the market can bear where possible including a portion for general enquiries and fund the balance equally by way of the Uniform Annual General Charge over the whole district and the general rate.

The effect of this policy is that the general ratepayer will subsidise those who receive the benefit.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Manage the Natural and Physical environment in a sustainable manner



Protect the special character of our harbours and their catchments



Recognise the importance of the District's rural character

Key Environmental Health Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Any cases of communicable disease identified are investigated	The cause of communicable disease is identified and further transmission of the infection is avoided	All communicable disease reports received from the District Health Board are investigating within 10 working days. The result of the investigation is reported back to the Medical Officer of Health no later than 14 working days from receiving the report.	100%	100%	100%	100%	100%
Premises are inspected to ensure they are producing safe food.	Having healthy food services, helps achieve safe communities	All premises in which food is sold or processed that require registration, hold a current licence.	100%	100%	100%	100%	100%
		All licensed premises receive at least one annual inspection. All inspections are recorded in the NCS database.	1 annual inspection per licensed premise	1 annual inspection per licensed premise	1 annual inspection per licensed premise	1 annual inspection per licensed premise	1 annual inspection per licensed premise per annum

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
		All premises in the District that require a Food Control Plan will undertake at least one annual audit	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance
The sale and supply of liquor is controlled to prevent bad behaviour.	The Council will help to achieve safe and healthy communities through preventing bad behaviour as a result of liquor supply	A liquor licence is held in respect of all premises at which liquor is sold or supplied, and every premise licensed for the sale or supply of liquor is managed by an appropriately qualified person	100%	100%	100%	100%	100%

Rural Fire

What is the extent of Council's responsibility?

Council provides a Rural Fire Service to fulfil its obligations under the Fire Service Amendments Act, Forest and Rural Fires Act and the Fire Service Amendment Act. Council provides fire prevention services, fire fighting equipment, fire management and associated administrative support.

Council is assisted by the NZ Fire Service and the National Rural Fire Authority in providing this service.

What are the significant negative effects?

Ongoing increases in the standard of service and auditing requirements set out in the Forest and Rural Fire Regulations 2005 will result in increased costs not forecast.

Failure to provide an adequate fire response capability could result in significant damage to property and possible loss of life.

Circumstances could arise where substantial fire control costs might not be fully recoverable from the National Rural Fire Authority or some other party, leaving Council to pay such costs.

How are these negative affects mitigated?

Joint service delivery options with other councils, the Department of Conservation and forest owners are currently being explored. Such delivery has the potential to reduce costs and provide some small increase in levels of service.

What is the existing level of service?

A basic level of service is provided to meet the requirements of relevant legislation. A key target during Restricted Fire Seasons is to process and where appropriate issue fire permits within 3 days of the receipt of an application for such a permit.

What will be the effect of change in demand?

No change in demand for this service is expected.

What will be the effect of change in Levels of Service?

No major change in level of service is expected, however some small improvement of level of services might be achieved if joint service delivery is implemented.

What additional Asset Capacity is required?

No additional asset capacity is expected to be required.

How will the maintenance, renewal and replacement of assets be undertaken?

On an 'as required' basis. If a joint service delivery is implemented, Council would not be directly responsible for maintaining, renewing or replacing its existing assets.

How will the maintenance, renewal and replacement of assets be funded?

Council recognizes that it is impossible to identify and measure the extent of the benefit and considers that the activity should be funded publicly. However Council has the ability to charge for call outs. Council has concluded that the activity would be funded by charging for call outs, with the balance from the separate rate on the Rural Area based on capital value.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live

Ensure services and facilities meet the needs of the Community

Key Rural Fire Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
To provide a rural fire service to meet the requirements of the Forest and Rural Fires Act and Regulations.	Aid in the reduction of uncontrolled fires and reduce the cost of rural fires to the ratepayers which will ensure that our essential services and the environment are protected.	Permits are to be issued within 3 working days Annual Restricted Fire Season.	>95%	>90%	>90%	>90%	>90%
		Recovery of the costs of fires from those responsible for lighting fire or their insurers.	>100%	>90%	>90%	>90%	>90%

Governance and Leadership

What Community Outcome Does Governance and Leadership Contribute To

Community Outcomes	Democracy	Council Support	Corporate Planning	Resource Management Policy Development	Iwi Liaison
 Otorohanga District is a safe place to live	Advocate			Implementer Regulator	
 Ensure services and facilities meet the needs of the Community	Advocate			Implementer Partner Advocate Regulator Monitor	Implementer Partner Advocate Regulator Monitor
 Provide for the unique history and culture of the district	Advocate	Partner Advocate			Implementer Partner Advocate
 Promote the local economy and opportunities for sustainable economic development	Partner Advocate			Implementer Regulator	
 Manage the Natural and Physical environment in a sustainable manner	Advocate			Implementer Partner Advocate Regulator Monitor	Implementer Partner Advocate Regulator Monitor
 Foster an involved and engaged community	Implementer Partner Advocate	Partner Advocate	Implementer Partner Advocate	Implementer Partner	Implementer Partner
 Protect the special character of our harbours and their catchments	Advocate			Implementer Partner Regulator Advocate	Partner Advocate
 Recognise the importance of the District's rural character	Advocate			Implementer Partner Regulator Monitor	

WHAT IS GOVERNANCE AND LEADERSHIP

The purpose of local government as defined in the Local Government Act 2002 is:

- To enable democratic local decision-making and action by, and on behalf of communities; and
- To promote the social, economic, environmental, and cultural well being of communities, in the present and for the future.

The Otorohanga District Council has stated its governance and leadership role in achieving this purpose is:

To ensure the successful...

- Provision of services and facilities;
- Advocacy on behalf of the community; and
- Use and management of resources.

...for all who live in the Otorohanga District.

WHICH ACTIVITIES ARE INCLUDED IN THE GOVERNANCE AND LEADERSHIP GROUP

- Democracy
- Council Support
- Corporate Planning
- Resource Management Policy Development
- Iwi Liaison

WHY ARE THESE ACTIVITIES INCLUDED ?

These activities collectively provide the governance and policy development required to enable Council to meet its legislative requirement to:

- Formulate the Districts strategic direction in conjunction with the community needs – called the Otorohanga District LTP;
- Determine the services and activities to be undertaken;
- Consult with the community on all significant issues;
- Manage principal risks;
- Administer various statutes and regulations;
- Deliver the Otorohanga District LTP, the Annual Plan and the Annual Report;
- Ensure the integrity of management control systems;
- Safeguard public interest; and
- Report to ratepayers and residents.

RATIONALE OF GOVERNANCE AND LEADERSHIP

Democracy

One of the main purposes of territorial authorities is to enable democratic decision making and action.

At a basic level this involves people being involved in the decisions that affect them. However, effective democracy is about more than Council's decision making; democracy in New Zealand is synonymous with human rights, fairness, justice and equity. This means that everyone should have the same opportunities to achieve their

potential, everyone should be able to participate and be part of our communities, and should have access to recreational, educational and employment opportunities.

Council now has a broader mandate from central government to consider how they meet the needs of the community. A consequence of this is Council's increased responsibility to ensure that the community is well informed and involved in Council decision making.

Democracy activities represent Council's commitment to ensuring equity and positive growth throughout our district. In many cases Council is not alone in seeking to maximise community participation and equity. This requires Council to identify and collaborate with other district, regional and national agencies with similar or complimentary goals.

Council Support

Council is required by legislation to disperse grants. It facilitates the distribution of funds from Sport and Recreation New Zealand (SPARC) and Creative Communities New Zealand. Local Residents and staff are represented on the distribution committees along with Councillors.

The provision of grants is an integral component of Council's strategy to empower local communities and assist them in achieving their vision and strategic outcomes, by encouraging and rewarding community spirit.

Corporate Planning

The Local Government Act 2002 requires every local authority to carry out a process to identify community outcomes – statements of community aspirations for the immediate to long-term future.

The process provides opportunities for people to discuss their desired community outcomes in terms of present and future social, economic, environmental and cultural well-being. The intention is that these outcomes become the basis for increased transparency and accountability by councils and other stakeholders, as a base for improving community well-being and sustainable development.

In addition to developing the community outcomes, Council must identify what it will contribute towards these, along with other agencies within its Long Term Plan and Annual Plans. Council must monitor its performance and achievement towards these outcomes as well as monitoring the achievement of the community outcomes.

Policy Development

The purpose of this activity is to formulate strategic direction in all policies, by-law and planning matters. Predominant drivers for policy development stem from legislative requirements. Council is involved in this activity because of public demand and statutory responsibility.

Iwi Liaison

The purpose of Iwi Liaison is to independently facilitate input from the Maori Community into democratic and community processes. Council has a statutory responsibility for this activity under the Local Government Act 2002 and the Resource Management Act 1991.

Governance and Leadership Financial Statements

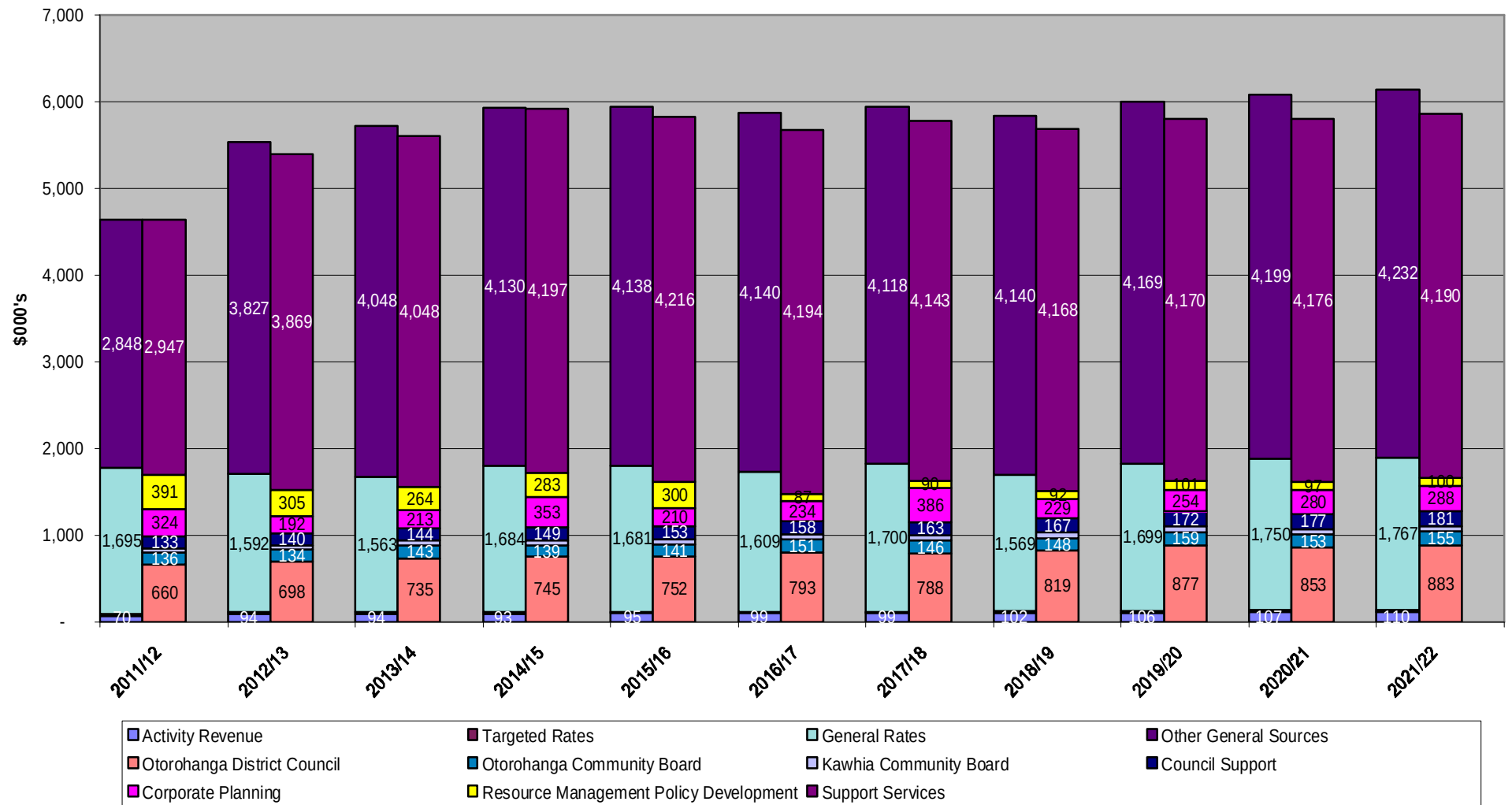
Governance and Leadership - Operating Statement	2012/13	2013/14	2014/15
Operating Revenue	(000's)	(000's)	(000's)
Activity Revenue	94	94	93
Targeted Rates	17	18	18
Development Contributions	-	-	-
General Rates	1,592	1,563	1,684
Other General Sources ⁽⁹⁾	3,827	4,048	4,130
Total Operating Revenue	5,530	5,723	5,925
Operating Expenditure			
Otorohanga District Council	698	735	745
Otorohanga Community Board	134	143	139
Kawhia Community Board	51	55	53
Council Support	140	144	149
Corporate Planning	192	213	353
Resource Management Policy Development	305	264	283
Iwi Liaison	-	-	-
Support Services	3,869	4,048	4,197
Total Operating Expenditure	5,389	5,602	5,919
<i>includes:</i>			
Salaries and Wages	1,630	1,766	1,807
Depreciation	219	225	225
Interest	908	877	941
Operating Surplus (Deficit) \$	141	121	6
Operating Surplus transferred to Reserves; or	141	121	6
Operating Deficit funded from Reserves	-	-	-

Governance and Leadership - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
Capital and Reserves Funding Requirements:	(000's)	(000's)	(000's)
Capital Expenditure			
Renewals (Maintaining Service Capacity)	193	255	329
Growth (Improving Service Capacity)	-	-	-
Level of Service (Improvements to Service)	33	58	17
New Statutory Requirements	-	-	-
Total Capital Expenditure	226	313	346
Loans repaid	-	-	-
Operating Deficit	-	-	-
Transfers to General and Special Reserves	111	50	3
Total Funding Required	337	363	343
Funded by:			
Operating Surplus (via reserve)	141	122	6
Funding from Non-Cash Expenses	162	195	233
Loans Raised	-	-	-
Transfers from General and Special Reserves	25	34	-
Capital Income	9	80	104
Total Funding Applied	337	363	343

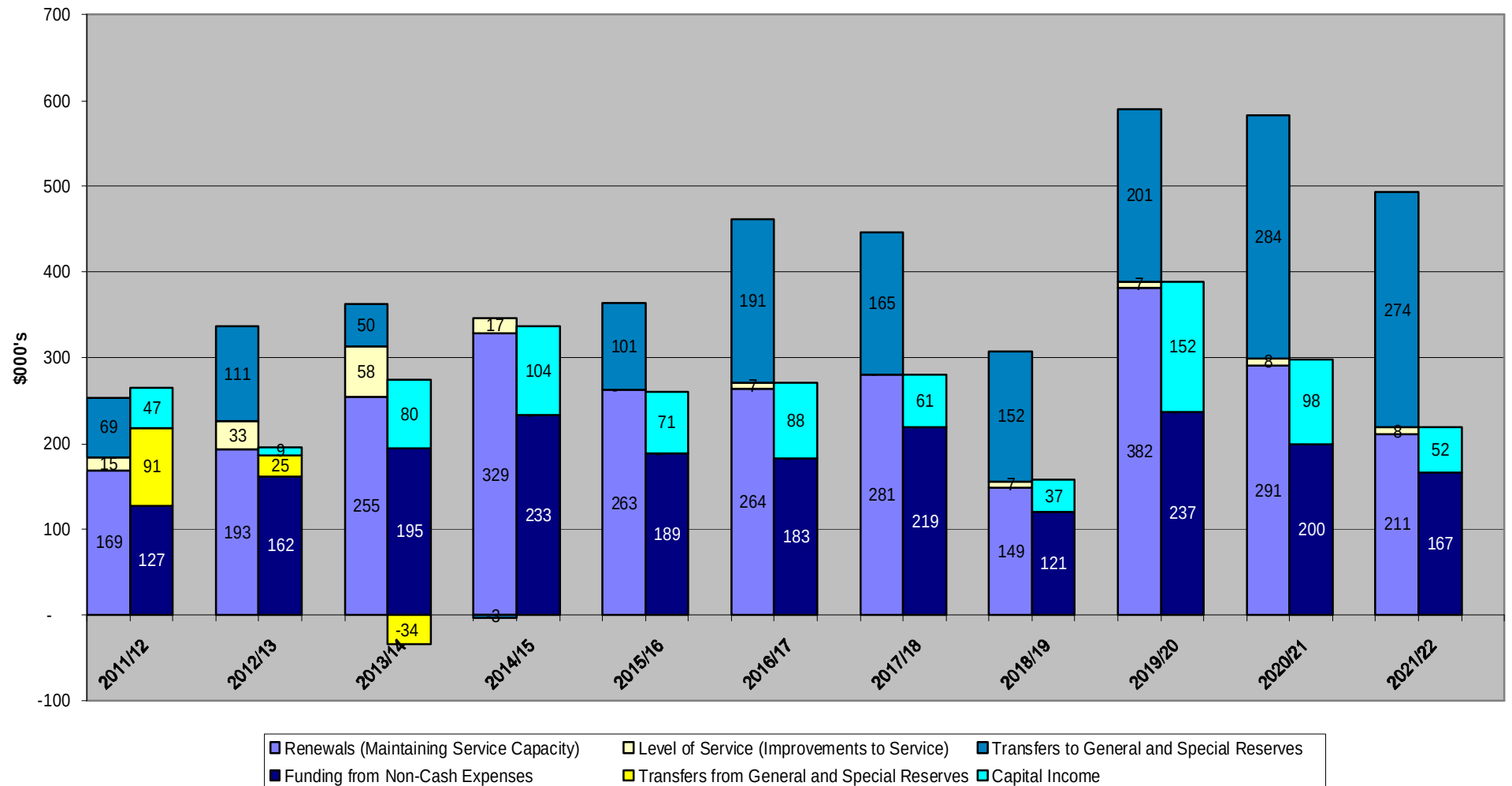
This cost of service statement links through to the Governance and Leadership Funding Impact Statement on page 193.

⁹ This represents income earned from internal charging between departments for staff time spent working for other departments.

Governance & Leadership - Operating



Governance & Leadership - Capital



Democracy

What is the extent of Council's responsibility?

The Democracy activity provides for :

- Council's governance at District and local level.
- Administration of elections.
- Council's advocacy on issues that impact on the Community Outcomes.
- The planning and policy development that provides a framework for the Community's strategic direction.

From this activity of Council, policies guiding strategic direction and strategic financial decisions are prepared and consulted on, including the future Otorohanga Long Term Plan.

What are the significant negative effects?

Policy can often advantage some individuals or groups at the expense of others as policy decisions affect all well-beings – some more positively than others.

How are these negative effects mitigated?

By Council interpreting policy and undertaking decision making in a balanced manner that recognises competing demands but attempts to make decisions that are in the best interests of the entire District.

What is the existing level of service?

The Mayor and Councillors are elected every three years. Their role is to provide governance and leadership to the community, to assess community related issues and make decisions on behalf of residents, ratepayers and stakeholders which affect the Otorohanga District.

Council provides governance, leadership and direction in community management through decision-making, advocacy, facilitation, and monitoring.

Section 14 of the Local Government Act, 2002 defines the principles that Council must act in accordance with. A summary of these principles is:

- Conduct all its business in an open and transparent manner;
- Deliver its services effectively;
- Make itself aware of community views;
- Have regard to the views of its communities.

When making decisions the Council should take account of:

- The diversity of its communities interest;
- The interests of the communities in the future;
- The effect of its decisions on community well-being

The Council should also:

- Work with other councils and groups to ensure collaborative objectives are achieved;
- Operate any commercial operation with sound business practices;
- Manage resources on behalf of the Otorohanga District community and use them effectively;
- Provide opportunity for Maori to take part in decision-making processes.

The Council, in taking a sustainable approach, should take into account:

- The social, economic and cultural well-being of the people and communities;
- Maintaining and enhancing the environment;
- The reasonable foreseen needs of future generations.

Council exercises its responsibilities under the Local Government Act 2002 and approximately 100 other Acts and associated regulations.

What will be the effect of change in demand?

Future demand for democracy is difficult to ascertain with the level of information available. While trends indicate a population that is slowly declining or remaining static in parts of the district, other areas are experiencing growth. Combined with changing demographic patterns, the diversity and expectations of the community to be involved is increasing, necessitating more comprehensive engagement processes. Expected demands will focus on the processes Council already has in place to engage with diverse groups within the community whilst utilising the consultation database it has in place.

What will be the effect of change in Levels of Service?

Triennial elections are scheduled for October 2013.

Prior to each triennial election, Council must decide which electoral system to use:

- First past the Post
- Single Transferable Vote

At the last review the First Past the Post system was retained.

How will this activity be funded?

Otorohanga District Council

50% by way of UAGC over the whole District, to ensure that all people make some contribution and 50% from general rate to recognise benefit to property.

Otorohanga / Kawhia Aotea Community Boards

To recognise the role of the community boards in the overall governance of the district, 30% of the support costs to be funded 50% from the UAGC and 50% from General rate, and the remaining 70% to be funded 50% by Uniform Targeted rate and 50% by Targeted rate based on CV over the respective communities of Otorohanga and Kawhia/Aotea.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Provide for the unique history and culture of the district



Promote the local economy and opportunities for sustainable economic development



Manage the Natural and Physical environment in a sustainable manner



Foster an involved and engaged community



Protect the special character of our harbours and their catchments



Recognise the importance of the District's rural character

Key Democracy Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
Communicate and consult with the community on key issues	An active supportive community is achieved through the Council providing opportunities for residents and ratepayers to contribute to decision-making processes by providing their community views	Number of negative submission received on Long Term Plan/Annual Plan	New measure	<5 negative submissions	<5 negative submissions	<10 negative submissions	<5 negative submissions per Annual Plan, <10 per Long Term Plan
		Produce six-monthly Council newsletter	2 newsletters per annum	Minimum 2 newsletters per annum	Minimum 2 newsletters per annum	Minimum 2 newsletters per annum	Minimum 2 newsletters per annum

Council Support

What is the extent of Council's responsibility?

Council has a historic role in providing grants to different community organisations. This is generally in response to community expectations. Each application for assistance will be considered on its merits.

What are the significant negative effects?

Accusations of favouritism on the Council may arise from funding allocation decisions. Requests for significant additional Council support may arise if existing government funding or externally sourced funding ceases to become available for currently supported or unsupported organizations, or if the number of community organizations significantly increases.

How are these negative effects mitigated?

Open, consistent and transparent processes are followed by Council in allocating support, with Council reconsidering its position regarding the continuation of existing funding if changing financial or social circumstances indicate this to be appropriate.

What is the existing level of service?

Council acts as an agent and distributes grants on behalf of two government funded initiatives. They are:

- Creative Communities New Zealand Fund to encourage and assist the community to participate in arts and cultural projects.
- SPARC to encourage and assist sporting teams and groups to participate in arts and cultural projects.

Council has a historic role in providing grants to different community organisations. This is generally in response to community expectations. Each application for assistance will be considered on its merits.

What will be the effect of change in demand?

Potential growth in parts of the district will increase demand for grants to enable local communities to participate in sport, recreation, arts, cultural, environmental and heritage activities in future years. However, there is no provision at this stage for Council to increase its contribution.

What will be the effect of change in Levels of Service?

Any reduction in levels of service may affect the viability of the various community organisations that Council supports.

How will this activity be funded?

Council considers that there is no practical mechanism to easily capture the private benefit and concludes that this activity should be funded from the general rate.

The effect of the policy is that the general ratepayer might subsidise those who benefit.

In terms of external grants such as the Rural Travel Fund and the Creative Communities grants, these are funded through grants received from the relevant agencies, with administrative costs covered from the general rate.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes

 Provide for the unique history and culture of the district



Foster an involved and engaged community

Key Council Support Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
Management and provision of Creative Communities and SPARC funding schemes	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy, active and creative	Distribution of funds to Creative Communities and SPARC funding schemes on application from qualifying organisations	100% allocated from both schemes	> 85% allocated	> 85% allocated	> 85% allocated	> 85% allocated
Management and provision of Otorohanga District Council community funding	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy, active and creative and also support the vulnerable and those at risk	Provision of Otorohanga District Council general Grants and ongoing Grants within budget allocations	Within budget allocation	Within annual budget allocation	Within annual budget allocation	Within annual budget allocation	Within annual budget allocation

Corporate Planning

What is the extent of Council's responsibility?

The Corporate Planning activity has two primary roles, ensuring organisational compliance to legislative requirements, and implementation of Council strategies.

This activity has a key role in developing and shaping organisational culture and direction through coordinating and managing organisational strategy development for the purpose of continued effectiveness and efficiencies.

Additionally, Council frequently needs to respond to legislative expectations and this activity is Council's primary mechanism for ensuring compliance with many of these expectations. For example, The Local Government Act 2002 requires every local authority to carry out a process to identify community outcomes – statements of community aspirations for the immediate to long-term future.

This activity is also involved in building strategic relationships for the purpose of furthering Council and community goals and objectives and the provision of strategic information for long-term decision making.

What are the significant negative effects?

Changes to new goals can take some time to have policy developed. Significant assumptions may be affected by outside influences that weren't for seen at the time of preparation of the plan.

How are these negative effects mitigated?

By remaining alert for divergence from assumptions and retaining planning resources and structure that allow prompt responses to significant plan / actual variances where deemed appropriate.

What is the existing level of service?

- The LTP – Council's public strategy document outlining Council direction and goals for a 10 year period with specific detail for the first three years; required to be updated every three years.

What will be the effect of change in demand?

The Corporate planning activity reflects the community's vision. As such it needs to have the ability to be amended in accordance with the changing circumstances of the community. Staff resources with some minor resourcing through external assistance will enable these changes to occur.

The key trends impacting on demand for the Corporate Planning function are;

- Changing population demographics
- A potential decrease in population numbers in parts of the district
- An increase in public awareness and expectations of higher standards.
- Pressure to maintain and enhance values of all members of the community
- Achievement of all community outcomes within unrealistic timeframes.

What will be the effect of change in Levels of Service?

The levels of service are driven by the need to meet legislation requirements whereby involvement of the community occurs. The key areas to assess whether Council's meeting legislative expectations are:

- The rates of participation in processes and feedback received on these processes.
- Legislative timeframes being met.
- Meeting the purpose of legislation through effective and efficient use of resources and services.

Council is required to discuss the levels of service with the community to ascertain support for specific target levels and levels of funding to achieve these targets.

Key Corporate Planning Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
Meet Local Government Act 2002 statutory planning and reporting requirements.	By achieving statutory planning and reporting requirements a high standard of accountability is demonstrated to the community	Draft LTP/ Annual Plan to be adopted by 30 June each year Annual Report to be adopted by 31 October each year	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance
Existing levels of service as identified in Councils triennial survey meets the needs of the community	Having plans in place to ensure growth and change is managed will help ensure our community's vision will happen	A triennial Levels of Service Survey to all affected ratepayers	New Measure	Not measured as only measured every 3 years	Not measured as only measured every 3 years	2014 survey, target 50% response	2017,2020 survey, target 50% response

How will this activity be funded?

Council concluded that this activity should be funded equally by way of the Uniform Annual General Charge and the District Wide general rate.

Information on the reasoning behind this funding method can be found in the Revenue and Financial policy, beginning on page 226.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Foster an involved and engaged community

Policy Development

What is the extent of Council's responsibility?

Council has a legal obligation to meet the requirements of the Resource Management Act 1991 to review Councils' District Plan and where and when necessary amend the District Plan to give effect to other planning documents such as National Policy Statements, National Environmental Standards and Regional Policy Statements and Plans.

What are the significant negative effects?

The Resource Management Act 1991 requires Councils to have undertaken a review of the District Plan within a 10 year period. This allows the plan to remain current legislatively, reflect advances in technology and address trends occurring nationally, regionally and across the district. An inability to provide sound direction and appropriate resource management practices places a greater cost burden on the resource consent process both for applicants and the wider community.

How are these negative effects mitigated?

These negative effects have been addressed through the review of the District Plan. Changes of legislation have been reflected and where appropriate given effect to, current good practice has been adopted, technological advances have been incorporated and significant community and stakeholder involvement has been provided in the drafting of the District Plan: Decisions Version March 2012.

What is the existing level of service?

Currently the District is serviced by the operative Otorohanga District Plan 1999, the Proposed District Plan September 2010 and the District Plan: Decisions Version March 2012.

What will be the effect of change in demand

The District Plan provides guidance and direction in regards to changes in land use and subdivision activities. Any increase in demand for these types of activities will be managed according to the relevant provisions in the District Plan, the Proposed District Plan September 2010 and the District Plan: Decisions Version March 2012 as appropriate.

What will be the effect of change in Levels of Service

Upon adoption the District Plan: Decisions Version March 2012 will become the new Operative District Plan and will have legal effect for 10years. In this time changes may be made to the Plan and/or reviews may be undertaken. Any decrease in Level of Service may limit the extent to which such changes or review will occur.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes



Otorohanga District is a safe place to live



Ensure services and facilities meet the needs of the Community



Promote the local economy and opportunities for sustainable economic development



Manage the Natural and Physical environment in a sustainable manner



Foster an involved and engaged community



Protect the special character of our harbours and their catchments



Recognise the importance of the District's rural character

Key Policy Development Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16 – 2021/22
Ensure major decisions are made in a democratically accountable way	Ensures Council's decision making processes involves and engages the community	100% of all significant decisions are made subject to respective consultative procedures that meet the requirements of the Local Government Act 2002 and/or Resource Management Act 1991	100%	100%	100%	100%	100%
Policy development is visible and accountable	Ensures transparency in policy development to provide better information supporting community involvement and awareness	Key draft policy documents subject to consultation are available on Council's website	100%	100% are available by the date of public notification of the policy/planning document	100% are available by the date of public notification of the policy/planning document	100% are available by the date of public notification of the policy/planning document	100% are available by the date of public notification of the policy/planning document
		Meetings and statutory hearing are conducted in accordance with all relevant legislation	New measure	100% compliance	100% compliance	100% compliance	100% compliance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16 – 2021/22
Provide location legislation	Put in place management controls that address issues and are consistent with Council policies, Central Government legislation, and which reflect the Community Outcomes	Assess need to review, and where necessary review bylaws	Traffic bylaw reviewed	Assessment undertaken of need for bylaw reviews	Assessment undertaken of need for bylaw reviews	Assessment undertaken of need for bylaw reviews	Assessment undertaken of need for bylaw reviews
Council meets statutory planning requirements	Ensures processes and policies are developed in a consistent manner and reflective of community input	All relevant statutory plans and reports are produced and made available to the public in accordance with statutory requirements and timeframes under relevant legislation	New Measure	100% compliance	100% compliance	100% compliance	100% compliance

Iwi Liaison

What is the extent of Council's responsibility?

The Local Government Act 2002 requires that Council recognise Maori as a specific group within the community and places a specific responsibility on Council to:

- Provide opportunities for Maori to be involved in decision-making processes.
- Develop policies for consultation with Maori.
- Foster capacity building for Maori to take part in local government processes;
- Acknowledge the relationship of Tangata Whenua with the Natural environment.

Other legislation also places similar expectations on Local Government to inform, consult and engage with Iwi/Maori of the community in carrying out functions in accordance with the legislation, such as the Resource Management Act 1991.

Further to this Waikato River Settlement Act and the Ngati Tuwharetoa, Raukawa and Te Arawa River Iwi Waikato River Act 2010 have been introduced which requires the adoption of the principle of co-management in regards to the management of the Waikato River. Implications to this Council are in relation to Council's duty to have regard to the Vision and Strategy of the Guardians of the Waikato River. This requirement will also in time extend to the Iwi of Maniapoto as they progress their settlement process with the Crown. The culmination of this is in the first instance a greater emphasis on communication and involvement of these Iwi Authorities in Council processes and / or decision making processes which may affect the health and well being of the Waikato River.

A clear understanding of the principle of co-management in real terms is yet to be defined but Council is committed to work with Iwi to provide clarity for all parties.

What are the significant negative effects?

Council would be in breach of its statutory obligations as defined by the Local Government Act 2002 and Resource Management Act 1991. Detrimental effects may be experienced regarding Council and Iwi/Maori relationships that have developed over time and expectations of Council may not be met.

Such an approach would in Council's opinion diminish all four well beings, these being Social, Cultural, Environmental and Economic.

How are these negative effects mitigated?

Negative effects will be mitigated through Council's up front commitment to this work.

What is the existing level of service?

Council has and is committed to actively developing relationships, networks and opportunities to work with Iwi/Maori of the District. Council has worked both directly and indirectly with Iwi/Maori authorities, as well as committing dedicated staff resources in order to enable and progress this area of work.

The genuine and upfront commitment of Council to this work has been defined in Council's "Statement of Commitment – Working with Iwi/Maori" which forms the basis for Council's "Involving Maori in Decision Making Policy". Through clearly defining Council's commitment it is anticipated that Iwi /Maori have a platform of certainty on which to engage and further develop relationships and opportunities to work with Council.

This commitment has been picked up and realized by Te Runanganui o Ngati Hikairo in the incorporation of their sites of significance in the District Plan and the use of planning mechanisms to manage potential adverse effects on these sites of significance.

Council will continue to actively pursue opportunities to develop this work. Given this, Council is aware of the pressures and demands placed on Iwi/Maori authorities and will work with Iwi/Maori to make progress towards mutual benefits.

What will be the effect of change in demand?

Council has committed resources to accommodate an increase in demand. In stating this Council acknowledges its resources are limited and therefore a staged progression will need to be managed in light of the capabilities and resources of Council and Iwi/Maori authorities.

What will be the effect of change in Levels of Service?

It is hoped that any change in the Level of Service is positive for Council, Iwi/Maori authorities and the community as a whole.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes

Key Iwi Liaison Level of Service Targets



Ensure services and facilities meet the needs of the Community



Provide for the unique history and culture of the district



Manage the Natural and Physical environment in a sustainable manner



Foster an involved and engaged community



Protect the special character of our harbours and their catchments

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16 – 2021/22
Foster capacity building for Maori to take part in local government processes	- Provides opportunity for Maori to be involved and engaged in decision making processes of Council - Provides	Adoption of formalised partnerships with Iwi/Maori authorities and groups	Progress made with an information sharing agreement (ISA) being put in place between Council and an Iwi authority	Information obtained under the ISA is included in the Proposed District Plan	Work is progressed with other Iwi Authorities to commit to an ISA	2 partnerships formally adopted by 1 July 2014	Information obtained under ISA is included in District Plan as appropriate

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16 – 2021/22
	opportunity for Council policies to address issues affecting Maori						
Acknowledge the relationship of Tangata Whenua with the natural environment	Recognise the unique relationship of Maori with the natural environment	Have in place agreed processes of consultation and opportunities for input into consent processes with Tangata Whenua authorities	Processes were agreed with one iwi authority. Work is progressing with others	Agreed processes are in place by end June 2013, reflective of District Plan: Decisions Version March 2012 becoming operative	Cultural Impact Assessments (CIA's) are commissioned by applicants or Council where proposed consents may adversely affect a Iwi Authority site of significance	CIA's are commissioned by applicants or Council where proposed consents may adversely affect a Iwi Authority site of significance	CIA's are commissioned by applicants or Council where proposed consents may adversely affect a Iwi Authority site of significance
Provide opportunities for Maori to be involved in decision-making processes	Ensure Council decisions reflect the Maori history and culture of the district and the unique relationship of Maori with the natural environment	Enter into and obtain resolution regarding options for Iwi/Maori and Council representation forum(s)	Issue identified in River Settlement processes	Resolution obtained by 30 June 2013	Participate as required in respective forums	Participate as required in respective forums	Participate as required in respective forums
		Establishment and operation of representation forum(s) as agreed to by Iwi/Maori authorities and Council	Scope agreed to. Commitment made for further consideration.	Discuss with Iwi Authorities appropriate and best means to establish a representative forum	Forum(s) to be established by 30 June 2014	Meetings at least annually	Meetings at least annually

Community Development

What Community Outcome Does Community Development Contribute To

Community Outcomes	Property Development	District Promotion
 Provide for the unique and culture of the district		Partner Advocate
 Promote the local economy and opportunities for sustainable economic development	Implementer	Partner Advocate
 Protect the special character of our harbours and their catchments		Partner Advocate

WHAT IS COMMUNITY DEVELOPMENT?

Community Development encompasses a range of activities that contribute to the economic wellbeing and sustainability of communities within the District.

WHICH ACTIVITIES ARE INCLUDED IN THE COMMUNITY DEVELOPMENT GROUP?

-  Property Development
-  District Promotion

WHY ARE THESE ACTIVITIES INCLUDED?

The Community Development group of activities has strong relationships to the desire for economic and residential growth that has been expressed through the Key Areas of Focus identified by Council in a previous section of this LTP.

Potential benefits of this group of activities includes attracting outside industries, creating employment, expanding the rating base, increasing property values, supporting present businesses, ensuring a future for our young citizens and promoting the future of the District.

RATIONALE OF COMMUNITY DEVELOPMENT?

Property Development

Council has engaged in this activity to stimulate community growth through provision of sites suitable for residential, commercial or industrial purposes where it has been felt that an adequate resource of such sites has not existed in the market.

District Promotion

This group of activities is undertaken to:

-  Assist coordinated multi-agency contributions to the economic vitality of the District that will support local businesses and the general well being and sustainability of communities.
-  Actively market the District as a good place to visit, and in which to live, work and do business.

Such promotion should be undertaken in a manner that builds upon, the historical, cultural and environmental character of the District.

The District Promotion group of activities is complementary to Council's Property Development activity, in that whilst this helps provide places for new residents and businesses to come to, District Promotion helps provide the incentives for such parties to move to and remain in those places.

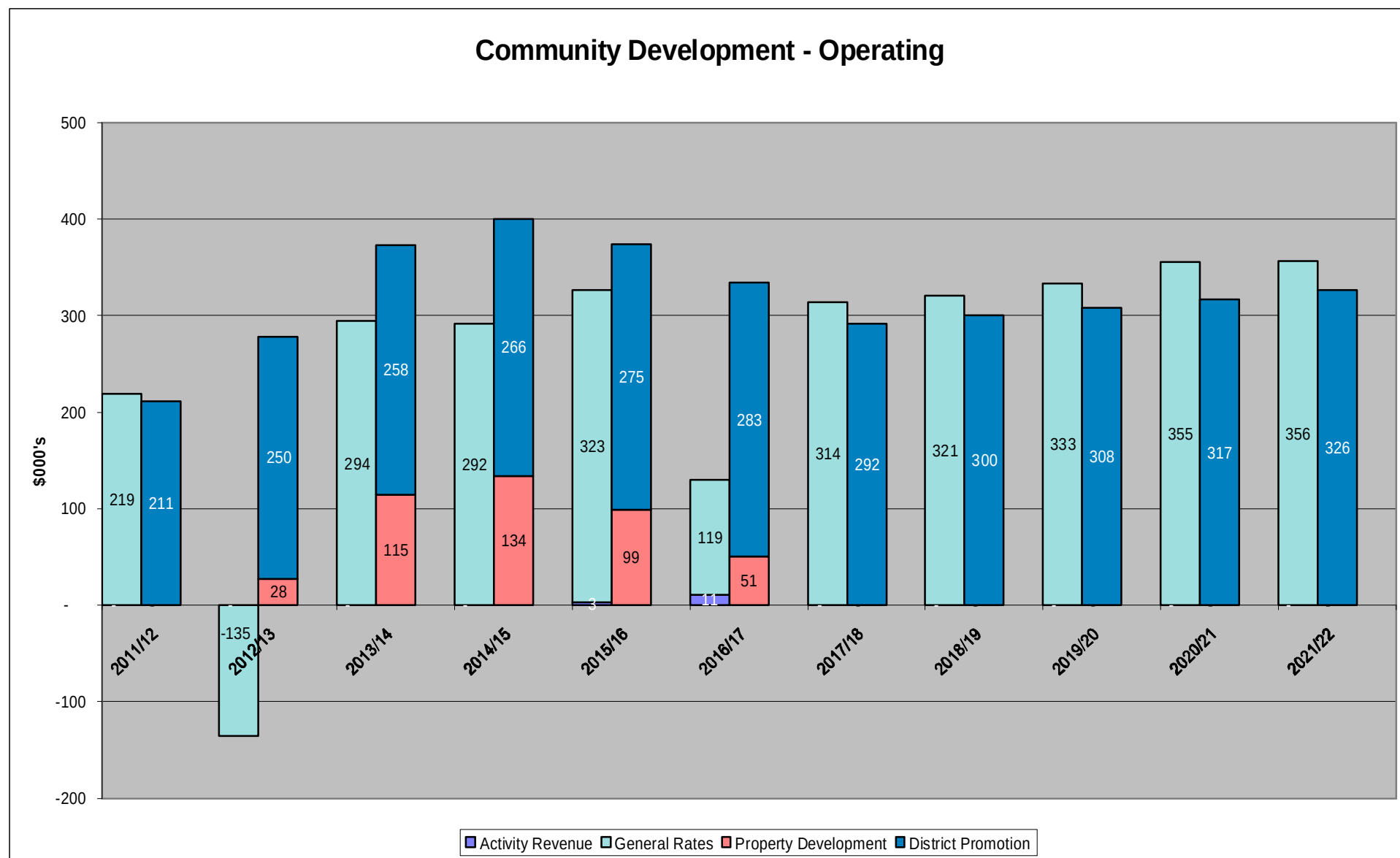
Community Development Financial Statements

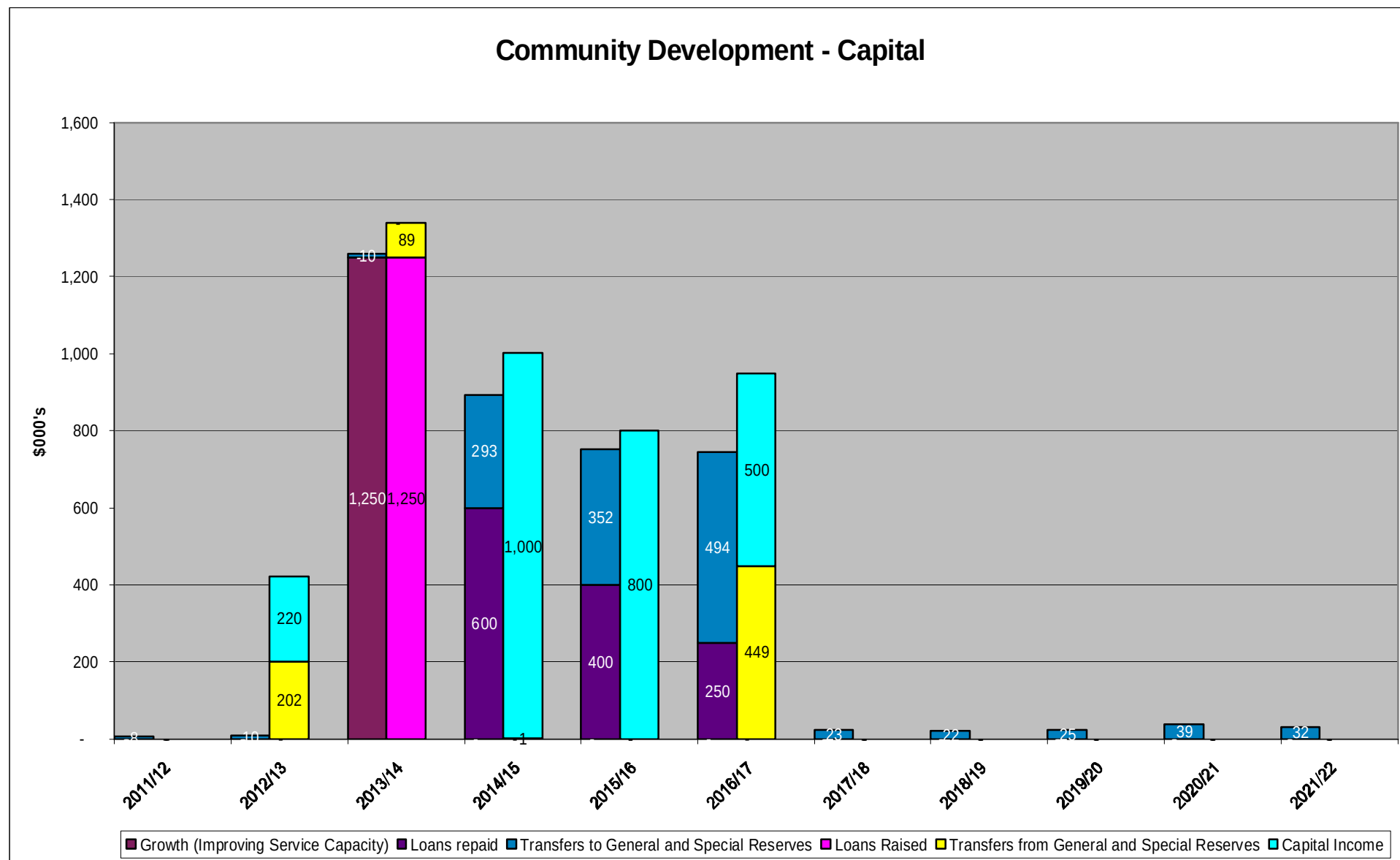
Community Development - Operating Statement	2012/13	2013/14	2014/15
Operating Revenue	(000's)	(000's)	(000's)
Activity Revenue	-	-	-
Targeted Rates	-	-	-
Development Contributions	-	-	-
General Rates ⁽¹⁰⁾	- 135	294	292
Other General Sources	-	-	-
Total Operating Revenue	- 135	294	292
Operating Expenditure			
Property Development	28	115	134
District Promotion	250	258	266
Total Operating Expenditure	278	373	400
<i>includes:</i>			
Salaries and Wages	-	-	-
Depreciation	-	-	-
Interest	6	47	74
Operating Surplus (Deficit) \$	- 413	- 79	- 108
Operating Surplus transferred to Reserves; or	-	-	-
Operating Deficit funded from Reserves	413	79	108

Community Development - Capital and Reserves Funding Statement	2012/13	2013/14	2014/15
Capital and Reserves Funding Requirements:	(000's)	(000's)	(000's)
Capital Expenditure			
Renewals (Maintaining Service Capacity)	-	-	-
Growth (Improving Service Capacity)	-	1,250	-
Level of Service (Improvements to Service)	-	-	-
New Statutory Requirements	-	-	-
Total Capital Expenditure	-	1,250	-
Loans repaid	-	-	600
Operating Deficit	412	79	108
Transfers to General and Special Reserves	10	10	293
Total Funding Required	422	1,339	1,001
Funded by:			
Operating Surplus (via reserve)	-	-	-
Funding from Non-Cash Expenses	-	-	-
Loans Raised	-	1,250	-
Transfers from General and Special Reserves	202	89	1
Capital Income	220	-	1,000
Total Funding Applied	422	1,339	1,001

This cost of service statement links through to the Community Development Funding Impact Statement on page 194.

¹⁰ The negative General Rates income in 2012/13 relates to a return to the general rates account from the sale of the properties in the Progress Park development. Any profits made from these sales are returned to the Otorohanga Community Rates account.





Property Development

What is the extent of Council's responsibility?

Council has purchased and developed residential (Westridge) and commercial/industrial (Progress Park) subdivisions in Otorohanga, and is currently considering the development of a residential subdivision on Waiwera Street in Kawhia.

What are the significant negative effects?

It is recognised that this activity is speculative in nature and not part of Council's core business.

Developments that create a significant number of additional allotments have the potential to affect the prevailing local market prices for land.

There is potential for Council property development projects to fail to achieve associated financial targets, imposing additional costs on relevant communities.

How are these negative effects mitigated?

Council exercises a conservative approach to property development and has access to advisors with significant experience and expertise in the local property market that can supply proven guidance on investment decisions, taking accounts of acceptable levels of risk for the particular communities funding the developments.

What is the existing level of service?

That identified opportunities to address significant perceived shortages in the availability of particular types of property in the District are effectively explored.

That all Council developed sections are promptly sold.

What will be the effect of change in demand?

Further property development will only be conducted by Council if strong and unsatisfied market demand for a particular type of property is considered to exist.

What will be the effect of change in Levels of Service?

No changes to the current levels of service are envisaged.

What additional Asset Capacity is required?

If any significant further property development is to be undertaken Council would be required to acquire land for this purpose, because the existing Council stock of potentially developable land is very small.

How will the provision of additional Asset Capacity be undertaken?

Required land will be obtained through appropriate land purchases. Required additional infrastructural asset capacity within the development will be provided as part of the normal physical works associated with subdivision development. Additional external asset capacity would be provided by Council in the normal manner.

The Waiwera Street development has received resource consent for the subdivision, and Council and the Kawhia Community Board are currently assessing the options for the next step of this development.

What is the estimated cost for the provision of additional Asset Capacity?

This will be entirely dependant on the nature of development(s).

How will the provision of additional asset capacity be funded?

Additional assets internal to the development (including both land and infrastructure) will be directly funded by Council as the developer.

Additional asset capacity external to the development will be funded through Financial and Development Contributions. All associated costs

would be expected to be recovered through sale of the developed properties.

How will the maintenance, renewal and replacement of assets be undertaken?

It would be intended that such responsibilities would be promptly transferred from Council as the developer to Council as the local authority upon sale of the developed properties.

How will the maintenance, renewal and replacement of assets be funded?

By Council through the relevant network services activities.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes:



Promote the local economy and opportunities for sustainable economic development

Key Property Development Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16-2021/22
That identified opportunities to address significant perceived shortages in the availability of particular types of property in the District are explored.	Contributes towards a vibrant community with available property	Decision making on physical works stage in respect of identified opportunities	Not measured	Market assessment report completed and presented to Council	Market assessment report completed and presented to Council	Market assessment report completed and presented to Council	Market assessment report completed and presented to Council annually

District Promotion

What is the extent of Council's responsibility?

Council has no legal obligation to provide this service, but believes that an appropriately coordinated multi-agency effort can make a very cost-effective contribution to the overall wellbeing and sustainability of communities within the District.

- Council provides funding to the Otorohanga District Development Board and other tourism entities whose main roles are to promote tourism and business development in the District.
- Council will provide funding towards investigation and potential establishment and operation of a Regional Tourism Organisation that will effectively promote the broader Waikato Region.
- Council provides informal support to Project Kiwiana, the Kawhia Kai Festival and other organisations or events which effectively promote the District.

What are the significant negative effects?

It is possible that the activity may not be cost effective, though this will be very difficult to assess.

There could be a perception that some of the potential benefits of this activity favour particular sectors of the business community.

How are these negative effects mitigated?

By periodically reassessing the perceived effectiveness of the activity, and making adjustments to strategy where deemed appropriate.

What is the existing level of service?

- I-sites are effectively operated in Otorohanga and Kawhia
- Tourism activity in the District is supported
- The Otorohanga District Development Board provides regular reports on progress made by them towards achievement of specified community outcomes

What will be the effect of change in demand?

'Demand' in relation to this activity is difficult to define. It is suspected that most ratepayers are either unaware or unconcerned in relation to it. As such the 'demand' comes primarily from Council and other relevant agencies, in response to prevailing social and economic conditions. The potential negative effects associated with this activity, as previously described, may limit the extent to which this activity can be extended in response to increased 'demand'.

What will be the effect of change in Levels of Service?

As described previously the effects of changes in levels of service, other than changes in cost, are difficult to reliably predict.

Contributions of Activity to Overarching Community Outcomes

This activity contributes to the following overarching community outcomes:



Provide for the unique and culture of the district



Promote the local economy and opportunities for sustainable economic development



Protect the special character of our harbours and their catchments

Key District Promotion Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2010/11	2012/13	2013/14	2014/15	2015/16- 2021/22
District is effectively promoted as a place to visit or live in	Promoting Tourism and higher tourist spending will contribute to a stronger district economy	Total number of visitors to Otorohanga and Kawhia I-sites, previous year to 31 December	13,835 visitors	14,000 visitors	14,500 visitors	15,000 visitors	Increasing by 500 per year
		Total number of visits to otorohanga.co.nz website, previous year to 31 December	93,256 website visits	95,000 website visits	100,000 website visits	105,000 website visits	Increasing by 5000 per year
Tourism activity in District is supported		Total accommodation guest stay nights in District for previous year to 31 December (Ministry of Tourism data)	31,378 guest stay nights	36,947 guest stay nights	38,000 guest stay nights	40,000 guest stay nights	Increasing by >1000 per annum

FINANCIAL INFORMATION

Prospective Statement of Comprehensive Income

For 10 Years Commencing 1 July 2012

	2011/12 Estimate (\$000's)	2012/13 Estimate (\$000's)	2013/14 Estimate (\$000's)	2014/15 Estimate (\$000's)	2015/16 Estimate (\$000's)	2016/17 Estimate (\$000's)	2017/18 Estimate (\$000's)	2018/19 Estimate (\$000's)	2019/20 Estimate (\$000's)	2021/22 Estimate (\$000's)	2021/22 Estimate (\$000's)
Income											
Rates revenue	10,536	10,294	10,674	11,170	11,519	11,920	12,196	12,329	12,619	12,991	13,036
Contributions	-	10	10	10	10	10	10	10	10	10	10
Water by volume Rates	-	636	683	737	786	843	889	924	962	993	1,024
Subsidies	-	3,340	4,654	3,453	3,375	3,776	3,462	3,590	3,698	3,980	4,076
Other income	4,294	1,195	1,251	1,295	1,423	1,477	1,508	1,557	1,608	1,656	1,708
Other gains/(losses) on asset disposal	37	55	15	410	414	236	20	20	92	-	-
Total income	14,793	15,530	17,287	17,075	17,527	18,263	18,046	18,430	18,989	19,630	19,854
Expenditure											
Employee benefit expenses	3,079	2,979	3,147	3,221	3,300	3,380	3,454	3,525	3,605	3,688	3,770
Depreciation and amortisation	3,367	3,442	3,550	3,595	3,725	3,825	3,859	3,954	4,055	4,127	4,220
Other expenses	6,494	6,671	6,712	7,125	7,204	7,374	7,577	7,676	7,926	8,079	8,229
Finance costs	796	908	877	941	878	752	625	562	468	373	278
Total operating expenditure	13,736	14,000	14,286	14,882	15,107	15,331	15,515	15,717	16,054	16,267	16,497
Surplus before income tax expenses	1,057	1,530	3,001	2,193	2,420	2,932	2,531	2,713	2,935	3,363	3,357
Tax expense	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	1,057	1,530	3,001	2,193	2,420	2,932	2,531	2,713	2,935	3,363	3,357
Other Comprehensive Income											
Gain/(loss) on property revaluation	22,970	-	-	25,886	-	-	26,136	-	-	31,645	-
Total other comprehensive income	22,970	-	-	25,886	-	-	26,136	-	-	31,645	-
Total Comprehensive Income for the year	24,027	1,530	3,001	28,079	2,420	2,932	28,667	2,713	2,935	35,008	3,357

Reconciliation of Prospective Statement of Comprehensive Income and Prospective Combined Cost of Service Statement

For 10 Years Commencing 1 July 2012

	2011/12 Estimate (\$000's)	2012/13 Estimate (\$000's)	2013/14 Estimate (\$000's)	2014/15 Estimate (\$000's)	2015/16 Estimate (\$000's)	2016/17 Estimate (\$000's)	2017/18 Estimate (\$000's)	2018/19 Estimate (\$000's)	2019/20 Estimate (\$000's)	2020/21 Estimate (\$000's)	2021/22 Estimate (\$000's)
Total Operating Revenue (Income Statement)											
Total income	14,793	15,530	17,287	17,075	17,527	18,263	18,046	18,430	18,989	19,630	19,854
Total Operating Revenue (Cost of Service Statements)											
Activity Revenue	4,270	4,524	5,893	4,735	4,780	5,234	4,952	5,128	5,286	5,616	5,764
Targeted Rates	6,364	6,669	6,887	7,360	7,488	8,087	8,126	8,355	8,508	8,578	8,717
Development Contributions	15	10	10	10	10	10	10	10	10	10	10
General Rates	4,172	4,261	4,470	4,547	4,817	4,676	4,959	4,898	5,073	5,405	5,343
Other General Sources	4,162	5,172	5,447	5,579	5,644	5,682	5,703	5,760	5,830	5,903	5,980
	18,983	20,636	22,707	22,231	22,739	23,689	23,750	24,151	24,707	25,512	25,814
Variance	(4,190)	(5,106)	(5,420)	(5,156)	(5,212)	(5,426)	(5,704)	(5,721)	(5,718)	(5,882)	(5,960)
Reconciling items:											
Internal recoveries	4,161	5,173	5,447	5,579	5,644	5,684	5,703	5,760	5,830	5,903	5,980
Interest income on Special Funds	(6)	(8)	(9)	(11)	(16)	(17)	(16)	(17)	(18)	(18)	(17)
Gain/(loss) on sale of development properties	37	(56)	(15)	(409)	(413)	(238)	20	(19)	(91)	-	-
Dividend Income	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
	4,190	5,106	5,420	5,156	5,212	5,426	5,704	5,721	5,718	5,882	5,960
Total Operating Expenditure (Income Statement)											
Total operating expenditure	13,736	14,000	14,286	14,882	15,107	15,331	15,515	15,717	16,054	16,267	16,497
Total Operating Expenditure (Cost of Service Statements)											
Roading	7,419	7,380	7,491	7,753	7,879	8,145	8,212	8,402	8,529	8,672	8,743
Water Supply	1,438	1,525	1,555	1,615	1,803	1,857	1,842	1,883	1,924	1,958	2,005
Sewerage	467	604	616	593	597	604	606	613	621	623	632
Stormwater	154	185	186	181	182	182	181	181	182	181	182
Flood Protection	108	119	137	140	140	147	144	148	149	150	152
Regulatory Services	1,333	1,368	1,384	1,421	1,461	1,500	1,538	1,574	1,623	1,659	1,702
Community Services	2,126	2,345	2,412	2,462	2,509	2,590	2,657	2,722	2,780	2,841	2,907
Community Promotion	211	279	373	400	374	335	292	300	308	317	326
Governance and Leadership	4,641	5,389	5,602	5,919	5,828	5,676	5,771	5,681	5,794	5,795	5,857
	17,897	19,194	19,756	20,484	20,773	21,036	21,243	21,504	21,910	22,196	22,506
Variance	(4,161)	(5,194)	(5,470)	(5,602)	(5,666)	(5,705)	(5,728)	(5,787)	(5,856)	(5,929)	(6,009)
Reconciling Items:											
Internal Recoveries	4,161	5,173	5,447	5,579	5,644	5,684	5,703	5,760	5,830	5,903	5,980
Interest difference	-	21	23	23	22	21	25	27	26	26	29
Landfill aftercare provision	-	-	-	-	-	-	-	-	-	-	-
	4,161	5,194	5,470	5,602	5,666	5,705	5,728	5,787	5,856	5,929	6,009
Surplus before income tax expenses	1,057	1,530	3,001	2,193	2,420	2,932	2,531	2,713	2,935	3,363	3,357
Tax expense	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	1,057	1,530	3,001	2,193	2,420	2,932	2,531	2,713	2,935	3,363	3,357
Other Comprehensive Income											
Gain/(loss) on property revaluation	22,970	-	-	25,886	-	-	26,136	-	-	31,645	-
Total other comprehensive income	22,970	-	-	25,886	-	-	26,136	-	-	31,645	-
Total Comprehensive Income for the year	24,027	1,530	3,001	28,079	2,420	2,932	28,667	2,713	2,935	35,008	3,357

Prospective Statement of Changes in Equity

For 10 Years Commencing 1 July 2012

	2011/12 Estimate (\$000's)	2012/13 Estimate (\$000's)	2013/14 Estimate (\$000's)	2014/15 Estimate (\$000's)	2015/16 Estimate (\$000's)	2016/17 Estimate (\$000's)	2017/18 Estimate (\$000's)	2018/19 Estimate (\$000's)	2019/20 Estimate (\$000's)	2020/21 Estimate (\$000's)	2021/22 Estimate (\$000's)
Balance at 1 July	232,885	228,538	230,068	233,069	261,148	263,568	266,500	295,167	297,880	300,815	335,823
Available for sale investments gain/(loss) taken to equity	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) for the year	24,027	1,530	3,001	28,079	2,420	2,932	28,667	2,713	2,935	35,008	3,357
Total recognised income/(expense) for the year ended 30 June	24,027	1,530	3,001	28,079	2,420	2,932	28,667	2,713	2,935	35,008	3,357
Balance at 30 June	256,912	230,068	233,069	261,148	263,568	266,500	295,167	297,880	300,815	335,823	339,180
Comprised of:											
Retained Earnings	153,998	154,497	157,413	158,998	160,619	162,828	164,757	166,804	169,007	171,405	173,763
Council Controlled Reserves	1,131	1,065	1,047	648	127	835	1,412	2,063	2,779	3,717	4,689
Reserve Funds	703	722	789	998	1,022	1,037	1,062	1,077	1,093	1,119	1,146
Revaluation Reserves	103,342	75,914	75,914	101,800	101,800	101,800	127,936	127,936	127,936	159,582	159,582
	256,912	230,068	233,069	261,148	263,568	266,500	295,167	297,880	300,815	335,823	339,180

The difference between the end of 2011/12 figure and the beginning of 2012/13 estimate is due to the 2012/13 figures being based on an estimated actual figure for the 2011/12 year, not the estimate, and therefore takes into account occurrences during the 2011/12 year not represented in the estimate.

Prospective Balance Sheet

For 10 Years Commencing 1 July 2012

	2011/12 Estimate (\$000's)	2012/13 Estimate (\$000's)	2013/14 Estimate (\$000's)	2014/15 Estimate (\$000's)	2015/16 Estimate (\$000's)	2016/17 Estimate (\$000's)	2017/18 Estimate (\$000's)	2018/19 Estimate (\$000's)	2019/20 Estimate (\$000's)	2020/21 Estimate (\$000's)	2021/22 Estimate (\$000's)
Assets											
Current Assets											
Cash and cash equivalents	1,292	1,134	891	1,554	1,622	1,558	1,869	2,050	2,267	2,226	2,273
Trade and other receivables	1,710	1,710	1,765	1,819	1,878	1,937	1,996	2,052	2,108	2,170	2,230
Inventory	40	40	41	43	44	45	47	48	49	51	52
Other financial assets	-	-	-	-	-	-	-	-	-	-	-
Development property held for sale	211	262	1,512	707	272	-	-	-	-	-	-
Total current assets	3,253	3,146	4,209	4,123	3,816	3,540	3,912	4,150	4,424	4,447	4,555
Non-current assets											
Trade and other receivables											
Equity investments	532	625	625	625	625	625	625	625	625	625	625
Property plant and equipment	269,269	242,267	245,380	272,642	273,464	274,774	302,163	303,227	304,479	338,160	339,551
Intangible assets	29	55	49	43	38	33	30	27	24	23	22
Total non-current assets	269,830	242,947	246,054	273,310	274,127	275,432	302,818	303,879	305,128	338,808	340,198
Total assets	273,083	246,093	250,263	277,433	277,943	278,972	306,730	308,029	309,552	343,255	344,753
Liabilities											
Current liabilities											
Trade and other payables	2,495	2,221	2,381	2,465	2,547	2,637	2,719	2,799	2,879	3,066	3,198
Provisions	2	2	1	1	1	1	1	1	1	1	1
Employee benefit liabilities	273	273	280	286	293	300	307	313	320	328	335
Borrowings	3,000	3,000	4,000	5,000	5,000	4,000	4,500	4,500	4,500	2,000	1,948
Total current liabilities	5,770	5,496	6,662	7,752	7,841	6,938	7,527	7,613	7,700	5,395	5,482
Non-current liabilities											
Provisions	21	19	20	20	19	18	18	17	16	15	15
Employee benefit liabilities	62	62	64	65	67	68	70	71	73	74	76
Borrowings	10,318	10,448	10,448	8,448	6,448	5,448	3,948	2,448	948	1,948	-
Total non-current liabilities	10,401	10,529	10,532	8,533	6,534	5,534	4,036	2,536	1,037	2,037	91
Total liabilities	16,171	16,025	17,194	16,285	14,375	12,472	11,563	10,149	8,737	7,432	5,573
Net assets	256,912	230,068	233,069	261,148	263,568	266,500	295,167	297,880	300,815	335,823	339,180
Equity											
Retained Earnings	153,998	154,497	157,413	158,998	160,619	162,828	164,757	166,804	169,007	171,405	173,763
Council Controlled Reserves	1,131	1,065	1,047	648	127	835	1,412	2,063	2,779	3,717	4,689
Reserve Funds	703	722	789	998	1,022	1,037	1,062	1,077	1,093	1,119	1,146
Revaluation Reserves	103,342	75,914	75,914	101,800	101,800	101,800	127,936	127,936	127,936	159,582	159,582
Total equity attributable to ODC	256,912	230,068	233,069	261,148	263,568	266,500	295,167	297,880	300,815	335,823	339,180

Equity Investments in the balance sheet include the Waikato Regional Airport Limited (the largest investment at \$464,000), Local Government Funding Agency, Local Authority Shared Services, Balance Agrinutrients, Civic Assurance and King Country Energy

Prospective Statement of Cash Flow

For 10 Years Commencing 1 July 2012

	2011/12 Estimate (\$000's)	2012/13 Estimate (\$000's)	2013/14 Estimate (\$000's)	2014/15 Estimate (\$000's)	2015/16 Estimate (\$000's)	2016/17 Estimate (\$000's)	2017/18 Estimate (\$000's)	2018/19 Estimate (\$000's)	2019/20 Estimate (\$000's)	2020/21 Estimate (\$000's)	2021/22 Estimate (\$000's)
Cash flows from Operating Activities											
Receipts from rates revenue	10,536	10,930	11,357	11,907	12,305	12,763	13,085	13,253	13,581	13,984	14,061
Receipts from other revenue	4,235	4,534	5,903	4,745	4,790	5,244	4,962	5,138	5,296	5,626	5,774
Interest received	37	50	50	50	50	50	50	50	50	50	50
Dividends received	2	3	3	3	3	3	3	3	3	3	3
Payments to suppliers and employees	(9,573)	(9,671)	(9,883)	(10,371)	(10,529)	(10,776)	(11,058)	(11,229)	(11,556)	(11,792)	(12,029)
Interest paid	(796)	(887)	(855)	(919)	(855)	(728)	(601)	(537)	(442)	(346)	(251)
Net cash provided by/(used in) Operating Activities	4,441	4,959	6,575	5,415	5,764	6,556	6,441	6,678	6,932	7,525	7,608
Cash flows from investing activities											
Proceeds from Sale of Property, Plant and Equipment	47	9	156	304	71	88	61	37	152	98	52
Proceeds from sale of development property held for sale	-	220	-	1,000	800	500	-	-	-	-	-
Purchase of property, plant and equipment	(4,661)	(4,499)	(7,953)	(5,035)	(4,545)	(5,185)	(5,168)	(5,010)	(5,342)	(6,139)	(5,587)
Purchase of investments	-	-	-	-	-	-	-	-	-	-	-
Purchase of intangible assets	(20)	(45)	(21)	(21)	(22)	(23)	(23)	(24)	(25)	(25)	(26)
Net cash provided by/(used in) Investing Activities	(4,634)	(4,315)	(7,818)	(3,752)	(3,696)	(4,620)	(5,130)	(4,997)	(5,215)	(6,066)	(5,561)
Cash flows from financing activities											
Proceeds from borrowings	3,192	3,000	4,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	0
Repayment of borrowings	(3,000)	(3,500)	(3,000)	(4,000)	(5,000)	(5,000)	(4,000)	(4,500)	(4,500)	(4,500)	(2,000)
Net cash provided by/(used in) Financing Activities	192	(500)	1,000	(1,000)	(2,000)	(2,000)	(1,000)	(1,500)	(1,500)	(1,500)	(2,000)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(1)	144	(243)	663	68	(64)	311	181	217	(41)	47
Cash, cash equivalents and bank overdrafts at the beginning of the year	1,293	990	1,134	891	1,554	1,622	1,558	1,869	2,050	2,267	2,226
Cash and cash equivalents at the end of the year	1,292	1,134	891	1,554	1,622	1,558	1,869	2,050	2,267	2,226	2,273

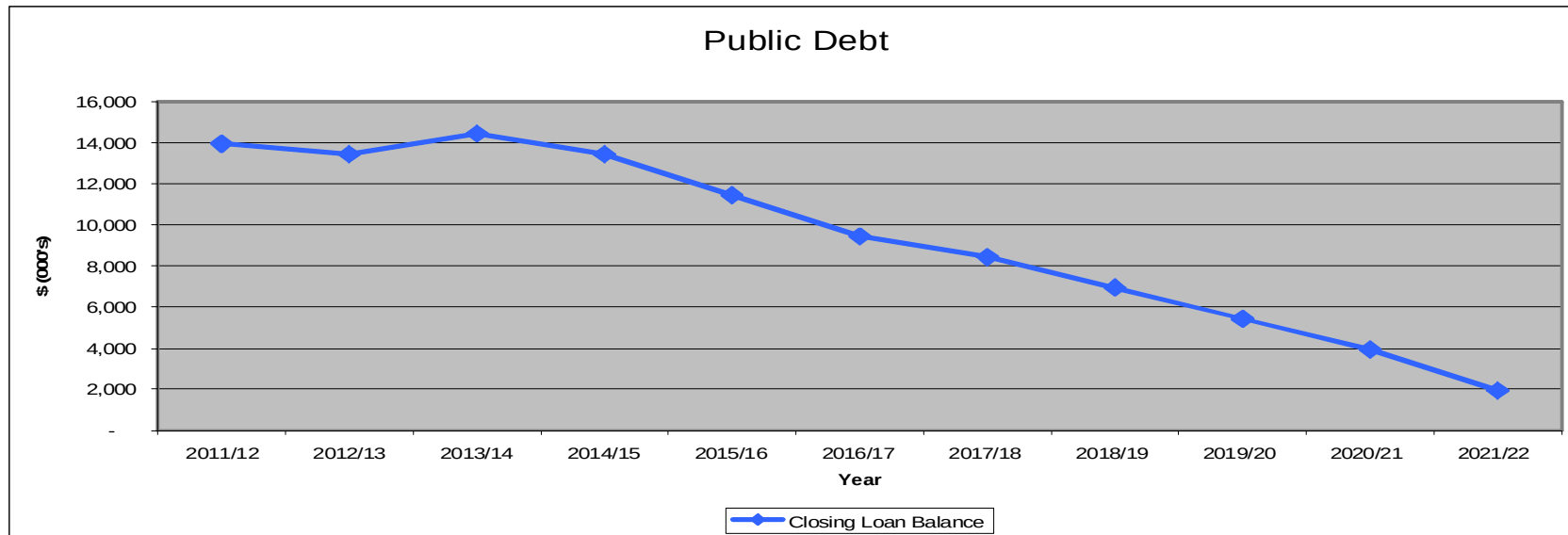
The difference between the end of 2011/12 figure and the beginning of 2012/13 estimate is due to the 2012/13 figures being based on an estimated actual figure for the 2011/12 year, not the estimate, and therefore takes into account occurrences during the 2011/12 year not represented in the estimate.

Prospective Statement of Debt

For 10 Years Commencing 1 July 2012

The Public Debt Profile is based on the financial projections of the Otorohanga District Council until the 2021/22 financial year. These statements are based on activity expenditure and revenue projections and the assumptions and policies provided within this document, as well as other documents including the Treasury Management Policy, Funding Policy, and Asset Management Plans.

	2011/12 Estimate (\$000's)	2012/13 Estimate (\$000's)	2013/14 Estimate (\$000's)	2014/15 Estimate (\$000's)	2015/16 Estimate (\$000's)	2016/17 Estimate (\$000's)	2017/18 Estimate (\$000's)	2018/19 Estimate (\$000's)	2019/20 Estimate (\$000's)	2020/21 Estimate (\$000's)	2021/22 Estimate (\$000's)
External Loan Balance											
Opening Loan Balance	13,759	13,948	13,448	14,448	13,448	11,448	9,448	8,448	6,948	5,448	3,948
Net loans required	3,189	3,000	4,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	-
Loans repaid	(3,000)	(3,500)	(3,000)	(4,000)	(5,000)	(5,000)	(4,000)	(4,500)	(4,500)	(4,500)	(2,000)
Closing Loan Balance	13,948	13,448	14,448	13,448	11,448	9,448	8,448	6,948	5,448	3,948	1,948



The difference between the balance sheet borrowing figure and the above is due to the 2011/12 figures above being based on an estimated actual figure for the 2011/12 year, not the estimate, and therefore takes into account occurrences during the 2011/12 year not represented in the estimate.

Statement of Reserves

The following statement of financial reserves concerns the council created reserves component of Council's equity. The Council has an obligation to manage its revenues, expenses, assets, liabilities, investments and general financial dealing prudently. The management of financial reserves forms an integral component of meeting these obligations.

We have several types of council created reserves, which are monies set aside by the council for a specific purpose, and these are disaggregated into the following categories.

- Revaluation reserves
- Reserve funds
- Council controlled reserves

Revaluation reserves are reserves created from the revaluation of infrastructural and fixed assets, as well as equity investments.

Reserve funds are reserves of money that has generally been received from sale of large property assets, and are available for general funding purposes. The subdivision reserve fund consists of financial contributions on resource consents levied under the Local Government Act 2002, and is used to fund work on parks and reserves in the district.

Council controlled reserves are money put aside for a specific activity. These activities are individually funded through a variety of sources including rates and fees and charges. Not everyone in the district pays the same for each of these services and as such we have an obligation to account for the funds collected and spent for each of these activities. At the end of the year we reconcile what we received against what we spent. The shortfall or surplus either comes out of or goes into the retained earnings for the relevant activity.

	Opening Balance 2012/13 (\$000's)	Transfers In 2012/13 - 2021/22 (\$000's)	Transfers Out 2012/13 - 2021/22 (\$000's)	Closing Balance 2021/22 (\$000's)
<u>Revaluation Reserves</u>				
Asset Revaluation Reserve	75,914	83,667	-	159,581
Investment Revaluation Reserve	1	-	-	1
<u>Reserve Funds</u>				
Otorohanga General Reserve	281	378	-	659
Subdivision Reserve Fund	88	121	139	70
OCB Reserve Fund	294	83	-	377
Upper Waipa Management	40	-	-	40
<u>Council Controlled Reserves</u>				
Roading & Footpaths	115	127,625	127,488	22
Water Supply	55	24,599	23,526	1,128
Sewerage	5	8,530	8,127	398
Flood Protection	15	1,994	1,930	79
Regulatory Services	13	1,582	1,555	14
Community Services	64	6,746	6,627	55
Governance and Leadership	139	16,531	16,115	555
Community Development	95	2,987	2,892	-
General Funds	1,048	48,442	44,956	2,438
Total Reserves	75,487	323,285	233,355	165,417

Statement of Accounting Policies

Reporting Entity

Otorohanga District Council (ODC) is a territorial local authority governed by the Local Government Act 2002.

The primary objective of ODC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, ODC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Statement of Compliance

These prospective financial statements have been prepared in accordance with NZ GAAP. They comply with applicable Financial Reporting Standards, as appropriate for public benefit entities.

The Long Term Plan (LTP) is in full compliance with Financial Reporting Standard 42 (FRS 42) 'Prospective Financial Statements'.

Basis of Preparation

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The prospective financial statements have been prepared on a historical cost basis, apart from the revaluation of land and buildings, certain infrastructural assets and financial instruments, which are stated at their fair value.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest \$1,000 dollars. This rounding may cause minor rounding errors in the prospective financial statements. The functional and reporting currency of ODC is New Zealand dollars.

In September 2011, the External Reporting Board issued a position paper and consultation papers proposing a new external reporting

framework for public benefit entities (PBEs). The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards. Therefore, the accounting policies on which the forecast information for 2012-22 has been prepared are based on the current New Zealand equivalents to International Financial Reporting Standards.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when invoices are issued.

Other income

Water billing income is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

ODC receives government grants from New Zealand Transport Agency, which subsidises part of ODC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested

in ODC are recognised as income when control over the asset is obtained.

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise development and financial contributions are recognised as liabilities until such time the Council provides, or is able to provide, the service. Development contributions are classified as part of "Other Income"

Borrowing costs

Borrowing costs has elected to defer the application of NZIAS 23 (revised 2007) and expense borrowing costs in accordance with NZIAS 23 (2004).

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where ODC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the ODC's decision.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowing in current liabilities in the Balance Sheet.

Financial Assets

ODC classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available for sale financial assets. ODC currently only has loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial.

Financial assets are initially recognised at fair value plus transaction costs except for those financial assets classified as fair value through profit and loss. Financial liabilities are recognised initially at fair value net of transaction costs.

Purchases and sales of investments are recognised on trade-date, the date on which ODC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the ODC has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for an asset held or liability to be issued is the current bid price and for an asset to be acquired or liability held, the asking price.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost.

The categories of financial assets held by ODC are:

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of a financial asset or where appropriate, a shorter period to the carrying amount of the financial asset.

Gains and losses when the asset is impaired or derecognised are recognised in the Income Statement. 'Trade and other receivables' and 'Rural Housing loans' are classified as loans and receivables.

A provision for impairment of receivables is established when there is objective evidence that ODC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Available for sale financial assets

Available for sale financial assets are those that do not fall into any other financial instrument category.

This category encompasses:

- Investments that ODC intends to hold long-term but which may be realised before maturity; and
- Shareholdings that ODC holds for strategic purposes.

After initial recognition the shareholdings in listed companies are measured at their fair value. Where no fair value is available then the assets are valued at cost.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation is reclassified from equity to profit or loss (as a reclassification adjustment).

Impairment of financial assets

At each balance sheet date ODC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the profit or loss.

Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis is measured at the lower of cost or net realisable value, adjusted, when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration the cost is the current replacement cost at the date of acquisition.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit for the period of the write-down.

Assets Held For Sale

Assets Held for Sale is measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of Assets Held For Sale are recognised in the profit or loss.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Property, plant and equipment

Property, plant and equipment consist of:

- Operational assets – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.
- Restricted assets – Restricted assets are parks and reserves owned by ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- Infrastructure assets – Infrastructure assets are the fixed utility systems owned by ODC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item or property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to ODC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Income Statement. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to ODC and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis or diminishing value basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

	Useful Life (Years)	Depreciation Rate
Buildings – Concrete	100	1%
Buildings – Wooden	40	2.5%
Improvements	20	5%
Vehicles	6.6	15%
Computers	3-4	25-33.33%
Office Equipment	4-10	10-25% DV
Furniture/ Fixtures	10	10% DV
Library Books	6.6	15% DV

	Useful Life (Years)	Depreciation Rate
Plant and Machinery	2.5-3	33.33 – 40%
Water Treatment		
Piping	36-80	1.25-2.7%
Equipment	2-50	2-50%
Other	20	5%
Water Reticulation		
Piping	5-80	1.25-20%
Equipment	5-30	3.33-20%
Other	25	4%
Wastewater		
Piping	14-80	1.25-7.14%
Equipment	3-60	1.66-33%
Other	19-37	2.7-5.26%
Stormwater		
Piping	13-80	1.25-7.7%
Equipment	8-60	1.66-12.5%
Other	25	4%
Roading		
<i>Pavement (Basecourse)</i>		
Sealed	1-60	1.66-100%
Unsealed	1-6	16.5-100%
Seal	1-15	6.7-100%

	Useful Life (Years)	Depreciation Rate
Culverts	10-80	1.25-10%
Bridges	12-94	1-8.5%
Kerb & Channel/Catchpits	45	2.2%
Footpaths	20-55	1.8-5%
Streetlights	5-46	2-20%
Signposting	5-20	5-20%
Delineators/ RPMs	3-7	14.3 -33.3%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value (Registered Valuers) and the valuation took effect in the financial year ended 30 June 2012.

Restricted land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value (Registered Valuers), and the valuation took effect in the financial year ended 30 June 2012.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems:

At fair value determined on a depreciated replacement cost basis by sufficiently experienced in-house engineering staff. The valuation was independently reviewed and confirmed to have met the appropriate valuation and financial reporting standards, and deemed suitable for inclusion in the prospective financial statements by Maunsell (now known as AECOM) (Registered Valuers). The most recent valuation took effect in the financial year ended 30 June 2012.

Land under roads

Land under roads, was valued based on land value of land within the ward the road is in. This valuation was performed by sufficiently experienced in-house engineering staff. The valuation was independently reviewed and confirmed to have met the appropriate valuation and financial reporting standards, and deemed suitable for inclusion in the prospective financial statements by Maunsell (now known as AECOM) (Registered Valuers). The valuation took effect in the financial year ended 30 June 2012.

Accounting for revaluations

ODC accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluation are recognised in Other Comprehensive Income and accumulated as a separate component of equity in the asset revaluation reserve, this amount is expensed in the profit or loss. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the profit or loss will be recognised first in the profit or loss up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible assets

Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in profit or loss.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follow:

Computer software	3 years	33.3%

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an assets carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the profit or loss.

For assets not carried at a revalued amount, the total impairment loss is recognised in the profit or loss.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in profit or loss, a reversal of the impairment loss is also recognised in the profit or loss.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the profit or loss.

Employee benefits

Short-term benefits

Employee benefits that ODC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at the rates expected to apply at the time of settlement.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

ODC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that ODC anticipates it will be used by staff to cover those future absences.

Long-term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and

The present value of the estimated future cash flows. A discount rate of 8.25%, and an inflation factor of 2.5% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Retirement leave is recorded at the time of entitlement of staff, as this represents the amount that can be claimed at any time after entitlement.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the profit or loss as incurred. Defined contribution schemes includes Kiwisaver, where legislation states that Council must contribute a matching contribution to the employee of 2%.

Provisions

ODC recognise a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method net of transaction costs.

Equity

Equity is the community's interest in ODC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Revaluation reserves
- Reserve funds
- Council controlled reserves

The asset revaluation reserve arises on the revaluation of land, buildings and infrastructural assets. Where a revalued land, building or infrastructural asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

Available for sale revaluation reserve arises on the revaluation of investments held. Where a revalued investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to profit or loss (as a reclassification adjustment).

Reserve funds are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by ODC.

Reserve funds are those subject to specific conditions accepted as binding by ODC and which may not be revised by ODC without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in reserve funds are reserves restricted by Council decision. The Council may alter them without references to any third party of the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council controlled reserves are funds put aside for a specific activity that Council provides. This is through funding in one year for that activity being more than is required, these funds are put aside to be spent in future years when there is a shortfall in the funding of these activities.

ODC's objectives, policies and processes for managing capital are described in the Treasury Management and Liability Management policies, available upon request or on the Council website.

Landfill post-closure costs

ODC, as operator of the Otorohanga and Kawhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. A provision for post-closure costs is recognised as a liability.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Goods and Services Tax (GST)

All items in the prospective financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

Commitment and contingencies are disclosed exclusive of GST.

Cost Allocation

ODC has derived the cost of service for each significant activity of ODC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Trade and other payables

Trade and other accounts payable are recognised when ODC becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, trade payables and other accounts payable are recorded at amortised cost.

Financial Instruments issued by the Council

Debt and Equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest

Interest is classified as an expense with the balance sheet classification of the related debt instrument.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair value and are subsequently measured at the higher of the amount of the obligation under the contract, as determined in accordance with NZ IAS-37 'Provisions, Contingent Liabilities and Contingent Assets'; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with NZ IAS-18 'Revenue'.

Statement of Cashflows

Cashflows from operating activities are presented using the direct method. Definitions of terms used in the Statement of cashflows:

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Investing activities comprise the purchase and sale of property, plant & equipment and investments.

Financing activities comprise the change in equity and debt capital structure of ODC

Operating activities include all transactions and events that are not investing or financing activities.

Critical accounting estimates and assumptions

In preparing these prospective financial statements ODC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumption that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;

Estimating and obsolescence or surplus capacity of an asset; and

Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then ODC could be over or under estimating the annual depreciation charge recognised as an expense in the Income Statement. To minimise this risk ODC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the ODC's asset management planning activities, which gives ODC further assurance over its useful life estimates.

Critical judgements in applying ODC's accounting policies

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period of the LTP:

Classification of property

ODC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the ODC's social housing policy. These properties are accounted for as property, plant and equipment.

Classification of investments

ODC owns a number of investments in other companies. The dividends received from these investments are incidental to holding the investments. These investments are held for strategic purposes, and are intended to be held for the long term. As such these investments have been classified as available for sale financial assets.

Useful lives of Property, Plant and Equipment

The useful lives of property, plant and equipment have been determined based on the asset management plans used during the creation of the LTP. For infrastructural assets this has been based on the information provided by the National Asset Management Steering Group (NAMS) regarding the useful life of infrastructural assets. For all other property, plant and equipment, the depreciation schedules included in the Income Tax Act have been used as a basis for setting the useful lives.

Additional Financial Information

Commitments and contingencies in 2012-22 LTP

The following contingent liabilities exist at the time of adoption of this LTP.

- Uncalled Capital for Local Authority Shared Services of \$1,000.
- Uncalled Capital for the Waikato Regional Airport Limited of \$300,000.
- A loan guarantee of \$70,000 for the Otorohanga Sports Club.
- A loan guarantee of \$390,000 for the Otorohanga Zoological Society.
- At present there is a potential guarantee related to the Local Government Funding Agency (LGFA), however this is not able to be quantified at this time. Refer to page 22 for more information.

LTP information

This LTP has been authorised for issue on 8th of May 2012, and was authorised for issue by the Council.

The Council, who are authorised to do so and believe that the assumptions underlying these prospective financial statements are appropriate, has approved the Long-term Plan for distribution.

The Council and management of the Otorohanga District Council accept responsibility for the preparation of their prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Funding Impact Statements

Introduction

The Local Government (Rating) Act 2002 sets out the methods by which local authorities can rate and the detailed criteria around their uses.

The Local Government Act 2002 sets out processes and policies that local authorities must apply in the establishment of their rating systems, including the provisions of information to communities.

This funding impact statement sets out:

- The revenue and financing mechanisms used;
- An indicative level or amount of funding for each mechanism;
- Explanatory information supporting the use of general and targeted rates; and
- A summary of the total rates requirement.

The application of funding methods to Council's activities is summarised in a table at the end of this section.

This statement should be read in conjunction with Council's Revenue and Financing policy that sets out Council's policies in respect of each source of funding of operating and capital expenses.

Revenue and Financing Mechanisms Background

The Revenue and Financing mechanisms to be used by the Council in relation to the Long-Term Plan can be found on page 195 of this funding impact statement. These apply to all years covered by this plan.

Amount of funds to be Produced

The amount of funds to be produced by each mechanism in relation to the Long-Term Plan can be found on page 195 of this funding impact statement.

The amount to be produced from each rating mechanism is further broken down by the Note of the funding impact statement.

General Rate

The valuation system to be used for the general rate is capital value.

Uniform Annual General Charge

A uniform annual general charge will be set at a fixed dollar amount for each separately used or inhabited part of a rating unit in the District.

A separately used or inhabited part of a rating unit includes any part of a rating unit separately used or inhabited by the owner or any other person who has the right to use or inhabit that part by virtue of a tenancy, lease or other agreement. As a minimum, the land or premises intended to form the separately used or inhabited part of the rating unit must be capable of actual habitation, or separate use. For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one separately used or inhabited part.

Under the Local Government (Rating) Act 2002 the Council is required to ensure that its uniform charges do not exceed 30% of the total rates take. For the 2012/13 year the uniform charges equate to 22.36% of the total rates take.

Lump Sum Contributions.

There are currently no plans to invite lump sum contributions in respect of any of the targeted rates listed below.

Targeted Rates

Individual targeted rates to be set and assessed for the Long-Term Plan are listed on page 195 of this Funding Impact Statement.

Definitions of various categories of rateable land used on page 195 for setting targeted rates are as follows:

Land Transport Rate

All properties within the District fall under this category.

Rural Rate

All areas not within either the Otorohanga or Kawhia Communities fall under this category. Valuation numbers begin with 05550, 05620, 05650, 05670 or 05680.

Kawhia Community Rate

The area of the Kawhia Community is defined on a map approved by Council. Valuation numbers begin with 05640.

Hall Targeted Rates

Hall areas are defined on maps approved by the hall committees and Council. Funds received are generally available to Hall Committees to go towards the operation, maintenance, renovation and/or extension of those facilities.

Water Supplied By Volume Rates – Rural Water Schemes (Arohena, Tihiroa, Ranginui and Waipa)

Separate rating units in the Rural Water Supply areas with water meters are levied a targeted rate for water usage. This rate is set on a per cubic metre usage basis.

Separate rating units in the Rural Water Supply areas also attract a charge for each meter connected to the Rural Water Scheme.

Otorohanga Refuse Targeted Rate

All properties situated in the Otorohanga Community that have a building erected thereon are levied a uniform targeted rate for each separately occupied portion of any building.

Security Targeted Rate

The area of benefit is defined on a map approved by Council.

Otorohanga Water Supply

All properties connected to the Otorohanga Water Supply Scheme are levied a rate per connection.

Otorohanga Sewerage

All properties that are connected to the Otorohanga Sewerage Treatment & Reticulation Scheme are levied a rate per separately used or inhabited part of the rating unit. All properties with four or less water closets or urinals pay a flat fee. For all water closets or urinals over 4, a charge for each additional water closet or urinal applies.

Water Supplied By Volume Rates - Otorohanga

Properties in the Otorohanga Community water supply area with water meters are levied a targeted rate for water usage over the free allowance. This rate is set on a per cubic metre usage basis.

Every non-rateable separate rating unit within the Otorohanga Community has a targeted rate per annum. Those that are metered are charged for consumption, with a minimum charge applying.

Properties outside the Otorohanga Community water supply area, whether rateable or non-rateable, that are using water from the Otorohanga scheme are levied a targeted rate for water usage, on a per cubic metre basis, with a minimum charge per annum.

All properties, either rateable or non-rateable, receiving an extraordinary supply from the Otorohanga Community Water Supply will have a charge for each water meter.

Kawhia Refuse Targeted Rate

All properties situated in the Kawhia Community that have a building erected thereon are levied a uniform targeted rate for each separately occupied portion of any building.

Kawhia Water Supply

All properties that are connected to the Kawhia Water Supply Scheme are levied a uniform targeted rate per connection.

Kawhia Targeted Water Loan Rate

Properties in the Kawhia Community water supply area are levied a targeted loan rate to finance loan repayment costs in respect of loans raised for capital expenditure on the Kawhia water scheme.

Water Supplied By Volume Rates - Kawhia

Separate rating units in the Kawhia Community water supply area with water meters are levied a targeted rate for water usage over the free allowance. This rate is set on a per cubic metre usage basis.

Separate rating units outside the Kawhia Community water supply area with water meters that are using water from the Kawhia scheme are levied a targeted rate for water usage, on a per cubic metre basis, with a minimum charge per annum.

All separate rating units, either rateable or non-rateable, receiving an extraordinary supply from the Kawhia Community Water Supply will have a charge for each water meter.

Water Supplied By Volume Rates – Kawhia (Peak Season Metered Water Charge)

Separate rating units, both rateable and non-rateable, in the Kawhia Community water supply area that would have been liable for a Development Contribution in respect of the Kawhia Water Treatment Plant Upgrade after 30 June 2009 (or which has provided water to such a rating unit from the Kawhia Community Supply) shall be charged for a proportion of metered water used during the period from 20 December to the following 20 February at a higher rate per cubic

metre. The proportion of metered water used to which the Peak Season Metered Water Charge (PSMWC) shall be applicable for a particular rateable or non-rateable unit shall be established based upon the following table:

Water Consuming Unit Category	Proportion of metered water volume to which PSMWC charges applicable for consuming unit
New residential unit	100%
Unit identified as supplying water to another unit liable for PSMWC charges	100%
Addition of Minor Household Unit to existing residential lot to which PSMWC not applicable	33%
Other developments	Case by case assessments based upon the proportion of development contribution applicable Household Equivalent Units (HEUs) ¹¹ as a proportion of the total Household Equivalent Units of the property after development. Example: 2 HEU property developed to 5 HEU Proportion = $(5 - 2)/5 = 60\%$

¹¹ Where HEUs are defined as in Council's Policy on Development and Financial Contributions

Differential Targeted Rates

Differential Definitions

Properties within the Otorohanga Community may be charged targeted rates under one of two differentials. The differentials are applied based on the use to which the land is put.

The definitions of the two land use categories are:

-  Otorohanga Commercial
-  Otorohanga Residential

The following targeted rates are set using differentials.

Otorohanga Community Rate

The area of the Otorohanga Community is defined on a map approved by Council. Valuation numbers begin with either 05540 or 05541.

Otorohanga Targeted Sewerage Loan Rate

Areas of benefit are defined on maps and approved by Council.

Otorohanga Targeted Water Loan Rate

Areas of benefit are defined on maps and approved by Council.

Other Definitions

The definition of a separately used or inhabited part of a rating unit is the same as for the uniform annual general charge.

Metered supply for the purpose of extraordinary water supply shall exclude those properties where a water meter has been installed for research purposes only, or which do not otherwise satisfy the criteria for an Extraordinary Water Supply as defined below.

The supply of water to a customer which is used solely for domestic purposes in the dwelling unit shall be deemed to be an Ordinary Supply.

All other purposes for which water is supplied other than Ordinary Supply shall be deemed to be an Extraordinary Supply and may be subject to specific conditions and limitations. Extraordinary Supply, as defined in Council's Water Services Bylaw 2007, refers to the following circumstances:

All premises outside the Otorohanga and Kawhia Communities which are connected to and draw water from the public water supply networks serving those communities, excluding those premises within the defined area of the Waipa Rural Water Supply Scheme; and

All premises within the Otorohanga or Kawhia communities used for commercial, industrial or agricultural purposes, and schools, clubs and other non-residential premises where levels of water consumption would be expected to be significantly higher than that of a typical residential property.

Funding Impact Statement and Financial Statements

Two sets of financial information are presented within this Long Term Plan:

1. The usual Generally Accepted Accounting Principles (GAAP) regulated statements of financial position, comprehensive income and the like; and
2. A funding impact statement.

Key differences between these two sets of information are that GAAP regulated financial statements as the name suggest must adhere to GAAP requirements. The Funding Impact Statement (FIS) is intended to make the sources and applications of Council funds more

transparent to its stakeholders than might be the case if only the usual GAAP financial requirements but it must follow a prescribed format.

The Council level FIS

- Links the Councils Revenue and Financing Policy, the annual setting of rates, fees, development contribution and the annual borrowing requirement;
- Sets out the revenue and financing mechanisms that will be used in each year along with an indicative level or amount of funds to come from each mechanism; and
- Shows the planned application of funds in each year.

Funding Impact Statement – All of Council

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	4,188	4,261	4,470	4,547	4,817	4,676	4,959	4,898	5,073	5,405	5,343
Targeted rates (other than a targeted rate for water supply)	5,758	6,033	6,204	6,623	6,701	7,243	7,237	7,431	7,547	7,585	7,693
Subsidies and grants for operating purposes	1,584	1,536	1,553	1,648	1,673	1,771	1,766	1,821	1,847	1,881	1,879
Fees charges and targeted rates for water supply	614	643	690	744	880	940	989	1,026	1,066	1,101	1,135
Interest and dividends from investments	52	53	53	53	52	53	53	53	53	53	53
Local authorities fuel tax, fines, infringement fees, and other receipts	1,078	1,107	1,165	1,206	1,238	1,278	1,314	1,355	1,396	1,434	1,474
Total operating funding	13,274	13,633	14,135	14,821	15,361	15,961	16,318	16,584	16,982	17,459	17,577
Applications of operating funding											
Payments to staff and suppliers	9,203	9,231	9,520	9,854	10,171	10,392	10,481	10,771	11,062	11,259	11,470
Finance costs	809	908	877	941	878	752	625	563	468	373	278
Other operating funding applications	594	651	687	717	740	781	851	882	912	945	983
Total applications of operating funding	10,606	10,790	11,084	11,512	11,789	11,925	11,957	12,216	12,442	12,577	12,731
Surplus (deficit) of operating funding	2,668	2,843	3,051	3,309	3,572	4,036	4,361	4,368	4,540	4,882	4,846
Sources of capital funding											
Subsidies and grants for capital expenditure	1,527	1,805	3,101	1,805	1,703	2,005	1,695	1,769	1,850	2,099	2,197
Development and financial contributions	110	81	83	85	87	89	81	83	98	100	102
Increase (decrease) in debt	198	447	1,089	1,141	1,190	1,040	760	780	780	780	768
Gross proceeds from sale of assets	47	229	156	1,304	871	588	61	36	152	98	52
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	1,882	1,668	4,429	2,053	1,471	1,642	1,077	1,108	1,320	1,517	1,583
Application of capital funding											
Capital expenditure											
- to meet additional demand	50	50	1,312	53	71	56	58	60	62	63	65
- to improve the level of service	484	704	2,976	975	632	854	782	815	820	1,368	853
- to replace existing assets	3,878	3,547	3,328	3,791	3,436	3,845	4,027	3,679	4,006	4,253	4,192
Increase (decrease) in reserves	138	210	136	543	904	923	571	922	972	715	1,319
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	4,550	4,511	7,480	5,362	5,043	5,678	5,438	5,476	5,860	6,399	6,429
Surplus (deficit) of capital funding	- 2,668	- 2,843	- 3,051	- 3,309	- 3,572	- 4,036	- 4,361	- 4,368	- 4,540	- 4,882	- 4,846
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Roading

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	4,427	4,621	4,694	5,054	5,081	5,579	5,571	5,720	5,825	5,826	5,908
Subsidies and grants for operating purposes	1,533	1,490	1,506	1,600	1,623	1,720	1,714	1,766	1,791	1,824	1,820
Fees charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	800	811	846	883	922	952	980	1,008	1,036	1,066	1,095
Local authorities fuel tax, fines, infringement fees, and other receipts	116	101	104	108	111	114	117	121	125	128	132
Total operating funding	6,876	7,023	7,150	7,645	7,737	8,365	8,382	8,615	8,777	8,844	8,955
Applications of operating funding											
Payments to staff and suppliers	3,283	3,157	3,192	3,376	3,427	3,620	3,612	3,717	3,769	3,838	3,836
Finance costs	478	425	397	369	341	313	286	258	231	204	177
Internal charges and overheads applied	1,224	1,357	1,396	1,435	1,473	1,508	1,543	1,591	1,628	1,663	1,697
Other operating funding applications	-	7	7	8	8	8	8	8	8	8	8
Total applications of operating funding	4,985	4,946	4,992	5,188	5,249	5,449	5,449	5,574	5,636	5,713	5,718
Surplus (deficit) of operating funding	1,891	2,077	2,158	2,457	2,488	2,916	2,933	3,041	3,141	3,131	3,237
Sources of capital funding											
Subsidies and grants for capital expenditure	1,527	1,690	1,562	1,805	1,703	2,005	1,695	1,769	1,851	2,099	2,197
Development and financial contributions	50	50	52	54	55	57	58	59	61	63	65
Increase (decrease) in debt	- 428	- 422	- 422	- 422	- 422	- 422	- 422	- 410	- 410	- 410	- 410
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	1,149	1,318	1,192	1,437	1,336	1,640	1,331	1,418	1,502	1,752	1,852
Application of capital funding											
Capital expenditure											
- to meet additional demand	50	50	52	53	55	56	58	60	62	63	65
- to improve the level of service	90	222	378	437	549	688	695	728	739	772	780
- to replace existing assets	2,884	3,198	2,944	3,413	3,212	3,796	3,486	3,637	3,799	3,994	4,179
Increase (decrease) in reserves	16	75	24	9	8	16	25	34	43	54	65
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	3,040	3,395	3,350	3,894	3,824	4,556	4,264	4,459	4,643	4,883	5,089
Surplus (deficit) of capital funding	- 1,891	- 2,077	- 2,158	- 2,457	- 2,488	- 2,916	- 2,933	- 3,041	- 3,141	- 3,131	- 3,237
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Water Supply

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	28	30	32	31	37	42	37	38	39	41	41
Targeted rates (other than a targeted rate for water supply)	455	495	532	562	586	606	599	611	623	636	651
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees charges and targeted rates for water supply	614	643	690	744	880	940	989	1,026	1,066	1,101	1,135
Internal charges and overheads recovered	535	546	569	592	631	640	654	669	688	704	724
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding	1,632	1,714	1,823	1,929	2,134	2,228	2,279	2,344	2,416	2,482	2,551
Applications of operating funding											
Payments to staff and suppliers	853	861	868	895	1,016	1,054	1,078	1,108	1,141	1,176	1,211
Finance costs	69	62	59	79	97	91	84	78	71	64	58
Internal charges and overheads applied	449	485	508	531	562	568	576	586	596	604	616
Other operating funding applications	40	72	75	78	80	83	86	88	91	94	97
Total applications of operating funding	1,411	1,480	1,510	1,583	1,755	1,796	1,824	1,860	1,899	1,938	1,982
Surplus (deficit) of operating funding	221	234	313	346	379	432	455	484	517	544	569
Sources of capital funding											
Subsidies and grants for capital expenditure	-	115	1,540	-	-	-	-	-	-	-	-
Development and financial contributions	15	15	15	15	15	16	6	6	19	19	19
Increase (decrease) in debt	73	71	497	109	100	100	100	100	100	100	96
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	58	59	2,052	124	85	84	94	94	81	81	77
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	155	191	2,463	473	-	75	-	-	-	519	-
- to replace existing assets	107	67	199	84	167	71	135	63	103	67	82
Increase (decrease) in reserves	99	35	297	87	127	202	226	327	333	123	410
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	163	293	2,365	470	294	348	361	390	436	463	492
Surplus (deficit) of capital funding	221	234	313	346	379	432	455	484	517	544	569
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Sewerage

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	20	23	25	23	25	29	27	27	29	30	30
Targeted rates (other than a targeted rate for water supply)	464	516	556	563	587	594	601	608	614	622	630
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	1	-	-	-	-	1	2	3	5	6	8
Local authorities fuel tax, fines, infringement fees, and other receipts	30	30	31	32	33	34	35	36	37	38	39
Total operating funding	513	569	612	618	645	658	665	674	685	696	707
Applications of operating funding											
Payments to staff and suppliers	154	171	176	181	187	193	199	205	210	216	222
Finance costs	90	133	127	119	112	104	96	88	81	73	66
Internal charges and overheads applied	53	57	60	62	61	61	62	64	65	66	68
Other operating funding applications	17	35	37	38	39	40	41	42	44	45	46
Total applications of operating funding	314	396	400	400	399	398	398	399	400	400	402
Surplus (deficit) of operating funding	199	173	212	218	246	260	267	275	285	296	305
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	24	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	663	77	117	117	117	117	117	117	117	117	108
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	687	77	117	117	117	117	117	117	117	117	108
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	63	63	-	-	-	-	-	-	-	-	-
- to replace existing assets	780	70	31	11	71	40	251	78	74	152	26
Increase (decrease) in reserves	43	37	64	90	58	103	101	80	94	27	171
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	886	96	95	101	129	143	150	158	168	179	197
Surplus (deficit) of capital funding	- 199	- 173	- 212	- 218	- 246	- 260	- 267	- 275	- 285	- 296	- 305
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Stormwater Drainage

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	165	308	197	182	216	132	205	178	176	222	176
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	10	10	10	10	11	11	11	12	12	12	13
Total operating funding	175	318	207	192	227	143	216	190	188	234	189
Applications of operating funding											
Payments to staff and suppliers	17	22	17	17	18	19	19	20	20	21	21
Finance costs	57	59	59	56	52	49	45	42	38	34	31
Internal charges and overheads applied	18	19	20	20	21	21	22	22	23	23	24
Other operating funding applications	9	26	27	28	29	30	30	31	32	33	34
Total applications of operating funding	101	126	123	121	120	119	116	115	113	111	110
Surplus (deficit) of operating funding	74	192	84	71	107	24	100	75	75	123	79
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	6	6	6	6	6	7	7	7	8	8	8
Increase (decrease) in debt	96	56	53	53	53	53	53	53	53	53	53
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	102	62	47	47	47	46	46	46	45	45	45
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	135	115	25	-	38	-	29	-	-	-	-
- to replace existing assets	22	10	10	16	11	17	18	18	18	64	20
Increase (decrease) in reserves	19	129	2	8	11	39	7	11	12	14	14
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	176	254	37	24	60	22	54	29	30	78	34
Surplus (deficit) of capital funding	- 74	- 192	- 84	- 71	- 107	- 24	- 100	- 75	- 75	- 123	- 79
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Flood Protection and Control Works

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	3	6	-	5	-	6	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	31	30	30	30	30	30	30	30	30	30	30
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	1	1	1	1	1	1	1	2	2	2
Local authorities fuel tax, fines, infringement fees, and other receipts	83	101	115	119	123	125	129	133	134	135	136
Total operating funding	117	138	146	155	154	162	160	164	166	167	168
Applications of operating funding											
Payments to staff and suppliers	66	68	75	77	74	82	79	81	83	86	88
Finance costs	11	19	27	31	32	30	30	30	29	27	25
Internal charges and overheads applied	15	13	13	13	14	14	14	14	15	15	16
Other operating funding applications	1	3	3	3	3	4	4	4	4	4	4
Total applications of operating funding	93	103	118	124	123	130	127	129	131	132	133
Surplus (deficit) of operating funding	24	35	28	31	31	32	33	35	35	35	35
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	21	108	17	25	- 16	- 16	14	- 18	- 18	- 18	- 17
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	21	108	17	25	- 16	- 16	14	- 18	- 18	- 18	- 17
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	50	150	46	43	11	-	41	12	-	13	52
Increase (decrease) in reserves	- 5	- 7	- 1	13	4	16	6	5	17	4	- 34
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	45	143	45	56	15	16	47	17	17	17	18
Surplus (deficit) of capital funding	- 24	- 35	- 28	- 31	- 31	- 32	- 33	- 35	- 35	- 35	- 35
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Community Services

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	1,467	1,804	1,705	1,697	1,847	1,965	1,950	2,027	2,028	2,191	2,155
Targeted rates (other than a targeted rate for water supply)	364	353	375	398	398	415	415	441	433	448	452
Subsidies and grants for operating purposes	30	25	26	27	28	28	29	30	31	32	33
Fees charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	5	9	9	9	9	9	9	9	11	10	11
Local authorities fuel tax, fines, infringement fees, and other receipts	355	373	392	405	403	417	431	446	461	477	493
Total operating funding	2,221	2,564	2,507	2,536	2,685	2,834	2,834	2,953	2,964	3,158	3,144
Applications of operating funding											
Payments to staff and suppliers	1,438	1,634	1,685	1,725	1,762	1,834	1,890	1,945	1,993	2,047	2,105
Finance costs	92	85	81	75	70	64	59	53	48	42	37
Internal charges and overheads applied	250	278	287	294	300	306	313	320	326	332	337
Other operating funding applications	137	145	148	152	156	160	164	168	172	176	180
Total applications of operating funding	1,917	2,142	2,201	2,246	2,288	2,364	2,426	2,486	2,539	2,597	2,659
Surplus (deficit) of operating funding	304	422	306	290	397	470	408	467	425	561	485
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	15	10	10	10	10	10	10	10	10	10	10
Increase (decrease) in debt	- 81	- 41	- 83	- 83	- 83	- 83	- 83	- 83	- 83	- 83	- 83
Gross proceeds from sale of assets	-	-	76	200	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	- 66	- 31	3	127	- 73	- 73	- 73	- 73	- 73	- 73	- 73
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	10	-	16	-	-	-	-	-	-
- to improve the level of service	27	80	53	48	45	78	57	79	74	70	65
- to replace existing assets	131	99	177	131	123	102	134	198	105	146	120
Increase (decrease) in reserves	80	212	69	238	140	217	144	117	173	272	227
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	238	391	309	417	324	397	335	394	352	488	412
Surplus (deficit) of capital funding	- 304	- 422	- 306	- 290	- 397	- 470	- 408	- 467	- 425	- 561	- 485
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Regulatory Services

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	592	633	655	631	694	786	732	744	776	825	824
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	1	-	-	-	-	-	-	-	-	-
Fees charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	252	248	256	262	268	275	278	284	290	297	304
Local authorities fuel tax, fines, infringement fees, and other receipts	496	474	495	515	539	557	573	589	606	623	641
Total operating funding	1,340	1,356	1,406	1,408	1,501	1,618	1,583	1,617	1,672	1,745	1,769
Applications of operating funding											
Payments to staff and suppliers	763	755	757	777	799	819	841	860	882	903	929
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	559	605	619	633	649	665	680	697	713	729	745
Other operating funding applications	9	7	7	7	7	7	7	8	8	8	8
Total applications of operating funding	1,331	1,367	1,383	1,417	1,455	1,491	1,528	1,565	1,603	1,640	1,682
Surplus (deficit) of operating funding	9	11	23	9	46	127	55	52	69	105	87
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	-	-	-	-	-	-	-	-	-	-	-
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	7	-	-	-	-	-
- to replace existing assets	3	3	21	3	3	7	7	4	4	4	4
Increase (decrease) in reserves	6	14	2	12	43	113	48	48	65	101	83
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	9	11	23	9	46	127	55	52	69	105	87
Surplus (deficit) of capital funding	-	11	23	9	46	127	55	52	69	105	87
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Governance and Leadership

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	1,695	1,592	1,562	1,684	1,677	1,599	1,695	1,565	1,694	1,743	1,761
Targeted rates (other than a targeted rate for water supply)	16	17	18	18	19	20	20	21	21	22	23
Subsidies and grants for operating purposes	21	21	21	22	23	23	24	25	25	26	27
Fees charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	2,836	3,846	4,069	4,151	4,165	4,168	4,148	4,172	4,202	4,234	4,269
Local authorities fuel tax, fines, infringement fees, and other receipts	70	70	70	69	69	72	70	71	74	72	72
Total operating funding	4,638	5,546	5,740	5,944	5,953	5,882	5,957	5,854	6,016	6,097	6,152
Applications of operating funding											
Payments to staff and suppliers	2,889	2,833	2,998	3,067	3,147	3,051	3,084	3,163	3,297	3,313	3,405
Finance costs	13	908	877	941	878	752	625	562	468	373	278
Internal charges and overheads applied	1,357	1,251	1,314	1,492	1,375	1,441	1,625	1,511	1,579	1,651	1,710
Other operating funding applications	174	177	187	193	199	205	211	217	223	230	236
Total applications of operating funding	4,433	5,169	5,376	5,693	5,599	5,449	5,545	5,453	5,567	5,567	5,629
Surplus (deficit) of operating funding	205	377	364	251	354	433	412	401	449	530	523
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	47	9	80	104	71	88	61	37	152	98	52
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	47	9	80	104	71	88	61	37	152	98	52
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	15	33	58	17	-	7	-	7	7	8	8
- to replace existing assets	169	193	255	329	263	264	281	149	382	291	211
Increase (decrease) in reserves	68	160	131	9	162	250	192	282	212	329	356
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	252	386	444	355	425	521	473	438	601	628	575
Surplus (deficit) of capital funding	- 205	- 377	- 364	- 251	- 354	- 433	- 412	- 401	- 449	- 530	- 523
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Funding Impact Statement – Community Development

	2011/12 (\$000)	2012/13 (\$000)	2013/14 (\$000)	2014/15 (\$000)	2015/16 (\$000)	2016/17 (\$000)	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	219	- 136	294	292	322	119	313	320	332	353	355
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	3	11	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding	219	- 136	294	292	325	130	313	320	332	353	355
Applications of operating funding											
Payments to staff and suppliers	-	19	48	39	49	34	-	-	-	-	-
Finance costs	-	-	41	63	30	8	-	-	-	-	-
Internal charges and overheads applied	6	13	29	36	25	15	6	7	7	7	7
Other operating funding applications	205	247	254	262	270	278	285	293	301	310	319
Total applications of operating funding	211	279	372	400	374	335	291	300	308	317	326
Surplus (deficit) of operating funding	8	- 415	- 78	- 108	- 49	- 205	22	20	24	36	29
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	1,250	600	400	250	-	-	-	-	-
Gross proceeds from sale of assets	-	220	-	1,000	800	500	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	-	220	1,250	400	400	250	-	-	-	-	-
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	1,250	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	8	- 195	78	292	351	45	22	20	24	36	29
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of capital funding	8	- 195	1,172	292	351	45	22	20	24	36	29
Surplus (deficit) of capital funding	- 8	415	78	108	49	205	- 22	- 20	- 24	- 36	- 29
Funding balance	-	-	-	-	-	-	-	-	-	-	-

2012/13 Rates Information

Total Revenue Required	Rates 2012/13 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation
2,083,988	General Rate (partially funds activities as detailed below)	Every rating unit in the district	Rate in the \$ on capital value		
1,329,054	Uniform Annual General Charge (partially funds activities as detailed below)	Every rating unit in the district	Fixed amount for each rating unit		
3,650,938 970,502	Land Transport Rate (partially funds the Land transport programme in compliance with the Revenue and Financing Policy).	Every rating unit in the district	Rate in the \$ on capital value Fixed amount for each rating unit		
55,175 203,228	Rural Targeted Rate (partially funds activities as detailed below)	Every rating unit in the defined rural rating area	Rate in the \$ on capital value Fixed amount for each rating unit		
77,055 92,317 263,822	Otorohanga Community Targeted Rate (partially funds activities as detailed below)	Every rating unit in the defined Otorohanga Community area	Rate in the \$ on capital value Fixed amount for each rating unit	Commercial Properties Residential Properties	Ratio 2.5 Ratio 1.0
81,412 45,991	Kawhia Community Targeted Rate (partially funds activities as detailed below)	Every rating unit in the defined Kawhia Community area	Rate in the \$ on capital value Fixed amount for each rating unit		
136,442	Refuse Collection Targeted Rate Otorohanga	Every rating unit in the defined Otorohanga Community area	Fixed amount for each separately used or inhabited part of a rating unit		

Total Revenue Required	Rates 2012/13 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation
115,390	Refuse Collection Targeted Rate Kawhia	Every rating unit in the defined Kawhia Community area	Fixed amount for each separately used or inhabited part of a rating unit		
278,886	Water Supply Targeted Rate Otorohanga	Every rating unit in the defined Otorohanga Water Supply area	Fixed amount for each separately used or inhabited part of a rating unit	Otorohanga Community	Ratio 1.0
1,114				Outer Area	Ratio 1.0
135,058	Water Supply Targeted Rate Kawhia	Every rating unit in the defined Kawhia Water Supply area	Fixed amount for each separately used or inhabited part of a rating unit		
18,546	Water Supply Targeted Loan Rate – Otorohanga	Every rating unit in the defined Otorohanga Water Supply area	Rate in the \$ on capital value	Commercial Properties	Ratio 2.5
26,883				Residential Properties	Ratio 1.0
20,150	Water Supply Targeted Loan Rate – Kawhia	Every rating unit in the defined Kawhia Water Supply area	Rate in the \$ on capital value		
13,978	Water Supply Targeted Loan Rate – Rural Schemes	Every rating unit in the defined Rural Water Scheme areas	Rate in the \$ on capital value	Arohena Rural Water Scheme	
368,500	Sewerage Treatment Targeted Rate	Every rating unit in the defined Otorohanga Sewerage Treatment area	Fixed amount for each separately used or inhabited part of a rating unit	Less than 4	
1,500				5 or more	per urinal
60,997	Sewerage Treatment Targeted Loan Rate	Every rating unit in the defined Otorohanga Sewerage Treatment area	Rate in the \$ on capital value	Commercial Properties	Ratio 2.5
85,003				Residential Properties	Ratio 1.0
877	Rural Halls Targeted Rate	Every rating unit within the defined Rural Hall areas	Rate in the \$ on capital value	Arohena	
2,498				Kio Kio	
743				Puketotara/Ngutunui	
2,134				Maihihi	
1,650				Honikiwi	

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Total Revenue Required	Rates 2012/13 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation
2,655 3,720 3,380 2,412 2,232 740			Fixed amount for each separately used or inhabited part of a rating unit	Arohena Kio Kio Crossroads Puketotara/ Ngutunui Otewa Whawharua	
15,000	Aotea Erosion Targeted Rate	Every rating unit within the defined Aotea Community area	Fixed amount for each rating unit		
14,563	Aotea Erosion Targeted Loan Rate	Every rating unit within the defined Aotea Community area	Fixed amount for each property that did not make a capital contribution		
8,400 19,935	CBD Development Rate	Every commercial property within the defined Otorohanga Commercial area	Rate in the \$ on capital value Fixed amount for each rating unit		
34,301 34,301	Security Patrol Rate	Every commercial property within the defined Otorohanga Commercial area	Rate in the \$ on capital value Fixed amount for each rating unit		
155,000 165,000 56,000 135,000	Water Supplied by Volume – Rural Water Supplies	Every property connected to the defined Rural Water Schemes.	Fixed amount for each cubic metre of water consumed Fixed amount per meter	Arohena Tihiroa Ranginui Waipa Arohena Tihiroa Ranginui Waipa	
115,000	Water Supplied by Volume – Otorohanga Water Supply	Every property connected to the defined Otorohanga	Fixed amount for each cubic metre of water consumed (220 cubic metre free	Rateable properties	

Total Revenue Required	Rates 2012/13 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation
		Water Supply Scheme	allowance) Fixed amount per meter	Non-rateable properties Property outside Otorohanga Community Non rateable inside Community All connected properties	
9,000	Water Supplied by Volume – Kawhia Water Supply	Every property connected to the defined Kawhia Water Supply Scheme	Fixed amount for each cubic metre of water consumed (220 cubic metre free allowance) Fixed amount per meter	Within Community Outside Community All connected properties	
1,000	Water Supplied by Volume – Kawhia Water Supply (PSMWC)	Every property connected to the defined Kawhia Water Supply Scheme meeting the conditions.	Fixed amount for each cubic meter of water consumed between 20 December and 20 February each year.		

10,901,470 TOTAL

Rate Contributions to Activities

Unifrom Annual General Charge and Community Fixed Targeted Rates

	District	Rural Community	Otorohanga Community	Kawhia Community
	\$	\$	\$	\$
Democratic Process	101.11		45.66	38.08
Corporate Planning	26.76			
District Promotion	41.85			
Policy Development	42.56			
Civil Defence	13.24			
Environmental Health	14.09			
Dog Control	3.81			
Ranging & Impounding	0.77			
Litter Control	8.38			
District Co-Ordinator Scheme	13.91			
Parks & Reserves	40.23			
Refuse	0.00	22.76		
Water Supply	8.38			
Otorohanga Sewerage	6.43			
Library	38.56			
Public Conveniences	6.77			
Kawhia Medical Centre	0.52			3.52
Kawhia Wharf	2.86			6.49
District Property	-0.84		-1.52	4.71
Pool		83.55	179.36	13.91
Security Patrol			7.38	
Kawhia Community Centre				19.72
	369.40	106.31	230.90	86.42

General Rate and Targeted Community Rates

The following schedule indicates how the proportion of general rates, and targeted rates set as a rate in the dollar on capital value, are spent on individual activities, for each \$10,000 of capital value.

	District	Rural Community	Otorohanga Community Residential	Otorohanga Community Commercial	Kawhia Community
	\$	\$	\$	\$	\$
Democratic Process	\$1.16		\$1.18	\$2.95	\$1.36
Corporate Planning	\$0.31				
District Promotion	\$0.32				
Environmental Services Manager	\$0.10				
Planning & Development	\$0.74				
Policy Development	\$0.49				
Building Control	\$0.54				
Environmental Health	\$0.16				
Litter Control	\$0.05				
District Co-Ordinator Scheme	\$0.08				
Council Support	\$0.38				
Refuse	\$0.00				
Parks & Reserves	\$1.36				
Library	\$0.44				
Security Patrol	\$0.01				
Cemeteries	\$0.18				
Public Conveniences	\$0.28				
Kawhia Wharf	\$0.03				\$0.23
Kawhia Medical Centre	\$0.01				\$0.13
Halls		\$0.00			
Land Drainage		\$0.02			
Rural Fire		\$0.13			
District Property	-\$0.01		-\$0.04	-\$0.10	\$0.17
Stormwater		\$0.05	\$3.01	\$7.52	\$2.70
Property Development	\$0.04				\$0.89
	\$6.67	\$0.20	\$4.15	\$10.38	\$5.48

Examples of Contributions to Council Services – 2012/13 year

Property Value	250,000	300,000	250,000	500,000	200,000	300,000	1,000,000	1,500,000	4,500,000
	Otorohanga Residential		Otorohanga Commercial		Kawhia		Rural		
Activity	\$	\$	\$	\$	\$	\$	\$	\$	\$
Democratic Process	205.36	217.08	249.66	352.56	189.72	214.99	217.33	275.44	624.10
Corporate Planning	34.45	35.98	34.45	42.14	32.91	35.98	57.51	72.89	165.16
District Promotion	49.86	51.47	49.86	57.88	48.26	51.47	73.91	89.95	186.15
Policy Development	54.78	57.23	54.78	67.01	52.34	57.23	91.47	115.93	262.68
Civil Defence	13.24	13.24	13.24	13.24	13.24	13.24	13.24	13.24	13.24
Environmental Health	18.14	18.95	18.14	22.18	17.33	18.95	30.28	38.38	86.96
Dog Control	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81	3.81
Ranging & Impounding	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77	0.77
Litter Control	9.59	9.83	9.59	10.79	9.35	9.83	13.20	15.61	30.06
District Co-Ordinator Scheme	15.88	16.28	15.88	17.85	15.49	16.28	21.79	25.73	49.36
Parks & Reserves	74.16	80.95	74.16	108.09	67.38	80.95	175.94	243.80	650.92
Refuse	116.14	116.14	116.14	116.14	252.28	252.28	22.76	22.76	22.76
Water Supply	243.86	243.86	243.86	243.86	377.30	377.30	8.38	8.38	8.38
Otorohanga Sewerage	326.43	326.43	326.43	326.43	6.43	6.43	6.43	6.43	6.43
Library	49.65	51.86	49.65	60.73	47.43	51.86	82.89	105.05	238.04
Public Conveniences	13.66	15.04	13.66	20.55	12.28	15.04	34.32	48.09	130.72
Kawhia Medical Centre	0.67	0.70	0.67	0.82	6.68	8.00	1.11	1.41	3.20
Kawhia Wharf	3.69	3.85	3.69	4.51	14.66	17.31	6.16	7.80	17.68
District Property	-3.57	-3.82	-5.04	-7.73	8.09	9.78	-1.80	-2.28	-5.16
Pool	179.36	179.36	179.36	179.36	13.91	13.91	83.55	83.55	83.55
Security Patrol	7.71	7.77	610.88	844.93	0.26	0.39	1.29	1.94	5.82
Kawhia Community Centre	0.00	0.00	0.00	0.00	19.72	19.72	0.00	0.00	0.00
Environmental Services Manager	2.42	2.90	2.42	4.83	1.93	2.90	9.66	14.49	43.48
Planning & Development	18.42	22.11	18.42	36.84	14.74	22.11	73.69	110.53	331.59
Building Control	13.44	16.13	13.44	26.88	10.75	16.13	53.76	80.64	241.91
Council Support	9.52	11.43	9.52	19.05	7.62	11.43	38.10	57.15	171.44
Cemeteries	4.44	5.32	4.44	8.87	3.55	5.32	17.74	26.62	79.85
Rural Fire	0.00	0.00	0.00	0.00	0.00	0.00	12.94	19.42	58.25
Stormwater	75.21	90.26	188.01	376.02	53.99	80.98	4.95	7.42	22.27
Land Transport	571.245	630.53	571.245	867.67	511.96	630.53	1460.52	2053.37	5610.47
Sewerage Loan	100.175	120.21	250.425	500.85	0.00	0.00	0.00	0.00	0.00
Water Loan	30.15	36.18	75.4	150.8	32.62	48.93	0.00	0.00	0.00
Land Drainage	0.00	0.00	0.00	0.00	0.00	0.00	2.24	3.36	10.08
Property Development	1.05	1.26	1.05	2.10	18.66	27.99	4.21	6.31	18.92
CBD Development	0.00	0	179.045	207.27	0.00	0.00	0.00	0.00	0.00
	\$ 2,243.71	\$ 2,383.10	\$ 3,377.05	\$ 4,687.10	\$ 1,865.43	\$ 2,121.80	\$ 2,622.16	\$ 3,557.98	\$ 9,172.88

Proposed Rates Levies and Funding Mix

Otorohanga District

		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General Rate											
Otorohanga Rural	Capital Value	1,798,705	1,867,358	1,924,636	2,043,884	1,963,159	2,071,989	2,092,990	2,130,850	2,255,393	2,246,834
Otorohanga Community	Capital Value	189,267	196,491	202,518	215,066	206,572	218,024	220,233	224,217	237,322	236,421
Kawhia Community	Capital Value	96,016	99,681	102,738	109,104	104,794	110,604	111,725	113,746	120,394	119,937
		2,083,988	2,163,530	2,229,892	2,368,054	2,274,525	2,400,617	2,424,948	2,468,813	2,613,109	2,603,192
Uniform Annual General Charge											
Otorohanga Rural	per Property	705,170	741,001	774,106	811,512	778,379	822,639	787,477	836,959	886,135	882,536
Otorohanga Community	per Property	426,546	448,220	468,245	490,871	470,829	497,602	476,333	506,264	536,010	533,833
Kawhia Community	per Property	197,338	207,365	216,630	227,097	217,825	230,211	220,371	234,219	247,980	246,973
		1,329,054	1,396,587	1,458,981	1,529,481	1,467,033	1,550,452	1,484,181	1,577,441	1,670,125	1,663,342
Separate Roading Rate											
Otorohanga Rural	Capital Value	3,151,150	3,159,977	3,358,594	3,333,163	3,611,440	3,558,117	3,604,124	3,619,681	3,571,089	3,569,411
Otorohanga Community	Capital Value	331,577	332,506	353,406	350,730	380,011	374,400	379,241	380,878	375,765	375,589
Kawhia Community	Capital Value	168,210	168,681	179,283	177,926	192,781	189,934	192,390	193,220	190,627	190,537
		3,650,938	3,661,164	3,891,283	3,861,818	4,184,232	4,122,452	4,175,755	4,193,779	4,137,481	4,135,537
Separate Roading Fixed Charge											
Otorohanga Rural	per Property	514,929	547,896	616,710	647,054	740,023	768,508	819,458	865,331	896,658	940,386
Otorohanga Community	per Property	311,473	331,414	373,038	391,393	447,629	464,859	495,678	523,425	542,374	568,825
Kawhia Community	per Property	144,100	153,326	172,583	181,075	207,092	215,063	229,321	242,158	250,925	263,162
		970,502	1,032,636	1,162,331	1,219,522	1,394,744	1,448,429	1,544,457	1,630,914	1,689,957	1,772,373
Total Rate Levy District Wide		\$8,034,482	\$8,253,916	\$8,742,487	\$8,978,875	\$9,320,534	\$9,521,950	\$9,629,342	\$9,870,947	\$10,110,672	\$10,174,444
Rate Increase		3.6%	2.7%	5.9%	2.7%	3.8%	2.2%	1.1%	2.5%	2.4%	0.6%

Otorohanga Rural

		2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
Rural Separate Rate	Capital Value	55,175	63,556	51,956	54,129	64,097	65,661	58,628	67,892	77,083	75,831
Rural Uniform Separate Charge	per Property	203,228	213,862	194,528	205,906	224,119	231,503	231,928	223,582	270,107	244,587
		258,404	277,417	246,484	260,035	288,216	297,164	290,556	291,474	347,190	320,418
Water Supply Rates											
Arohena RWS Loan	Capital Value	13,362	12,871	14,141	17,478	16,845	16,213	15,580	14,948	14,315	13,683
Tihiroa RWS Loan	Capital Value	0	0	0	0	0	0	0	0	0	0
Waipa RWS Loan	Capital Value	0	0	0	0	0	0	0	0	0	0
								0			
Halls											
Arohena Hall	Capital Value	877	877	877	877	877	877	877	877	877	877
Arohena Hall	per Property	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655	2,655
Kio Kio Hall	Capital Value	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498	2,498
Kio Kio Hall	per Property	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720	3,720
Crossroads Hall	per Property	3,380	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535	2,535
Puketotara/Ngutunui Hall	Capital Value	743	743	743	743	743	743	743	743	743	743
Puketotara/Ngutunui Hall	per Property	2,412	2,412	2,412	2,412	2,412	2,412	2,412	2,412	2,412	2,412
Wharepuhunga Hall	Capital Value	0	0	0	0	0	0	0	0	0	0
Maihihi Hall	Capital Value	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134
Honikiwi Hall	Capital Value	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Otewa Hall	per Property	2,232	2,232	2,232	2,232	2,232	2,232	2,232	2,232	2,232	2,232
Rangiatea Hall	per Property	0	0	0	0	0	0	0	0	0	0
Whawharua Hall	per Property	740	740	740	740	740	740	740	740	740	740
District Wide	Various	6,169,954	6,316,232	6,674,045	6,835,613	7,093,001	7,221,253	7,304,049	7,452,820	7,609,275	7,639,167
Total Rate Levy Otorohanga Rural		\$6,464,759	\$6,628,714	\$6,956,866	\$7,135,320	\$7,420,257	\$7,556,825	\$7,632,380	\$7,781,436	\$7,992,975	\$7,995,462
Rate Increase		3.6%	2.5%	5.0%	2.6%	4.0%	1.8%	1.0%	2.0%	2.7%	0.0%

Otorohanga Community

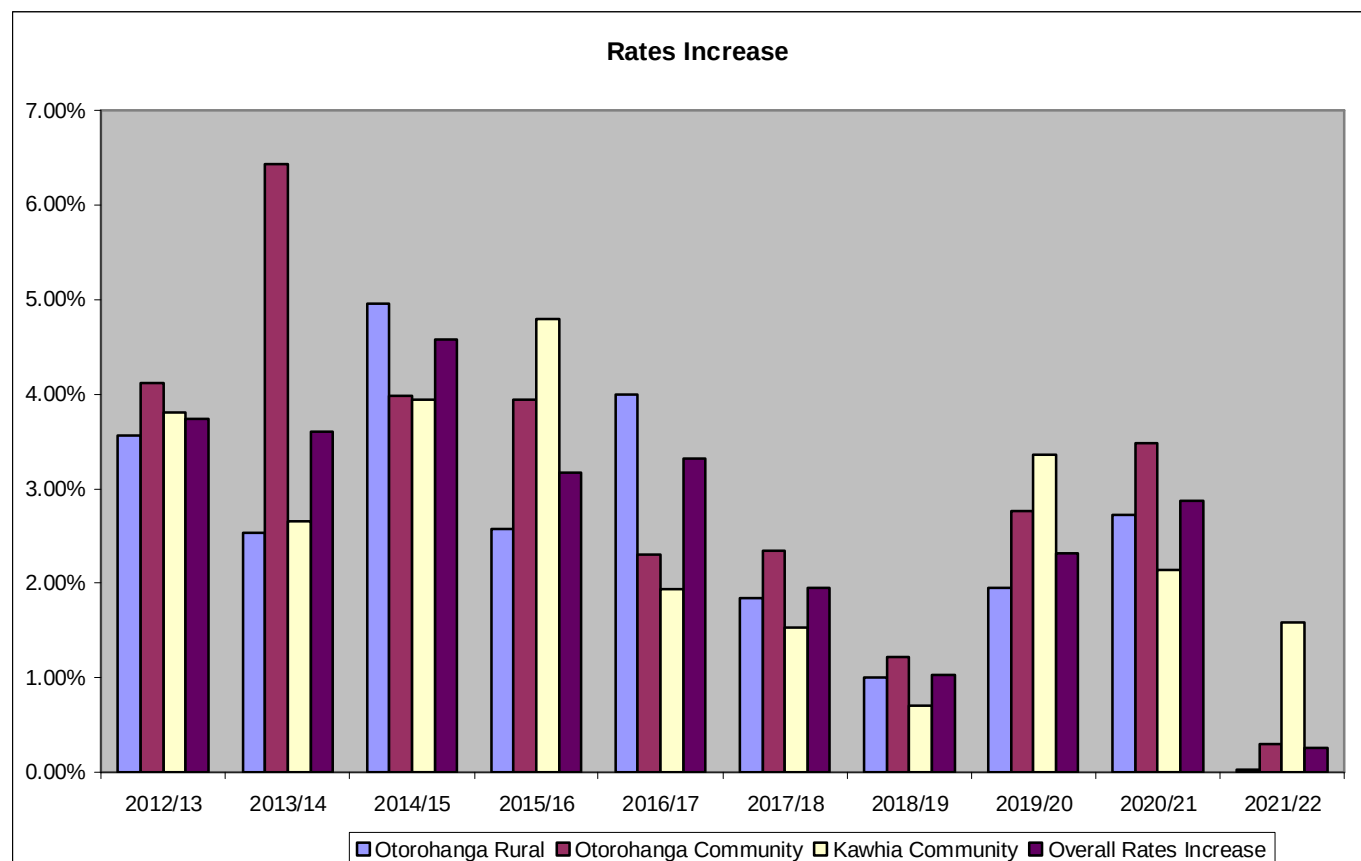
		2012/13 \$	2013/14 \$	2014/15 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
Separate Otorohanga Community Rate Differential Rating Area No 1 Differential Rating Area No 2	Capital Value	77,055	90,629	83,752	98,876	84,498	84,772	81,657	85,976	100,938	84,052
	Capital Value	92,317	108,579	100,340	118,460	101,233	101,562	97,829	103,004	120,930	100,699
Separate Otorohanga Community Fixed Charge		169,372	199,209	184,093	217,336	185,730	186,335	179,486	188,980	221,868	184,751
Fixed General Charge	per property	263,822	266,891	258,745	265,038	281,845	294,798	287,404	302,306	303,465	308,301
Sewerage Loan Special Rate Differential Rating Area No 1 Differential Rating Area No 2	Capital Value	60,997	61,832	48,535	47,889	44,762	41,574	38,383	35,193	32,003	28,927
	Capital Value	85,003	86,168	67,637	66,736	62,379	57,935	53,490	49,044	44,598	40,312
Water Loan Special Rate Differential Rating Area No 1 Differential Rating Area No 2		146,000	148,000	116,172	114,625	107,141	99,509	91,873	84,237	76,601	69,240
Refuse Rate Separate Uniform Refuse Rate	Capital Value	18,546	16,467	15,231	13,996	12,760	11,524	10,289	9,053	7,818	6,624
	Capital Value	26,883	23,870	22,079	20,288	18,497	16,706	14,915	13,123	11,332	9,602
Water Supply Rates Separate Water Rate Outer Area Water Rate		45,429	40,336	37,310	34,283	31,257	28,230	25,203	22,177	19,150	16,225
Per Unit	Per Unit	136,442	147,239	162,292	153,049	165,233	159,182	166,886	164,991	173,295	171,339
Water Supply Rates Separate Water Rate Outer Area Water Rate	Per Connection	278,886	320,809	347,661	359,639	371,939	383,269	394,599	406,900	420,172	433,444
	Per Connection	1,114	1,281	1,389	1,436	1,486	1,531	1,576	1,625	1,678	1,731
Sewerage Rate Separate Sewerage Rate Separate Sewerage Rate		280,000	322,090	349,050	361,075	373,425	384,800	396,175	408,525	421,850	435,175
Security Patrol Separate Security Patrol Rate Separate Fixed Charge	Per Connection	368,500	406,140	445,380	470,640	485,690	500,310	514,500	528,690	544,170	559,220
	Not Connected	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
CBD Development Rate Separate CBD Rate Separate CBD Fixed Charge		370,000	407,640	446,880	472,140	487,190	501,810	516,000	530,190	545,670	560,720
Security Patrol Separate Security Patrol Rate Separate Fixed Charge	Capital Value	34,301	37,771	40,055	42,029	43,742	45,036	46,293	47,551	48,917	50,248
	per property	34,301	37,771	40,055	42,029	43,742	45,036	46,293	47,551	48,917	50,248
CBD Development Rate Separate CBD Rate Separate CBD Fixed Charge		68,603	75,542	80,110	84,058	87,483	90,071	92,586	95,101	97,835	100,495
CBD Development Rate Separate CBD Rate Separate CBD Fixed Charge	Capital Value	8,400	8,610	8,820	9,030	9,240	9,450	9,660	9,870	10,080	10,290
	per property	19,935	20,565	21,194	24,057	22,547	23,215	35,863	24,511	25,216	25,902
District Wide Rates		28,335	29,175	30,014	33,087	31,787	32,665	45,523	34,381	35,296	36,192
Total Rate Levy Otorohanga Community		1,258,864	1,308,632	1,397,207	1,448,060	1,505,041	1,554,884	1,571,485	1,634,784	1,691,471	1,714,668
Total Rate Levy Otorohanga Community		\$ 2,766,867	\$ 2,944,754	\$ 3,061,873	\$ 3,182,751	\$ 3,256,133	\$ 3,332,283	\$ 3,372,622	\$ 3,465,673	\$ 3,586,502	\$ 3,597,106
Rate Increase		4.1%	6.4%	4.0%	3.9%	2.3%	2.3%	1.2%	2.8%	3.5%	0.3%

Kawhia Community

		2012/13 \$	2013/14 \$	2014/5 \$	2015/16 \$	2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	2021/22 \$
Separate Kawhia Community Rate	Capital Value	81,412	78,257	73,487	79,684	61,119	72,441	59,802	61,713	59,954	60,036
Separate Kawhia Community Fixed Charge	per property	45,991	47,217	47,055	49,000	49,236	43,108	49,503	51,861	50,770	51,794
Aotea Erosion Protection Rate		127,403	125,474	120,541	128,684	110,355	115,548	109,305	113,574	110,723	111,830
Aotea Erosion Separate Rate	per Property	15,000	15,480	15,960	16,470	16,995	17,505	18,000	18,495	19,035	19,560
Aotea Erosion Loan Rate	per Property	14,563	14,104	13,644	13,184	12,724	12,265	11,805	11,145	10,686	10,226
Separate Water Rate - Debt Servicing		20,150	23,579	24,701	27,998	27,115	26,231	25,348	24,465	20,176	19,391
Seperate Water Rate-Connected Properties	per Connection	135,058	134,711	135,156	149,444	160,454	147,688	152,105	156,794	160,529	166,337
		135,058	134,711	135,156	149,444	160,454	147,688	152,105	156,794	160,529	166,337
Aotea Refuse Rate		0	0	0	0	0	0	0	0	0	0
Kawhia Refuse Rate	per unit	115,390	118,295	121,200	124,298	127,494	130,592	133,594	136,596	139,888	143,083
District Wide Rates	Various	605,664	629,053	671,234	695,202	722,492	745,812	753,807	783,343	809,926	820,609
Total Rate Levy Kawhia Community		\$1,033,228	\$1,060,696	\$1,102,436	\$1,155,280	\$1,177,629	\$1,195,641	\$1,203,964	\$1,244,411	\$1,270,963	\$1,291,036
Rate Increase		3.8%	2.7%	3.9%	4.8%	1.9%	1.5%	0.7%	3.4%	2.1%	1.6%

Combined Otorohanga District Summary

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Otorohanga Rural	3.56%	2.54%	4.95%	2.57%	3.99%	1.84%	1.00%	1.95%	2.72%	0.03%
Otorohanga Community	4.12%	6.43%	3.98%	3.95%	2.31%	2.34%	1.21%	2.76%	3.49%	0.30%
Kawhia Community	3.81%	2.66%	3.94%	4.79%	1.93%	1.53%	0.70%	3.36%	2.13%	1.58%
Overall Rates Increase	3.74%	3.60%	4.58%	3.17%	3.32%	1.95%	1.03%	2.31%	2.87%	0.26%



Example Rate increases

The following rate increases are indicative only, and are only for reference purposes. The actual increases in later years may be impacted by revaluations of the rating roll and any changes in the number of properties in an area. The following examples exclude specific rates such as Aotea Erosion rates and Rural Hall rates.

Property	2012/13		2013/14		2014/15	
	% Increase	\$ increase	% Increase	\$ increase	% Increase	\$ increase
\$250,000 value Otorohanga Residential	4.28%	\$91.46	6.24%	\$139.07	4.48%	\$106.12
\$300,000 value Otorohanga Residential	4.32%	\$98.06	6.07%	\$143.70	4.15%	\$104.22
\$250,000 value Otorohanga Commercial	3.63%	\$117.70	5.65%	\$190.00	2.28%	\$80.98
\$500,000 value Otorohanga Commercial	3.86%	\$173.42	5.28%	\$246.45	0.61%	\$29.88
\$200,000 value Kawhia Residential	3.84%	\$68.49	2.76%	\$51.03	3.93%	\$74.83
\$300,000 value Kawhia Residential	3.71%	\$75.30	2.59%	\$54.50	3.79%	\$81.91
\$1,000,000 value Rural	3.02%	\$75.85	2.84%	\$73.28	5.00%	\$132.94
\$1,500,000 value Rural	2.96%	\$100.70	2.54%	\$88.93	4.95%	\$177.79
\$4,500,000 value Rural	2.85%	\$249.80	2.03%	\$182.83	4.85%	\$446.89

Schedule of Fees and Charges

All Fees include GST at the prevailing rate.

NETWORK SERVICES			1 July 2011	1 July 2012
TEMPORARY ROAD CLOSURE COSTS				
Approved Community Events				
The Event is being organised by a non-commercial, not-for-profit organisation				
The Event is appropriate for all members of the Community to enjoy				
The Event have had event at least annually for 3 years				
e.g. Fishing Contest, Christmas Parade, Kawhia Regatta, Kai Festival				
Application – Local Roads				
Application Fee	No Charge	No Charge		
External Advertising	Actual costs	Actual costs		
Other Events – Sealed Roads (Rally's, Hill Climbs, Car Testing, Cycle Races etc)				
(Each application will be considered on its merits)				
Application fee for administering the Road closure	\$400.00	\$400.00		
External Advertising	Actual costs	Actual costs		
Other Events – Unsealed Roads (Rally's, Hill Climbs, Car Testing, Cycle Races etc)				
(Each application will be considered on its merits)				
Application fee for administering the Road closure and Damage assessment	\$2,000.00	\$2,000.00		
Plus, Bond (per road per day, unsealed roads only)	\$2,000.00	\$2,000.00		
External Advertising	Actual costs	Actual costs		
Reimbursement	Actual Costs	Actual Costs		
STOCK DROVING			1 July 2011	1 July 2012
Refundable Bond (Costs or expenses covered by droving)			\$625.00	\$625.00
Construction of a cattle race on a road reserve				
Application Fee			\$145.00	\$145.00
Installation of a road crossing for dairy cattle				
Application Fee			\$145.00	\$145.00
Cattle Underpass				
Refundable Bond (To ensure satisfactory completion of the work)			\$1,000.00	\$1,000.00
KERB / FOOTPATH CROSSING BOND				
A deposit toward the cost of reinstatement of road carriageway or berm, from damage caused by building works			\$1,000.00	\$1,000.00
A deposit toward the cost of construction of a new kerb crossing. (Adj. at completion of work to actual cost)			\$1,000.00	\$1,000.00
OR				
A bond where a new or upgraded vehicle entrance will be installed by a preapproved Contractor directly by the owner			\$1,000.00	\$1,000.00

NETWORK SERVICES				Otorohanga Community <u>OTOROHANGA RECYCLING CENTRE FEES</u>				1 July 2011	1 July 2012
WATER CONNECTION CHARGES (RURAL WATER SUPPLIES ONLY)				Recycling (sorted)					
<u>Connection Fee</u>									
Arohena	Capital Contribution	Set on Application	Set on Application	Plastic Milk bottles	Washed & squashed	Free	Free		
	Connection Costs	Actual	Actual	Soft drink (1 & 2)	Washed & squashed	Free	Free		
	Administration Fee	\$315.00	\$315.00	Steel cans	Washed & squashed	Free	Free		
Ranginui				Aluminium cans	Washed & squashed	Free	Free		
				Paper	No food	Free	Free		
				Cardboard	No food / flattened	Free	Free		
				Scrap Metal		Free	Free		
Tihiroa	Capital Contribution	Set on Application	Set on Application	Lead-Acid battery	Each	\$5.00	\$5.00		
	Connection Costs	Actual	Actual	LPG bottles (must be degassed)	Each	\$10.00	\$10.00		
	Administration Fee	\$315.00	\$315.00	Computer	Each	\$15.00	\$15.00		
				Electric motor	Each	\$10.00	\$10.00		
Waipa				Clean reusable timber		Free	Free		
	Capital Contribution	Set on Application	Set on Application	Firewood timber	trailer	\$10.00	\$10.00		
	Connection Costs	Actual	Actual	Car Tyres (must be derimmed)	Each	\$6.00	\$6.00		
	Administration Fee	\$315.00	\$315.00	4x4 Tyres (must be derimmed)	Each	\$9.00	\$9.00		
Special Meter reading fee				Truck Tyres (must be derimmed)	Each	\$20.00	\$20.00		
	Capital Contribution	\$45 per k LV	\$45 per k LV	Cleanfill/Greenwaste	Per m³	\$30.00	\$30.00		
	Connection Costs	Actual	Actual	(no weeds or flax)					
	Administration Fee	\$315.00	\$315.00	Standard bag	Each	\$3.00	\$3.00		
				Large bag	Each	\$5.00	\$5.00		
				Car boot	Per load	\$10.00	\$10.00		
				6 x 4 trailer / ute	Per load	\$30.00	\$30.00		
				Other	Per m³	\$30.00	\$30.00		

NETWORK SERVICES						1 July 2011	1 July 2012
		1 July 2011	1 July 2012				
Refuse	Per m³	\$45.00	\$45.00	Special Meter Reading		\$100.00	\$100.00
Official bag	Each	Free	Free	All other connections	Fixed price quote to be provided by Council approved Contractor		
Standard bag	Each	\$4.00	\$4.00	Application Fee - Outside Otorohanga Communities			
Large bag	Each	\$7.00	\$7.00	Application fee		\$195.00	\$195.00
Whiteware (must be degassed)	Each	\$10.00	\$10.00	Capital Contribution		\$1,535.00	\$1,535.00
Television	Each	\$25.00	\$25.00	Standard Domestic Connection	Fixed price quote to be provided by Council approved Contractor		
Video recorder	Each	\$5.00	\$5.00	Extraordinary Use			
Toaster/kettle	Each	\$5.00	\$5.00	Right to withdraw from Fire Hydrant	1 day	\$100.00	\$100.00
Timber	Per m³ load	\$55.00	\$55.00	Right to withdraw from Fire Hydrant	1 year	\$750.00	\$750.00
				* Conditions Apply			
TRADE WASTE				SEWER CONNECTION FEE			
(Trade Waste By Law)				Within Otorohanga Community			
Application Fee	All Classes	\$102.00	\$102.00	Application fee		\$195.00	\$195.00
Controlled Consents	1 yearly fee	\$123.00	\$123.00	Connection	Fixed price quote to be provided by Council approved Contractor		
Controlled Consents	3 yearly fee*	\$245.00	\$245.00	Outside Otorohanga Community			
	(Set on Application-Refer to By Law)			Application fee		\$195.00	\$195.00
Conditional Consents				Capital Contribution		\$1,535.00	\$1,535.00
Discharge of Septic Tank Waste				Connection	Fixed price quote to be provided by Council approved Contractor		
Domestic Septic Waste (Within District)	Per m³*	\$13.00	\$13.00				
Domestic Septic Waste (Outside District)	Per m³*	\$65.00	\$65.00				
* Conditions Apply							
WATER CONNECTION CHARGES							
Application Fee Within Otorohanga Community							
Application fee		\$195.00	\$195.00				
Standard Domestic Connection (for 20 / 25mm service within 4.0m of the watermain) if by ODC contractor		\$737.00	\$737.00				

* Note: Connections into Councils reticulation can be made by other approved contractors subject to Councils terms and conditions. In these cases the applicant is liable for the application fee and capital contribution (if applicable) only.

NETWORK SERVICES

Kawhia Community KAWHIA RECYCLING CENTRE		1 July 2011	1 July 2012
Recycling (sorted)			
Plastic Milk bottles	<i>Washed & squashed</i>	Free	Free
Soft drink (1 & 2)	<i>Washed & squashed</i>	Free	Free
Steel cans	<i>Washed & squashed</i>	Free	Free
Aluminium cans	<i>Washed & squashed</i>	Free	Free
Paper	<i>No food</i>	Free	Free
Cardboard	<i>No food / flattened</i>	Free	Free
Scrap Metal		Free	Free
Lead-Acid battery	<i>Each</i>	\$5.00	\$5.00
LPG bottles (must be degassed)	<i>Each</i>	\$10.00	\$10.00
Computer	<i>Each</i>	\$15.00	\$15.00
Electric motor	<i>Each</i>	\$10.00	\$10.00
Clean reusable timber		Free	Free
Firewood timber	<i>trailer</i>	\$10.00	\$10.00
Car Tyres (must be derimmed)	<i>Each</i>	\$6.00	\$6.00
4x4 Tyres (must be derimmed)	<i>Each</i>	\$9.00	\$9.00
Truck Tyres (must be derimmed)	<i>Each</i>	\$20.00	\$20.00
Cleanfill/Greenwaste (no weeds or flax)	<i>Per m³</i>	\$30.00	\$30.00
Standard bag	<i>Each</i>	\$3.00	\$3.00
Large bag	<i>Each</i>	\$5.00	\$5.00
Car boot	<i>Per load</i>	\$10.00	\$10.00
6 x 4 trailer / ute	<i>Per load</i>	\$30.00	\$30.00
Other	<i>Per m³</i>	\$30.00	\$30.00
Refuse	<i>Per m³</i>	\$45.00	\$45.00
Official bag	<i>Each</i>	Free	Free
Standard bag	<i>Each</i>	\$4.00	\$4.00
Large bag	<i>Each</i>	\$7.00	\$7.00
Whiteware (must be degassed)	<i>Each</i>	\$10.00	\$10.00

	1 July 2011	1 July 2012
Television	<i>Each</i> \$25.00	\$25.00
Video recorder	<i>Each</i> \$5.00	\$5.00
Toaster/kettle	<i>Each</i> \$5.00	\$5.00
Timber	<i>Per m³ load</i> \$55.00	\$55.00

WATER CONNECTION CHARGES

Application Fee Within Kawhia Community

Application Fee	\$160.00	\$160.00
Standard Domestic Connection (for 20 / 25mm service within 4.0m of the watermain and includes water meter for Kawhia Peak Season Metered Water Charge)	\$1,125.00	\$1,125.00
Installation of Water Meter to existing connection for Kawhia Peak Season Metered Water Charge	\$250.00	\$250.00

All other connections Fixed price quote to be provided by Council approved Contractor

Application Fee Outside Kawhia Community

Application fee	\$160.00	\$160.00
Capital Contribution	\$1,535.00	\$1,535.00

Standard Domestic Connection	<i>Approved Contractor</i> Quote	Quote

Extraordinary Use

Right to withdraw from Fire Hydrant	<i>1 day</i>	\$100.00	\$100.00
Right to withdraw from Fire Hydrant	<i>1 year</i>	\$750.00	\$750.00

* Conditions Apply

COMMUNITY SERVICES

	1 July 2011	1 July 2012
Otorohanga Community CEMETERY		
Plots		
Adults	\$650.00	\$650.00

COMMUNITY SERVICES			1 July 2011	1 July 2012
Children			\$130.00	\$130.00
Columbarium (Ash Wall) and Ash Berm			\$260.00	\$260.00
Interment				
Adults			\$750.00	\$1,020.00
Extra Depth			\$800.00	\$1,020.00
Child 11yrs and under			\$400.00	\$400.00
Stillborn			\$110.00	\$110.00
Ash Wall (inc. Council installation of plaque and interment)			\$255.00	\$255.00
Ash Wall (inc. Own installation of plaque and interment)			\$105.00	\$105.00
Additional Fees				
Extracts from cemetery plans and records			nil	nil
<u>LIBRARY</u>				
<u>GOLD CARD</u>				
Free New Fiction, Magazines, General Fiction, Non Fiction, Children's Books, Large Print	<i>per card</i>		\$45.00	\$45.00
Renewal - New fiction and selected popular non fiction	<i>per renewal</i>		\$2.00	\$2.00
Renewal - New Magazines	<i>per renewal</i>		\$1.00	\$1.00
Overdue Charges	<i>per day after 3 weeks</i>		\$0.20	\$0.20
Book Reserve Fee	<i>per item</i>		\$1.00	\$1.00
Extra Card			\$5.10	\$5.00
Interloan			\$4.10	\$4.00
<u>STANDARD CARD</u>				
Free Fiction, Non Fiction, Large Print, Children's Books				
New Books (Fiction and selected popular non-fiction) (All Issues)	<i>per book</i>		\$2.00	\$2.00
Non Fiction and Large Print	<i>per book</i>		Nil	Nil
Renewal - New fiction and selected popular non fiction	<i>per book</i>		\$2.00	\$2.00
New Magazines (6 months only)	<i>per magazine</i>		\$1.00	\$1.00
Renewal - New Magazines	<i>per magazine</i>		\$1.00	\$1.00
Renewal - Magazines	<i>per magazine per day after 3 weeks</i>		\$0.50	\$0.50
Overdue Charges			\$0.20	\$0.20
Book Reserve Fee			\$0.50	\$0.50
Other Fees & Charges				
Internet Fees	<i>per 15 mins</i>		\$5.00	\$5.00
Internet Fees (Minimum Charge)			\$2.50	\$2.50
Sale of Books	<i>per book</i>		\$0.50	\$0.50 - replacement cost
Lost Books	<i>Cost</i>			replacement cost
Lost book handling			\$2.00	\$2.00
Photocopying	<i>per copy – A3</i>		\$0.20	\$0.20
	<i>per copy – A4</i>		\$0.30	\$0.30
Faxing	<i>per page</i>		\$0.50	\$0.50
DVDs	<i>per DVD (per week)</i>		\$2.50	\$2.50
Out of district membership fee	<i>per annum</i>		\$30.00	\$40.00
<u>SWIMMING POOLS</u>				
Admission				
Adults			\$3.00	\$3.50
Children (Up to 16 years)			\$1.50	\$2.00
Children (Under 4 years)			Free	Free
Students (With I.D)			\$1.50	\$2.00
P.W.D			\$1.50	\$1.50
Seniors			\$1.50	\$2.00
Spectators			\$1.00	\$1.00
Aquacise Public			\$4.00	\$4.50
Aquacise Senior			\$3.50	\$4.50

COMMUNITY SERVICES

	1 July 2011	1 July 2012
Concession		
Family Day Pass (2 adults, 3 children)	\$8.00	\$9.00
Adult (10 swim)	\$28.00	\$31.50
Child (10 swim)	\$14.00	\$16.00
Senior (10 swim)	\$14.00	\$16.00
Key to Fitness	-	-
Aquacise Pass (Public) (10 swim)	\$37.50	\$40.00
Aquacise Pass (Senior) (10 swim)	\$33.00	\$35.00
Pool Hire (non-exclusive, conditions apply)		
Within Otorohanga – per hour	\$22.50	\$25.00
Outside Otorohanga – per hour	\$35.00	\$40.00
Lifeguard supervision – per hour	\$20.00	\$25.00

SECURITY PATROL SERVICE

	<i>Capital Value Uniform Charge</i>	Current Rate	Current Rate
Charges for properties outside defined area			
(Former Differential Rating Area No 1)			

Kawhia Community CEMETERY

Plots		
Adults	\$750.00	\$750.00
Children	\$130.00	\$130.00
Ash Wall	\$320.00	\$320.00
Interment		
Adults	\$750.00	\$1,120.00
Extra Depth	\$800.00	\$1,120.00
Children 11 years and under	\$400.00	\$400.00

	1 July 2011	1 July 2012
Stillborn	\$110.00	\$110.00
Ash Wall (inc. Council installation of plaque and interment)	\$255.00	\$350.00
Ash Wall (inc. Own installation of plaque and interment)	\$105.00	\$105.00

KAWHIA WHARF

Shed Rentals

NZ Steel	\$1,040.00	\$1,075.00
Other Sheds	\$850.00	\$880.00
Power Charge	<i>per shed connected</i> \$168.75	\$175.00

Berthage

NZ Steel	\$1,040.00	\$1,075.00
Other Permanent Users	\$850.00	\$880.00
Casual	<i>per day</i> \$50.00	\$52.00

REGULATORY SERVICES

RESOURCE MANAGEMENT FEES

All references are to the Resource Management Act 1991 unless specified otherwise

Notes to Payment Of Charges

All the deposits and specified amounts are payable in advance. Pursuant to Section 36 (7) of the Resource Management Act 1991 Council need not perform the action to which the charge relates until the charge has been paid to it in full. An additional charge may be required under Section 36 (3) where the set charge is inadequate to enable Council to recover its actual and reasonable costs relating to any particular application. Deposits made will be non-refundable and do not include GST.

REGULATORY SERVICES			1 July 2011	1 July 2012
External Consultants Fees				
When external consultants are engaged to review Consent applications the applicant will be charged the actual cost for those services.				
	Actual Cost	Actual Cost		
Application For Change To District Plan				
Deposit payable on receipt of the application with the balance of Council's costs recoverable on an actual and reasonable basis.				
deposit	\$12,000.00	\$12,000.00		
Staff time will be calculated at an hourly rate *	Actual Time	Actual Time		
Notified Application (Landuse and Subdivision)				
deposit	\$5,000.00	\$5,000.00		
Limited Notified Application (Landuse and Subdivision)				
deposit	\$3,500.00	\$3,500.00		
These categories include:				
– Controlled activities				
– Restricted Discretionary and Discretionary activities				
– Non-complying activities				
– Extension of consent periods (Section 125)				
– Change or cancellation or consent condition (Section 127)				
Deposit payable on receipt of the application with the balance of Council's costs recoverable on an actual and reasonable basis.				
Staff time will be calculated at an hourly rate *	Actual Time	Actual Time		
Hearings Committee;			1 July 2011	1 July 2012
In addition to staff time, a charge shall be payable by the applicant for the cost of convening a Hearings Committee meeting and for any site visit by the Hearings Committee			Actual Time	Actual Time
Non-Notified Applications for Resource Consent (Landuse)				
This category includes the following				
– Controlled activities				
– Restricted Discretionary and Discretionary activities				
– Change or cancellation or consent condition (Section 127)				
– Relocatable dwellings				
deposit	\$1,000.00	\$1,000.00		
- Non complying activities				
deposit	\$1,500.00	\$1,500.00		
Staff time will be calculated at an hourly rate *	Actual Time	Actual Time		
Monitoring;				
In the case of Land Use consents an additional fee to apply at the time of issuing the consent to cover the cost of ongoing monitoring.			\$250.00	\$250.00
Non-Notified Applications for Resource Consent (Subdivision)				
This category includes the following:				
– Controlled activities				
– Restricted Discretionary and Discretionary activities				
– Change or cancellation or consent condition (Section 127)				

REGULATORY SERVICES			1 July 2011	1 July 2012
Subdivision to Create One additional Lot Boundary Relocation or Adjustment involving up to Three Existing Titles				
	deposit	\$1,300.00	\$1,300.00	
- Non-complying activities				
	deposit	\$1,800.00	\$1,800.00	
Subdivision to Create Two or more additional Lots Boundary Relocation or Adjustment involving Four or more Existing Titles				
	deposit	\$1,900.00	\$1,900.00	
- Non-complying activities				
	deposit	\$2,500.00	\$2,500.00	
Staff time will be calculated at an hourly rate *		Actual Time	Actual Time	
Change or Cancellation of Consent Notice including Preparation of Document (Section 221 Resource Management Act)		\$1,000.00	\$1,000.00	
Designations And Notices of Requirements				
Receipt of a designation or notice of requirement with the balance of Council's costs recoverable on an actual and reasonable basis.				
	deposit	\$2,500.00	\$2,500.00	
Outline Plan Application (Section 176A Resource Management Act)				
	deposit	\$350.00	\$350.00	
			1 July 2011	1 July 2012
Application to Waive the Requirement for an Outline Plan (Minor Works only) (Section 176A Resource Management Act)				
	fee		\$150.00	\$150.00
Application to do anything to land that is subject to a Designation (Section 176(1)b Resource Management Act)				
	deposit		\$330.00	\$330.00
Request to the Requiring Authority responsible for an earlier designation (Section 177 Resource Management Act)				
	deposit		\$330.00	\$330.00
Application to do anything that would prevent or hinder the public work or project (Section 178 Resource Management Act)				
	deposit		\$330.00	\$330.00
Transfer of rights and responsibilities for a Designation (Section 180 Resource Management Act)				
	deposit		\$330.00	\$330.00
Requirement for Alteration of a Designation (Section 181 Resource Management Act)				
	deposit		\$950.00	\$950.00
Removal of a designation (Section 182(2) Resource Management Act)				
	deposit		\$550.00	\$550.00
Application to extend the life of a designation (Section 184 and 184A Resource Management Act)				
	deposit		\$550.00	\$550.00
The balance of Council's costs recoverable on an actual and reasonable basis. *			Actual Time	Actual Time
Heritage Orders				
Receipt of a heritage order or notice of requirement with the balance of Council's cost recoverable on an actual and reasonable basis (Section 189 Resource Management Act).				
	deposit		\$1,000.00	\$1,000.00
Application to do anything which would wholly or partly nullify the effect of a heritage order (Section 193 Resource Management Act)				

REGULATORY SERVICES					1 July 2011	1 July 2012
		1 July 2011	1 July 2012	Application to extend the period specified to carry out and complete work subject to a bond (Section 222(2) Resource Management Act)		
	deposit	\$330.00	\$330.00			
Removal of a heritage order (Section 196 Resource Management Act)						
	deposit	\$950.00	\$950.00	Application for a Section 224 certificate Completion of subdivision conditions	\$330.00	\$330.00
Staff time will be calculated at an hourly rate *		Actual Time	Actual Time	Application for a Section 226(e) certificate Allotment in accordance with requirements of District Plan	\$550.00	\$550.00
Other Resource Management Act Approvals				Cancellation of amalgamation condition (Section 241 Resource Management Act)	\$550.00	\$550.00
Preparation and signing of any Bond (except relocatable Bond), covenant, legal document or variation thereto required as a condition of consent (s.108,109) or application to vary or extend time in respect of any bond, covenant or consent notice under s.108 and/or 109 including preparation of documents	deposit	\$550.00	\$550.00			
Bond discharges (except cash relocatable bonds)	standard fee	\$320.00	\$320.00	Staff time will be calculated at an hourly rate	Actual Time	Actual Time
Relocatable Buildings				Removal of Building Line Restriction (Section 327A Local Government Act 1974)		
Bond Preparation Fee		\$210.00	\$210.00			
Partial Bond Refunds		\$210.00	\$210.00	Easement approvals and revocation (Section 348 Local Government Act 1974)	\$550.00	\$550.00
Application for an extension of time to complete works (Section 109(4) Resource Management Act)						
Renewal of Resource Consent (Section 124(b) Resource Management Act)	deposit	\$200.00	\$200.00	Infringement Fees NO GST		
Application for Extension of Consent Periods for Non-Notified Resource Consents (Section 125 & 126 Resource Management Act)	deposit	\$330.00	\$330.00	Contravention of s.9 (restrictions to use of land) (s.338 (1) (a))	standard fee	\$550.00
Application for Certificate of Compliance and Application for Existing Use Certificate (Section 139 Resource Management Act)	deposit	\$550.00	\$550.00	Contravention of abatement notice (but not under s 322 (1) (c), s338 (1) (a))	standard fee	\$800.00
	deposit	\$1,000.00	\$1,000.00	Contravention of an excessive noise direction (s338 (2) (c))	standard fee	\$700.00
				Contravention of an abatement notice about unreasonable noise (s338 (2) (d))	standard fee	\$700.00

REGULATORY SERVICES			1 July 2011	1 July 2012
BUILDING CONTROL				
Certificate of Title Search				
Required for all Building Consent applications			\$25.00	\$25.00
PIM – Project Information Memorandum				
Less than \$20,000			\$55.00	\$55.00
\$20,000 to \$300,000			\$132.00	\$132.00
Over \$300,000			\$210.00	\$210.00
BUILDING CONSENTS by PROJECT CATEGORY (Cost includes PIM)				
	Rural area add travel for 1 inspection	FEES (excl BIA, BRA, travel)		
Minor Works				
Solid Fuel Heaters				
Garden Sheds				
Installation of Basic Warning System				
Marquees				
Plumbing & Drainage				
	Rural area add travel for 2 inspections			
Minor Building Work				
Carports			\$327.00	\$327.00
Demolition				
Para Pools & Equivalent Type Pools				
Decks & Pergolas				
	Rural area add travel for 2 inspections			
Other Buildings				
Garages			\$431.00	\$431.00
Hay Barns				
Implement Sheds				
Concrete Swimming Pools				
	Rural area add travel for 3 inspections			
Bridges				
			\$431.00	\$431.00
Detached habitable buildings with no plumbing & drainage				
Sleepouts, Office, Studio, small additions up to 30m ²	Rural area add travel for 3 inspections		\$532.00	\$532.00
Small Additions or alterations up to 30m² with no plumbing & drainage				
	Rural area add travel for 3 inspections		\$532.00	\$532.00
Detached habitable buildings with plumbing/drainage				
Sleepouts with Toilet/Shower	Rural area add travel for 4 inspections		\$742.00	\$742.00
Small Additions or alterations up to 30m² with plumbing & drainage				
	Rural area add travel for 4 inspections		\$742.00	\$742.00
Additions between 30 & 60m²				
Note: for work over 60m ² , dwelling, commercial & industrial fees apply	Rural area add travel for 4 inspections		\$842.00	\$842.00
Dairy Sheds				
	Rural area add travel for 5 inspections		\$940.00	\$940.00
Resited Dwellings				
A refundable performance bond based on the estimated cost of remedial work required to meet Resource Consent conditions is also required	Rural area add travel for 5 inspections		\$1,057.00	\$1,057.00
Single storey dwellings up to 100m²				
	Rural area add travel for 8 inspections		\$1,506.00	\$1,506.00
Single storey dwellings up to 200m²				
	Rural area add travel for 8 inspections		\$1,703.00	\$1,703.00

REGULATORY SERVICES						1 July 2011	1 July 2012
		1 July 2011	1 July 2012	Inspections of Existing Swimming Pool Fences (Plus Travel)	<i>per inspection</i>	\$92.00	\$92.00
Single storey dwellings in excess of 200m ²	<i>Rural area add travel for 9 inspections</i>	\$1,802.00	\$1,802.00	Inspections of Buildings for Compliance with Section 224(f) Resource Management Act 1991	<i>per inspection</i>	\$184.00	\$184.00
Dwellings Two Storey or more up to 200m ²	<i>Rural area add travel for 9 inspections</i>	\$2,053.00	\$2,053.00	Code Compliance Certificate for each additional inspection necessary to obtain compliance (Plus Travel)	<i>per inspection</i>	\$92.00	\$92.00
Dwellings two storey or more over 200m ²	<i>Rural area add travel for 10 inspections</i>	\$2,200.00	\$2,200.00	Extension of Time for which Building Consent is Valid Max 2 extensions of 6 months each		\$51.00	\$51.00
Small Commercial/Industrial Buildings up to 300m ²	<i>Rural area add travel for 9 inspections</i>	\$1,703.00	\$1,703.00	Dept of Building and Housing levy		\$1.97 per \$1,000	\$1.97 per \$1,000
Commercial/Industrial Buildings in excess 300m ²	<i>Rural area add travel for 10 inspections</i>	\$2,582.00	\$2,582.00	B.R.A.N.Z levy		\$1.00 per \$1,000	\$1.00 per \$1,000
Travel Costs (inclusive of staff time)	<i>per km each way</i>	\$2.60	\$2.60	BCA Accreditation levy	<i>per consent</i>	\$21.00	\$21.00
Applies to building consents in excess of 5 km from Otorohanga				Application for Certificate of Acceptance per inspection		\$421.00 \$92.00	\$421.00 \$92.00
A set rate will be charged with any building work in Kawhia	<i>per Trip</i>	\$105.00	\$105.00	Application for Certificate of Public Use per inspection		\$421.00 \$92.00	\$421.00 \$92.00
A flat rate will be charged with any building work in Otorohanga	<i>per Trip</i>	\$26.00	\$26.00	Notice to Fix per inspection		\$190.00 \$92.00	\$190.00 \$92.00
Extra Inspections		\$92.00	\$92.00	Section 71 and Section 77 Building Act 2004			
Where an inspection is requested but the project is not ready fails inspection				Preparation, signing and registration of Notices and Certificates charged at actual cost	<i>deposit</i>	\$337.00	\$337.00
Report on Buildings to be Relocated	<i>Inspection and Report</i>	\$276.00	\$276.00	Cancellation of Building Consent Upon cancellation of a building consent that has been approved Council will refund all fees less 50% of the Building Consent Fee	<i>Per consent</i>		
A refundable performance bond based on the estimated cost of remedial work required to meet Resource Consent conditions is also required	<i>(plus travel costs)</i>	<i>(plus travel costs)</i>	<i>(plus travel costs)</i>	Building Consent Information – Others	<i>per year</i>	\$307.00	\$307.00

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REGULATORY SERVICES		
	1 July 2011	1 July 2012
CAMPING GROUNDS		
Initial registration		
Initial inspection and interview to check compliance with Camping Ground Regulations plus apportioned annual fee or \$100.00, whichever is greater	\$235.00 plus apportioned annual fee	\$235.00 plus apportioned annual fee
Renewal annual fee	\$340.00	\$340.00
HAWKERS AND MOBILE SHOPS		
Hawkers	\$102.00	\$102.00
Mobile Shops	\$153.00	\$153.00
Itinerant Traders	\$153.00	\$153.00
DOG CONTROL		
Pursuant to Section 37 of the Dog Control Act 1996 the dog registration fees for the 2011/12 registration year and payable from 1 July 2011 in respect of all dogs aged 3 months or over, being based on the existing fees, as follows:		
Urban Dogs	\$116.00	\$116.00
Urban plus Neutered Dogs	\$90.00	\$90.00
Urban plus Special Owner Dogs	\$90.00	\$90.00
Rural Dogs	\$90.00	\$90.00
Special Owner plus Neutered Dogs	\$47.00	\$48.00
Rural plus Special Owner Dogs	\$47.00	\$48.00
That an additional registration fee of 50% of the fee that would have been payable on dogs not registered by 31 July shall apply.		
Registration tags to be supplied free of charge.		
Replacement tags to be supplied free of charge.		
Dog collars – all sizes	\$12.50	\$12.50
That all fees be inclusive of Goods and Services Tax.		

POUNDAGE

DOGS

That pursuant to Section 68 of the Dog Control Act 1996 the following fees be payable for impounding of dogs-

A poundage fee of	per dog	\$46.00	\$46.00
An additional poundage fee for second and subsequent impoundings.	per dog	\$46.00	\$46.00

*Fee for dogs uplifted for barking complaints, threatening public safety, non-registration or any other purpose authorised under the Dog Control Act 1996, the actual and reasonable costs incurred.

Sustenance fee	per dog per day or part thereof	\$12.50	\$12.50
Notification Fee		\$12.50	\$12.50
<i>That impounded dogs only be released from the pound between the hours of 8.30am to 5.00pm Monday to Friday on full payment of all fees. No releases to be made on Saturdays, Sundays or public holidays.</i>			

OTHER ANIMALS

pursuant to Section 14 of the Impounding Act 1955

Poundage

For every horse, mare, gelding, colt, filly or foal		\$46.00	\$46.00
For every mule or ass		\$46.00	\$46.00
For every bull above the age of 9 months	Per head up to 6 head	\$46.00	\$46.00
For every bull above the age of 9 months	For every head over 6 head	\$20.00	\$20.00
For every ox, cow, steer, heifer or calf	Per head up to 6 head	\$36.00	\$36.00

REGULATORY SERVICES

	1 July 2011	1 July 2012
<i>For every head over 6 head</i>		
For every ox, cow, steer, heifer or calf	\$20.00	\$20.00
For every stag above the age of 9 months	\$46.00	\$46.00
For all other deer	\$36.00	\$36.00
For every ram above the age of four months	\$15.00	\$15.00
For every ewe, wether, or lamb	\$10.00	\$10.00
For every goat	\$10.00	\$10.00
For every boar	\$41.00	\$41.00
For all other pigs	\$41.00	\$41.00

Notification Advertisement

That in addition to the above fees and to be considered part of the poundage fee, where applicable, a notification fee of a newspaper circulating in the local authority district.

\$25.00   \$25.00

Repeated Impounding

That where stock, not necessarily the same animal, but owned by the same person is impounded on a second or subsequent occasion, the Poundage fee shall be twice that charged on the initial impounding.

Double initial
impounding
Fee   Double initial
impounding
Fee

Sustenance

per head of stock per day.

That sustenance fees shall be payable by the owner of impounded stock sufficient to reimburse the Council for all actual and reasonable costs incurred in the sustenance of the stock provided that no such fee shall be less than.

\$8.00   \$8.00

Driving Charges

That in the case of any stock found trespassing, straying or wandering on any road, the owner shall pay to the Council all actual and reasonable costs incurred in loading, driving or conveying the stock from the place where it is found to the nearest pound.

\$12.50   \$12.50

1 July 2011   1 July 2012

That impounded stock only be released from the pound between the hours of 8.30am to 5.00pm Monday to Friday on full payment of all fees. No releases to be made on Saturdays, Sundays or public holidays.

TRESPASSING

Trespass on any paddock of grass or stubble

For every horse, cattle, beast, deer ass or mule	<i>Per day</i>	\$3.00	\$3.00
For every sheep	<i>Per day</i>	\$1.00	\$1.00
For every pig or goat	<i>Per day</i>	\$6.00	\$6.00
Trespass on any land bearing any growing crop or from which the crop has not been removed, or in any reserve, cemetery or burial ground			
For every horse, cattle, beast, deer ass or mule	<i>Per day</i>	\$6.00	\$6.00
For every sheep	<i>Per day</i>	\$2.00	\$2.00
For every pig or goat	<i>Per day</i>	\$12.00	\$12.00

GOVERNANCE AND LEADERSHIP

1 July 2011   1 July 2012

GIS PLANS

For custom maps the GIS Officers time should be charged at

per hr.   \$55.00   \$55.00

Raster Data

Sheet	Size		
A4	(210 x 297)	\$10.50	\$10.50
A3	(420 x 297)	\$12.50	\$12.50
A2	(420 x 594)	\$15.50	\$15.50
A1	(840 x 594)	\$31.00	\$31.00

Vector Data

A4	(210 x 297)	\$7.00	\$7.00
A3	(420 x 297)	\$8.00	\$8.00
A2	(420 x 594)	\$15.50	\$15.50

GOVERNANCE AND LEADERSHIP

1 July 2011 1 July 2012

A1 (840 x 594)

\$20.50

\$20.50

Raster plots are dearer as they are solid graphics like topographical maps or aerial photography, whereas vector data is only line work and text and therefore uses considerably less ink.

PHOTOCOPYING

Single <5

A4 White	\$0.40	\$0.40
A3 White	\$0.60	\$0.60
A4 Coloured	\$1.00	\$1.00

Single >5

A4 White	\$0.35	\$0.35
A3 White	\$0.50	\$0.50
A4 Coloured	\$0.80	\$0.80

Double sided <5

A4 White	\$0.60	\$0.60
A3 White	\$0.80	\$0.80
A4 Coloured	\$1.50	\$1.50

Double sided >5

A4 White	\$0.50	\$0.50
A3 White	\$0.70	\$0.70
A4 Coloured	\$1.25	\$1.25

Own Paper less 2c per copy, Staff
Schools/Clubs less 25%, Large Volumes by
negotiation, Cash only under \$50

1 July 2011 1 July 2012

LAND INFORMATION MEMORANDUM

Application Fee		\$230.00	\$230.00
Urgent Fee (within 5 working days)	Additional	\$130.00	\$130.00
Any follow up work as a result of a LIM		Actual costs	Actual costs
Application for a property that include more than one valuation			
Reference – Charge for each additional reference			\$50.00

LEGAL DOCUMENTS

Preparation of Leases and Licences of Council land (plus actual disb. Costs i.e. any advertising fees)		Standard Fee	\$205.00	\$205.00
Preparation of Leases and Licences of Council land – renewal		Standard Fee	\$155.00	\$155.00
Sealing Fee per set of documents			\$35.00	\$35.00
Title Search	Standard (plus disbursements)	per document	\$20.00	\$25.00
	Complex (plus disbursements)	per document	\$20.00	\$25.00
Search Fee for Complex Title				
Search Staff Time		per hour	\$50.00	\$50.00

RATING INFORMATION

Road / Street Index	\$510.00	\$510.00
Written confirmation of individual property information and requisitions	\$50.00	\$50.00
Verbal information on properties to the owner, occupier or their representatives.	Nil	Nil

* Details of staff hourly rates are available on request.

DEVELOPMENT CONTRIBUTIONS

	Area of Benefit	1 July 2011	1 July 2012
ROADING PROJECTS			
Safety Improvements	Hanning, Te Tahi and Mangati Roads		
	Calculated based on distance up road from State Highway 39, with a minimum charge of	\$12,657.00	\$14,039.00

WATER/ WASTEWATER/ STORMWATER

Otorohanga			
Community Water Reservoir	Refer to Map Five in Development Contributions Policy	\$817.00	\$987.00
Otorohanga			
Community Water Treatment Plant	Refer to Map Five in Development Contributions Policy	\$736.00	-
Kawhia Community			
a) Treatment & b) Headworks	Refer to Map Three in Development Contributions Policy	-	-
Thompson/ Harper Avenue water main ring main completion	Refer to Map Two in Development Contributions Policy	\$445.00	\$473.00
Otorohanga			
Community pre-treatment	Refer to Map Five in Development Contributions Policy	\$1,348.00	\$1,446.00
Stormwater capacity upgrade	Refer to Map One in Development Contributions Policy	\$610.00	\$1,009.00

RESERVE CONTRIBUTIONS

	<i>For every new lot created</i>	
Under Section 108 Resource Management Act 1991		\$1,012.00

AUDIT OPINION



**INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
OTOROHANGA DISTRICT COUNCIL
LONG-TERM PLAN
FOR THE TEN YEARS COMMENCING 1 JULY 2012**

The Auditor-General is the auditor of Otorohanga District Council (the District Council). The Auditor-General has appointed me, Graham Naylor, using the staff and resources of Deloitte, to report on the Long Term Plan (LTP), on her behalf. We have audited the District Council's LTP dated 19 June 2012 for the ten years commencing 1 July 2012.

The Auditor-General is required by section 94(1) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the LTP complies with the requirements of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the LTP.

Opinion

Overall Opinion

In our opinion the District Council's LTP dated 19 June 2012 provides a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.

In forming our overall opinion, we considered the specific matters outlined in section 94(1) of the Act which we report on as follows:

Opinion on Specific Matters Required by the Act

In our view:

the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a council of its size and scale within the context of its environment; and

the underlying information and assumptions used to prepare the LTP provide a reasonable and supportable basis for the preparation of the forecast information.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 19 June 2012. This is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). We have examined the forecast financial information in



accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the LTP does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the forecast information and disclosures in the LTP. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the information in the LTP. In making those risk assessments we consider internal control relevant to the preparation of the District Council's LTP. We consider internal control in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

Our audit procedures also include assessing whether:

- the LTP provides the community with sufficient and balanced information about the strategic and other key issues, and implications it faces and provides for participation by the public in decision making processes;
- the District Council's financial strategy, supported by financial policies is financially prudent, and has been clearly communicated to the community in the LTP;
- the presentation of the LTP complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the LTP are compliant with the decision-making and consultation requirements of the Act;
- the information in the LTP is based on materially complete and reliable asset or activity information;
- the agreed levels of service are fairly reflected throughout the LTP;
- the District Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the LTP are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the LTP.

We do not guarantee complete accuracy of the information in the LTP. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the LTP and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.



Responsibilities of the Council

The Council is responsible for preparing a LTP under the Act, by applying the Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The Council is also responsible for such internal control as it determines is necessary to enable the preparation of a LTP that is free from material misstatement.

The Council's responsibilities arise from Section 93 of the Act.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the LTP and reporting that opinion to you based on our audit. This responsibility arises from section 15 of the Public Audit Act 2001 and section 94(1) of the Act.

It is not our responsibility to express an opinion on the merits of any policy content within the LTP.

Independence

When reporting on the LTP we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than this report and in conducting the audit of the LTP Statement of Proposal and the annual audit, we have no relationship with or interests in the District Council.

Graham Naylor
Deloitte
On behalf of the Auditor-General
Hamilton, New Zealand

This audit report relates to the Long-Term Plan (LTP) of Otorohanga District Council for a ten year period commencing 1 July 2012 on Otorohanga District Council's website. The District Council is responsible for the maintenance and integrity of the District Council's website. We have not been engaged to report on the integrity of the District Council's website. We accept no responsibility for any changes that may have occurred to the LTP since the initial presentation on the website. The audit report refers only to the LTP named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this document. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited LTP and related audit report dated 19 June 2012 to confirm the information included in the audited LTP presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

COUNCIL POLICIES

Revenue and Financing Policy

Introduction

The Local Government Act 2002 requires all Councils to adopt a Revenue and Financing Policy as part of its Long Term Plan. This policy is used to demonstrate how the Council proposes to fund its operating and capital expenditures in respect of its various activities. More importantly it will show who will pay these costs and why.

The use of a formal process to determine funding arrangements is not new. Since 1996, Councils have been required to examine their activities and to arrange the funding between the community as a whole and the users and beneficiaries of the various services that Council provides. These two funding streams were referred to as “public” i.e. the community as a whole, and “private” i.e. the individuals that use the service.

The 2002 Act takes this public/ private split to another stage. Councils now need to show how these activities link to the community outcomes, who benefits from them, the time period over which these benefits are expected to occur and whether the actions or inactions of particular groups have given rise to the need for the activity. Where an activity is separately funded, the Council needs to show the benefits from maintaining this separate funding.

Lastly the Council has to demonstrate that in making its overall funding decisions; it has given consideration to the impact on the community and in particular the affect on its current and future well-being.

This policy is set out under the following major headings:

- Policy Statement
- Legal Requirements of the Revenue and Financing Policy
- Council's process for applying these legal requirements

- Overall funding considerations
- Individual activity analysis

Philosophy

The Council will manage its financial affairs prudently and in a manner that promotes the current and future interests of the community. The aim of the policy is to promote consistent, prudent, effective and sustainable financial management of the Council and to fund its activities from the most appropriate source after consideration of who benefits from each activity. As a general rule, operating activities will be funded from operating revenue.

The Council activities will be funded from appropriate sources of revenue following consideration of:

- The community outcomes to which the activity primarily contributes; and
- The distribution of benefits between the community as a whole and any identifiable groups or individuals within the community; and
- The period over which the benefits are expected to occur; and
- The extent to which the actions or inactions of individuals contribute to the need for the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from the other activities; and

- The overall impacts of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

In funding its activities the Council may need to borrow and invest funds and as a result has risks such as interest rate, liquidity, credit and internal control. The Council's policies in relation to borrowing and the associated risks are contained in the Liability Management Policy. The policies in relation to investments are contained in the investment policies.

Policy Statement

Funding of Operating Expenditure

Council funds operating expenditure from the following sources :

■ General rates

General rates are used to fund those services where Council believes there is a public benefit even though it may not be to the whole community. It typically funds "public goods" for which there is no practical method for charging individual users as the benefit is wider than just specific users.

■ Targeted rates for :

- o Community and Ward Services
- o Water Supply
- o Refuse Collection
- o Roothing
- o Halls
- o Security Patrol
- o Debt Servicing
- o Sewerage

- o Aotea Erosion Protection
- o Otorohanga CBD Development

Targeted rates for water reflect the different levels of service and areas of benefit for individual schemes, and also attempt to provide equity between large volume users and smaller volume users. A uniform targeted rate is used for many of the schemes due to the efficiency of the charge and the high cost and marginal benefit of universal metering.

■ Charges for services including fees, fines and charges

Fees and charges are used for services where there is a benefit to an individual. If it is possible to efficiently impose a charge, the Council does so on the basis of either recovering the full cost of the service, the marginal cost added by the users, or a rate that the market will pay.

The market rate becomes an issue to limit the potential for charging. It applies in circumstances where the Council believes that a charge set too high will reduce use and therefore diminish the value of the facility to the community, and impose a greater cost on the ratepayers.

■ Interest and dividends from investments

■ Grants and subsidies towards operating expenses (subsidies towards capital expenditure are applied to the related capital expenditure only)

■ Other operating revenue, including :

- o Petrol tax
- o Property rentals
- o Other income

Council may choose not to fully fund operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit

will only be budgeted when it would be beneficial to avoid significant fluctuations in rates, fees or charges.

The Act also requires Council to produce a Funding Impact Statement that provides details on the funding mechanisms to be used for each year covered by the Long Term Plan. The Funding Impact Statement shows how Council intends to implement the Revenue and Financing Policy each year. It also shows the amounts to be collected from each available source, including how various rates are to be applied.

Funding of Capital Expenditure

Council funds capital expenditure from subsidies, borrowing, reserves, development contributions and operating surpluses. When funded by debt, Council spreads the repayment of that borrowing over several years. This enables Council to best match charges placed on the community against the period of benefits from capital expenditure.

Borrowing is managed within the framework specified in the Treasury Management Policy. Whilst seeking to minimise interest costs and financial risks associated with borrowing is of primary importance, Council seeks to match the term of borrowings with the average life of assets when practical. Council's overall borrowing requirement is reduced to the extent that other funds are available to finance capital expenditure. Such other funds include :

- Council reserves.
- Financial contributions under the Resource Management Act 1991 and Development Contributions under the Local Government Act 2002.
- Contributions towards capital expenditure from other parties such as NZTA (in relation to certain roading projects).
- Revenue collected to cover depreciation charges
- Proceeds from sale of assets
- Targeted rates

■ Operating surpluses

The Forecast Financial Statements included in the Long Term Plan contain a Statement of Prospective Net Debt Position. This statement provides a summary of forecast borrowing levels, identifying the impact of capital expenditure and the various other capital funding sources listed above.

Legal Requirements of the Revenue and Financing Policy

This Revenue and Financing Policy has been prepared in accordance with the requirements of the Local Government Act 2002. The relevant sections of Local Government Act 2002. The relevant sections of that Act are reproduced below.

S101 Financial Management

- 1) A local authority must manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community.
- 2) A local authority must make adequate and effective provision in its long-term plan and in its annual plan (where applicable) to meet the expenditure needs of the local authority identified in that long-term plan and annual plan.
- 3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,-
  - a) in relation to each activity to be funded,-
    - (i) the community outcomes to which the activity primarily contributes; and
    - (ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

- (iii) the period in or over which those benefits are expected to occur; and
- (iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- (v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

S102 Funding and financial policies

- 1) A local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt the funding and financial policies described in subsection (2).
- 2) The policies are-
  - a) a revenue and financing policy; and
  - b) a liability management policy; and
  - c) an investment policy; and
  - d) a policy on development contributions or financial contributions; and
  - e) a policy on the remission and postponement of rates on Maori freehold land.
- 3) A local authority may adopt either or both of the following policies:
  - a) a rates remission policy;
  - b) a rates postponement policy.
- 4) A local authority-

- a) must use the special consultative procedure in adopting a policy under this section:
- b) may amend a policy adopted under this section at any time using the special consultative procedure.

5) However, subsection (4) does not apply to-

- a) a liability management policy;
- b) an investment policy.

S103 Revenue and Financing policy –

1) A policy adopted under section 102(1) must state-

- a) the local authorities policies in respect of the funding of operating expenses from the sources listed in subsection (2)
- b) the local authorities policies in respect of the funding of capital expenditure from the sources listed in subsection (2).

2) The sources referred to in subsection (1) are as follows:

- a) general rates, including-
  - (i) choice of valuation system
  - (ii) differential rating
  - (iii) uniform annual general charges
- b) targeted rates
- c) fees and charges
- d) interest and dividends from investments
- e) borrowing
- f) proceeds from asset sales
- g) development contributions

- h) financial contributions under the Resource Management Act 1991
  - i) grants and subsidies
  - j) any other source
- 3) A policy adopted under section 102(1) must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with section 101(3).
- 4) If a local authority amends its revenue and financing policy under section 93(4), only a significant amendment to the policy is required to be audited in accordance with sections 84(4) and 94(1).

S14 Principles relating to local authorities –

Section 14 lists a set of general principles applying to all significant decisions, which includes the funding policy. In summary the general principles of section 14 require the conduct of Council business and decision making to be:

- Transparent and accountable
- Efficient and effective
- Focused on meeting community outcomes
- Responsive to diverse community interests including future generations
- Inclusive of Maori
- Collaborative with other local authorities
- Based on sound business practices in the case of commercial transactions
- Demonstrative of prudent stewardship of resources

- Based on a sustainable approach reflecting social, economic, environmental and cultural well-being of future generations

S77 Requirements in relation to decisions –

Section 77 lists a set of requirements that a Council must apply when making decisions. In summary the general requirements of Section 77 require that a Council must;

- Identify all reasonably practical options to achieve the objectives of the decision,
- Consider the benefits and costs of each option in terms of the district's well-being,
- How the decision supports the community outcomes
- Consider any statutory responsibilities
- Where the decision is in relationship to land or a body of water the Council must take into account the relationship between Maori and the land or body of water.

Council's Process for applying these Legal requirements

The first step of the process followed by Council when developing the Revenue and Financing Policy has been to analyse the requirements of section 101(3)(a) of the Act. This has involved considering each of the significant activities of Council in terms of this section of the Act.

The headings used for this analysis are:

- Community Outcomes
- Distribution of benefits
- Period of benefits
- Exacerbator pays
- Costs and benefits of distinct funding

Community Outcomes

Section 101(3)(a)(i) requires Council to identify the community outcome to which each activity primarily contributes. The community outcomes are described in the Long Term Plan; these are:



Otorohanga District is a safe place to live.



Ensure services and facilities meet the needs of the community.



Provide for the unique history and culture of the district.



Promote the local economy and opportunities for sustainable economic development.



Manage the natural and physical environment in a sustainable manner.



Foster an involved and engaged community.



Protect the special character of our harbours and their catchments.



Recognise the importance of the District's rural character.

The Long Term Plan, sets out under each activity the outcome or outcomes to which it primarily contributes, and states why each activity is undertaken.

Distribution of Benefits

Section 101(3)(a)(ii) requires Council to assess the benefits from each activity flowing to the community as a whole, and those flowing to individuals or identifiable parts of the community.

In order to assess the distribution of benefits, it is necessary to first describe and define the different types of benefits that flow from Council activities.

Existence benefit: an existence benefit is one that arises simply from the fact that a facility or service exists. For an activity such as libraries or other community facilities, the fact that the community protests when the closure of such facilities is mooted suggests that the community as a whole derives a benefit from the existence of the facility.

Non-rival benefit: the enjoyment of a benefit by a person does not prevent the benefit being enjoyed by other people at the same time. An example is street lighting. Rival – has the opposite meaning.

Non-excludable benefit: no person or group can be prevented from enjoying the benefit. An example is reserves. Excludable has the opposite meaning.

Public goods: goods or services that can often only be supplied by the community, and are usually both non-rival and non-excludable.

Benefits flow to the community as a whole directly where:

- Additional people benefiting has little or no impact on costs e.g. democracy
- The person or people benefiting cannot be identified e.g. parks and reserves
- The community in general benefits e.g. Elected Members

The community as a whole can also benefit indirectly from option benefits and existence benefits. Generally, benefits that flow to the community as a whole are non-rival and non-excludable.

For benefits of this type it is not possible, nor practical, or it is undesirable to charge people directly, so they are funded through general rates. It is not necessary that the entire community benefits for this principle to be applied.

Direct benefits to an individual or groups of people can be identified when it is possible to identify the user and it is possible to withhold the service if the user chooses not to pay. An example is building consents. In this case the costs of those benefits should be funded on a user pays basis.

Period of Benefits

Section 101(3)(a)(iii) requires the Council to assess the period over which the benefits from each activity will flow. This in turn indicates the period over which the operating and capital expenditure should be funded.

For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are appropriately funded on an annual basis from annual revenue.

Assets, purchased from capital expenditure, provide benefits for the duration of their useful lives. Useful lives range from a few years in the case of office equipment through to many decades for infrastructural assets such as pipe networks. This introduces the concept of intergenerational equity. This concept reflects the view that benefits occurring over time should be funded over time. This is particularly relevant for larger capital investments such as the wastewater treatment plants, bridges, landfills etc.

One method used to spread these costs over time is loan funding. This ensures that current ratepayers do not pay for benefits received by future ratepayers. Each year's ratepayers pay the interest (representing the cost of capital) and depreciation charges that are

associated with the asset. This results in infrastructural costs being spread more evenly across the life of the asset and the different ratepayers who benefit from it. The other method of achieving this objective is through the use of development contributions where the calculation of the contribution includes an element to reflect the value or cost of the asset that has capacity for future growth.

Who's act creates a need

Section 101(3)(a)(iv) requires Council to assess the extent to which each activity exists only because of the actions or inaction of an individual or group. Examples are attending to a rural fire, dog control, littering etc. Sometimes known as polluter pays, this principle aims to identify the costs to the community of controlling the negative effects of individual or group actions.

The principle suggests that Council should recover any costs directly from those causing the problem. Most activities do not exhibit exacerbator pays characteristics.

Costs and Benefits of Distinct Funding

101(3)(a)(v) requires Council to consider the costs and benefits of distinct funding for each activity. This section is interpreted as requiring Council to consider the costs and benefits of funding each activity in a way that relates exclusively to that activity.

An example of this would be funding libraries entirely from user charges, or water from a targeted rate. The consideration of the costs and benefits of distinct funding must include the consequences of the chosen funding method for transparency and accountability.

Transparency and accountability are most evident when an activity is totally distinctly funded. This allows ratepayers or payers of user charges. As the case may be, to see exactly how much money is being raised for and spent on the activity, and to assess more readily whether or not the cost to them of the activity represents good value.

Funding every activity on such a distinct basis would be extremely administratively complex. For some activities the quantity of rates funding to be collected amounts to only a few cents per ratepayer. The administrative costs and lack of significance would lead Council to fund a number of activities by way of a general rate.

Overall impact on the Community Well-Being

As part of the preparation of this policy the Council took into account the interests of residents and ratepayers, principles of fairness and equity, Council policy and the avoidance of hardship from significant changes in cost allocation. Where appropriate the Council modified the strict economic analysis of funding allocation after considering the effects on the current and future social, economic, environmental and cultural well-being of the community.

An example of this is the use of district wide funding of most of the Council's activities. After considering the costs of providing these services on an individual basis, Council decided that allocating the liability for funding on a district wide basis best met the requirements to take into account the community's well-being.

Overall Funding Results

Funding of operational expenditure

The following table shows the overall results of the individual activity analysis. It indicates that the operating expenses should be funded from the following sources:

Significant Activities	General Rates	Targeted Rates	Subsidies	Fees & Charges
Roads & Footpaths		✓	✓	✓
Refuse Collection		✓		✓
Transfer Station Management		✓		

Significant Activities	General Rates	Targeted Rates	Subsidies	Fees & Charges
Rural Water Supply Schemes		✓		✓
Community Water Schemes	✓	✓		✓
Wastewater	✓	✓		✓
Flood Protection				✓
Stormwater		✓		✓
Land Drainage		✓		
Reserves (incl Public Conveniences)	✓	✓		✓
Library	✓			✓
Swimming Pools	✓			✓
Cemeteries	✓			✓
Security Patrol	✓	✓		✓
District Sports Co-ordinator	✓			
Kawhia Wharf	✓	✓		✓
Public Halls		✓		✓
Planning & Development	✓			✓
Building Control	✓			✓
Civil Defence	✓		✓	✓
Dog Control	✓			✓
Stock Ranging & Impounding	✓			✓
Environmental Health	✓			✓

Significant Activities	General Rates	Targeted Rates	Subsidies	Fees & Charges
Council Property		✓		✓
Litter Control	✓			✓
Rural Fire		✓		
District Promotion & Devpt	✓			
Council Grants	✓			
Corporate Planning	✓			
Democratic Process	✓	✓		
Housing for the Elderly				✓

General Rates

The general rates will be set on the basis of capital value.

Differential Rating

The Otorohanga Community targeted rate and Otorohanga Community Water Supply and Sewerage targeted rate for debt servicing is differentiated based on land use (Schedule 2 Local Government (Rating) Act 2002).

The differential categories are :

- Group 1 Commercial/ Industrial – all rating units that are used primarily for any commercial or industrial purpose.
- Group 2 Residential – all rating units with a land area of 1 hectare or less, not being rating units in Group 1, used for residential and related purposes.

Water Supply (Non Metered and Metered)

The Council proposes to set a targeted rate for water supply on the basis of a uniform targeted rate per separately used or inhabited part

of a rating unit connected to one of the Urban Water Supply Areas of Otorohanga or Kawhia.

The Council proposes to set a targeted rate for water supply based on volume of water supplied per separately used or inhabited part of a rating unit which are metered and connected to one of the Urban Water Supply Areas of Otorohanga or Kawhia and Rural Water Supply areas of Arohena, Ranginui, Tihiroa or Waipa.

Sewage Disposal

The Council proposes to set a targeted rate for sewage disposal in the Otorohanga Community based on a uniform targeted rate per separately used or inhabited part of a rating unit in respect of each water closet or urinal connected either directly or through a private drain to a public sewerage drain that :

- 1) Every separately used or inhabited part of a rating unit used exclusively or principally as the residence of not more than one household shall be deemed to have not more than one water closet or urinal.
- 2) Where a separately used or inhabited part of a rating unit, not being used as a residential property as in (a) above, has three or more water closets or urinals, the first shall be charged at 100% of the targeted rate per water closet or urinal and the second to fourth shall be charged at 0% of the targeted rate per water closet or urinal and the remainder to be charged at a fixed rate per water closet or urinal.

Rating units, which are neither connected to the sewerage system or are not serviceable, are not liable for this rate.

Uniform Annual General Charge

Council will continue to set a Uniform Annual General Charge (UAGC). This charge will be assessed as a fixed amount per rating unit.

Council uses the UAGC to fund or partly fund activities that are considered people related in that the benefits of those activities are equally available to all residents of the district. However as Council

does not have the ability to rate individuals it considers that the activities are therefore equally available to each property. In these circumstances it is considered appropriate to have each property pay the same amount for the benefit received or available to them. This can be achieved through the UAGC.

Funding of capital expenditure

Capital expenditure will be funded from the following sources :

Significant Activities	General Rates	Targeted Rates	Borrowings	Reserves	Funding Assistance
Roads & Footpaths			✓	✓	✓
Transfer Station Management			✓		
Rural Water Supply Schemes				✓	
Community Water Schemes			✓	✓	✓
Wastewater			✓	✓	✓
Stormwater			✓	✓	
Reserves (incl Public Conveniences)	✓			✓	
Library				✓	
Swimming Pools			✓	✓	
Cemeteries	✓			✓	

Significant Activities	General Rates	Targeted Rates	Borrowings	Reserves	Funding Assistance
Housing for the Elderly				✓	
Council Property	✓		✓	✓	
Rural Fire	✓			✓	

Council believes that this allocation of funding requirements represents a reasonable balance between user pays and district funding and considers that the impacts of these do not adversely affect the current and future well-being of the community.

Detailed Funding Sources

Individual Activity Analysis

An analysis of the distribution of benefits for each activity has been used to develop the funding allocation. These activities are presented in the activity groupings used throughout the LTP.

Roads and Footpaths

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Roading provides a mix of private and public benefits. The public benefits include the provision of a safe and efficient roading network providing access to, from and within the District. This benefit can be seen as both social and economic in nature. The private beneficiaries of this activity are various and include the users of the roads, owners of properties adjacent to or connected to the network, commercial operators depending on the network and visitors to the district.	Recognising that the roading network benefits all residents ensures that the intergenerational equity issues associated with an ongoing roading programme are appropriately addressed. For example, residents of a particular road will contribute to the funding of the District roading programme, which for many years may not result in any significant expenditure on their road. However in some years there will be significant expenditure on their road, which will be funded by other residents of the District.	The need for expenditure is increased by the amount of traffic on the roads causing congestion for both travel and parking. Notwithstanding that, there is no effective mechanism to charge the exacerbator therefore the activity is funded on a district basis.	Operating Council considers that roading should be funded as follows: ■ Maximise funding from NZTA and other sources ■ 20%-30% of the remainder from a Uniform Targeted Rate on each rateable property in the district, which is considered to be a fair charge to connect every property to a roading network, and to recognise that all properties should make some contribution. ■ 70%-80% of remainder from a Targeted Rate on capital value of each property in the district.	Council considered that the roading network throughout the district is an asset of the entire district and the benefits of the expenditure on this activity were 30% public in nature and 70% private in nature. Council currently receives funding from NZTA amounting to approximately 45% of its annual roading expenditure (including subsidised and non-subsidised expenditure). This is less than Council's assessment of the private benefit (70%), and Council accepts that there are no other practical ways of directly funding the private benefit. Accordingly Council recognises that it must fund the net cost of roading (after funding assistance) from rates, an effect of which is to require possible non-users or low-users to pay for more than they receive.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Water Supplies The benefits of this activity are considered almost exclusively private to those consumers who are connected to the water supply schemes. There is some public benefit to the Otorohanga and Kawhia Communities through the availability of water for fire protection, public toilets and to maintain public health.	The operating costs of Water Supply are an annual cost and therefore funded on an annual basis.	The need for this activity is entirely due to the actions or inactions of individuals or groups, as such, it is therefore an exacerbator issue.	Otorohanga & Kawhia Council concluded 5% of the cost of water should be met from the UAGC, and the balance of 95% to be funded from a Uniform Targeted Rate and that water meters for extraordinary supplies would be encouraged. Council policy is to fund loan charges for loans raised to finance capital expenditure from targeted rates based on capital value (with the same commercial differentials) over the area of benefit. Rural Supplies Council concluded that those connected to a reticulated water supply should pay the costs of operating through a combination of consumption and availability charges. The Arohena RWS has a	Council concluded that those with entitlements to a reticulated water supply should pay the costs of operating through a combination of consumption charges and Uniform Targeted Rates.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
			targeted rate on CV to fund the cost of debt raised on the existing infrastructure.	
Sewerage Treatment and Disposal Council considers that 95% of the benefit of wastewater disposal is to the user, ie those who create it. The private beneficiaries are the occupiers of the properties that are connected to the system and those properties that can be but are not connected. Council considers that 5% of the benefit of wastewater disposal is public due to the requirement to maintain good health, and in relation to public toilets.	The operating costs of Waste Water are an annual cost and therefore funded on an annual basis.	Some of the users of this service can be considered to be extraordinary users as they dispose of large quantities, for example truck wash. Other beneficiaries are those with septic tanks, as their wastes can be disposed of in the system, when their septic tanks are cleaned and serviced.	Council concluded 5% of the cost of waste water to the Otorohanga Community should be met from the UAGC, and the balance of 95% from extraordinary users and a Uniform Targeted Rate on each property benefiting from the service or able to benefit from the service. Council policy is to fund loan charges for loans raised to finance capital expenditure from targeted rates based on capital value (with the same commercial differentials) over the area of benefit.	Council concluded that those with entitlements to a reticulated waste water system should pay the costs of operating through a Uniform Targeted Rates.
Storm Water/ Flood Protection Council considers that the expenditure on the Otorohanga and Kawhia stormwater schemes has	The operating costs of Storm Water/ Flood Protection/ Land Drainage are an annual cost and therefore funded on an annual basis.	Stormwater Council considers that those properties in the communities that are more developed are likely to receive greater	Stormwater Otorohanga stormwater is to be funded by a Uniform Targeted rate across the Otorohanga Community and Kawhia stormwater is	Stormwater Council considers that those properties in the communities that are more developed are likely to receive greater benefits from the systems as

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
80% private benefit and 20% public benefit, to the respective communities. Private benefits arise from the protection of private property, and there is a public benefit, as the schemes exist to protect public property and public health. Land Drainage Council considered the benefits of the service to be 100% private to those landowners whose land is drained enabling them to use their properties as viable pastoral units.		benefits from the systems as they have more property to protect. Land Drainage The Council recognises that those properties with larger floodable areas are likely to receive a greater benefit from the system as they have greater areas to drain.	to be funded by a Uniform Targeted rate being 75% across the Kawhia/ Aotea community and 25% across the rural area. Land Drainage Land Drainage legalisation work is to be funded by a Targeted Rate on Capital Value across the Rural area.	they have more property to protect. Kawhia Stormwater benefits the Kawhia Community and also the surrounding rural area. It was considered inequitable to fund the Rural share from the area of benefit and concluded that it should be funded across the rural area. Land Drainage Land Drainage schemes are funded separately through Environment Waikato. Council is still undertaking some legalisation work and it was considered more effective to fund this across the rural area.

Community Services

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Parks and Reserves (including Public Conveniences) The beneficiaries of active reserves are generally the sports clubs that use the reserves. Council considered that 75% of the benefit is private, accruing to users such as sports clubs, teams and associations, and 25% of the benefit is public, accruing to users such as the general public who have opportunity to use the reserves. Council determined that 50% of the benefits derived from passive reserves were private in nature, to those who use them. The remaining 50% is considered a public benefit through the availability of free access to the reserves and enhancement of the Districts image. Council considers that the benefit of the public conveniences is 50% private and 50% public.	The operating costs of Parks and Reserves (including Public Conveniences) are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	District and Community Reserves 75% of this activity will be funded by the General Rate across the District with the balance of 25% funded by the Uniform Annual General Charge. Public Conveniences Otorohanga Community 60% funded by the General Rate across the district, 20% by the Uniform Annual General Charge and 20% by a Uniform Targeted Rate across the Otorohanga Commercial ratepayers. Kawhia Community 80% funded by the General Rate across the district and 20% funded by the Uniform Annual General Charge.	Council considers that high charges on private users such as sports clubs would be inconsistent with Council's policy to promote sport and recreation. Council recognises that it is difficult to charge for the private benefit associated with the use of reserves to the user and considers that it is not cost effective to charge for the use of public conveniences. For the use of active reserves, Council will continue to maximise user charges to a level that the market can sustain.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Library Council considered that 90% of the benefits accrue to the actual users of the library services. However, Council also recognised the public benefit of 10% of having the library available to everyone, and that community education will benefit. Council considers that the existence of a library service throughout the district benefits all residents of the district and is available for all residents.	The operating costs of the Library are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council will maximise user charges and the remaining costs of this activity will be funded 50% from the Uniform Annual General Charge and 50% from the General Rate. Council acknowledges that the effect of the policy is that non-users may be receiving less benefit and subsidising users but consider that the policy is in the best interests of the district.	Council recognised that a recovery of 90% is not possible from library fees. The impact of an increase to 90% library fees is likely to lead to a decrease in demand, ie; it is likely that people would stop using the library. Council considered that it would be inequitable to collect such a high proportion of the costs from the users when the libraries are available to all residents of the district. Council noted that it provides library services to enrich the community, not to make a profit. Council wants to encourage, not discourage the use of libraries. Council considered libraries should be funded 15% private and 85% public.
Swimming Pool This activity provides facilities for leisure, fitness and recreation including leisure options for youth, swimming lessons and water safety. The main beneficiaries are the users of the pools – individuals, clubs, children	The operating costs of the Swimming Pool are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council considers that 54% should be funded by way of a Uniform Targeted Rate over the Otorohanga Community, 44% from a Uniform Targeted Rate over the Rural area and 2% from a Uniform Targeted Rate over the	Council noted the impact that high user charges would have on pool users. Council concluded that the contract price for operating the pool reflected the income from users. Ability to pay was also a major consideration. The Council wants to encourage

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
and schools. There is also benefit to the public generally, as the pool is available for every one to use, although there is obviously a greater benefit to those living in the Otorohanga Community where the swimming pool is located. Based on these observations Council considered that 90% of the benefit is private and 10% is public.			Kawhia Community.	use of the facilities, and a high entry fee would make it prohibitive. Council recognises that due to the distance from the Swimming Pool, opportunity for use is not equally available to all residents of the district. Council considers that the benefits of the Swimming Pool are 54% Otorohanga Community, 44% Rural and 2% Kawhia Community.
Cemeteries Council considered that the provision of this activity provides private benefits to individuals as well as indirect benefits to the public as a whole. The private benefits, assessed as 90%, are to the families of the deceased, both within and outside the district, who chose to be buried in cemeteries within the district. The public benefit, assessed as 10%, is from the general promotion of public health and sanitary disposal of the deceased. There are also public benefits	The operating costs of Cemeteries are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council will continue to maximise plot charges, fully recover grave digging and sexton charges (approximately 5%). The remainder will be funded from General Rates. The impact of this policy is that the general ratepayer subsidises those who use the cemeteries.	Councils current policy is to maximise plot charges and fully recover the costs of grave digging and sexton charges. Currently 60% of cemetery costs in Otorohanga Community and 25% of Kawhia Community are met by way of user charges (these will vary depending on the number of plots sold). As the demand for Kawhia cemetery is infrequent, Council considered that it was unfair and equitable to increase income from sale of plots.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
from the heritage value of cemeteries, reserve values and the fact that residents can be buried within the district. Council considered that the existence of cemeteries in the district is of no benefit to all residents of the district.				
Security Patrol Council recognised that there is an element of public good in the service but the principle benefit accrues to those that are private users. There are also users outside the targeted rating area that benefit, and they are expected to contribute by way of user charges. There is a benefit in different degrees to the Otorohanga Community residents and the wider district. Council considered that the benefits were both property and people related.	The operating costs of Security Patrol are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council concluded that it would maximise recoveries from properties outside the area using the service and 5% of the cost of this activity would be funded from the General Rate, and a further 10% to be funded from a Targeted Rate across the Otorohanga Community. The balance to be funded from the defined Security Patrol area equally by way of a Uniform Targeted Rate and Uniform Targeted Rate based on Capital Value.	Council recognised that there is an element of public good in the service but the principle benefit accrues to those that are private users. There are also users outside the targeted rating area that benefit, and they are expected to contribute by way of user charges. There is a benefit in different degrees to the Otorohanga Community residents and the wider district. Council considered that the benefits were both property and people related.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
District Sports Co-ordinator Council considered that there may be a direct benefit to certain individuals or groups of 10% but the primary benefit is the existence of the scheme which is a public benefit (90%) to all residents of the District. Council noted that part of this activity is funded through user charges, sponsorship and other funding that is collected directly by Sport Waikato.	The operating costs of District Sports Co-ordinator Scheme are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council concluded that this activity was a people driven activity, and funding should be 67% by way of the Uniform Annual General Charge over the whole District and 33% from the General Rate. Council acknowledges that the effect of the policy is that non-users may be receiving less benefit and subsidising users but consider that the policy is in the best interests of the district.	Council acknowledged that funding should be 100% public because it wishes to encourage active participation in recreation and sport.
Kawhia Wharf Although the wharf has local historical origins, Council considers the facility is of benefit to the whole district and that ratepayers of the district support Council's continued involvement. Council considered that the benefits were 80% private and 20% public. The private beneficiaries are the users of the facilities such as, commercial boats and recreational users. The public	The operating costs of the Kawhia Wharf are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council will maximise user charges to what the market can bear, 25% of the remainder will be funded equally by way of a Uniform Targeted Rate and a Targeted Rate on CV across the Kawhia Community. 75% of the remainder to be funded equally by the Uniform Annual General Charge and General Rate across the District.	Council considered that the benefits were 80% private and 20% public. The private beneficiaries are the users of the facilities such as, commercial boats and recreational users. The public benefit is derived from the availability of the structure, and the Community value that it has.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
benefit is derived from the availability of the structure, and the Community value that it has.				
Public Halls Council considers that the benefit of the Kawhia Community Centre is primarily private to the Kawhia Community.	The operating costs of Public Halls are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council will maximise user charges to what the market can bear and the remainder of the cost of the Kawhia Community Centre will be funded by way of a Uniform Targeted Rate over the Kawhia Community.	Council considers that the benefit of the Kawhia Community Centre is primarily private to the Kawhia Community.
Housing for the Elderly Council considered the benefits of the provision of this service 90% private (benefit to the tenants) and 10% public.	The operating costs of Housing for the Elderly are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council confirmed its policy that this activity should be fully funded by property rentals.	Councils current policy is the Housing for the Elderly will be self-funding. This has developed from past practice and recognises that the benefit is primarily private.
Other Property Council considered that the benefit for this activity was exclusively public and that based on the historical background of these properties, the "ownership" (and therefore benefit) of each property remains within the area which it is located except for properties considered to be district wide	The operating costs of Other Property are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council will charge rentals that the market will sustain (approximately 70%) and the remaining costs will be funded equally from Uniform Targeted Rates and targeted rates on capital value over the whole district. Rural area, Otorohanga Community and Kawhia Community, generally based on the	Council policy is to maximise the recovery of costs through the rental of other property as where property, is rented that is primarily of private benefit.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
assets.			property location or whether a property is considered to be a district wide asset.	
Solid Waste Council considers that 90% of the benefit of solid waste collection, is to the user ie; those who create it are able to dispose of their waste. Council recognises that there is some public benefit to all residents of the District, by having the communities waste disposed of in a controlled and acceptable manner.	The operating costs of Solid Waste are an annual cost and therefore funded on an annual basis.	The need for this activity is entirely due to the actions or inactions of individuals or groups, as such, it is therefore an exacerbator issue.	Refuse The residents of Otorohanga, Kawhia and Aotea communities will fund the costs through a Uniform Targeted Rate over the properties in the Otorohanga, Kawhia and Aotea communities to recover 90% of the costs and a targeted Community Rate on Capital Value to fund the remaining 10% Solid Waste Management Council considers that both Otorohanga and Kawhia closed landfills and recycling centre should be funded 80% from the Otorohanga and Kawhia/Aotea community respectively and 20% from the Rural area.	Refuse Council considers that the contribution it makes to the costs of solid waste collection should be funded by those who benefit. Solid Waste Management Council considers that the closed Otorohanga Landfill and recycling centre and that the closed Kawhia landfill and recycling centre should be funded 100% Uniform targeted rates from the communities that benefit.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Litter Control 100% of this activity was identified as private, as the exacerbator in this activity is the person who drops the rubbish.	The operating costs of Litter Control are an annual cost and therefore funded on an annual basis.	The exacerbator is the person who is responsible for dropping the rubbish.	Council recognised that it is impossible to identify the exacerbator (those responsible for the rubbish) and considered that the activity should be funded publicly. Council considers that litter control should be funded 33.33% from the Uniform Annual General Charge and 66.66% from the District Wide general rate.	Council considered that the benefit of this activity is primarily property related, and that there is potentially equal benefit from this activity to all areas of the District.

Regulatory Services

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Planning & Development Council considers that the benefits of expenditure on this activity (consent application and monitoring) are 100% private, based on the exacerbator principle.	The operating costs of Planning and Development are an annual cost and therefore funded on an annual basis.	Those people applying for resource consents and creating pressure on resources through development are creating a need.	Council recognises that a significant portion of the cost of this activity involves dealing with general public enquiries, many of which lead to a consent application, but some that do not. Council considered that it was not appropriate to charge for general enquiries, as that would be a disincentive, which would not be in the best interests of the district. Council determined that the cost of processing and monitoring consent applications should be funded by maximising user fees such that consent applicants are paying the full cost of the application. The remainder, including the cost of public enquiries, should be funded by the District Wide general rate based on Capital Value.	Council considers that the benefits of expenditure on this activity (consent application and monitoring) are 100% private, based on the exacerbator principle.
Building Control Council considers that the benefits of expenditure on this activity are 100% private, based on the exacerbator principle.	The operating costs of Building Control are an annual cost and therefore funded on an annual basis.	Those people applying for building consents and creating pressure on resources through development are creating	Council determined that the costs of processing building consents and inspections should be funded by maximising user fees such	Council considers that the benefits of expenditure on this activity are 100% private, based on the exacerbator principle.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
principle. Council recognises that a portion of the cost of this activity involves dealing with general public enquiries, many of which lead to a building consent application, but some that do not. Council considers that general enquiries provide a public benefit to the District as a whole. Council considers that the benefits of this activity are property related.		a need.	that applicants pay all costs relating to their application. The remainder (approximately 40%) including the cost of public enquiries should be funded by a general rate based on capital value.	Council recognises that a portion of the cost of this activity involves dealing with general public enquiries, many of which lead to a building consent application, but some that do not. Council considers that general enquiries provide a public benefit to the District as a whole. Council considers that the benefits of this activity are property related.
Civil Defence Council determined that the benefits of expenditure on this service were entirely public (100%) in nature in that the whole district benefited from the knowledge that there was a state of readiness in the event of a civil emergency. Council noted that the allocation in step one is fair and equitable.	The operating costs of Civil Defence are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council concluded that this function should be funded 100% from the Uniform Annual General Charge over the District to recognise that the benefit is equally available to all people of the District.	Council determined that the benefits of expenditure on this service were entirely public (100%) in nature in that the whole district benefited from the knowledge that there was a state of readiness in the event of a civil emergency. Council noted that the allocation in step one is fair and equitable.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Dog Control Council recognises that primary benefit of this activity is to groups such as dog owners who benefit through education and the identification of their animals. However, Council noted that some benefits accrue to the public by way of promotion of public safety and order, and the minimisation of public nuisances. The benefits received are likely to differ within the different sectors of the public, eg; there is more need for dog control in urban areas than rural. Council concluded that 90% of the benefits were private in nature (dog owners/exacerbators), while 10% of the benefits accrue to the public.	The operating costs of Dog Control are an annual cost and therefore funded on an annual basis.	In this case it is the dog owners who are the exacerbators and Council considered that their contribution to the need for this expenditure should be emphasised.	Council concluded that 90% of this activity would be funded through dog control fees and 10% through the Uniform Annual General Charge.	Council confirmed its policy of maximising user pays where appropriate and believes that the dog owners should pay 90% of the costs to discourage the proliferation of dogs, and promote better control by owners.
Stock Ranging & Impounding Although there is some degree of private benefit in that stock owners receive benefit from the removal of their stock from public areas,	The operating costs of Stock Ranging and Impounding are an annual cost and therefore funded on an annual basis.	In this case it is the stock owners who are the exacerbators.	Council will fund this activity by maximising (to what the market can bear) the poundage fees and sustenance charges levied on the owners of impounded stock (2.5%) and the remainder (97.5%) will be	There are statutory limitations on trespass fees, often the stockowner cannot be identified and often the stock is worth less than what Council would charge. Council also noted that a significant component of the cost of this

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Council considered that the public benefited primarily from this service as they were protected from the potential property and personal damage caused by wandering stock (75%). Council considers that the benefit of this activity is equally available to all residents of the District.			funded from the Uniform Annual General Charge over the whole District. The effect of this policy is that the general ratepayer subsidises those who benefit.	activity is fixed, regardless of the number of animals impounded. Council considered that almost 100% of the cost of this activity would have to be publicly funded.
Environmental Health The benefits of this activity are the maintenance of public health and safety and consumer protection through ensuring minimum standards are met. There is some limited economic benefit through the regulation of various industries. The Council determined that 60% of the benefit on this activity would be received by the general public through general consumer protection, and maintenance of public health and safety. The remaining 40% was considered to be received by the applicants of the various permits and consents, in that	The operating costs of Environmental Health are an annual cost and therefore funded on an annual basis.	Most of the costs of this activity relate to private benefits and the control of negative effects. The ability to recover costs distinctly is governed by statute. It is also often difficult to identify exacerbators so expenditure on non-recoverable negative effects will be funded by Council. The scale of this activity does not warrant separate funding therefore unrecovered costs will be funded from General Rates.	There are statutory limits on some of the charges that can be levied, and Council recognises that in some cases the cost of the activity can not be recovered. Council concluded that it would fund this activity by maximising user charges to what the market can bear where possible including a portion for general enquiries and fund the balance equally by way of the Uniform Annual General Charge over the whole district and the general rate. The effect of this policy is that the general ratepayer will subsidise those who receive	The Council felt that as this is a mandatory activity, a major proportion of the costs is fixed and is independent of the number of users/ applicants. It was noted that under Step One allocation the costs to direct beneficiaries could become disproportionately high, if there were relatively few applications. The Council felt that, although step one indicated 40% of fees should be collected by user charges, this may not be a fair way to collect fees.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
without such permits or consents they could not operate. Council recognises that this activity benefits both people and property.			the benefit.	
Rural Fire Council considers that the benefits of the expenditure on this activity are 100% private to rural property owners through the availability of the rural fire service, and that the benefit is property related.	The operating costs of Rural Fire are an annual cost and therefore funded on an annual basis.	Rural ratepayers who carelessly light fires create a need for the service.	Council recognizes that it is impossible to identify and measure the extent of the benefit and considers that the activity should be funded publicly. However Council has the ability to charge for call outs. Council has concluded that the activity would be funded by charging for call outs, with the balance from the separate rate on the Rural Area based on capital value.	Council considers that the benefits of the expenditure on this activity are 100% private to rural property owners through the availability of the rural fire service, and that the benefit is property related.

Governance And Leadership

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
Democracy Council determined that the benefits of expenditure on this service were 100% public. Council recognises that the Otorohanga Community and District benefits from the activities from the Otorohanga Community Board, and that the Kawhia/ Aotea Community and District benefits from the activities of the Kawhia Community Board. The Community Boards enable the communities to keep their autonomy and provide them with unique benefits. It also noted that while the democratic activity benefits all residents of the District, the activities of Council can be of greater benefit to larger properties.	The operating costs of Democratic Process are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Otorohanga District 50% by way of UAGC over the whole District, to ensure that all people make some contribution and 50% from general rate to recognise benefit to property. Otorohanga/Kawhia Aotea To recognise the role of the community boards in the overall governance of the district, 30% of the support costs to be funded 50% from the UAGC and 50% from General rate, and the remaining 70% to be funded 50% by Uniform Targeted rate and 50% by Targeted rate based on CV over the respective communities of Otorohanga and Kawhia/Aotea.	Council determined that the benefits of expenditure on this service were 100% public. Council recognises that the Otorohanga Community and District benefits from the activities from the Otorohanga Community Board, and that the Kawhia/ Aotea Community and District benefits from the activities of the Kawhia Community Board. The Community Boards enable the communities to keep their autonomy and provide them with unique benefits. It also noted that while the democratic activity benefits all residents of the District, the activities of Council can be of greater benefit to larger properties.
Council Support Council considers that 100% of the benefits of the	The operating costs of Council Support are an annual cost and therefore funded on an annual	This activity has no exacerbator issues	Council considers that there is no practical mechanism to easily capture the private benefit	Council considers that 100% of the benefits of the expenditure on this activity are public in nature and that generally the

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
expenditure on this activity are public in nature and that generally the activities benefit the whole of the District. Council recognizes that the benefits of this activity are primarily people related.	basis.		and concludes that this activity should be funded from the general rate. The effect of the policy is that the general ratepayer might subsidise those who benefit. In terms of external grants such as the Rural Travel Fund and the Creative Communities grants, these are funded through grants received from the relevant agencies, with administrative costs covered from the general rate.	activities benefit the whole of the District. Council recognizes that the benefits of this activity are primarily people related.
Corporate Planning Council has determined that the benefits of the expenditure on this services is 100% public, as they are related to Council complying with various statutory responsibilities. Council recognizes however that larger properties generally have the opportunity for greater benefit from Council's collective activities.	The operating costs of Corporate Planning are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues	Council concluded that this activity should be funded equally by way of the Uniform Annual General Charge and the District Wide general rate.	Council has determined that the benefits of the expenditure on this services is 100% public, as they are related to Council complying with various statutory responsibilities. Council recognizes however that larger properties generally have the opportunity for greater benefit from Council's collective activities.

Policy Management Council considered that 100% of the benefits of the expenditure are public in nature. The public benefits are the general preservation and sustainable management of the resources of the District and protection of those who may be subject to environmental impacts. Council considers that the benefits of this activity are property related and that properties with greater value are likely to receive greater benefit.	The operating costs of Policy Management are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council concluded that 100% of this activity should be funded equally by way of a Uniform Annual General charge over the whole district and a general rate on capital value.	Council considered that 100% of the benefits of the expenditure are public in nature. The public benefits are the general preservation and sustainable management of the resources of the District and protection of those who may be subject to environmental impacts. Council considers that the benefits of this activity are property related and that properties with greater value are likely to receive greater benefit.

Community Development

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
District Promotion and Development Council considers that 50% of the benefits of the expenditure on this activity are public in nature as the whole District benefits from the promotion of the District and the attraction of visitors to the District, The private benefit is considered to be 50% to those who benefit directly from visitors to the District, for example tourism operators and associated service industries. The activity has the potential to benefit all residents of the District, but it is likely to be of lesser benefit to the rural area.	The operating costs of District Promotion and Development are an annual cost and therefore funded on an annual basis.	This activity has no exacerbator issues.	Council considers that there is no practical mechanism to easily capture the private benefit and concludes that this activity will be funded by seeking direct external funding with 60% of the remainder funded through the Uniform Annual General Charge over the whole District and 40% of the remainder funded from the District Wide general rate. The effect of the policy is that the general ratepayer may subsidise those who benefit.	Council considers that 50% of the benefits of the expenditure on this activity are public in nature as the whole District benefits from the promotion of the District and the attraction of visitors to the District. The private benefit is considered to be 50% to those who benefit directly from visitors to the District, for example tourism operators and associated service industries. The activity has the potential to benefit all residents of the District, but it is likely to be of lesser benefit to the rural area.

Property Development

Council recognises that this development will be of potential benefit to all residents of the District with 10% being public and 90% private. Council considers that the private benefit of this

The public benefit will extend many years into the future by promoting future growth and economic well being.

This activity has no exacerbator issues.

To recognise the longer-term benefits of this development, expenditure will be met by borrowing with the cost of borrowing's being funded from section sales.

Councils policy is to recover all of the costs of the development from the sale of sections with any shortfall funded by the Otorohanga Community, or in the case of the Waiwera Street subdivision 50% from the Kawhia/ Aotea

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
development is to those who occupy the industrial or residential sites. The public benefit is considered to be an increase in the rating base which leads to a greater number of ratepayers to spread the rate requirement across, and an increase in property values. While it is considered that all residents of the District can benefit from this development, it is recognised that larger properties are likely to receive greater benefit. Council also recognises that this activity will also benefit future generations of ratepayers.				community and 50% from the Otorohanga District. The policy recognises that the benefit is primarily private.

Rates Policy

Introduction

Council operates three financial divisions to facilitate the operation of Council and the collection of rates. The financial divisions recognise the three areas of the District with Community boards (Otorohanga Community and Kawhia Community) and the Rural area.

The existence of financial divisions ensures that activities not benefiting the whole of the District or impacting areas of the District differently are considered in an appropriate forum and that identifiable areas of benefit pay for the benefit received. Activities that are considered to benefit all areas of the District are included in the District wide rate and/or UAGC and are not allocated to the three financial divisions.

The rates received within each financial division are generally spent in that area. The Community rating areas are under the control of a Community Board.

Rates levied on the value of properties vs Uniform Annual General Charge (UAGC)/Uniform Targeted Rate.

A number of Council activities are people related in that the benefits of those activities are equally available to all residents of the District. However as Council does not have the ability to rate individuals it considers that the activities are therefore equally available to each property. In these circumstances it is considered appropriate to have each property pay the same amount for the benefit received or available to them. This can be achieved through Uniform Annual General Charges or Uniform Targeted Rates.

Other Council activities are generally property related with the extent of benefit, or potential benefit directly relating to the size and corresponding value of the property. In these circumstances it is appropriate for Council to levy rates based on the value of properties.

The levying of rates on the value of properties or Uniform Targeted Rates can be considered as two starting points between which a number of factors can be accommodated by way of using a combination of rates levied on the Value of properties and Uniform Annual General Charges/Uniform Targeted Rates.

Factors that should be taken into account when considering a combination of rates levied on the value of property and Uniform Annual General Charges/Uniform Targeted Rates are:

- *Should all properties make a reasonable contribution to the cost of the activity?*
If so, then there should be some degree of Uniform Annual General Charge /Uniform Targeted Rate.
- *Should those who have a greater ability to pay, pay more towards the cost of the activity?*
If so, then an amount of the rate should be levied on the value of properties.
- *Is it desirable for the Community to encourage the use of a service or facilities by those who may not otherwise be able to afford it?*
If so, then a significant amount of the rate should be levied on the value of properties.
- *Should a property with a larger number of occupants pay more than a property with fewer occupants?*
If so, then a significant amount of the rates should be levied on the value of properties.
- *Is there both benefit to people and to property?*
If so, then some of the rate should be levied by Uniform Annual General Charge/Uniform Targeted Rate to recognise the benefit to people and some of the rate should be levied on property value, to recognise the benefit to property.

The Local Government (Rating) Act 2002 sets out the methods by which local authorities can rate and the detailed criteria around their uses.

The Local Government Act 2002 sets out processes and policies that local authorities must apply in the establishment of their rating systems, including the provisions of information to communities.

Maximum Revenue from Certain Rates

Subject to Section 21 of the Local Government (Rating) Act 2002 certain rates must not exceed 30% of total rates revenue.

The rates revenue sought by a local authority in any one year from the rates described in subsection (2) must not exceed 30% of the total revenue from all rates sought by the local authority for that year.

The rates are:

- Uniform Annual General Charges that are set in accordance with section 15; and
- Targeted Rates that are set on a uniform basis and are calculated in accordance with section 18(2) or clause 7 of Schedule 3.
- Subsection (2) does not apply to targeted rates that are set solely for water supply or sewage disposal.

Currently Otorohanga District Council's maximum revenue from certain rates is set at 22.36% of the maximum.

Council-Controlled Organisations

The Local Government Act 2002 requires that Council include in the LTP information on those organisations in which Council is a shareholder.

In particular, Council must include:

- Its significant policies and objectives regarding ownership and control of the organisation;
- The nature and the scope of the activities to be provided by the organisation; and
- The key performance targets and other measures by which performance may be judged.

Waikato Regional Airport

Waikato Regional Airport Ltd (Hamilton International Airport) is jointly owned by five local authorities: Hamilton City, Waikato District, Waipa District, Otorohanga District and Matamata / Piako District Councils.

Otorohanga District Council's shareholding is 3.125%

Corporate Mission

The mission of Waikato Regional Airport is to operate a successful commercial business providing safe, appropriate and efficient services for the transportation of people and freight in and out of the port of Hamilton.

Goal

Retention of the Airport as a major infrastructural facility, important to the economy of the Waikato. A Statement of Intent provided by the Airport Company (as required by Section 64 of the Local Government Act 2002) is available but does not form part of this Plan.

Policies and Objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.

Performance Targets

	2013	2014	2015
Earnings before interest, taxation and depreciation	\$2.6m	\$3.33m	\$3.44m
Net surplus/(deficit) after tax	\$344,000	\$1.44m	771,000
Net profit after tax to shareholders' funds	0.54%	2.23%	1.17%
Net surplus after tax to total assets	0.42%	1.71%	0.93%
Percentage of non-landing charges revenue	76.94%	77.38%	76.91%
Total Liabilities / Shareholders Funds	28:72	29:71	26:74

In July 2009, the airport called up a portion of the uncalled capital from the five shareholding council's which for Otorohanga amounted to \$375,000. This leaves an uncalled amount of \$300,000 which Council does not believe will be called in the term of this plan. The value of the airport is not predicted to change significantly over the term of the plan, as stated in the assumptions earlier in this document.

Local Authority Shared Service Limited

Establishment

The local authorities of the Waikato Region have worked closely together over a number of years on mutually beneficial joint projects. These projects have demonstrated the benefits that can be gained, both in terms of outcomes achieved and reductions in costs to the community.

Taking this a step further the local authorities have begun to develop new shared service initiatives, including a valuation database to provide on-line, up-to-date, information for all Councils.

The initiative has been formalised by the establishment of Local Authority Shared Service Limited (LASS).

Local authorities of the Waikato Region have established LASS as a Council Controlled Organisation by way of a company, in which each local authority will have a single share. This company will be used as an umbrella for future development of shared services throughout the region.

Share Holders

Local Authority Shared Service Limited is jointly owned by the 13 local authorities of the Waikato region, being:

- Waikato Regional Council (Environment Waikato);
- Hamilton City Council;
- Hauraki District Council;
- Matamata-Piako District Council;
- Otorohanga District Council;
- Rotorua District Council;
- South Waikato District Council;

- Taupo District Council;
- Thames-Coromandel District Council;
- Waikato District Council;
- Waipa District Council; and
- Waitomo District Council.

Constitution

The constitution of Local Authority Shared Services Limited sets out the principles according to which the company will be operated and governed. This includes shareholders' rights and the appointment of directors.

The annual Statement of Intent identifies the activities and intentions of the company for the year, and the objectives to which those activities will contribute.

Company Objectives

The company, Local Authority Shared Services Limited (LASS), provides Waikato Region local authorities with a vehicle to procure shared services and provide them to local authorities.

The services that will be initiated under the umbrella of this company will only be promulgated if the business case shows that they will provide benefit to the shareholders in terms of improved levels of service and/or reduced cost. All such proposals will be presented to the Directors for approval prior to implementation.

Policies and Objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Local Authority Shared Service Limited.

Nature and Scope of Activities

The principle nature and scope of the activity for the company is to:

- Provide shared services to all local authorities within the Waikato Region. LASS may also sell processes and systems, as set up under individual agreements, to local authorities outside the region.
- Pursue all opportunities to procure shared services that may benefit the community, either through enhanced services and/or through reduced cost.
- Give consideration to developing shared services that a majority of local authorities of the Region believe are of value. The objective is to provide the most effective access to Regional information that may be of value to the community, using modern technology and processes.
- Explore all possible avenues to provide these services itself or contract them from outside parties, each depending on a rigorous business case and risk assessment.

Future Developments

A business case will be developed for any new service that is proposed. This business case will be approved by the Directors prior to any service proceeding. The investigation of any new services will be fully funded by Councils that wish to promote that service.

The Shared Valuation Database Service will continue to be developed to enable greater contestability in the provision of valuation services to Councils, and to provide the Regional Council, and others, with up to date and accurate valuation data.

LASS will work to improve the flow of property related data and information to its stakeholders, to the public and to the market, and, where appropriate, to cover the costs by selling the data.

LASS will explore opportunities to partner with other authorities within New Zealand to deliver services effectively and efficiently. It is anticipated that new services, which will be operated as separate business units, will be developed in the area of information services.

Performance Targets

Performance targets relate to the level of services that are current or under development. It is envisaged that these targets will change as new services are developed.

The Performance Targets are that:

- Positive cash flow will be maintained so that the equity ratio is maintained at a minimum of 40 percent.
- Customers will be surveyed annually to ensure that there is at least 90 percent satisfaction with the services provided.
- Expenditure shall not exceed that budgeted by more than 5% unless prior approval is obtained from the Directors.
- The CEO will provide a written report on the business operations and financial position of the LASS at a minimum on a six monthly basis.

Directors

The current directors of Local Authority Shared Service Limited are noted below:

Directors	Position	Councils Director Represents
Bob Laing	CEO Environment Waikato	Environment Waikato
Barry Harris	CEO Hamilton City Council	Hamilton City Council

Peter Guerin	CEO Rotorua District Council	Rotorua District Council
Gavin Ion	CEO Waikato District Council	Waikato District Council
David Hammond	CEO Thames Coromandel District Council	Thames Coromandel District Council
Garry Dyet	CEO Waipa District Council	Waipa District Council
Donald McLeod	CEO Matamata Piako District Council	Matamata Piako District Council
David Hall	CEO South Waikato District Council	South Waikato District Council
Langley Cavers	CEO Hauraki District Council	Waipa, Otorohanga and Waitomo District Councils
Chris Ryan	CEO Waitomo District Council	Waitomo District Council
Robert Williams	CEO Taupo District Council	Taupo District Council
Dave Clibbery	CEO Otorohanga District Council	Otorohanga District Council

Local Government Funding Agency (LGFA)

The Local Government Funding Agency Limited, which is a council controlled trading organization, has been established by the Local Government sector and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available.

The Local Government Funding Agency will raise debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provide debt funding to New Zealand local authorities and may undertake any other activities considered by the Board of the Local Government Funding Agency to be reasonably related or incidentally to, or in connection with, that business.

The Local Government Funding Agency will only lend to local authorities that enter into all the relevant arrangements with it and comply with the Local Government Funding Agency's lending policies.

Policies and Objectives

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Local Government Funding Agency.

Nature and Scope of Activities

The main objectives of the Local Government Funding Agency will be to:

- Achieve the objectives of the shareholders in the Local Government Funding Agency (both commercial and non-commercial);
- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so;
- Conduct its affairs in accordance with sound business practice;
- Provide debt to participating local authorities at the lowest possible interest rates;

- Make longer-term borrowings available to participating local authorities commensurate with the relevant maturity; and
- Enhance the certainty of access to debt markets for participating local authorities, subject always to operating in accordance with sound business practice.

Performance Targets

The Local Government Funding Agency's average cost of funds relative to the average cost of funds for New Zealand Government Securities for the period to:

- 30 June 2012 will be less than 0.50 percent higher
- 30 June 2013 will be less than 0.50 percent higher
- 30 June 2014 will be less than 0.40 percent higher

The average margin above Local Government Funding Agency's cost of funds charged to the highest rates participating local authorities will be no more than 0.40 percent.

The Local Government Funding Agency's annualized operating overheads will be less than \$3.0 million.

The total lending to participating local authorities at:

- 30 June 2012 will be at least \$500 million
- 30 June 2013 will be at least \$900 million
- 30 June 2014 will be at least \$1.4 billion

The total number of participating local authorities shareholders in the Local Government Funding Agency at 30 September 2012 will be at least 30.

The total number of participating local authorities (i.e. shareholders and eligible borrowers) in the Local Government Funding Agency at 30 September 2012 will be at least 40.

Minor Shareholdings

Council continues to hold minor shareholdings in the following companies:

King Country Energy	0.054%
Balance Agrinutrients	0.0046%
NZ Local Govt Insurance Corp	0.0078%

Policy on Significance

Otorohanga District Council must adopt, by special consultative procedure, a policy on significance. Having such a policy allows the Council to identify and recognise issues that the community regards as significant and wishes to be consulted on. It will assist the Council to assess significance consistently, and match its consultation and consideration of issues to community expectations.

The intent of this policy is to enable Council to undertake its day to day operating activities in an efficient and effective manner.

Council will take into consideration the following:

- The current and future social, economic, environmental or cultural well being of the District;
- The impact of the decision on Council's strategic direction as outlined in the Long Term Council Community Plan;
- The impact of the decision on individual communities and the appropriate community plan;
- The public interest (both historical and current) in relation to decisions concerning this issue; and
- The financial consequence of the issue. An issue which has a direct annual financial consequence of more than 10% of total operating expenditure would be regarded as significant.

Criteria

The following is the criteria for assessing the significance of an issue:

- Whether the asset is a strategic asset within the meaning of the Local Government Act 2002 or listed in this policy.
- The extent to which there is, or likely to be, a change in the level of service in carrying out any significant activity;

- The extent to which there is, or is likely to be, a change in the way in which any significant activity is carried out;
- The extent to which there is, or is likely to be, a change in the capacity of the Council to provide any significant service or carry out any significant activity; and
- The assets being considered must be owned by Otorohanga District Council.

Thresholds

The following are the thresholds which Council will use to determine the significance of issues:

- Any one project with an expenditure of more than 10% of total operating expenditure in any financial year;
- Any transfer to or from Council of ownership or control, of an asset at a value greater than 10% of total operating expenditure;
- Entry into any partnership with the private sector to carry out an entire activity (as defined in the Revenue and Financing Policy) which has an annual operating expenditure of more than 10% of total operating expenditure; and
- Exemptions from these thresholds will be:
  - Any land and buildings in fee simple (freehold title);
  - Any emergency works whatsoever such as natural disasters; and
  - Roading maintenance contracts (including reseals).

Processes

The decision to determine whether or not a project or issue is significant will be decided by Council through reports to either committee meetings or Council directly.

In terms of the Local Government Act 2002, the following assets are considered to be strategic:

- The roading network and associated infrastructure;
- Parks and Reserves, associated buildings (excluding community halls), and infrastructure;
- Water supply schemes;
- Wastewater schemes;
- Urban stormwater schemes;
- Housing for the Elderly units;
- Kawhia Wharf; and
- Shareholding in Waikato Regional Airport Limited.

SUPPORTING INFORMATION

Equal Employment Opportunities Programme

The Otorohanga District Council is committed to supporting the principles of equal opportunity in recruitment, selection, employment, training and promotion.

The policy of the Council is to ensure that no employee, or potential employee, shall gain any advantage or suffer any disadvantage by reason of their race, colour, ethnic or national origin, gender, marital status, sexual preference, age, religious or political beliefs, or personal disability where said disability is irrelevant to an individuals ability to carry out the job.

This policy will remain consistent with:

- Good personnel policy and practices;
- The Human Rights Act 1993;
- Employment Contracts Act 1991;
- Local Government Act 2002; and
- Other relevant legislation as it is enacted.

Council is committed to a programme of action to ensure its activities are carried out without discrimination

Maori Involvement in Decision Making

Council Iwi/Maori Relationship Framework

Council has made a clear commitment in further developing its work with Iwi/Maori across the Otorohanga District by defining a treaty based Council Iwi/Maori Relationship Framework. This framework sets forth Councils' clear intention in developing and continuing its relationships with Iwi/Maori through defining Councils' commitments to these relationships.

Commitment Statement

The primary objective of the Relationship Framework is defined as Councils' Commitment Statement.

Councils' Commitment Statement is;

A partnership through respectful engagement and the building of positive relationships between Iwi/Maori and Council for the good of our communities.

Principles of the Treaty of Waitangi

Council recognises the importance of the Treaty of Waitangi as the founding document of New Zealand which sets up a relationship between the Treaty partners, these being Iwi/Maori and the Crown.

Council also recognises that through legislation, such as the RMA and LGA, local government is devolved powers from the Crown for the whole community, as well as specific responsibilities to Iwi/Maori.

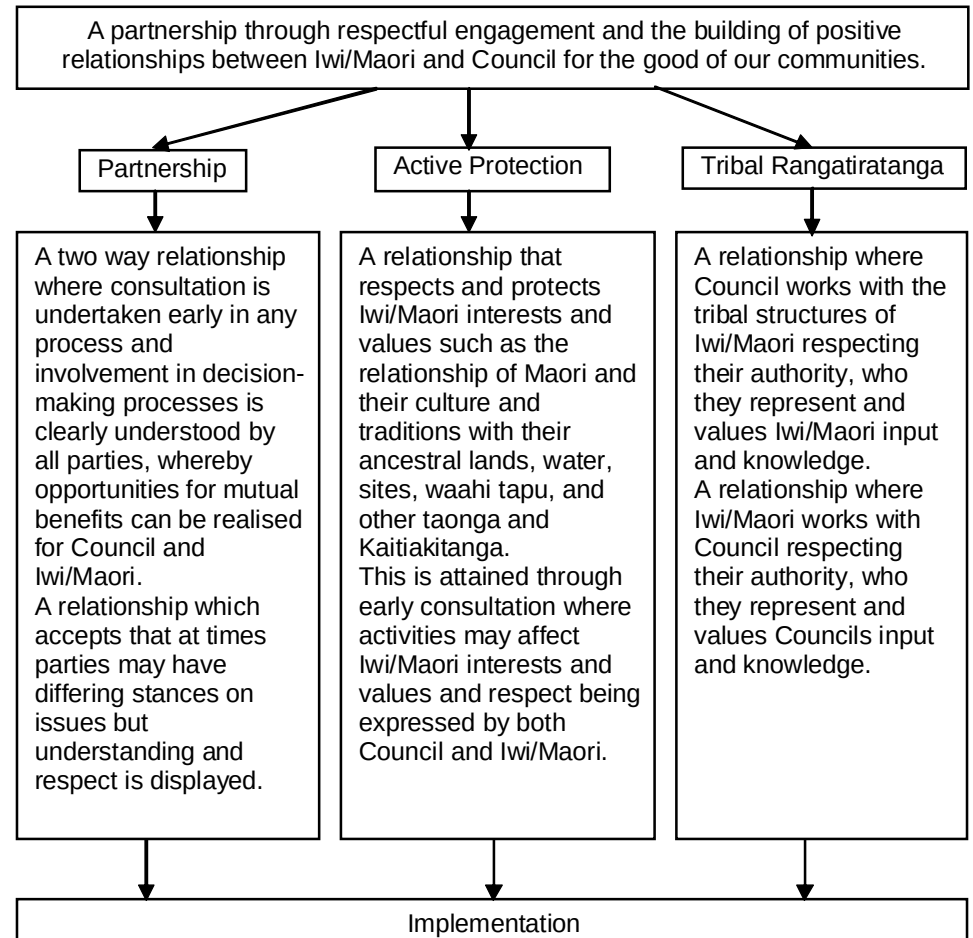
In recognising the primary relationship of the Treaty of Waitangi, the legislative directive to the Principles of the Treaty of Waitangi and

guidance from the Parliamentary Commissioner for the Environment (1988). Council has defined its commitment to and interpretation of the Principles of the Treaty of Waitangi as a means to provide certainty and clarity from which greater interaction can be derived. These commitments also provide the basis for which Council will involve Iwi/Maori in all Council processes.

Implementation Mechanisms

The mechanisms to implement the Statement of Commitment and the Principles as defined above will need to be defined through ongoing discussions with Iwi/Maori Authorities, taking note of the respective aspirations and capacity of these groups.

Council Iwi/Maori Relationship Framework



ORGANISATION

District Personnel

Mayor:

Dale Williams

Phone (Bus): (07) 873 4000

Fax: (07) 873 4300

Mob: (0274 691 933

Postal: PO Box 11, Otorohanga

Website: www.otodc.govt.nz

Deputy Mayor:

Sue Blackler – Wharepuunga Ward

(07) 872 2760

Councillors:

Roy Johnson – Waipa Ward

(07) 873 0909

Max Baxter – Tihiroa Ward

(07) 871 2707

Ken Phillips – Kiokio/Korakonui Ward

(07) 873 8416

Andrew Ormsby – Otorohanga Ward

(07) 873 8300

Deborah Pilkington – Kawhia Ward

(07) 871 0654

Robert Prescott – Otorohanga Ward

(07) 873 8941

Otorohanga Community Board:

Robert Prescott – Chair

(07) 873 8941

Liz Cowan – Deputy

(07) 873 8049

Anne Laws

(07) 873 8508

Andrew Ormsby

(07) 873 8300

Phil Tindle

(07) 873 8810

Dave Williams

(07) 873 6668

Kawhia Community Board:

Hano Ormsby – Chair

(07) 871 0880

Lou Sherman – Deputy

(07) 871 0782

Deborah Pilkington

(07) 871 0654

Jan Bennett

(07) 871 0276

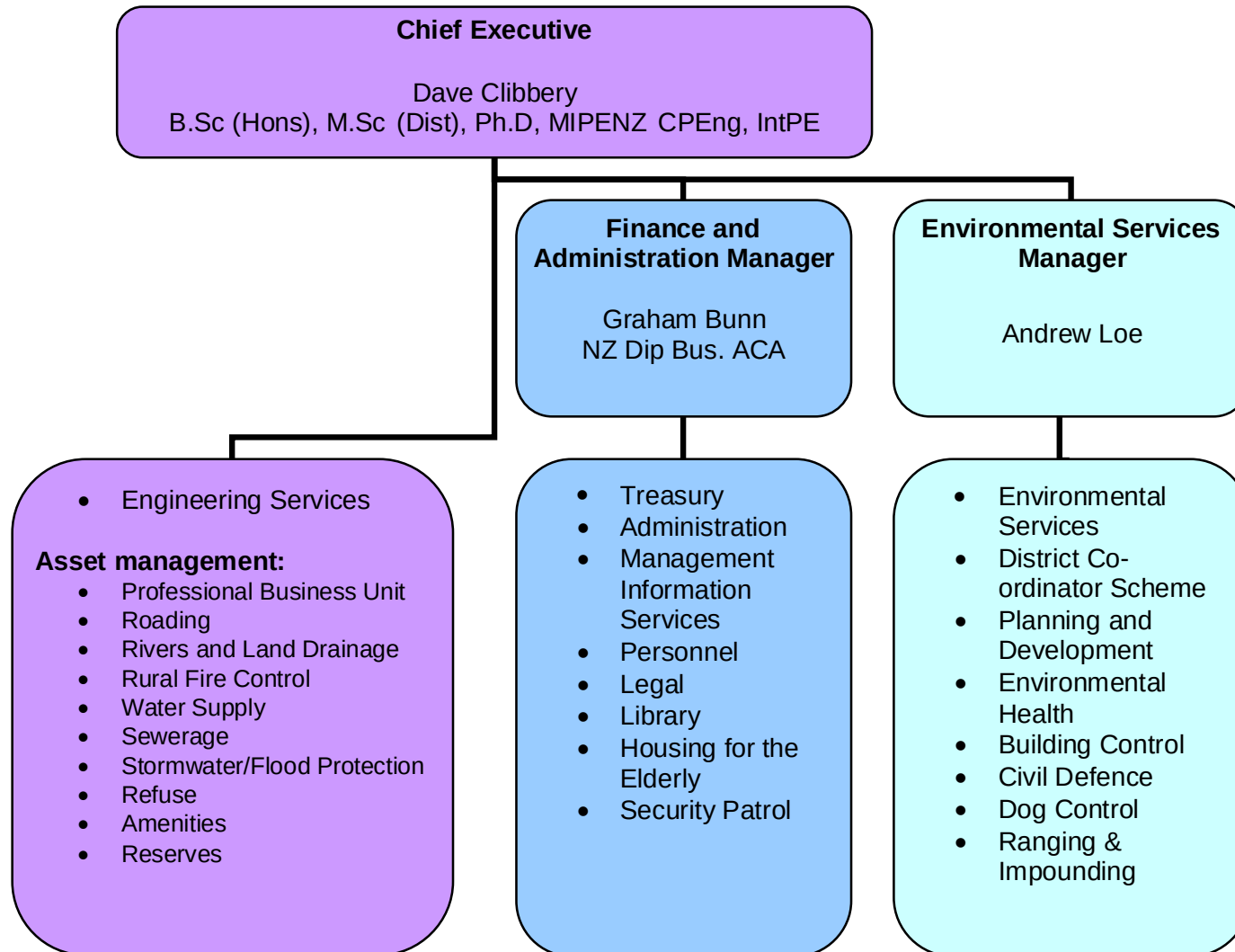
Kit Jeffries

(07) 873 7615

Annette Gane

(021) 840 190

Management Structure



Contact Details

Postal Address:	PO Box 11, Otorohanga
Council Chambers:	Maniapoto Street, Otorohanga
Telephone Number:	(07) 873 4000
Free phone, ratepayers only:	0800 734 000
Fax Number:	(07) 873 4300
Email:	info@otodc.govt.nz
Website	www.otodc.govt.nz
Bankers:	Bank of New Zealand, Otorohanga
Auditors:	Deloitte, Hamilton
Solicitors	Gallie Miles, Te Awamutu

APPENDICES

Appendix 1 - District-Wide Level of Service Survey - July 2008

Background

During July 2008 a 'preferred level of service survey' was distributed to all of the District's ratepayers, a typical example of which is attached to this report. In the survey a range of Level of Service ('LoS') options was described for the major infrastructural services provided by Council. These options typically encompassed retaining the existing level of service, adopting a lower level of service (where practical), or adopting a slightly higher 'Improved' or much high 'Enhanced' level.

Each of these options was accompanied by information that enabled the ratepayer to estimate the likely associated cost to them of such LoS changes, enabling these ratepayers to make, for the first time, properly informed decisions on which option they preferred.

In addition to indicating their preferred level of service, respondents were provided with the opportunity to make general comments in relation to the relevant activities.

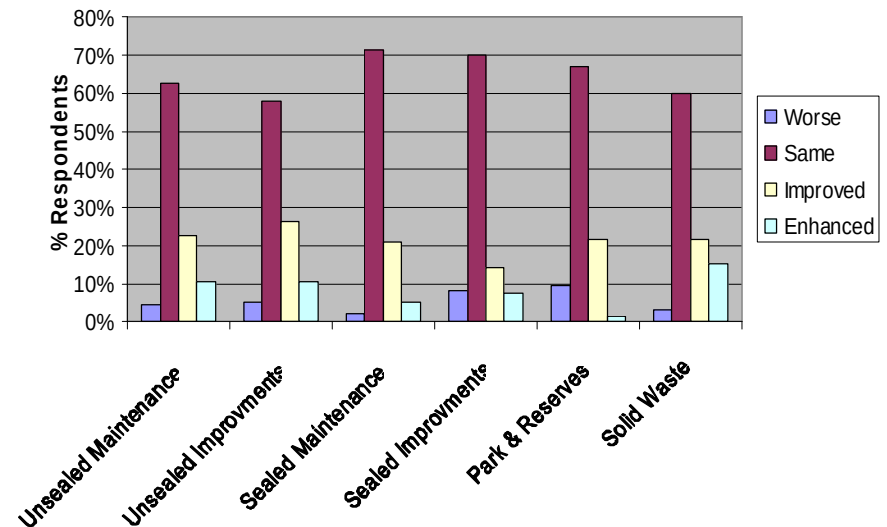
Survey Results - Level of Service Preferences

The survey formally closed on 31 July 2008, with a total of 240 completed survey forms received by this date, comprising 55 from Otorohanga, 53 from Kawhia and 132 from the rural area.

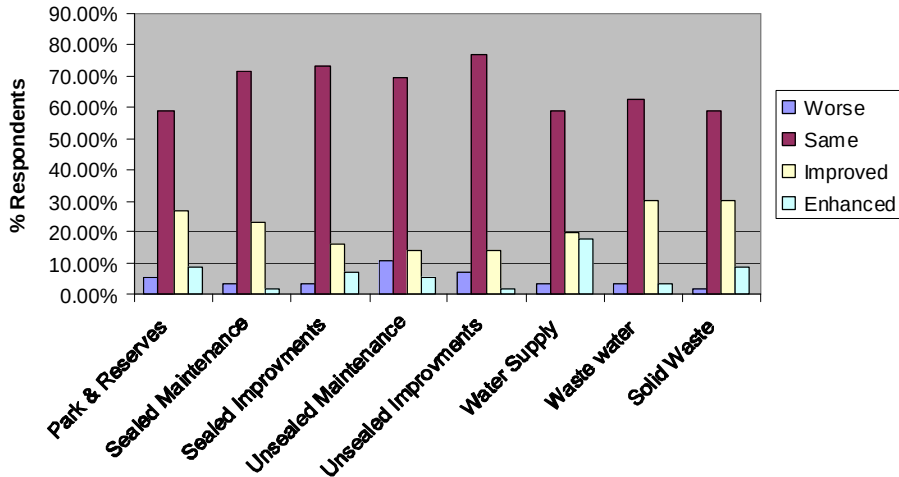
This level of response is believed to represent approximately 7% of ratepayers, given that many ratepayers own multiple properties, but are likely to complete only one survey form. Though clearly not overwhelming, this level of response is believed to be comparable to (and in some cases better than) that obtained by other local authorities which have conducted such surveys, and is adequate for conclusions to be drawn from this data.

The results of the basic level of service preference questions are presented in the following three graphs, which reflect the distribution of LoS preferences amongst those who responded to the survey. These graphs indicate a high level of satisfaction both in terms of the overall package of services provided, and the levels of service for particular activities, with the existing level of service being the preferred choice of the majority of respondents for every activity surveyed.

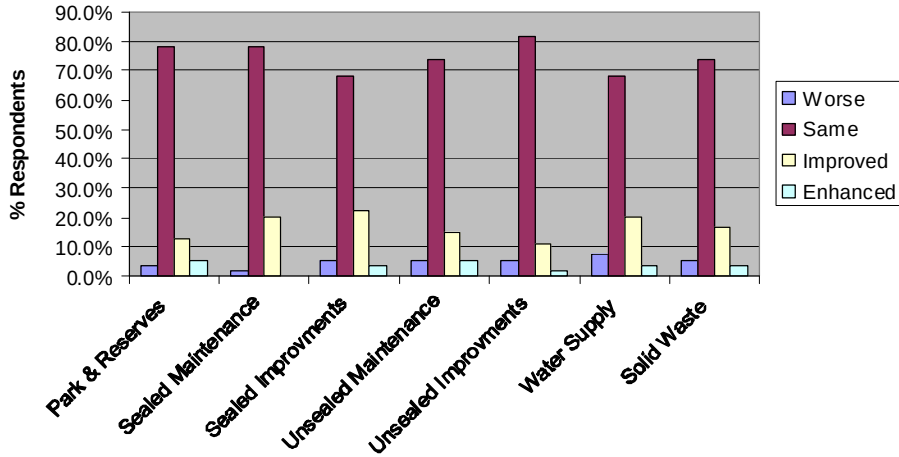
Preferred Levels of Service - Rural Ratepayers



Preferred Levels of Service - Otorohanga Ratepayers



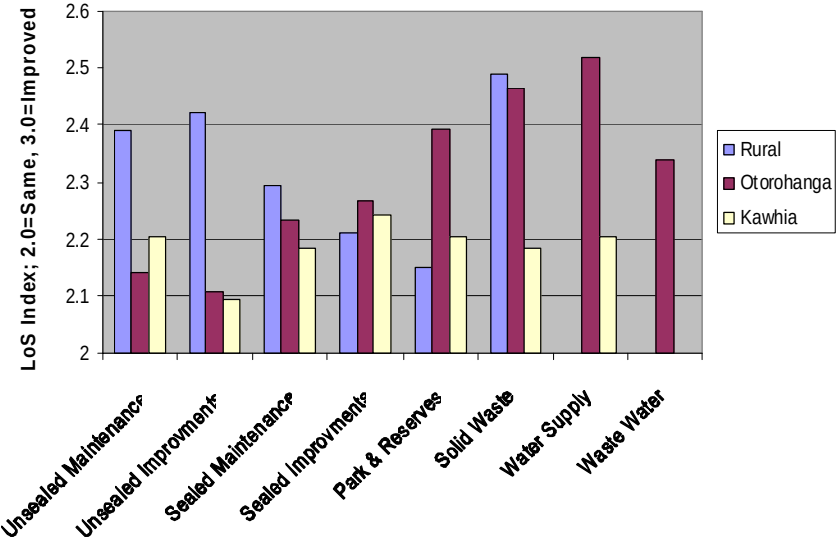
Preferred Levels of Service - Kawhia Ratepayers



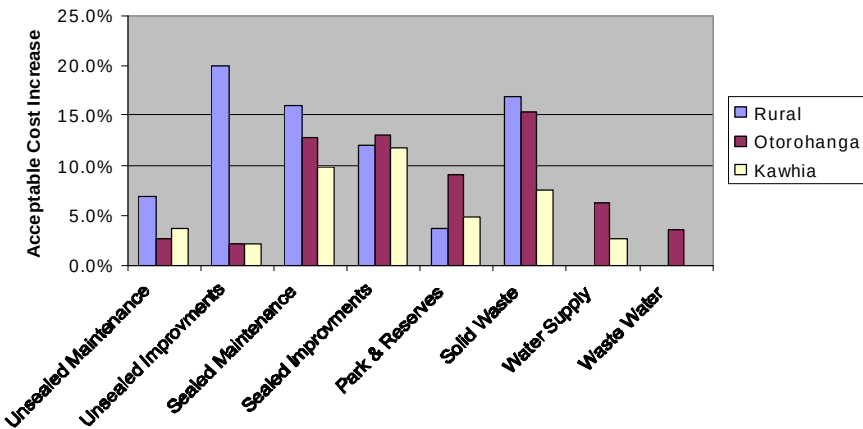
The next graph attempts to numerically combine the individual preferences for each activity into an overall 'preferred level of service index' to allow comparison of the indicated desires for service improvement. This suggests that amongst the survey respondents the greatest desire for LoS improvement is in respect of solid waste services, though improvement of unsealed roads (for rural residents) and of the Otorohanga water supply also feature strongly.

These general conclusions are also supported by the final graph, where LoS preferences are combined into implied acceptable service cost increases, based upon the indicated costs associated with each of the LoS options presented in the survey.

Average Preferred Levels of Service - Survey Respondents



Implied Acceptable Activity Cost Increase - Survey Responses



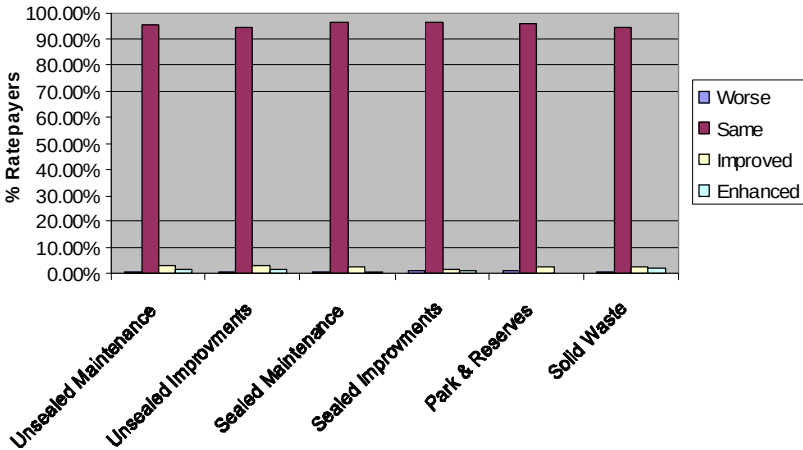
Whilst these the results of the 'raw' data produced by the survey are generally encouraging, it is believed that it may not be unreasonable to extend the conclusion of general ratepayer satisfaction even further, on the basis that it was clearly communicated to survey recipients, that a failure to complete and return the survey form would be interpreted as an expression of approval for the existing levels of service. On this basis, and given the relatively low response rate to the survey, the results presented in the previous graphs would significantly over-estimate the extent of dissatisfaction with existing service levels.

It is however acknowledged that the approach of assuming all non-responses represent support for the status quo may not be fully valid, because for some ratepayers apathy or a perceived sense of futility may have outweighed their existing dissatisfaction with LoS. A more realistic interpretation may therefore be based upon assuming that such unexpressed dissatisfaction existed to the same extent as the expressed dissatisfaction, and that the overall number of dissatisfied parties (favouring either high or lower levels of service) is twice the

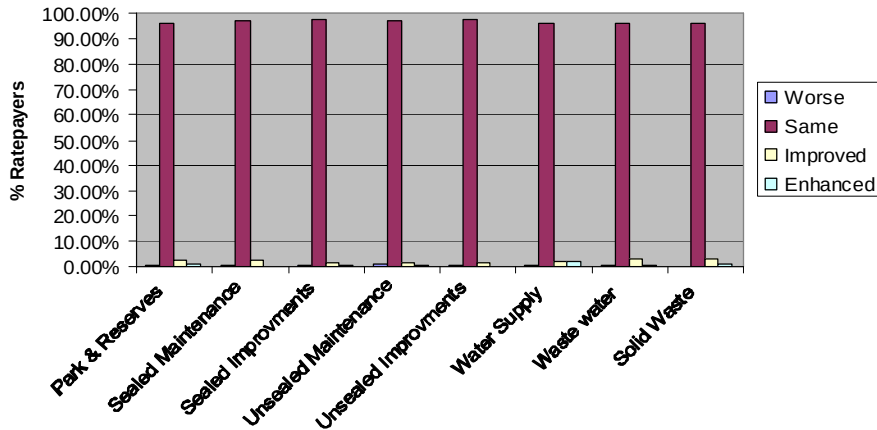
number who responded in this manner to the survey, will all the remainder favouring the status quo.

A set of 'inferred' results, based on this interpretation and an assumed total of 3500 individual ratepayers, is presented in the following three graphs, created on the same basis as the previous five:

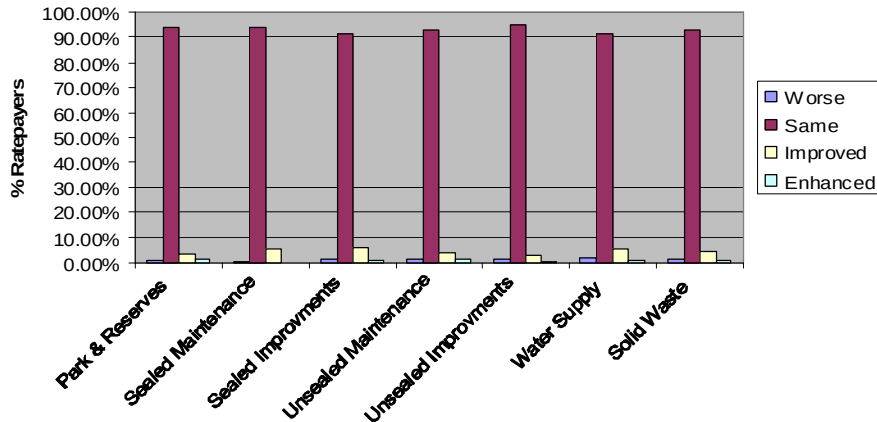
Inferred Preferred Levels of Service - All Rural Ratepayers



Inferred Preferred Levels of Service - All Otorohanga Ratepayers



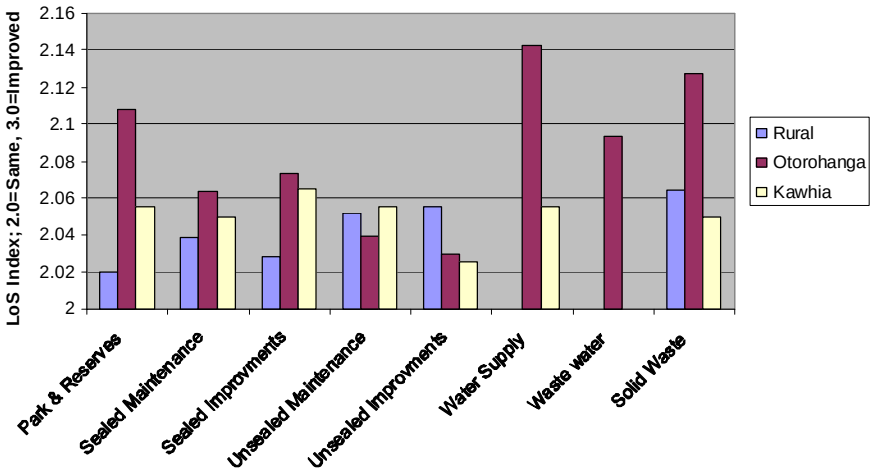
Inferred Preferred Levels of Service - All Kawhia Ratepayers



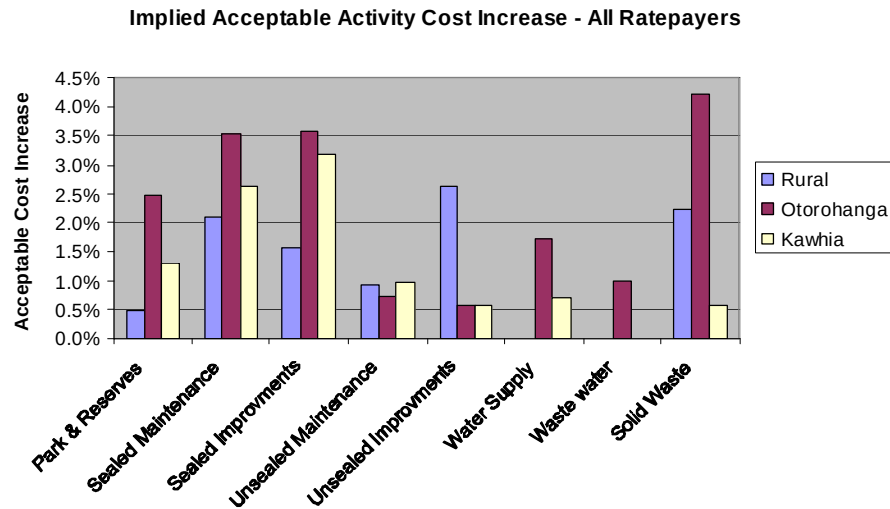
It is clear that even if such an 'intermediate' approach to non-response to the survey is adopted, the inferred levels of overall satisfaction with existing LoS for these activities amongst all ratepayers are very high - typically above 95% in Otorohanga and the rural areas, and between 90% and 95% in Kawhia.

As such the extent of level of service improvement that can be justified on a 'weighted average' basis across all ratepayers is clearly very limited. The graph below shows that even for the activity / community combination with the greatest indicated desire for LoS improvement (water supply in Otorohanga) the inferred justifiable change to the 'Level of Service Index' (where 2.0 represents the current LoS and 3.0 is the 'Improved' LoS option) is only up to 2.14, which is well short of the 3.0 for the 'Improved' option.

Inferred Average Preferred Levels of Service - All Ratepayers



Similarly when translated into implied acceptable cost increases for all ratepayers, as shown in the final graph, these increases are all very small (all less than 5%), and would not be sufficient to enable any discernable improvement in LoS.



Though the survey results do not indicate any justification for immediate significant changes to existing LoS, it is however notable that in relative 'willingness to pay' terms there are some activities that stand out as potential targets for LoS improvement, if the opportunity became available, in particular the following:

- Solid Waste Services - Otorohanga and Rural Areas
- Sealed Road Maintenance and Improvement - Rural and Kawhia
- Unsealed Road Improvements
- Parks and Reserves - Otorohanga

Such results are not considered surprising, and reflect opinions previously held by Council.

Overall the results of the survey in respect of LoS preferences are considered to provide strong support for maintaining the existing levels of service in the surveyed activities, and also suggest that there is a general level of satisfaction with the level of Council services that extends beyond this range of activities.

This latter statement is made on the basis that Council has previously believed it is well connected to its communities, with a sound understanding of ratepayer's needs and desires, and this survey has supported that view.

It is interesting that on an 'inferred' basis that took account of non-responses to the survey, the Kawhia Community stood out as being the least satisfied with existing levels of service, even though the overall level of satisfaction was still relatively high, at above 90%. This relatively lower level of inferred satisfaction across all ratepayers was however in contrast to a relatively low level of dissatisfaction amongst those who responded to the survey, with the high level of survey response in this community creating this inconsistency.

These results once again highlight that Kawhia is a complex community, with a broad range of residents holding strong but often disparate views, and it is likely that strong expressions of desire for LoS improvements will continue to be received from individuals, even though this does not appear to reflect the 'typical' view of the community.

Survey Results - General Comments

Many survey respondents took the opportunity provided in the survey to provide general comments in addition to identifying their preferred level of service options.

These general comments were extremely varied, and an exercise was therefore conducted to summarise and group these comments in a form that would be suitable for consideration by Council or the relevant Community Board.

Such consideration by elected members is still under way, but it appears unlikely that any significant decisions in respect of changing LoS will arise from these comments, because there was little consistency amongst them and a significant number had little relevance to broader level of service issues.

These comments are nevertheless considered worthwhile, since they serve to maintain Council's connection with the particular communities.

Levels of Service that you
feel should be provided within
the Otorohanga District

Have your Say!



ANNUAL COST EXAMPLES - ALTERNATIVE LEVELS OF SERVICE
(Indicated cost increases and savings are relative to the current 'same' total cost of the activity)

Property Location	Otorohanga	Otorohanga	Otorohanga	Otorohanga
Property Type	Residential	Residential	Commercial	Commercial
Property Value	\$200,000	\$300,000	\$250,000	\$500,000
ACTIVITY				
Level of Service				
Parks and Reserves	Same: Total Cost	\$25	\$38	\$48
	Worse: Cost Saving	\$2	-\$10	-\$3
	Improved: Cost Increase	+\$10	+\$32	+\$11
	Enhanced: Cost Increase	+\$25	+\$32	+\$28
Sealed Roads Maintenance	Same: Total Cost	\$52	\$10	\$28
	Worse: Cost Saving	-\$1	-\$3	-\$11
	Improved: Cost Increase	+\$16	+\$20	+\$14
	Enhanced: Cost Increase	+\$25	+\$22	+\$19
Sealed Road Improvements	Same: Total Cost	\$14	\$15	\$20
	Worse: Cost Saving	-\$1	-\$3	-\$3
	Improved: Cost Increase	+\$3	+\$3	+\$7
	Enhanced: Cost Increase	+\$14	+\$15	+\$15
Unsealed Road Maintenance (resurfacing and grading)	Same: Total Cost	\$20	\$28	\$38
	Worse: Cost Saving	-\$7	-\$12	-\$14
	Improved: Cost Increase	+\$3	+\$11	+\$10
	Enhanced: Cost Increase	+\$24	+\$20	+\$27
Unsealed Road Improvements	Same: Total Cost	\$28	\$23	\$31
	Worse: Cost Saving	-\$15	-\$22	-\$21
	Improved: Cost Increase	+\$20	+\$11	+\$10
	Enhanced: Cost Increase	+\$28	+\$22	+\$24
Water Supply	Same: Total Cost	\$235	\$235	\$235
	Worse: Cost Saving	-\$12	-\$12	-\$13
	Improved: Cost Increase	+\$20	+\$23	+\$24
	Enhanced: Cost Increase	+\$15	+\$28	+\$23
Wastewater Services (Sewerage)	Same: Total Cost	\$317	\$351	\$354
	Worse: Cost Saving	-\$10	-\$27	-\$27
	Improved: Cost Increase	+\$21	+\$23	+\$23
	Enhanced: Cost Increase	+\$23	+\$28	+\$24
Solid Waste Services (Refuse and Recycling)	Same: Total Cost	\$115	\$115	\$115
	Worse: Cost Saving	N/A	N/A	N/A
	Improved: Cost Increase	+\$34	+\$34	+\$34
	Enhanced: Cost Increase	+\$37	+\$38	+\$37
All Other Activities	Current Total Cost	\$1,312	\$1,287	\$1,280
TOTAL RATES	Current	\$1,215	\$1,210	\$1,208

* Reductions in cost were achieved by Council's Zero Waste initiative

Thank you for filling out this questionnaire.
Please place the sheets in the enclosed envelope and post to Council before 31 July 2009.

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Otorohanga

Levels of Service that you
feel should be provided within
the Otorohanga District

Have your Say!



THIS INFORMATION IS IMPORTANT TO COUNCIL.
IF YOU DO NOT COMPLETE AND RETURN THIS QUESTIONNAIRE IT WILL BE ASSUMED THAT YOU
ARE SATISFIED WITH ALL OF THE CURRENT LEVELS OF SERVICE FOR THESE ACTIVITIES.

This questionnaire is to express the levels of service that you would like to see provided for some of the Council's key activities.

Each 'Activity' category is followed by a range of 'Level of Service Options' and a short description of the changes to the level of service that could be expected with each option. The 'Worse' option is a description of the current level of service. The 'Improved' option is a description of the level of service that you would like to see provided. The 'Enhanced' option is a description of the level of service that you would like to see provided. The 'Worse' option is a description of the current level of service. The 'Improved' option is a description of the level of service that you would like to see provided. The 'Enhanced' option is a description of the level of service that you would like to see provided.

Please indicate which option you would prefer for each activity by ticking the appropriate boxes below. If you wish to make comments on how the level of service could be improved, please provide these in the 'Comments' page.

It should be noted that it is not often possible to significantly improve services without increasing the cost of providing them. Such savings through cost cutting may not be sustainable in the long term.

Activity

Level of Service Option

(Please tick the boxes in the table)

Parks, Reserves and Public Spaces

worse (12% less)	same (\$32)	improved (20% more)	enhanced (20% more)

Worse would be less frequent mowing and watering and no reserve improvement. Improved would allow more frequent mowing and watering. Enhanced would also allow improved mowing and watering.

Sealed Road Maintenance

worse (20% less)	same (\$32)	improved (50% more)	enhanced (110% more)

Worse would be no mowing and watering and no reserve improvement. Improved would allow more frequent mowing and watering. Enhanced would also allow improved mowing and watering.

Sealed Road Improvements

worse (15% less)	same (\$14)	improved (40% more)	enhanced (100% more)

Worse would be no improvements only when required. Improved would allow additional mowing and watering. Enhanced would also allow major improvements in mowing and watering.

Unsealed Road Maintenance

worse (15% less)	same (\$61)	improved (15% more)	enhanced (40% more)

Worse would be no improvements only when required. Improved would allow additional mowing and watering. Enhanced would also allow major improvements in mowing and watering.

Unsealed Road Improvements

worse (10% less)	same (\$18)	improved (50% more)	enhanced (110% more)

Worse would be no improvements only when required. Improved would allow additional mowing and watering. Enhanced would also allow major improvements in mowing and watering.

Please turn over and complete other side.

Page 1

Otorohanga

OTOROHANGA
DISTRICT COUNCIL
make the hill count

Have your Say!



Service Provision

Preferred Level of Service Option

[Change to cost shown in Brackets]

Water Supply

worse (5% less)	same (\$225)	improved (10% more)	enhanced (25% more)

Worse would be no upgrading of systems until there are water shortages; **improved** would allow increased water testing, more frequent inspections and faster response to callouts; **enhanced** would also allow further improved maintenance response and increased improvements to treatment and supply.

Wastewater Services (Sewerage)

worse (5% less)	same (\$317)	improved (10% more)	enhanced (20% more)

Worse would be no upgrading of treatment capacity until it is urgently needed; **improved** would allow increased testing, more frequent inspections and faster response to callouts; **enhanced** would allow enhanced maintenance response and increased improvements to reticulation and treatment.

Solid Waste Services

(Refuse and Recycling)

worse (*NA)	same (\$115)	improved (30% more)	enhanced (70% more)

***Worse** is not considered practical (and is contrary to Council's Zero Waste Policy); **Improved** would allow a small increase in range of materials recycled and improvements to the kerbside recycling service; **enhanced** would also allow extension of the recycling centre opening hours and further extension of the range of materials recycled.

General Questions

Are you a Resident of the District? YES / NO

Are you a Resident of the District? YES / NO

Do you make regular use of unsealed roads in the District? YES / NO

Do you live on or near an unsealed road? YES / NO

Do you make use of Council's refuse and recycling services? YES / NO

Which of the activities identified in this questionnaire are of particular importance to you?

Thank you for filling out this questionnaire.
Please place the sheets in the enclosed envelope and post to Council before 31 July 2009.

Page 2

continued

Your Comments (optional)

Parks, Reserves and Public Toilets

Sealed Road Maintenance and Improvements

Unsealed Road Maintenance and Improvements

Water Supply

Wastewater Services (Sewerage)

Solid Waste Services

Thank you for filling out this questionnaire.
Please place the sheets in the enclosed envelope and post to Council before 31 July 2008.

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GLOSSARY

Activity:

Goods or Services provided by or on behalf of Council.

Activity Groups:

Related activities clustered together under a single category, such as 'community facilities'.

Annual Report:

A report that Council prepares once a year to assess performance against its objectives, activities, performance targets and budgets outlined in the Long Term Plan.

Asset:

A resource controlled by Council, such as a park, road, stormwater system, water or wastewater plant.

Asset Management Plans:

Plans that provide operational guidance concerning service standards, maintenance and capital costs for assets such as parks, roads, stormwater systems, water and wastewater plants.

Assumptions:

A statement that is used as a basis for making particular predictions that may or may not occur.

Capital Expenditure:

Money spent to build or buy a new asset or to improve the standard of an existing asset.

Community:

A network of people and organisations linked together by factors such as (geographic community), common interest or identity (hapu, voluntary organisation) or administrative community (the District).

Community Grant:

A sum of money (or goods and service provided in lieu of money) provided by Council or community boards to non-profit organisations within the District.

Community Outcomes:

A set of aspirations that reflect the community's desires for economic, social, environmental, and cultural well-being.

Council Organisation:

Any organisation in which Council owns or controls any portion of voting rights or has the right to appoint one or more director, trustees, etc.

Council Controlled Organisation (CCO):

An organisation in which Council owns or controls 50 percent or more of the voting rights or has the right to appoint 50 percent or more of the directors of the organisation.

Differential Rating:

A technique used to 'differentiate' or change the relative rates between different categories of rateable land in order to adjust the rating burden on one or more groups of ratepayers.

District Plan:

A detailed plan of the way the District's environment will be managed to achieve the purpose and principles of the Resource Management Act 1991.

Equity:

Also known as net worth. The total value of assets less total liabilities.

Funding Impact Statement:

A Document that includes information that discloses revenue and financing mechanisms and indicates the level or amount of funds to be produced by each mechanism.

Levels of Service:

The service parameters or requirements for a particular activity or service area against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Long Term Plan:

A ten-year plan adopted every three years under section 93 of the Local Government Act 2002. It describes Council's activities, why it participates in these activities and how the activities will be funded.

New Zealand Drinking Water Standard:

Drinking water standards set by the Ministry of Health.

Operating Costs:

Money spent to deliver a service, maintain an asset, or any other expenditure, which does not buy, or build on, a new asset.

Revenue and Financing Policy:

A comprehensive policy stating how each activity of Council is to be funded from rates, user charges, subsidies, other income or combination of these.

Significance:

The degree of importance attached by Council to an issue, proposal, decision or other matter in terms of its likely impact on the wellbeing of the District.

Significant Decision:

A Council decision that has a high degree of importance in terms of economic, social, environmental, or cultural wellbeing.

Statutory Requirements:

Requirements identified and defined by the law