



**Otorohanga District Council
Long-Term Plan 2015-2025**

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Comments from Mayor and Chief Executive

Welcome to Otorohanga District Council's Long Term Plan (LTP) for the period from 1 July 2015 to 30 June 2025. The LTP outlines the strategic framework within which the Council operates, its key objectives and activities, and provides associated financial information.

The development of this latest LTP has been somewhat different to other similar exercises previously conducted by Council, in that recent amendments to the Local Government Act has required greater attention to be paid to factors that have potential to affect the District in the very long term, beyond the 10 year period covered by the LTP itself.

In particular the new requirement for development of a strategy to manage council's key infrastructure over a 30 year period has highlighted that real challenges in respect of rates affordability could potentially face the next generation of District residents.

Considered over the 10 year LTP period the Otorohanga District does not currently appear to face many significant challenges, with current services appearing adequate to meet existing needs, and only relatively modest rates increases, such as that of 2.35% proposed for the 2016 year, appearing to be necessary over this period.

Looking further into the future issues of demographic change, continuing rural depopulation and infrastructural deterioration clearly have the potential to alter this relatively comfortable position. Based on currently available information it appears that an alignment of these negative factors may commence in around 15 years time, progressively placing increasing burdens on ratepayers at that time.

A key focus of this LTP is therefore to continue preparing for these potentially more challenging future times. Whilst 2030 may seem far

off, influencing the future of communities - like steering a large ship - requires sustained steady effort, applied at an early stage. Once set on a particular course it is all but impossible to rapidly change direction, and for the issues facing the District, now is the time to take action if these are to be most effectively managed with the least possible adverse impact on residents.

A consequence of taking this long term view is however that Council must be determined and unafraid to make decisions that may have limited obvious immediate benefit, and may therefore not be welcomed by all. An example of this is the proposal to introduce metered charges for all water use in Otorohanga, which is focussed on issues of fairness and economic development rather than short term cost savings.

Council is proud of what has been achieved for the District in the past, but this does not mean that continuing to do the same things will be appropriate for the future, and whilst Council will continue to focus on efficient delivery of core services it must also adapt to changes in the environment, be they physical, economic, social or cultural.

To reject change would be a failure by Council to undertake the leadership role with which it is charged.

M Baxter
Mayor

D C Clibbery
Chief Executive

Introduction to the Long Term Plan (LTP)

Definition of a LTP

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

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

Actual results achieved for 2015-25 may vary from the information presented, and the information contained within this document may not be appropriate for purposes other than guiding community input into Council decision-making. The variance of the actual results from the projected results may be material. Information relating to future years will be updated every three years in subsequent LTPs and in annual plans.

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

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

The purpose of the LTP is to:

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

LTP vs Annual Plan

What’s the difference?

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

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

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

Contents of the LTP

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

In particular, the LTP:

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

- Details the proposed activities, projects and financial implications of Council's significant activity areas;
- Provides detailed financial statements, the supporting policies and the assumptions upon which the financial statements have been prepared;
- Includes the financial management and decision-making policies required by the Local Government Act 2002;
- Provides an overview of the commercial organisations that Council has some direct involvement in or control over;
- Lists the major projects to be undertaken;
- Provides an overview of the proposed activities and projects within the communities of the District, the proposed funding requirements and likely rating impacts within these communities and a District-wide summary of key financial information;
- Includes information about elected members, Council Committees, Community Boards and Council services; and
- Outlines the initiatives Council proposes to take to foster the development of Māori capacity to contribute to local decision-making.

Submission Process

The Consultation Document on the Long Term Plan was adopted by Council on the 21st April 2015 for submissions. Copies of the Consultation Document were made available at the Council offices and online, and a summary of the Consultation Document was made available to all ratepayers through the Waitomo News.

As a part of the Consultation Document, a number of options were presented that Council was seeking feedback on through submissions. The submissions period was from 27th April 2015 until 29th May 2015. A total of 27 submissions were received during this period.

Of the 27 submitters, eight submitters were heard by the Council at the meeting of 16th June 2015. After hearing these submitters and reviewing the submissions of those not wishing to be heard, Council decided on the following identified options as being the final options.

- Continue to progressively upgrade rural roads (but without sealing of currently unsealed roads) in recognition of the importance of these roads to rural ratepayers and the substantial contribution of many of these ratepayers to general rates.
- Replacement of all existing street lights with high efficiency LED units in 2016/17.
- Increase water storage in Otorohanga by constructing a new 1,000m³ reservoir in the 2015/16 financial year.
- Install water meters to all residential properties in Otorohanga in the 2015/16 financial year, and implement a programme to identify and fix leaks which become apparent when the water meters are installed.

- Upgrade housing for the elderly units where considered necessary.
- Pursue opportunities to sell non-strategic Council land assets, including the farm property on Te Raumauku Road.
- Review the role of Council in relation to supporting organised sport within the district. This could include consideration of issues regarding sports facilities, sports administration and funding of Sport Waikato.
- Continue to provide Youth Support programs, but possibly in a slightly different form, to ensure that these activities provide the greatest practical contribution to the retention and development of local youth.
- Increase funding for tourism promotion and development.
- Review existing economic development activities and the associated role of Council, perhaps with more active engagement of Council in this area.
- Continue to focus on efficient and cost effective delivery of core essential services.
- Focus exploration of potential service improvements on activities that have low establishment and operating costs.
- Establish a temporary rates remission that can be applied to important new business developments.
- Continue to participate in and jointly fund regional initiatives that explore opportunities for collaboration in the Waikato region without compromising the self-determination of the district, advocating on behalf of rural communities and their interests.

- Explore what might need to be done to improve the services and facilities provided to the rural community.
- Exploration and development of new communication channels through which Council could engage with the community.

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.

Key directions of council

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

A review of Council's strategic direction was undertaken in 2014, which resulted in some changes being made in response to the following observations or beliefs:

1. That the review of Council's District Plan has provided an enhanced balance between development and environmental issues.
2. That the revised more specific definition of the purpose of local government in the Local Government Act 2002 eliminates the need for ODC to have its own Mission Statement, and Council's Mission is stated in Section 10 of the Act, which reduces to:
 - Enabling democratic local decision-making and action by, and on behalf of, communities; and
 - Meeting the current and future needs of communities for appropriate, efficient and effective local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
3. That economic development opportunities are more likely to be provided by creating new tangible advantages for the district, rather than through enhancing promotion and marketing of what already exists.
4. That the Otorohanga District (and New Zealand in general) is entering a period of change (particularly in respect of demographic issues) and that a continuing strong focus on

operating in a 'business as usual' mode may contribute to inadequate responses to such change.

It was agreed that Council's primary vision is to help create a District in which people have the opportunity to succeed, and as such an appropriate short headline 'Vision Statement' is:

'Otorohanga – where Kiwis can fly'

Whilst the statement is primarily intended to reflect the aspiration of Council to help create a district within which there are opportunities for people (taking 'Kiwis' as the colloquial term for New Zealanders), it also retains a reference to the bird, which also has had a significant role in the identity of the District.

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

- **Use Resources Efficiently:** *Council and the District must ensure that it makes the best possible use of the physical, social, economic and cultural resources available to it.*
- **Support Young and Old:** *Both young and older people will be increasingly important in the future of the District, and initiatives that benefit these groups should be encouraged and where appropriate supported.*
- **Enable Economic Growth:** *Adopt a 'business friendly' approach that supports existing enterprises and makes the district an attractive location for new business development.*
- **Retain the District's Identity:** *Recognise the importance of local rural identity and self-determination.*
- **Plan for the Future:** *Progress will occur, and to not move forwards is in effect to go backwards. Council must plan to 'future proof' the District, acting boldly where necessary.*

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

Use Resources Efficiently

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

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

The importance and appropriateness of existing core services such as roads, water supply, drainage, refuse, reserves and facilities has again been confirmed through the results of a District wide survey of ratepayers conducted in 2014. 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 levels of service (generally fairly basic) were the preferred option of ratepayers for all activities 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.

As such only a few changes to existing activities or policies are being proposed in this LTP, such as the increased funding of Youth

Support activities, the strongest signal for change received from the survey.

The increased funding for youth supports highlights the desire of council for efficient utilization of the District's resources in a broad sense, including human resources.

Other types of resources for which there is considered a need to improve efficiency of use are water and council owned land.

Support Young and Old

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

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

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

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

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

Enable Economic Growth

The importance of having a strong and growing local business community cannot be overstated.

Businesses create employment, bring people and money into the district, help in the retention of other local services and often pay substantial amounts of rates, easing the burden on other ratepayers. A thriving business community can support the broad range of positive outcomes – not just economic - that residents desire. Without it there is likely to be a continuing ‘vicious circle’ of stagnation and decline.

Stimulating economic growth in rural NZ communities is not easy because there is a continuing general movement of population away from the rural areas to cities, which is not yet strongly opposed by central government policies. Rural communities are also competing with each other for any growth opportunities that may exist, reducing the effectiveness of approaches such as marketing of a particular location, unless that location has a very real tangible advantage over others.

Council has been promoting economic development for many years through support of the Otorohanga District Development Board, which has undertaken a broad range of activities including the youth support programs that are focused on the transition of young people from school into the workforce, and it is clear that these activities are valued by the community.

It is however also evident that previous efforts have had only very limited success in terms of attracting new businesses to the district. Simply promoting and marketing existing opportunities for new businesses does not appear to have been effective, and Council

believes that better results are likely to be obtained if its focus shifts from marketing to enhancing business opportunities in a more tangible way.

Council believes that it must not be afraid to explore new strategies to stimulate growth, such as using (and increasing) the potential ready availability of water, or offering rates remissions for significant economic development.

Retain the District's Identity

At a national level there is continued activity around potential reorganisation of local government, with both central government and some larger Councils expressing interest in possible amalgamations of smaller districts, but perhaps with limited regard for the wellbeing of the affected rural communities.

Whilst recognising the challenges that face the Otorohanga District, Council believes that the best outcomes for residents are likely to be achieved if we retain our identity as a small district of largely rural character, whose wellbeing is strongly linked to that of the agricultural sector.

As such it is believed that Council should both advocate on behalf of rural communities and should continue to recognise the importance of agriculture and the rural areas, endeavouring to support those areas to the greatest extent possible and not allowing urban issues to dominate Council strategy and policy.

Plan for the Future

Whilst the Otorohanga district and the Councils serving it can be proud of past achievements, it is believed that we cannot sit back and ignore the fact that the world is changing. Strategies and

policies that may have served the district well in the past does not necessarily make them right for the future.

Emerging or continuing issues include loss of population from rural areas, an aging population, increasing regulatory constraints, infrastructure replacement requirements and potential climate change. These need to be addressed with a willingness to take new approaches and to perhaps take greater risks in the management of these issues.

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

What are we looking at changing

Perhaps the most significant change proposed (and the matter likely to be of most public interest) is the introduction of a single 'universal' system of metered water charges for all customers connected to the Otorohanga town water supply. This represents a significant change for residential ratepayers, who have previously been paying a fixed fee of \$284.55+GST per year for the supply of water, regardless of the quantity used. The currently suggested new charging scheme (to be applied from July 2017) would have a lower fixed charge of around \$220+GST per year, but with additional volume based charges for annual water use over around 175,000 litres.

The proposal would also be a change for commercial users and others connected to the supply that currently pay metered charges for water use, but mostly at a relatively low level of 82 cents per 1,000 litres, which is significantly less than the likely proposed charge rate of around \$1.30 per 1,000 litres.

Reasons for Change: There are two primary reasons for the water metering proposal, **fairness** and **efficient use of water**

Because all residential customers in Otorohanga town pay the same fixed charge for water regardless of how much they use, there are very large variations (perhaps by factors of 8 or more) between how much different types of ratepayers are in effect paying for a particular quantity of water, with those using least (which includes many older residents who may have small fixed incomes) heavily subsidising large families or others using much larger quantities. Council does not believe that this is fair, and considers that having a metered charge system that reduces this variation of costs for a particular quantity of water is desirable.

In respect of efficient water use, the data that is available suggests that average (mean) residential water use is around 360 litres per person per day, which is twice that generally accepted as being

achievable if water is used efficiently, and it has been widely demonstrated that introducing metered water charges is the most effective means of improving use efficiency, as it provides a constant incentive to avoid unnecessary use (or wastage) of water.

The importance of efficient water use has increased in recent years as changes in NZ law and regulations have placed greater restrictions on the abilities of communities or businesses to take large quantities of water from rivers, streams or other sources. Water has become a precious resource, the availability and treatment of which cannot be taken for granted, and in the Waikato region many communities are finding that regulatory limits on how much water they can take from rivers make it challenging to meet the demand for water from their existing residents, and very difficult to accommodate further growth of population or businesses.

Otorohanga is not yet in such a position, and this combined with the potential to make our existing use of water much more efficient through residential metering could give Otorohanga a significant advantage over other Waikato towns that might potentially result in some new large water-using businesses coming here.

Costs of Water Metering

The introduction of water metering has associated costs. Around 1000 new water meters will have to be installed, and once in place read, maintained, periodically replaced and the system of charges administered. The initial installation of water meters is expected to have a debt-funded cost in the order of \$470,000, and whilst it is expected that the introduction of metered charging will result in reduced water consumption and some associated operational savings, these are unlikely to fully compensate for the additional administrative and maintenance costs.

Currently it is estimated that introducing universal metering will have the effect of increasing overall cost of council services to the Otorohanga Community by about 1.5%. The effect on individual water users will however be variable, with many (probably a majority) of users finding that they pay the same or less for water under the proposed system. It is however stressed that the primary reason for introducing water metering is not to simply reduce cost; it is about bigger issues of fairness, efficient water use and associated potential for community growth.

It is also believed that in the relatively near future universal metering of water use in urban communities will become a requirement that is imposed by central or regional government. If this was to happen issues of cost would then be irrelevant, and it is believed to make sense to implement universal metering now, whilst there is a potential opportunity to gain advantage over other communities in respect of being able to accommodate new businesses, rather than waiting until all have to take the same step and there is no opportunity for relative advantage.

The Otorohanga District, Today and Tomorrow

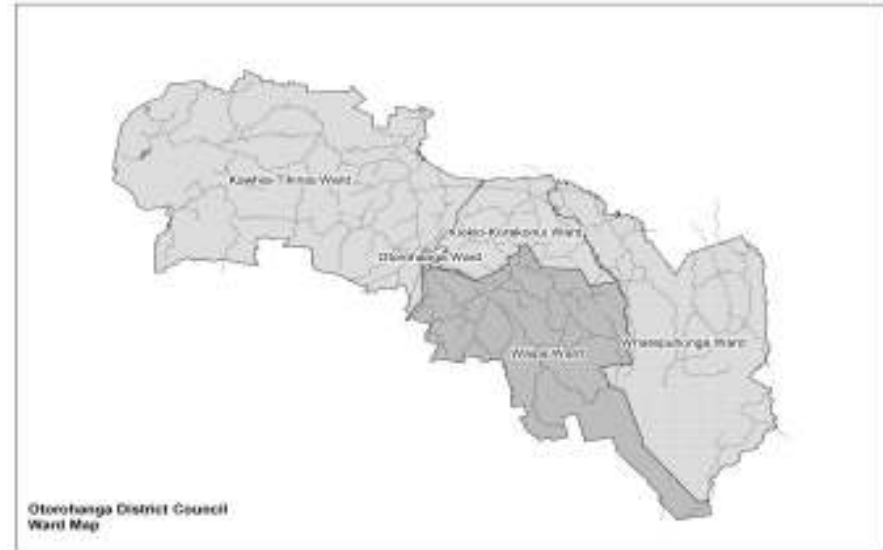
Our District and Associated Planning Assumptions

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 5,152 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 5 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 800 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 Long Term Plan (LTP).



District Population

The District had a normally resident population¹ of 9138 at the 2013 census, an increase of 60 on the figure recorded in 2006. This small increase was a change from a trend of slow declining population (at a rate of approximately -0.5% per annum) over the previous 10 years.

The recent census data confirms that the Otorohanga District currently straddles a relatively neutral zone in respect of population

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.

change, between northern regions around Hamilton which have experienced strong continuing growth, and areas to the south which have been subject to substantial ongoing decline.

Looking to the future, the latest Statistics New Zealand population projections (shown in Figure 1 below) reinforce this relatively neutral position of the Otorohanga District, with indicated potential in the 'Medium' or 'High' scenarios for the District's total population to be relatively little changed over the next 30 years, despite the forthcoming demographic changes that will occur with the aging of the large post-war 'Baby Boomer' generation.

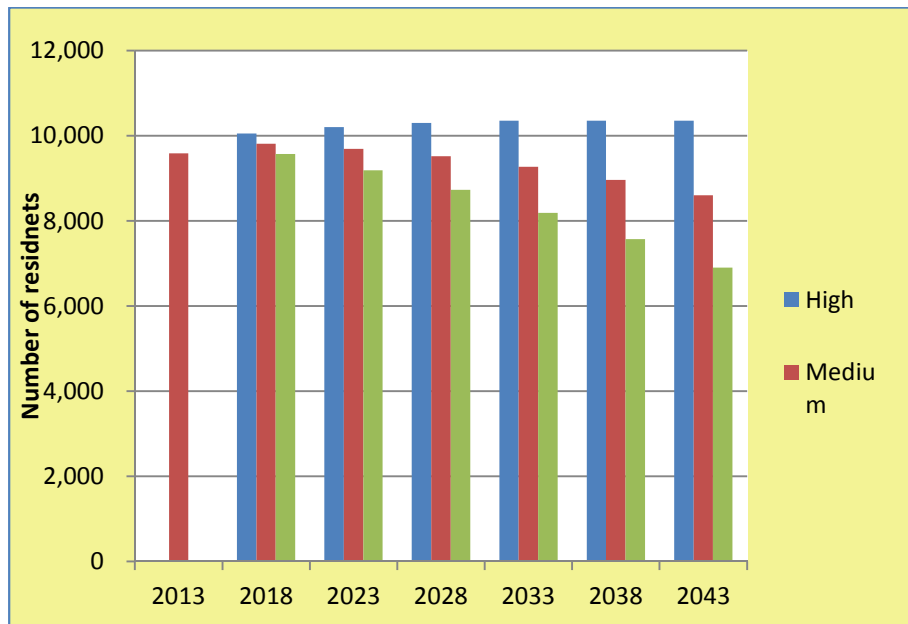


Figure 1 - Statistics NZ District Population Projections

This latest 'medium' projection strongly suggests that the most likely scenario – over the next 10 years at least – is for the district's population to remain constant.

The recent small increase in population was not entirely unexpected as there had been significant residential property development activity in the northern areas of between 2003 and 2009, which whilst not immediately occupied was expected to become progressively occupied over time.

This progressive occupation has occurred, particularly on roads on the eastern flanks of Pirongia Mountain, but it has also been offset to some degree by a continuing loss of permanent residential population from the Kawhia / Aotea area as the proportion of temporarily occupied holiday homes increases, and is now believed to be over 60% of dwellings in those communities.

Though the rate of permanent population loss from Kawhia appears to have slowed, further decreases seem probable due to the lack of employment opportunities, a government policy that made persons moving to Kawhia/Aotea ineligible for unemployment benefits, and the relative isolation of the community that is likely to limit its appeal as a retirement destination.

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.

Elsewhere in the district – and including in the main urban community of Otorohanga - levels of population appear to have been relatively stable in recent years, but this is arguably disappointing given the effort that bodies such as the Otorohanga District Development Board have put into stimulating growth. This lack of growth in the Otorohanga Community has perhaps been reflected in recent depression of residential property values, which is probably also related to subdivision activity in the early 2000's which has resulted in some increase of local housing stock on an already adequately supplied market.

Whilst there is continued hope that the relative affordability of residential property in the Otorohanga Community will attract new residents – including some who may work in the areas to the north - to date there is little evidence of this occurring.

It has also been suggested that the Otorohanga Community has attributes – including affordable housing – that could make it suitable as a location where people might retire, but there are also believed that significant investments and associated risks would be needed to realise such an opportunity.

Much of the rural area of the district is quite distant from other urban centres, and for these rural areas any changes in population seem likely to be closely related to the nature of local primary agricultural activity. At the present time it seem likely that factors such as farm automation will drive decreases, rather than increases in the population in these areas, but these changes are not expected to be significant in the short term.

It is however recognized that for a small district in such an apparently stable state it would not take much – even a gain or loss of one substantial business – to create either a population trend, either positive or negative.

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 26% is of Maori descent, which is well above the national average of 14%. In recent years the overall proportion of Maori in the District has slightly decreased, and the proportion of the population commonly speaking Maori has also decreased to 6.3% at the 2013 census.

The median age of permanent residents in the District is similar to the national average at 36.3 years, though the mean age of Maori residents is significantly less than this at around 30 years.

The median age of District residents is forecast to increase in line with national trends linked to the 'Baby Boomer' generation, but not to as great an extent as in some other districts, with a forecast maximum median age of about 41 years being reached in 2038.

Whilst the increase in median age appears to be modest, the proportional increase in numbers of 65 plus age residents will be large, with a likely more than doubling of such residents in the period between 2006 and 2028.

The projected composition of district population by age, for the SNZ 'Medium' projection is shown in Figure 2 below.

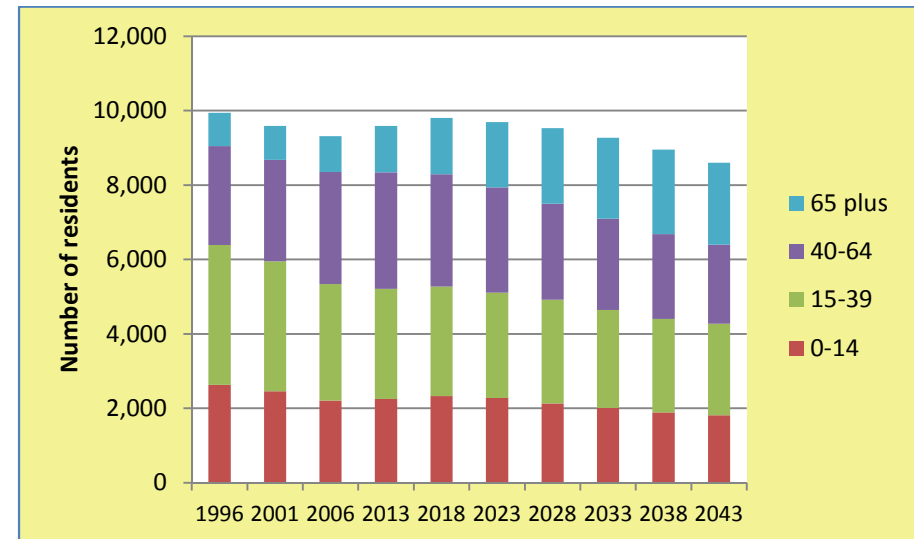


Figure 2 - Projected District Population by Age Groups, Medium Growth

That median age is not forecast to increase as much as in some other districts (many of which are projecting future median ages of

around 50 years, and some close to 60 years) is because of a projected retention of younger residents to counteract the 'Baby Boomer' effect.

The increasing number of older residents has potential to have a particularly significant effect on the urban communities, where there is already approximately 20% 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 average level of health deprivation in the District (as represented by the relevant Ministry of Health Index Data) already relatively high at 7.2, and significantly higher in the Otorohanga and Kawhia urban communities (deprivation indices of 9 and 10 respectively).

There is 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 23.5%, 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 approximately 5 across all schools, the District is similar to 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 has had a long-standing objective 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.

This approach is believed to have had a range of benefits, including contributing to 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 typically around 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.

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.

Economic Activity

Agriculture is the economic backbone of the District, with 34.5% of the District's employed population listing their occupation as falling into the 'Agriculture, Forestry and Fishing' grouping.

This dominance of primary agriculture as an occupation is very great, with the next largest occupation group (manufacturing) accounting for only 8% of the working population.

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.

There is however evidence which suggests that the extent of direct employment in agriculture is declining, with census data indicating that this employment category may diminished by as much as one-fifth over the past 20 years, presumably in response to changing land uses and increased mechanisation.

Despite this apparent decline it is still believed that upwards of 75% of all economic activity in the District is closely associated with the

agricultural sector, and agriculture is expected to remain the dominant activity within the District for the foreseeable future.

The Otorohanga Community suffered the loss of a significant business in 2007 with the relocation of CI Munro Caravans to Hamilton, but since that time no further particularly large businesses have either arrived or left.

Some of the Otorohanga community's larger businesses have however made significant capital investments that reflect an intention to remain in the community, which is viewed very positively.

The prevailing economic climate has however been difficult for some of the smaller Otorohanga 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.

It is currently suspected that some commercial sectors in Otorohanga are served by an excessive number of businesses, and that the sustainability of some of these businesses is uncertain, and that it would be preferable for a greater degree of diversification.

The Kawhia Community continues to have only a very limited amount of business activity, and it has become generally accepted that the nature of Kawhia is such that there is likely to be little opportunity for further business development unless a major mineral extraction operation was to be established in the area, which currently seems unlikely.

Of the other sectors it has been believed that tourism and hospitality probably has the greatest potential for growth within the District, but to date little such growth has been achieved. Whilst it is still considered that such opportunities exist, realization of these opportunities clearly needs entrepreneurial skills that are likely to be uncommon.

In recent times the possibility of using the availability of water as a driver of economic growth has emerged, as it has become clear that many of the current growth areas within the Waikato now have very limited ability to meet the water supply needs of new businesses.

Expressions of interest have been received from a large water using business in respect of potential establishment in Otorohanga, and it is believed that there could be potential for other large, high value businesses to be similarly attracted.

It is hoped that initiatives such as the introduction of metered water charges for residential water users in Otorohanga will help enable the community to take advantage of any such water-related business growth opportunities that may exist.

The Otorohanga District Development Board (ODDB) has been active in promoting opportunities for new businesses in the District, but this task has been challenging. Investigations commissioned by the ODDB have clearly 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 it is hoped that initiatives such as making water available will contribute to economic growth in the District, no assumptions have been made of such growth occurring within the period of this LTP.

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. Whilst logic suggests that such a recession must at some time 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 affected¹.

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.

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 cost.

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 has typically been around 10% higher than the national average 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 \$58,600 in 2013 was somewhat below the national average of \$63,800.

There is clearly a wide range of individual financial circumstances in the District, with the Kawhia community having a median income

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 around 60% of residents having full or partial ownership of their own homes, a figure that has changed little in recent years.

Council is however 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.

Though household circumstances are quite variable, unemployment rates in the District have historically been relatively low, and at the 2013 census were 5.7%, lower than the national figure of 7.1%.

These relatively low levels of unemployment are believed to be in part due to the range of youth employment initiatives driven by Council and associated agencies, and are not expected to change.

The proportion of District ratepayers who are beneficiaries and otherwise on fixed incomes was 26% in 2006. This is well below both the national average of 30.6% and what is found in a sample of other comparable rural Districts.

Whilst in the short term there could be potential for some increase in the levels of unemployment in the District due to external economic effects, but it is believed that the agricultural sector which forms the backbone of the local economy is fundamentally robust.

The agricultural sector continues to experience significant volatility in demand and prices for its products, with the recent large and rapid fluctuations in international dairy prices exemplifying this.

The Ministry of Agriculture, Food and Fisheries makes regular projections of commodity prices and volumes over 4 year periods, but the usefulness of these projections is considered limited, and 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 periodic weakening of the global and national economy would provide opportunities to bring highly skilled workers into the Otorohanga District, but this does not as yet appear to have happened, and some senior positions remain difficult to fill.

There continues to be strong apparent inertia of the workforce in and around Auckland, with apparent reluctance to explore other employment opportunities anywhere outside of that city, let alone in more rural environments such as Otorohanga, despite the large and growing disparity of housing costs.

This, combined with the impending retirement of the 'baby boomer' generation that will create employment vacancies at a senior level, has 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.

Over the period between 2008 and 2012 there was a significant downward correction to property values and levels of development activity.

Since that time both values and activity levels have stabilized, and there does not appear to be any factors that are likely to drive significant change in the near future.

As such no significant changes are expected to the distribution of Council costs through rates, or Council costs or revenues associated with property asset ownership or use.

Potential for Natural Disasters

Recent events in Christchurch have highlighted the potential for natural disasters to have major influence on Communities. In response to this Council has recently re-evaluated its exposure to natural disasters. Risks are summarized in Table 1 below.

Table 1 - Risks of Natural Disasters in Otorohanga District

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 for all NZ
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 this work has also now been completed.

Significant risks are also associated with volcanic ash fall, 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 drought conditions recent summers, 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, though most of these cost increases have now been felt.

Other Environmental Issues

During the last 15 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. This resulted in a revision of the Plan being undertaken.

Whilst the new District Plan will to some extent increase 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 generally expected that any significant further environmental responsibilities or constraints will be placed on Council by central or regional governments in the near future.

One possible exception to this is in respect of the use of water, where it seems possible that the Regional Council may impose stricter requirements for efficient use of water taken.

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. Further details of how Council will manage its key infrastructural activities of Roothing and Water Services are presented in Council's 2015 – 2045 Infrastructure Strategy.

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 58. 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 232.

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 2009 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 there has been little hard evidence to support this view, particularly where there is significant geographical separation between the areas being served. 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 explored or conducted through initiatives implemented under the auspices of the Waikato Mayoral Forum, in the belief that there may be other worthwhile benefits in addition to the relatively modest financial savings.

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 October 2014. The figures in Table 2 below show the per annum escalation adjustments applied to particular cost groups relative to the year ending 30 June 2016 as the base year, hence zero inflation in that year.

Table 2 - Inflation Adjustors

Year Ending	Earthmoving %	Road %	Property %	Water %	Energy %	Staff %	Other %
June 2016	0.0	0.0	0.0	0.0	0.0	0.0	0.0
June 2017	2.6	1.4	2.4	3.8	3.8	1.9	2.5
June 2018	2.4	2.2	2.5	3.0	3.9	2.0	2.6
June 2019	2.0	2.4	2.6	3.2	4.1	2.1	2.7
June 2020	2.1	2.5	2.8	3.3	4.3	2.2	2.9
June 2021	2.3	2.7	2.9	3.5	4.5	2.3	3.0
June 2022	2.4	2.8	3.0	3.7	4.7	2.4	3.1
June 2023	2.5	3.0	3.2	3.8	4.9	2.5	3.3
June 2024	2.9	3.1	3.3	4.0	5.1	2.6	3.4
June 2025	3.1	3.3	3.4	4.2	5.3	2.7	3.6

Subsidies

Council has made the assumption that the subsidy received from the New Zealand Transport Agency (in most cases 55% for maintenance and capital expenditure) 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 5.5% on borrowings, and 4.5% on activity balances. These rates were arrived at 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. A weighted average interest rate of 5.5% 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 2014. Revaluations during the span of the LTP will be conducted for years commencing 1 July 2017, 1 July 2020 and 1 July 2023. To determine the likely impact of these valuation changes, Council has used the BERL adjustors for inflation as an indicator of likely valuation changes.

Table 3 below highlights the valuation increases used.

Table 3 - Valuation Increase Adjustments

	1 July 2017	1 July 2020	1 July 2023
Piped Assets	14.3%	9.8%	11.4%
Roading Network	3.0%	7.4%	9.1%
Land	6.4%	8.4%	9.7%
Buildings	6.4%	8.4%	9.7%

Summary of Significant Assumptions

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
No significant overall population change	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	Declining proportion would threaten viability of	Low	Demographic trend well established. Little direct

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
consistent	schools, weaken future labour pool		financial effect.
1% to 1.5% increase per annum in traffic volumes on roads	Higher rates increase for road maintenance and improvement requirements	Moderate; Figures from AMP based on existing local trends	Financial effects limited as significant spare capacity in much of network.
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 dependent on variety of factors, not easily assessed	Adopted expected lives considered conservative. Effects of long-life asset uncertainties only evident in longer term
Introduction of	Provisions of	Low. Little	Changes to Plan

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
new District Plan does not significantly affect economic development	new plan might prevent development that might have otherwise occurred	evidence of new plan constraining development since it was introduced	affect only small range of potential activities
No significant new environmental controls on Council activities, other than possibly on water use	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, other than for water
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	Moderate; higher than expected	Moderate; unprecedented global	Expectation that variances from assumptions

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
BERL indicators	inflation has major effect on rates affordability, though effect may be offset by household income growth	economic situation casts doubt on conventional inflation forecasting methods.	likely to be generally lower (favourable). Government stimulus spending could raise inflation for infrastructure.
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.	Moderate; Recent revision of rate to ODC's benefit, but available funds uncertain	Whilst subsidy rate known it does not ensure sufficient funds available to meet ODC's needs.
Little potential for significant natural disasters	Natural disaster has potential to result in substantial additional costs to Council	High	Nature of district limits potential exposure to effects of disaster; Otorohanga flooding most predictable (1 in 500 year) risk.
Interest rates will, on average over the period of the 10 years,	Large increases in interest rates could result in significant changes to the	Moderate; given that all current loans are fixed, however there	An increase of 0.5% would add \$50,000 to the interest expense in 2015/16.

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
be 5.5% on borrowings	interest expense.	is a possibility of future rates increases.	
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 inflation indices	Over-estimation of rental income will increase rating requirement	Low	Projected increases are modest and extent of rental revenue limited
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 meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions.

Background

Changes made to the Local Government Act 2002 (the Act) at the end of 2010 changed the definition of Community Outcomes from being those that are developed and implemented in conjunction with the community to those that Council itself aims to achieve. Notwithstanding this change Council believes that the Community Outcomes can only be achieved through working in partnership with the whole community, including individuals, businesses, government agencies and community organisations. Everyone’s views on describing how our District would look if we achieved these Outcomes will be slightly different, but we have put a description below each Outcome to help you understand what we are working towards.

Otorohanga District Council Community Outcomes



Otorohanga District is a safe place to live.

We support the opportunities for Otorohanga residents to enjoy a good quality of life.



We are a resilient community with a Civil Defence service that assists residents and businesses to cope with disasters or emergencies.

Our communities health and well-being is safeguarded by ensuring standards of construction, food safety and registered premises operation are met, and that alcohol sale and consumption, risk from fire and nuisances (e.g. from dogs and stock) do not adversely affect quality of life.



Ensure services and facilities meet the needs of the community.

We have good quality, sustainable, integrated, affordable, efficient and effective transportation networks (including roads and footpaths), water, wastewater, stormwater and solid waste services.

Waste and pollution is minimized, so we have clean water, clean seas, clean air, healthy flora and fauna and soils, and public health needs are met.



Provide for the unique history and culture of the district.

We have a strong sense of community and are proud of our region, our communities and our diverse heritage.

Important heritage items, sites and stories of the District are protected for future generations.

Maori culture and tikanga (traditions) are acknowledged as taonga (treasures) that represent our regional uniqueness.

We value and support those things that make Otorohanga District special and unique – our Maori History, our people, the outdoors and the relaxed atmosphere.



Promote the local economy and opportunities for sustainable economic development.

We all participate in the District economy and it meets people's needs.

Small, locally-owned businesses are an essential part of the community.

We encourage appropriate new investment into our community.

Our youth can live, learn and work in Otorohanga.

We recognize, support and celebrate innovation and achievement.



Manage the natural and physical environment in a sustainable manner.

We recognize the importance of a healthy environment for tourism and productive land users, and the need to minimize the impacts of human activities on the environment.

We treasure, protect and restore the special places, landscapes, native species and natural ecosystems of the Otorohanga District.

Open spaces are linked and productive land is protected.

We also provide and monitor resource consents and, if necessary, prosecute and breaches.



Foster an involved and engaged community.

We work together as a District, think of the generations that will follow and listen to the full range of views.

Everyone has the opportunity to participate in the community's major decisions and information is easy to obtain.

Leaders consult with and understand their communities and work for the good of all.

Our leaders take responsibility for their decisions and act to improve the big issues facing our community.



Protect the special character of our harbours and their catchments.

We manage air quality, waste, freshwater and coastal waters.

Our harbours, waterways and wetlands are preserved and protected.



Recognise the importance of the District's rural character.

We manage lifestyle development to not conflict or inhibit existing rural activities.

We recognize that our rural landscape should receive a high level of protection and natural, historical and outstanding landscapes are protected by landowners.

Infrastructure Strategy

Summary

With levels of service currently deemed satisfactory, a manageable program of asset renewals, limited projected variation of local population or economy and little other apparent need for change, Otorohanga District Council is presently in a very mature, stable and sustainable position in respect of its management of infrastructural assets, with no substantial challenges currently considered likely over the next 10 years.

There are also no particularly notable infrastructural resilience issues, and surveys have clearly indicated that current levels of service are meeting the expectations of residents, and that no significant change is desired by ratepayers.

In this context the 'significant infrastructure issues' relating to the next 10 years that are identified in Table 4 (as required in section 101B(2) of the Local Government Act) are arguably of limited severity and their associated impact on Council and the community is expected to be relatively low.

Looking beyond the next 10 years there are however some potentially greater challenges, in respect of asset renewals.

Whilst evidence of significant deterioration of most long-life infrastructural assets is not yet apparent, and associated confidence is therefore limited, analyses based upon assumed expected lives for these assets suggest that between 2030 and 2040 there may be some significant 'spikes' in required renewals of assets such as road pavements, and water and wastewater pipes in Otorohanga that will have significant impact on funding requirements.

These funding requirements are however believed to be potentially manageable, since it is projected that Council's debt will be reduced to a very low (possibly zero) level over the period up to 2025, providing a very sound base from which to accommodate these large expenditures.

As such the essence of Council's strategy to manage its infrastructural assets will be to keep doing what it has done for many years, which is to focus on efficient delivery of current services, with a view to building a very sound financial position that will allow it to accommodate inevitable periods of increased cost in the future.

Table 4 - Significant Infrastructure Issues – Listed In Perceived Order of Certainty

Activity	Issue Type	Issue	Principal Options For Response	Implications	Certainty of Response
Roading	Demand	Previous subdivision activity on Mangati, Te Tahī and Hanning Roads has created a situation where if all of the created new lots were occupied, traffic flows could exceed the safe carrying capacity of these narrow winding roads.	Continuing upgrading of these roads using funds from Development and Financial Contributions payable at time of development. Improvements to generally be conducted in conjunction with pavement renewals. Rate of improvements dependent on rate of occupancy of new lots.	Indicative ongoing annual budget of \$50,000 per annum for improvements, entirely funded by contribution. No impact on general ratepayer.	Certain; reflected in budget estimates
Water	Demand / Level of Service	Levels of residential water use in Otorohanga are high, and there is a desire to make such use more efficient to free water for potential economic growth. Current charging system for water also considered unfair.	Install water meters on all Otorohanga residential properties in 2015/16, implement metered charging in 2017	Approximately \$470,000 capital expenditure with some associated increase in operational costs	Likely; reflected in budget estimates
Roading	Level of Service	Desire to recognise the substantial contribution to overall rates made by rural ratepayers	Ongoing program of road improvement works to enhance efficiency and safety of roads, particularly in the rural area	Ongoing annual capital expenditure of between \$600,000 and \$900,000 on major road improvements	Likely; reflected in budget estimates
Water	Level of Service / Demand	Otorohanga water storage capacity only around 60% of guideline value. This situation has existed for many years without creating real problems, but it could be an impediment to meeting demand with the desired (though not projected) economic	Increase capacity to approximately 85% of guideline capacity by constructing additional 1,000m ³ timber reservoir	Capital expenditure of \$530,000 in 2016/17	Likely; reflected in budget estimates

Activity	Issue Type	Issue	Principal Options For Response	Implications	Certainty of Response
		growth.			
Water	Level of Service	Limited water storage capacity on the Arohena (Kahorekau) Rural Water Supply Scheme has contributed to service interruptions.	Install 400m ³ timber reservoir at treatment plant	Capital expenditure of \$150,000 in 2016/17	Likely; reflected in budget estimates
Water	Public Health	Tihiroa, Arohena and Ranginui Rural water supply schemes may require treatment upgrading to meet requirements of NZ drinking water standards, even though above 90% of water produced by these schemes is used for agricultural purposes.	Upgrade treatment plants to treat all water to required standards; or Install 'point of use' treatment facilities only at houses or other locations where human consumption of water may occur; or Take other practicable measures to achieve compliance	Associated regulations are still being developed and at this stage it is uncertain which response option will be most appropriate. For budgeting purposes \$292,000 capital expenditure on option b. has been assumed, with an associated increase in operation and maintenance costs.	Uncertain; but option b. reflected in budget estimates
Water	Renewals	Data suggests a major phase of renewals of Otorohanga water pipes required between 2028 and 2031	Budget for replacement of all pipes based on expected life, but replacement to be validated by inspections nearer to that time	Approximately \$2.3 million capital expenditure.	Uncertain
Wastewater	Renewals	Data suggests a major phase of renewals of Otorohanga sewer pipes may be required between 2030 and 2034	Budget for replacement of all pipes based on expected life, but replacement to be validated by inspections nearer to that time	Approximately \$3.2 million capital expenditure	Uncertain
Water	Demand	Customers of Ranginui Rural Water Scheme continue to informally indicate a preference to close the scheme because of previous and indicated future cost increases, and to rely upon individual supply	Should Council be formally advised of such a desire, a process to close the scheme in accordance with section 131 of the Local Government Act 2002 will be	If closed there would be a transfer of assets back to scheme customers, with some overheads reallocated to other Council water services. The	Uncertain

Activity	Issue Type	Issue	Principal Options For Response	Implications	Certainty of Response
		arrangements	initiated.	effects of this would be minor. At this stage such changes are not signalled in Council's budgets due to uncertainty of closure.	
Wastewater	Level of Service / Renewal	Possible requirements for need to upgrade wastewater treatment process at time of resource consent	Possible upgrades might include treatment to lower phosphorus concentrations or de-sludging / replanting / upgrading of wetlands	Potential capital expenditure of up to \$500,000 between 2016 and 2025	Uncertain, but reflected in budget estimates
Roading	Renewals	Forecast 'spike' of basecourse and subbase renewal requirements commencing around 2035	Validation nearer to the time, probable need to raise substantial debt to fund	Potential \$12 million capital expenditure over a 5 year period	Uncertain

Strategy Context

District Geographic Context

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 5,173 rateable units, spread over two significant Communities (Otorohanga and Kawhia) and the surrounding rural areas. The administrative and commercial centre of the district is Otorohanga township, 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 800 km of local roads, whilst the North Island Main Trunk Line Railway also runs through the centre.

Council provides water services to both of its main communities, though the services provided to Kawhia excludes a reticulated wastewater system. Water is also supplied to six distinct rural areas within the district, with this water primarily intended for agricultural purposes.

Assets associated with roads and water services make up the overwhelming majority (around 95%) of Council's infrastructural assets by value, with other asset holding activity groups such as

other buildings, facilities, land and parks and reserves being of relatively minor value.

Demographic Context

Over the 15 years up to 2006 the Otorohanga district displayed a trend of continuing gradual decline of total population at an average rate of just under 0.5% per year.

The most significant factor contributing to the decline over this period was a transition of Kawhia from being a place of permanent residence to a 'holiday home' community, and this trend seems likely to continue, albeit at a slower rate as the residual permanent population becomes small.

In addition to population loss from Kawhia there has also been a continuing very slow loss of population from the rural areas, believed to be associated with the consolidation of farms.

Between 2006 and 2013 there was however a small increase in district population, most of which came from the rural area, in particular the development and progressive occupation of new residential 'lifestyle' properties on three roads on the eastern flanks of Pirongia Mountain in the north of the district, the demand for which has been driven by growth in the area around Hamilton.

Perhaps based on this recent growth the latest population projections for the district produced by Statistics NZ (shown in Figure 3) shows a slightly more positive trend than previously, with the 'medium' projection now being for relative stability of the district's total population until the retirement of the 'baby boomer' generation starts to significantly affect the balance between births and deaths in the 2030's, resulting in an increased rate of population decline.

The 'medium' projection has a similar overall rate of decline to that observed previously (averaging 0.4% per annum) over the period of

this strategy, though this projected decline is not uniform, and instead takes the form of little change over the 13 years to 2028, followed by a period of more rapid decline (at an approximate rate of 0.7% per annum) for the remainder of the period to 2045.

Whilst the medium projection is for some limited population decline over the period of this strategy, the district is small and the overall trend is considered to be sufficiently neutral for it to be significantly affected by even relatively minor unforeseen events, such as the development of a few new large businesses, or renewed growth pressures in the Te Awamutu / Hamilton area.

This is reflected in the SNZ 'High' projection being for a small increase over the strategy period.

Whilst these most recent projections are slightly more positive than previous estimates, the district population must still be assumed – as has been done in the past – to be relatively stable in at least the medium term.

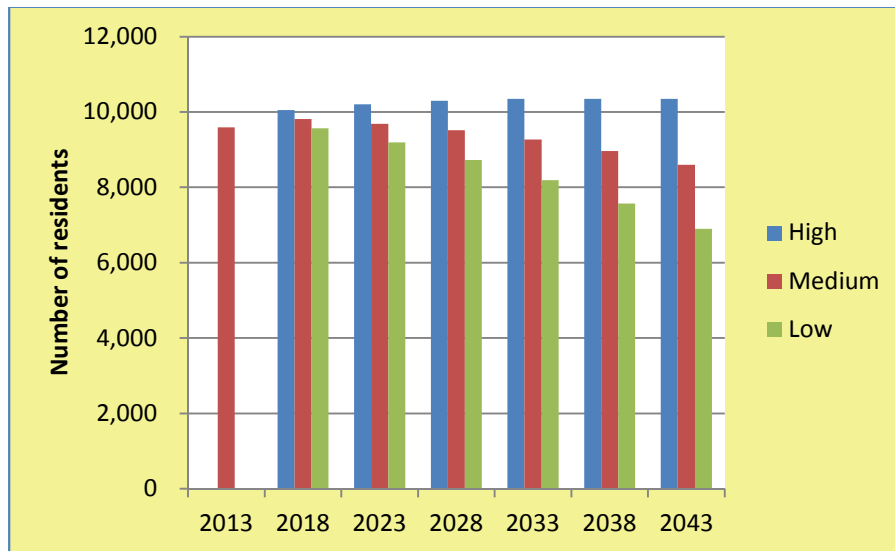


Figure 3 - Statistics NZ District Population Projections

A more significant demographic trend is however the projected rapid increase in the number of older (65 plus) district residents. Figure 4 below shows the Latest SNZ projection of district population by age, based on the 'medium' growth assumption.

It is notable that the number of residents over 65 is projected to more than double (increasing by over 1000) in the period from 2006 to 2028, and to continue increasing at a lesser rate until 2038.

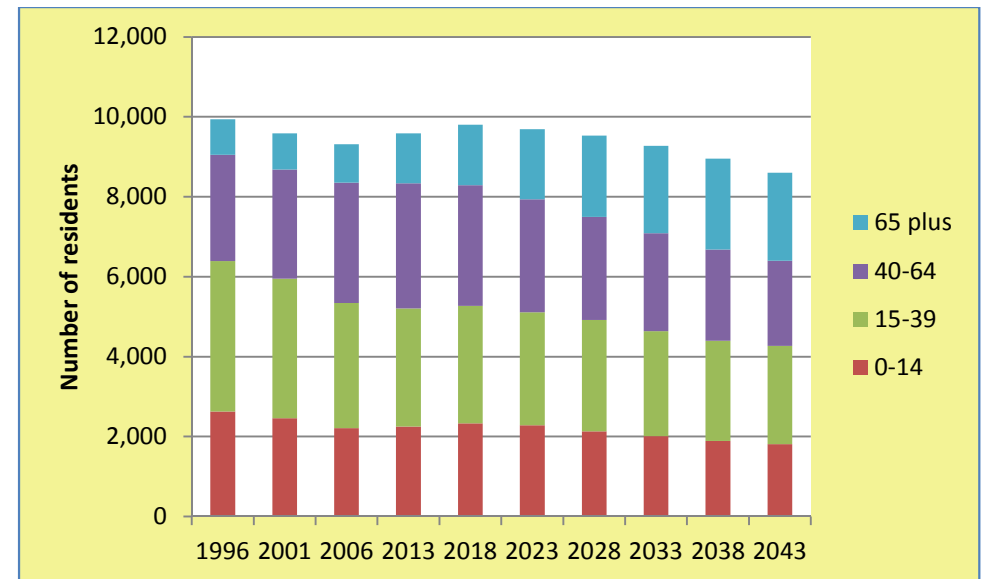


Figure 4 - Projected District Population by Age Groups, Medium Growth

Whilst this aging of the population is likely to have significant social impacts, its effects on the roading and water services infrastructure currently operated by Council is however expected to be limited.

Economic Development Opportunities

The demographic projections presented in the previous section are largely based on an extension of pre-existing trends, and it is recognised that the possibility could exist for entirely new trends to be established during the relatively long period covered by this strategy.

Significant changes in national or regional policy settings, changes of global demand for certain commodities or other major events could, over a 30 year period, potentially confer some relative advantage or disadvantage on the district, particularly in relation to the establishment of new businesses.

Whilst in recent times there has been little economic growth within the district, Council believes that changes in the availability of water for commercial purposes could, if effectively responded to by Council, potentially provide the district with some relative advantage in respect of economic development in the short or medium term.

Whilst Council is optimistic in respect of such an opportunity, it is however believed that there is too much uncertainty associated to allow this to be translated into growth projections at this time.

Roading Infrastructure

Roading infrastructure (including footpaths) is by far the most significant activity of Council in financial terms, accounting for more than 80% of Council's total assets by value, and more than 40% of total operating expenditure.

Levels of Service Issues

The district's roads, footpaths and associated infrastructure have been consistently well designed, constructed and maintained, and provide levels of service that meet current and expected future needs, and no significant level of services issues are expected over the period of this strategy.

There are relatively stable or positive trends in respect of both technical and customer levels of service for district roads, reflecting the mature and consistent operation of the network.

As shown in Figure 5 and Figure 6, technical indicators of the physical condition of road pavement such as NAASRA road roughness, Smooth Travel Exposure index, Condition Index and Pavement Integrity Index have all displayed relative consistency over the past 10 years at levels that are generally similar to or in some cases better than levels being achieved in other comparable districts.

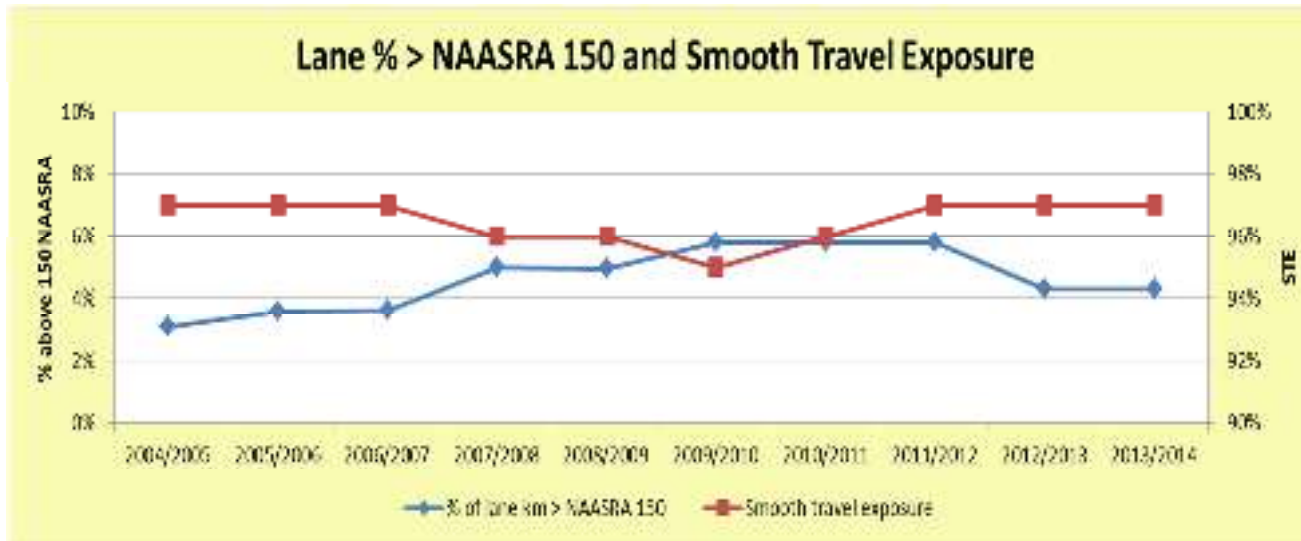


Figure 5 - Road Smoothness Trends

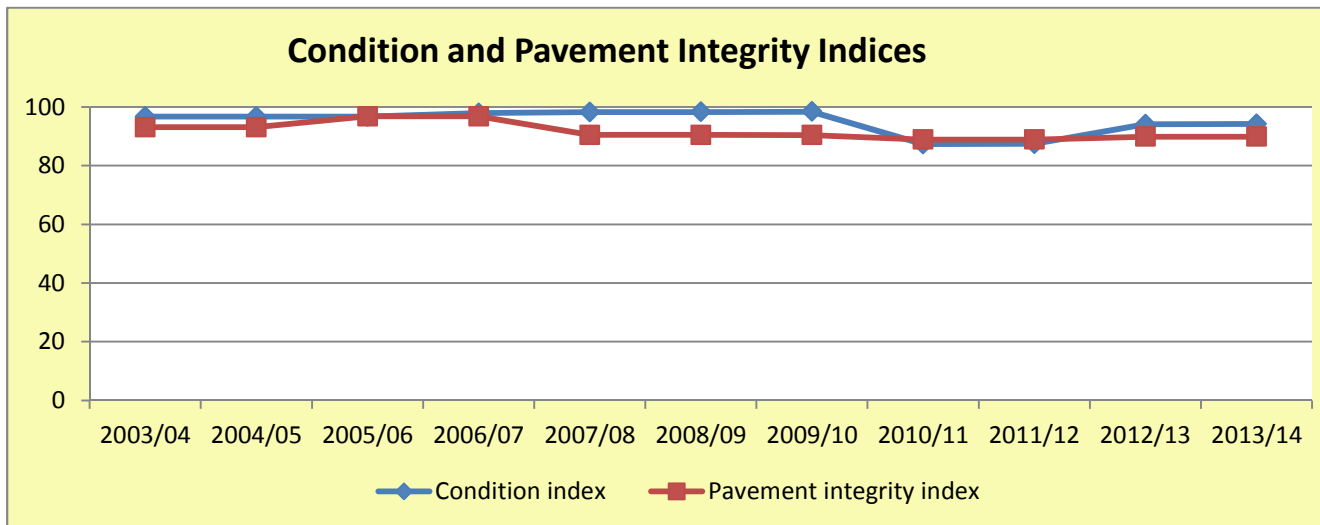


Figure 6 - Road Condition Trends

The associated costs of maintenance and renewal works to achieve these road conditions have also been very consistent over the last 10 years despite the effects of inflation, as reflected in Figure 7.

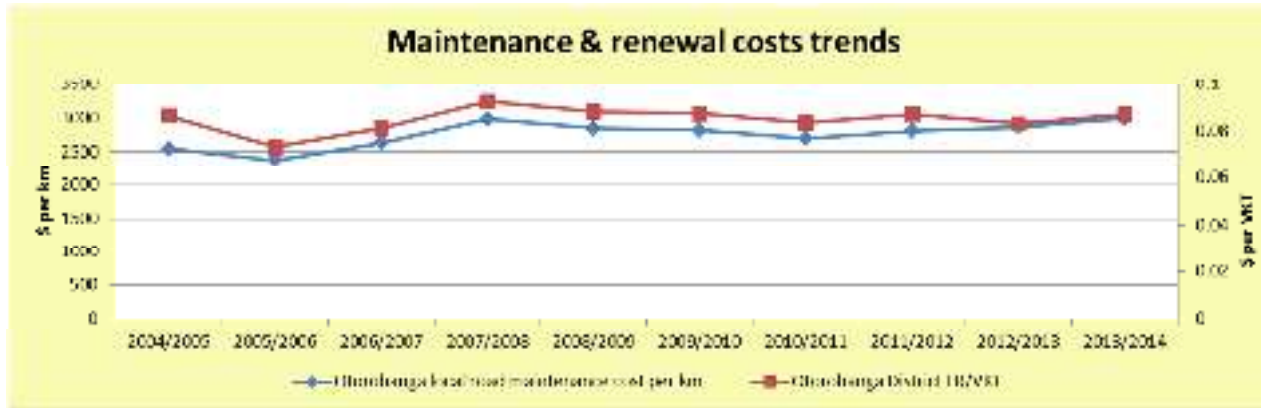


Figure 7 - Road Maintenance and Renewal Cost Trends

And this has translated into Council’s road maintenance costs being consistently similar to or below those of the comparable peer group, as shown in Figure 8 and Figure 9 below.

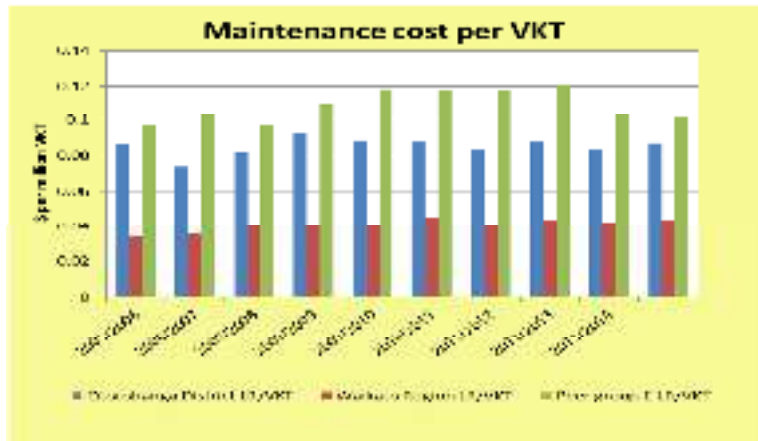


Figure 8 - Maintenance Cost Comparison*



Figure 9 - Maintenance Cost Comparison*

- *Notes:
1. 'VKT' is Vehicle Kilometre Tonne, a measure of road usage.
 2. Comparison with Waikato Region on a VKT basis reflects large extent of low traffic volume roads in the Otorohanga district.
 3. LR – Local Roads i.e. excluding State Highways.

The performance of the roading network in respect of safety is also considered to be sound, with an average of 13% of crashes associated with road factors over the period from 2000 to 2013. Whilst the trend for road factors crashes as a percentage of total crashes over this period shown on Figure 10 is slightly upwards, the small number of crashes makes the data highly variable, and the significance of the indicated trend uncertain, and not of particular concern.

This sound performance in respect of technical levels of service is also mirrored in assessment of customer levels of service, which reflect the perceptions and satisfaction of road users.

These levels of service encompass both the maintenance of existing roading assets, and the progressive improvement of the network, which has been steadily undertaken and which is believed to have become an expectation, particularly of rural ratepayers, of which many pay substantial rates for roading purposes. These improvements are largely discretionary enhancements rather than essential improvements required to address significant deficiencies, and hence the technical justification for them is questionable.

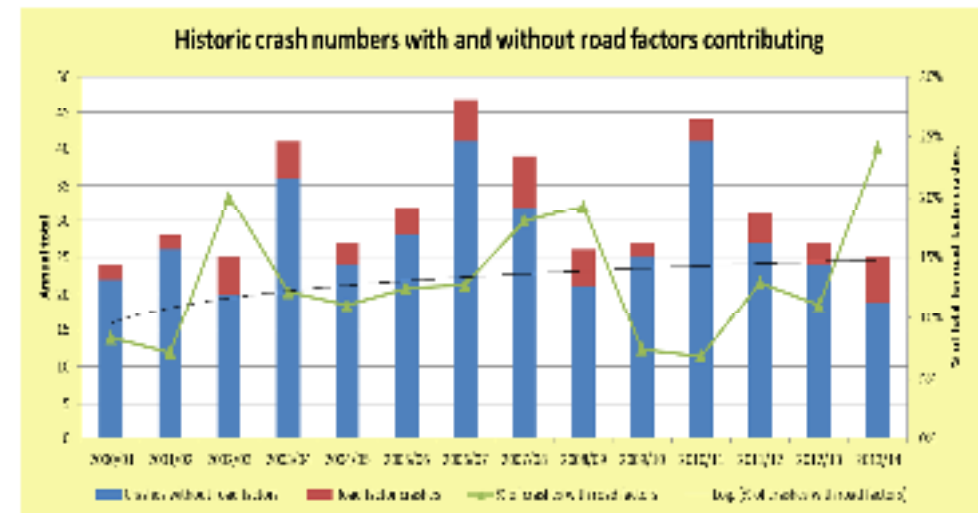


Figure 10 - Crash Number and Factor Trends

Major district-wide surveys of customer satisfaction in respect of roading conducted in 2002, 2008 and 2014, all indicated high levels of satisfaction with existing activities (including on-going improvements) and levels of service, though exact quantification of this satisfaction is hindered by a high level of non-response from those surveyed.

In the most recent of these surveys 79% of those responding indicated a preference for retaining existing levels of service in respect of road maintenance, and around 65% indicated a similar view in respect of road improvements.

The indicated level of satisfaction is however much higher if, as was clearly stated in the survey, a lack of response is interpreted as a preference for no change from the status quo. If this interpretation is adopted (as is believed to be reasonable) levels of satisfaction above 98% are indicated for both groups of activities.

In recent times the New Zealand Transport Agency (NZTA) has established standardised levels of service for different types of roads under its 'one network' road classification (ONRC). If these levels of service were made mandatory this would affect Council's infrastructure strategy, but at this stage no indication of this has been made, and hence it is not reflected at this time.

With no apparent significant drivers for change, the proposed strategy in respect of levels of service is to continue delivery of services, including progressive discretionary improvements, in very much the same form as at present.

Demand Issues

No significant road capacity issues are currently expected to arise over the period of this strategy, other than those that already exist on Mangati, Te Tahī and Hanning Roads on the eastern flanks of Pirongia Mountain that arose from 'lifestyle' residential developments on these relatively long, narrow and winding rural roads in the early 2000's. These issues are to be managed through a program of progressive improvements funded by Development and Financial Contributions from properties on those roads.

Over the district as a whole there is a total of 96km of roads (12% of total network length) that have pavement widths less than the target minimum design widths that have been adopted by Council since

1993. It is however not considered that these roads having widths below these targets necessarily means that they have inadequate capacity, since the targets adopted are arguably arbitrary, perhaps aspirational rather than essential, and potentially over-conservative.

The assessment of safe road traffic carrying capacity does however involve more than just the width of the road, and an analysis conducted on road capacities in 2007 that looked beyond issues of pavement width alone suggested that if this broader consideration is given and the Pirongia Roads are excluded, only a very small amount of network – probably less than 1%, approximately 8km in total - could reasonably be considered to potentially have capacity issues, and most of these roads had very low traffic volumes.

The traffic volumes on local roads are too low for any real traffic congestion and the perception of Council's roading staff is also that there are not currently any immediate or latent road capacity issues, other than on the previously mentioned Pirongia Mountain Roads.

The average rate of traffic growth on sealed roads in the district has historically been between 1.0% and 1.5% per annum, whilst there has been a trend of declining traffic numbers (at a rate of around minus 1.0% per annum) on the district's unsealed roads.

Neither of these rates of traffic growth is considered sufficiently large to have significant impact on the capacity of district roads during the period of this strategy if such growth was to continue, and it seems probable that traffic growth would decline during the later stages of this period if district population decreased and aged (with a probable associated reduction in mobility) as projected.

In the interests of conservatism however a higher level of traffic growth, at a likely worse case value of 3% per annum, has been assumed for the purpose of planning pavement renewals.

Where pavement renewal work is conducted efforts will also be made to create pavement widths that meet or exceed the targets

previously adopted by Council, taking account of the projected traffic volumes on those roads assuming 3% growth. Allowance has been made for this in pavement renewal budgets.

It is however recognised that if the NZTA was to make compliance with ONRC standards mandatory rather than guidelines, this could create a need for additional road upgrading works. At this stage however this has not been signalled by the NZTA and hence it is not reflected in Council's road management strategy.

Asset Renewals

Council has good knowledge of its roading assets and the associated renewal requirements, and intends to progressively carry out such renewals to maintain current levels of service.

Renewal requirements are not linear, and renewal profiles vary in form between asset groups, being 'echoes' of original construction schedules. Full details of renewal profiles and strategies are presented in the roading asset management plan.

The following comments are however made on some important and high value depreciable roading asset groups.

Pavement Surface Renewals

This category represents the top layer of a road, with which vehicles are directly in contact. The total replacement value of these assets for ODC is \$13.1 million, which is 7% of the total value of depreciable roading infrastructure.

For the sealed roads of the district this normally takes the form of a thin chip seal surface. ODC roads were progressively first sealed over a period between 1955 and 2009.

Renewal periods for sealed surfaces normally range from 4 to 18 years, depending on the type of surface and the road traffic volume. The superimposition of different ages and lives of seal surfaces

after repeated re-sealing cycles has however resulted in progressive smoothing of the quantity of re-sealing work that needs to be conducted in a particular year, and it is currently found that the length of re-seals required in a particular year is consistently around 42 km, and this is not expected to significantly change in the future.

Basecourse Renewals

This is the structural layer of the road immediately below the pavement surface, typically between 100mm and 150mm thick, which is very firmly compacted to provide a stable base on which the surface can be applied. The total replacement value of this asset group for ODC is \$54 million, 30% of the depreciable total.

The life of the basecourse layer is dependent upon the frequency and intensity of loads on the road, and the nature of the materials used, and is believed to be in the range of 15 to 80 years for ODC roads, with an average of around 50 years.

Around 90% of district roads have not had yet been reconstructed since they were initially built, and hence a period of more extensive basecourse renewal is now approaching, with a potential sustained peak of this activity over the period between 2033 and 2047, as shown in the Figure 11.

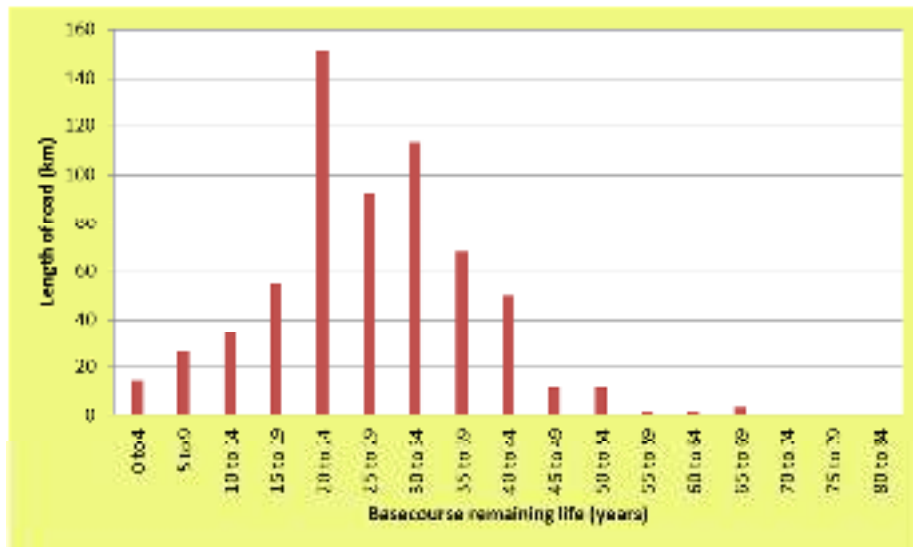


Figure 11 - Projected Basecourse Renewal Requirements – 5 Year Intervals

Subbase Renewals

The lowest structural layer of the road is the subbase, which lies between the road formation (natural ground) and the basecourse. The total replacement value of this asset group for ODC is \$39 million, 22% of the depreciable total.

The subbase is subjected to smaller loads than the basecourse, and as such typically has a longer operating life, with this being assumed as 80 years for most roads.

Though in most cases the subbase was constructed at the same time as the basecourse, its longer life means that little renewal of subbase has yet been undertaken, or is envisaged as being undertaken, in the next 10 years, with a theoretical replacement profile as shown in Figure 12.

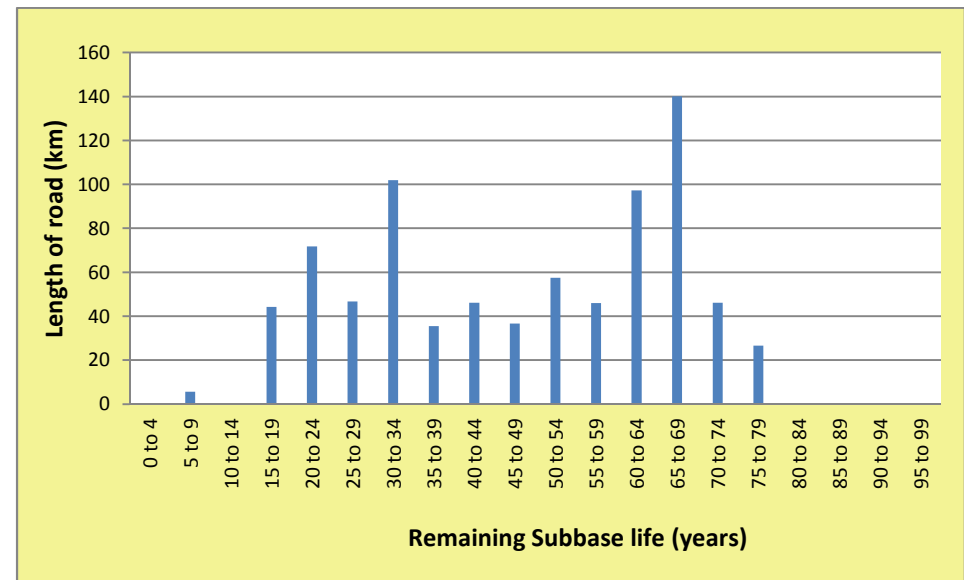


Figure 12 - Projected Subbase Renewal Requirements – 5 Year Intervals

In practice however subbase materials are not physically replaced, but are instead substituted by the existing basecourse above it at the time that this basecourse is renewed. For that reason the renewal of subbase is not a real financial cost.

Culverts

Road culverts and other associated drainage features are a significant asset, with a total replacement value of \$16 million, 9% of the depreciable total.

Most culvert types have relatively long expected lives of between 65 and 90 years, with the by far most common type (concrete) having the longest of these lives.

Whilst Council does not have reliable records of the ages of individual culverts, there is confidence that there are no concrete culverts that were older than 40 years at 2013, and that only a small amount of culverts in a poor condition. Based on this and other available information an assumed renewal profile for culverts is shown in Figure 13.

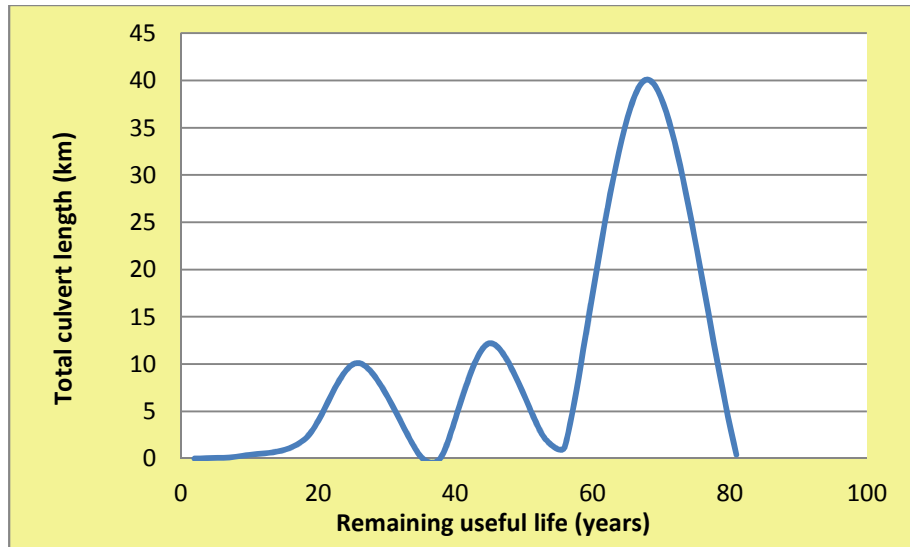


Figure 13 - Assumed Culvert Renewal Requirements

Whilst this profile suggests that there will be a significant increase in culvert renewal activity from around 2030 onwards, this will only be relatively modest, with a much larger spike existing outside of the period of this strategy, perhaps from 2075 onwards.

Bridge Renewals

Council owns and maintains 124 structures classed as bridges (which include culverts over 1.2m in diameter) and also 69 stock underpasses. These assets collectively have an estimated replacement value of \$42 million, 24% of the depreciable asset total.

A large majority of Council’s bridges were constructed in the period between 1950 and 1970, though there are a few much older bridges – up to 100 years old – which are generally still in very good condition despite being of this vintage. Most of Council’s substantial bridges have expected lives of 100 years or more. The expected renewal profile for Council’s bridges is shown in Figure 14, with little renewal expected to be required during the period of this strategy.

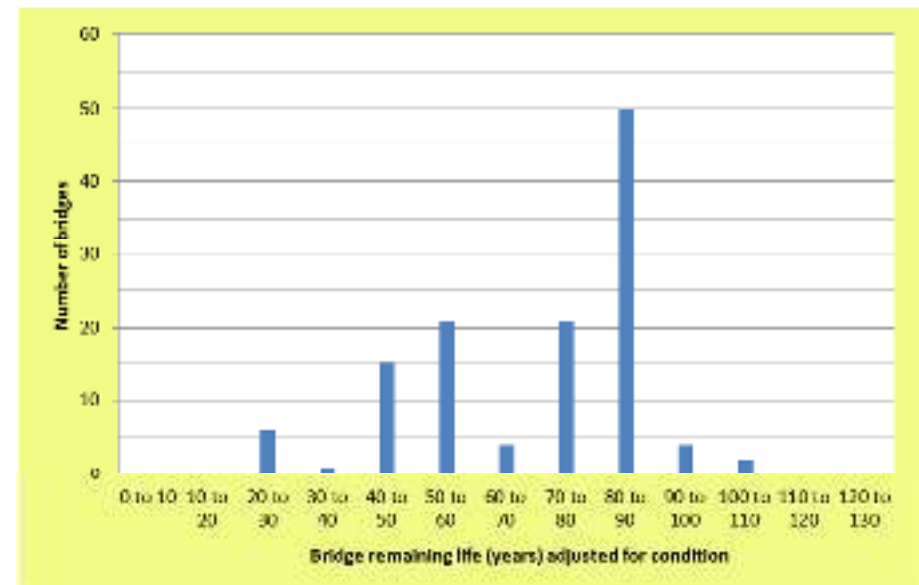


Figure 14 - Projected Bridge Renewal Requirements

A similar situation also exists in respect of stock underpasses, none of which were installed before 1985, with most installed from 1995 onwards, and having expected lives of at least 60 years (and most 100 years) almost none are expected to be renewed during the next 30 years.

Overall – Rooding Renewals

With roading assets comprising such a large part of ODC's overall infrastructure inventory, renewal expenses can potentially have a major impact on Council and the community. The projected renewals expenditure over the next 50 years is shown in Figure 15.

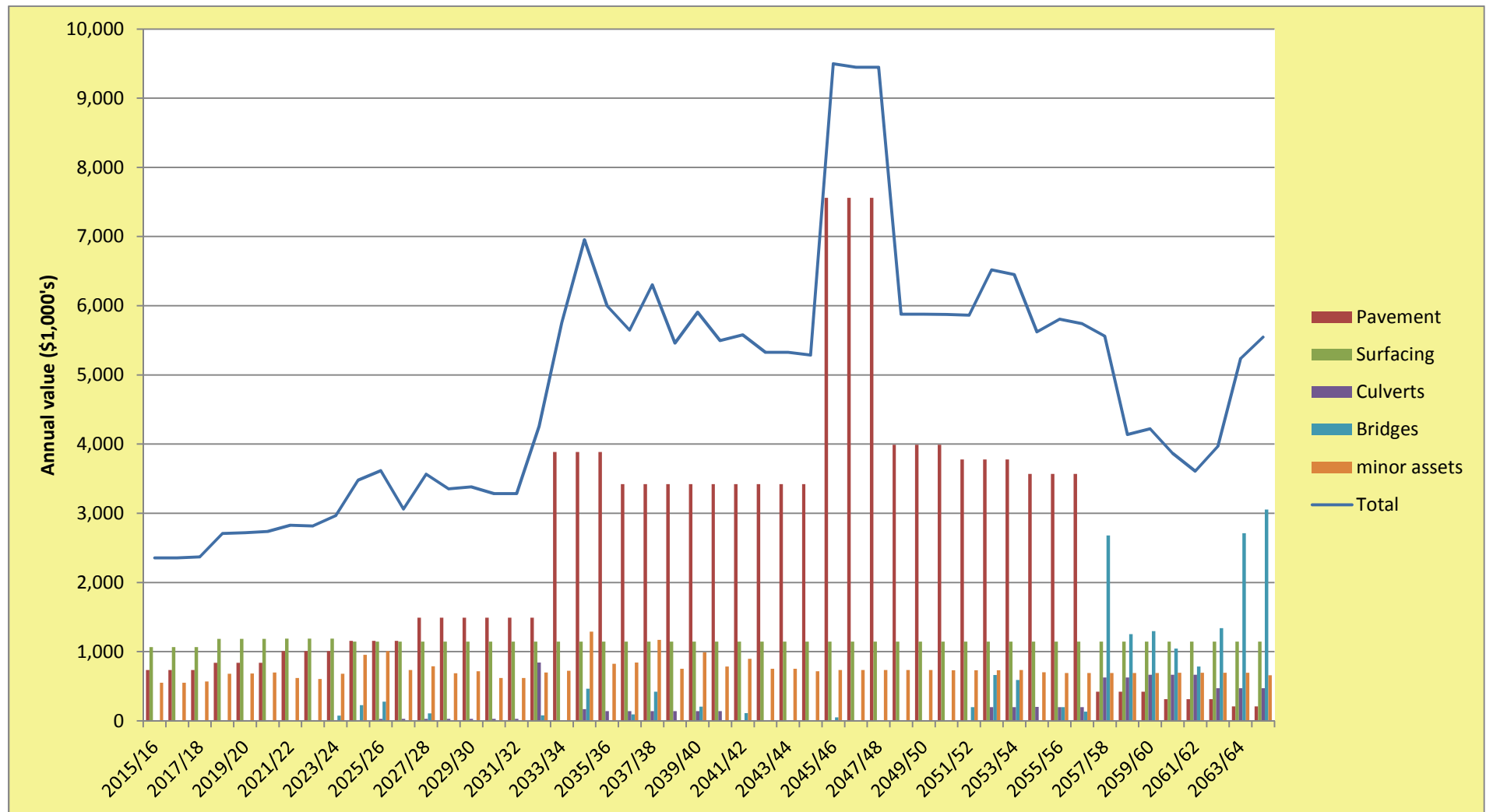


Figure 15 - Roading Asset Renewal Cost Projection (2015 dollar terms)

It is clear that Council currently is, and has been, in a period of low renewal requirements, with many assets still within their initial expected lives. This situation is however expected to significantly change from 2030 onwards as an intensive 20 year period of pavement renewals is entered.

Whilst it is not yet clear how pronounced the associated peak of renewal activity will be because of uncertainty in respect of asset lives, it does appear clear that there must be an extended period when renewals costs are more than twice what they are at present.

Resilience Issues

In general the level of reliance of council's roading assets is high. The topography, geology and climate of the District is such that risks to roads from most common forms of natural disaster, including storms, floods and earthquakes are relatively low.

Whilst a severe rainfall event has the potential to cause slips and dropouts affecting roads in steeper areas, and – in an extreme case – damage to bridges, the likely extent, duration and cost of such effects are likely to be modest, and no substantial budget allocations are made to cover such events.

Water Services Infrastructure

Council's water services comprise the following:

- Potable 'on demand' water supplies for Otorohanga and Kawhia urban communities
- Potable 'trickle feed' water supplies for six distinct rural areas as follows: Waipa, Tihiroa, Arohena (3 separate

supplies) and Ranginui, with the large majority of this water used for agricultural purposes

- Reticulated wastewater system for Otorohanga Community
- Stormwater drainage systems for Otorohanga and Kawhia.

The assets associated with these activities have a total depreciable replacement value of \$48 million, comprising water supply (\$26 million), Wastewater (\$13 million) and stormwater (\$9 million).

Levels of Service Issues

Technical Issues

In general all of Council's water services are considered to currently provide appropriate technical levels of service.

The performance of the water plant on the Tihiroa Rural Water Scheme has also not been entirely satisfactory in recent years, with deficiencies in the process equipment having adverse impacts on water quality and throughput. Investigation has suggested a potential range of upgrading options.

In recent times however a further potential option, of ceasing operation of this treatment plant and instead purchasing treated water from another supplier, has become apparent, though it may take some time for the viability of this option to be proven. Because of this potential additional option (which is considered very favourably by scheme customer representatives) further action on upgrading of the existing plant is to be deferred.

On the Arohena (Kahorekau) Rural Water Scheme very limited treated water storage capacity has contributed to supply interruptions, and an additional reservoir is planned.

Public Health Issues

There are not considered to currently be any significant public health issues with any of Council's water services. The two water supplies (Otorohanga and Kawhia) that are currently required to comply with the NZ Drinking Water Standards (NZDWS) because of the size of the community served have now been upgraded to achieve this compliance. The Waipa Rural Water Scheme also meets the NZDWS because it supplies water taken from the Otorohanga treatment plant.

The Tihiroa, Arohena and Ranginui Rural Water Supplies do not currently comply with the NZDWS, but they are not required to achieve such compliance until 2017, and there has been no previous evidence of negative consequences in respect of public health arising from this lack of compliance.

There has over the last 20 years been recurring discussion of the potential for a reticulated wastewater system in Kawhia, for reasons that include potential benefits to public health, but significant barriers to this have been encountered, and in recent times the performance of the existing on-site wastewater systems in the community has generally been satisfactory. With a steadily diminishing permanent population as the proportion of holiday homes increases, it now appears extremely unlikely that a reticulated wastewater system will be installed.

Environmental Issues

No significant environmental issues are currently believed to be associated with any Council water services. All activities are of relatively small scale and conducted in compliance with resource consent conditions.

The resource consents for the Council water activity with greatest potential for adverse environmental effect – the discharge of wastewater from Otorohanga – were renewed in 2012 for a 20 year

term with associated upgrading to the wastewater treatment system that is now functioning effectively and no further substantial upgrading works are expected at this time.

A possible future challenge for the Arohena Rural Water Scheme could exist in respect of maintaining resource consents to take existing consented quantities of water from the available small streams in that area. There is however little that could be done by Council to manage such an eventuality, since there are no other readily available alternative water sources, and hence such an outcome is not reflected in Council's planning.

Customer Perception

Customer feedback on standards of water services has been obtained from district wide surveys conducted in 2008 and 2014. In both cases the level of satisfaction with existing services was very high, though there was a significant number of responses (though still a minority) that indicated a desire for increasing the water storage capacity in Otorohanga, and for Council to spend more to provide a slightly more proactive approach to asset maintenance.

Demand Issues

The existing services generally have adequate capacities to meet current needs, and there are no well-developed trends, either positive or negative, in the demand for these services over the past 15 years. Demand fluctuations that have occurred between these years appear to have been primarily driven by short-term variations in weather or other unpredictable factors. Previous belief of a possible 0.5% to 1% per annum underlying growth trend in respect of water use has not subsequently been reflected in actual data. Effects of climate change are also not yet apparent.

With little projected change in population or economic activity it is currently believed that demand for water services will remain at around current levels for the duration of this strategy.

The only significant capacity issue that is considered to exist is in respect of the Otorohanga Water Supply, for which the water storage capacity is currently only sufficient to meet demand for around 20 hours under a level of demand equivalent to the mean day in the assessed maximum demand month, which is well below the guideline of 36 hours capacity.

This limited storage capacity has not previously had significant implications, but it is considered desirable (and supported by customer feedback) that it is addressed in future by construction of an additional reservoir that will increase storage capacity to around 30 hours, so that there is greater potential to accommodate future demand growth if it does occur.

Council currently believes that the availability of water is an advantage that the Otorohanga Community could use to perhaps use to attract new businesses, and this is one of two primary factors (the other being issues of fairness) that is also driving a proposal to introduce metered charging for all water taken from the Otorohanga supply, to improve the efficiency of that use and leave a greater amount of water potentially available for new businesses.

A possible demand issue also exists in respect of the Ranginui Rural Water Supply Scheme. This scheme supplies only seven different customers (all but one farm properties) and in recent times a number of the largest water users have indicated a desire to leave the scheme and to obtain water from other sources. If these largest consumers were to leave the scheme the remaining demand would not be sufficient for the scheme as a whole to remain economically viable.

Currently the water users on this scheme are considering a closure of the scheme, and should Council be formally advised of such a desire, a process to close the scheme in accordance with section 131 of the Local Government Act 2002 will be initiated.

Renewals

The earliest Council infrastructure in the district (water mains that were first installed in the 1930s in Otorohanga) has now all been replaced, and most of the other pipe infrastructure was put in place between the late 1950's and late 1980's, and hence is generally in the mid stages of its expected life, and there is not yet any significant evidence of extensive deterioration.

Figure 16 below shows projected annual renewal expenditure on all ODC water services assets (water, wastewater and stormwater) and associated current depreciation over the period 2015 to 2080, in 2015 dollar terms.

Whilst these renewal costs are relatively modest in relation to those for roading assets, their general allocation to particular communities rather than the district as a whole can amplify the effect that spikes in this expenditure can have on customers.

There is only one notable renewal 'spike' within the period of this strategy, which is approximately in the period between 2028 and 2035 when two 'echoes' of original expenditure on water and sewer mains in Otorohanga overlap. This indicated spike is however currently only based on assets lives, and as yet there has been no obvious trend of accelerating failures on this reticulation that would justify its replacement, and further validation would be required before such renewals are undertaken.

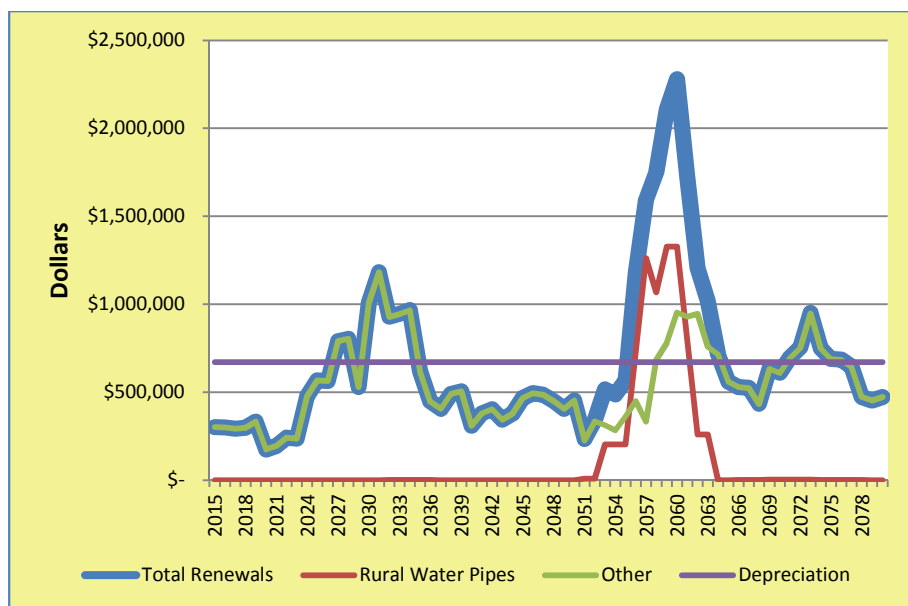


Figure 16 - Water Services Renewal Cost Projection

It is however believed that if this spike of renewals is real, the associated costs should be easily accommodated through increasing debt, which is projected to be at very low level at the commencement of this period.

A much larger ‘spike’ is however evident around 20 years later when the projected renewals for all of the rural water schemes (which were all originally constructed with the same relatively brief period in the 1980’s) overlaps with a number of water, wastewater and stormwater renewals in the urban community to create a theoretical need for up to \$13 million of renewal expenditure of a period of between 5 and 8 years. 2055 is still far off and such cost must however be considered uncertain, but if such a pronounced spike in such costs was real, it could pose a significant challenge, because the rural water schemes serve only relatively small numbers of customers to fund this cost.

Resilience Issues

In general the level of reliance of council’s water services infrastructure is high. The topography, geology and climate of the District is such that risks from most common forms of natural disaster, including storms, floods and earthquakes are relatively low.

The type of event with greatest potential to cause significant damage to Council’s water services infrastructure is a severe earthquake, but the District is located well away from more seismically active areas, and as such the probability of such an event is very low.

Council does however have insurance to cover associated losses in these circumstances, and it would be expected that some form of temporary arrangement to restore essential water services could be relatively easily put in place after such an event.

Overall Infrastructure Investment Program

Estimated total capital and operational expenditure on roading and water services over the period of this strategy are listed in Table 5 below in 2015 dollar and in inflated ‘money of the day’ terms.

Table 5 - Capital and Operation Expenditure

Asset Category	OPEX* – 2015 Dollars (000’s)	CAPEX – 2015 Dollar (000’s)	OPEX – Inflated (000’s)	CAPEX – Inflated (000’s)
Roads and Footpaths	\$311,843	\$174,073	\$431,456	\$256,076
Water	\$66,041	\$12,964	\$89,532	\$19,460

Asset Category	OPEX* – 2015 Dollars (000's)	CAPEX – 2015 Dollar (000's)	OPEX – Inflated (000's)	CAPEX – Inflated (000's)
Supply				
Sewerage Treatment & Disposal	\$19,448	\$5,302	\$24,037	\$8,256
Flood Protection & Control	\$3,768	\$224	\$5,085	\$288
Stormwater Drainage	\$6,782	\$303	\$7,573	\$483

*OPEX includes depreciation based on 3 yearly asset revaluations. As such there is still an element of inflation contained in this figure

The breakdown of operational* and capital expenditure on a year by year basis in 2015 dollar terms is presented in Figure 17 below, and in inflated terms in Figure 18.

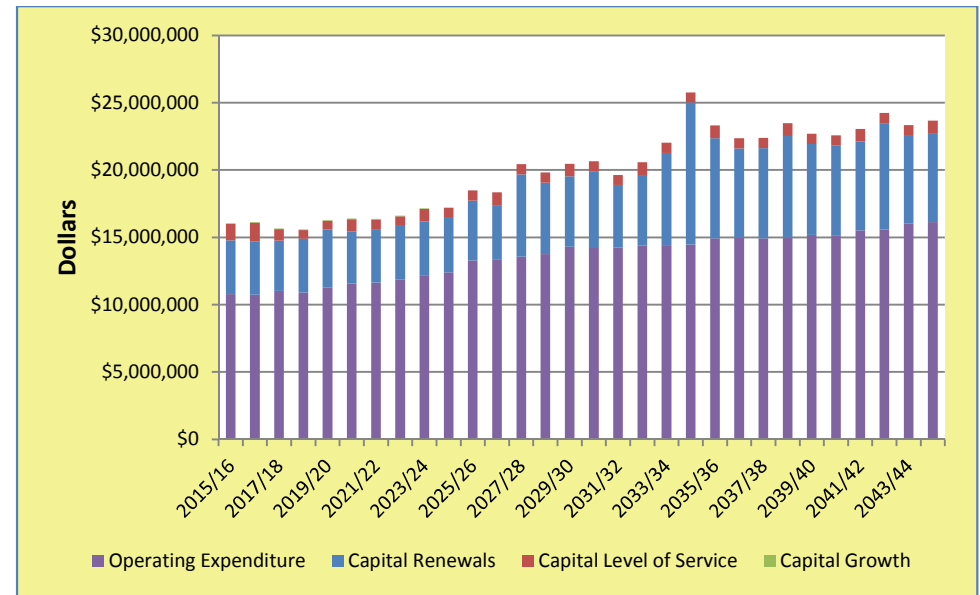


Figure 17 - Total Annual Expenditures - Roading and Water – 2015 Dollar Terms

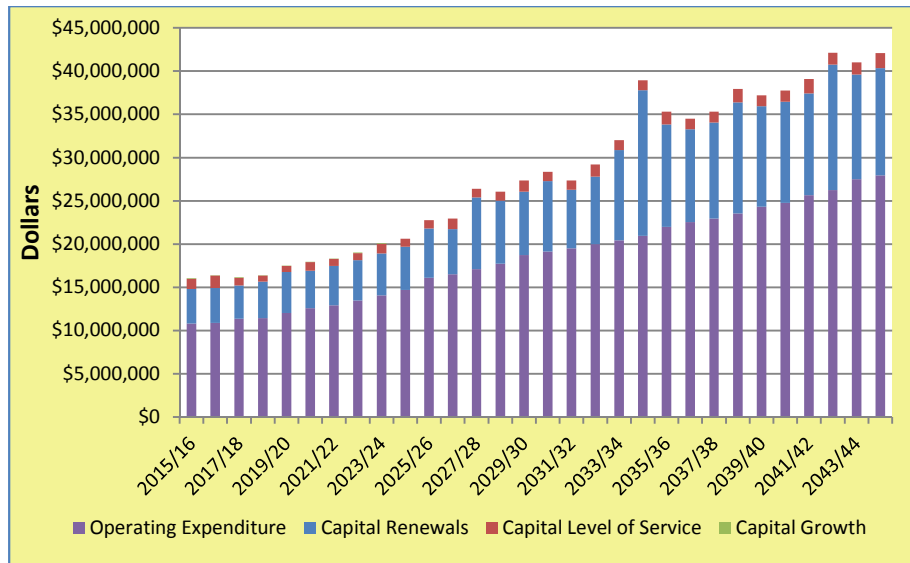


Figure 18 - Total Annual Expenditures - Roading and Water – Inflated Terms

As explained previously the growth or demand related capital expenditure is negligible, and capital expenditure associated with level of service improvements is also very modest, being largely confined to a continuing program of road improvements. As such overall expenditure is almost entirely dominated by operating and renewal costs.

Operational Expenditure

With little expected change to levels of service or demand, very little real change of operational expenditure in current dollar terms is projected over the period of this strategy, with increases in actual costs being almost entirely due to inflation. Projected annual operational costs on an uninflated* and inflated basis for the various asset groups over the first 10 years of the strategy period are presented in Figure 19 and Figure 20 respectively.

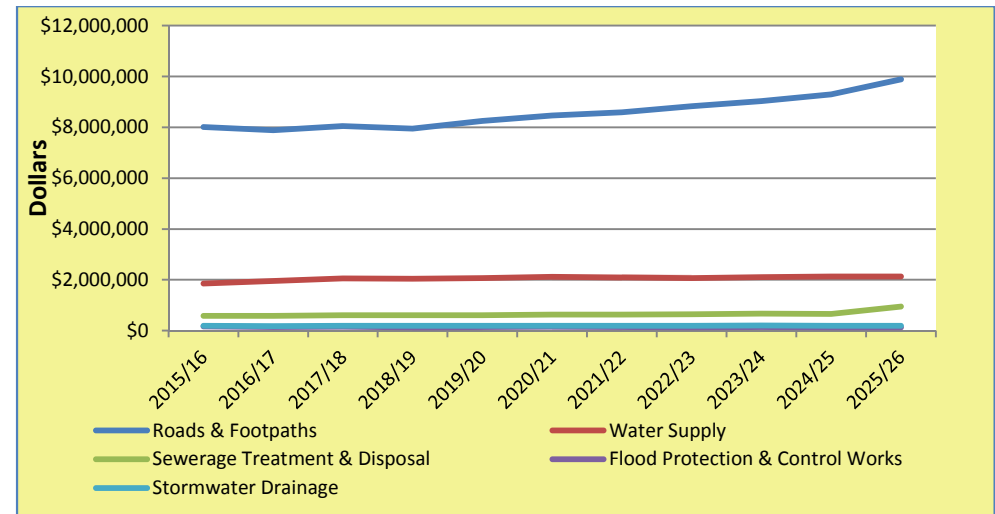


Figure 19 - Annual Operational Costs 2015 to 2025 (2015 Dollar Terms)

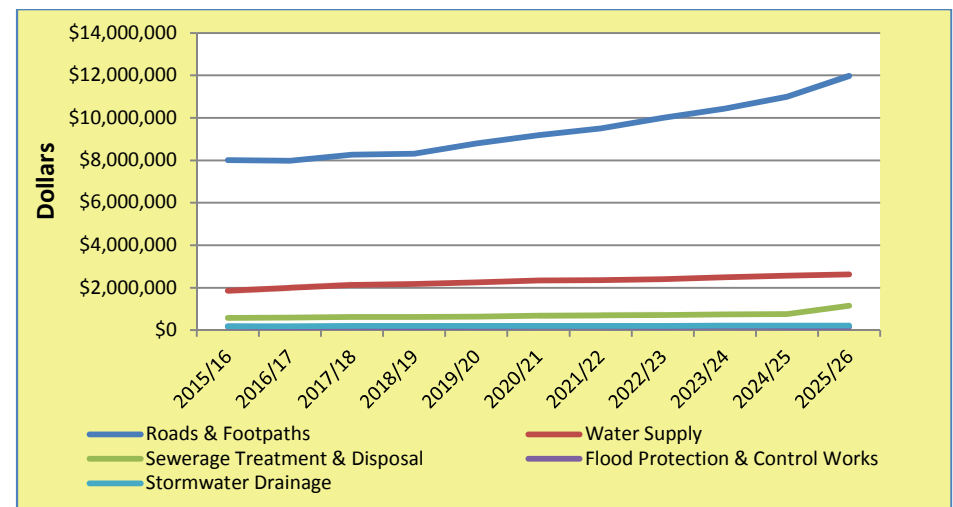


Figure 20 - Annual Operational Costs 2015 to 2025 (Inflated Terms)

Projected operational costs for 5 year periods on an uninflated* and inflated basis for the various asset groups over the whole of the strategy period are presented in Figures 19 and 20 respectively.

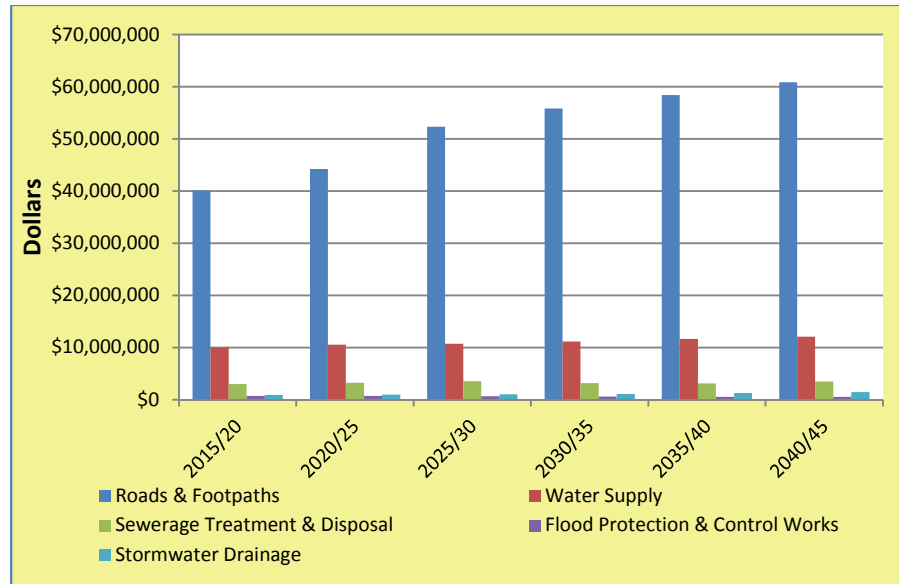


Figure 21 - 5 Yearly Operational Costs 2015 to 2045 (2015 Dollar Terms)

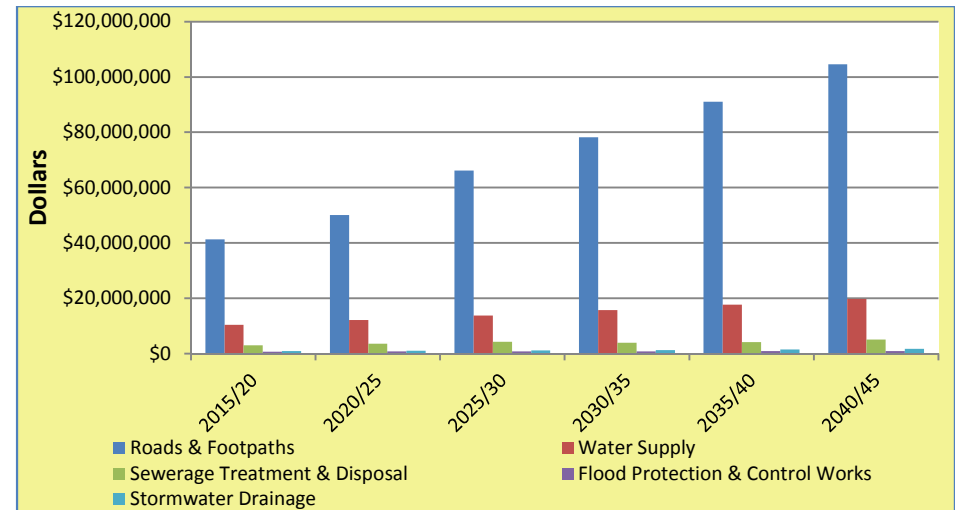


Figure 22 - 5 Yearly Operational Costs 2015 to 2045 (Inflated Terms)

Capital Expenditure

As described previously the great majority of the capital expenditure is on asset renewals, details of which have been described in section 2 of this strategy. Projected annual capital costs on an uninflated* and inflated basis for the various asset groups over the first 10 years of the strategy period are presented in Figure 23 and Figure 24 respectively.

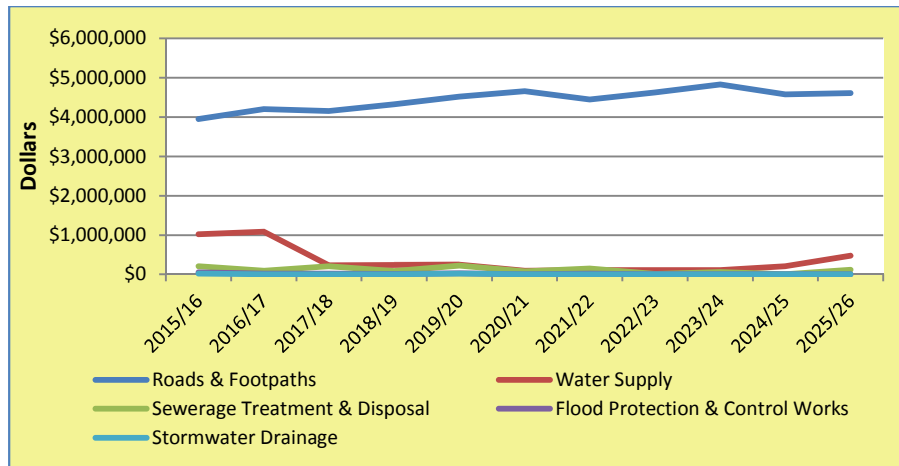


Figure 23 - Annual Capital Costs 2015 to 2025 (2015 Dollar Terms)

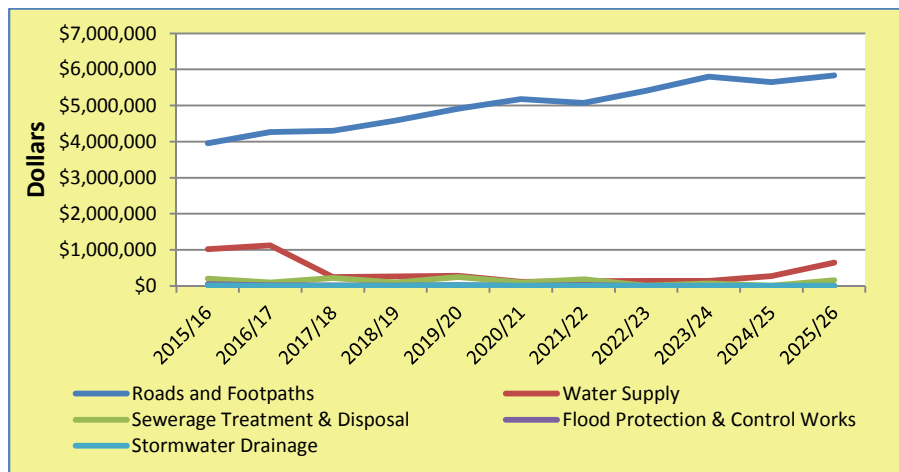


Figure 24 - Annual Capital Costs 2015 to 2025 (Inflated Terms)

Projected operational costs for 5 year periods on an uninflated* and inflated basis for the various asset groups over the whole of the strategy period are presented in Figure 25 and Figure 26 respectively.

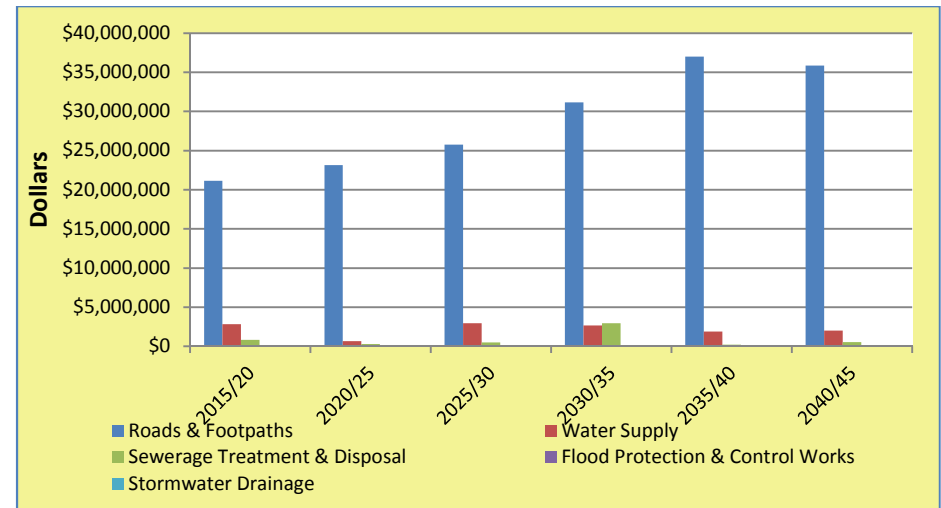


Figure 25 - 5 Yearly Capital Costs 2015 to 2045 (2015 Dollar Terms)

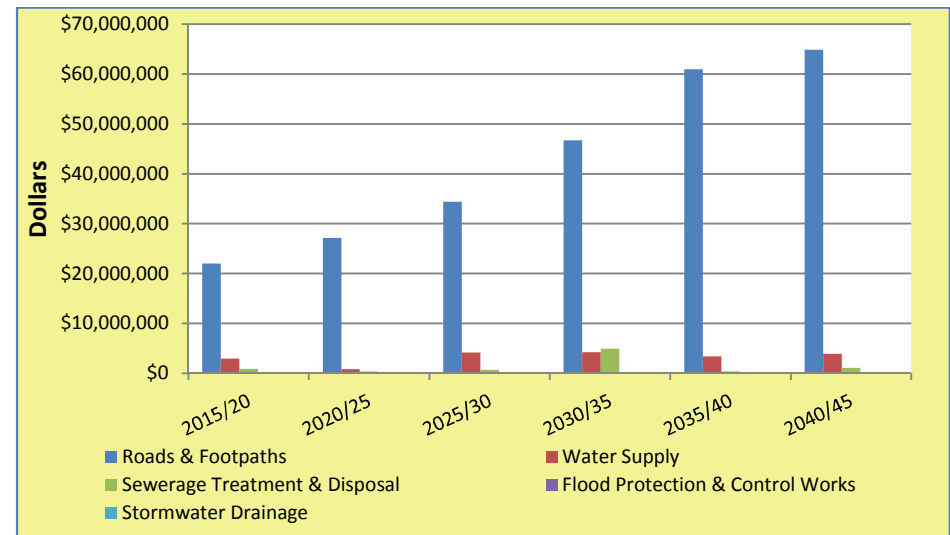


Figure 26 - 5 Yearly Capital Costs 2015 to 2045 (Inflated Terms)

Because of the long expected lives of many high value assets, and the potential significant effects of associated renewal costs it is also considered worthwhile to give consideration to what form the renewal cost profile may take even beyond the 30 year period of this strategy, and Figure 27 presents projected renewal expenditures over a 50 year period, in 2015 dollar terms.

Whilst there is clearly significant uncertainty regarding the exact timing of renewal expenses so far into the future, the general trend shown in the figure does suggest that there is a forthcoming extended period – perhaps between 2030 and 2060 – when renewal costs will be significantly higher than the long-run average, as reflected by depreciation.

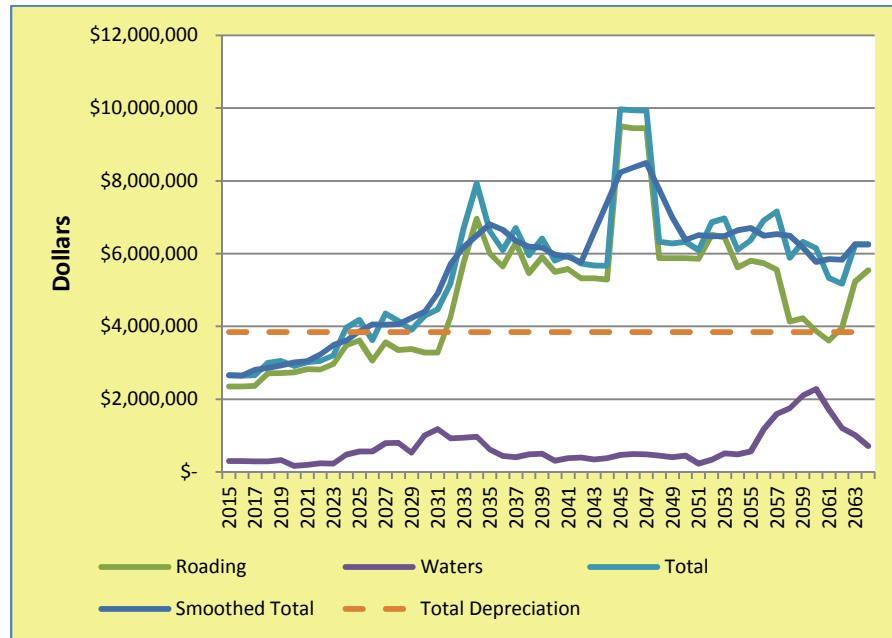


Figure 27 - : Annual Total Renewals Costs 2015 to 2065 (2015 Dollar Terms)

It would be presumed that a combination of increased rates and debt would be required during this period to accommodate these costs, and to ensure that this is manageable it is important that debt and rates are kept as low as possible leading up to the commencement of this period.

Currently Council’s forecasts suggest that external debt will be near zero by 2025, with potential to perhaps even build a significant positive balance by the onset of a major phase of renewals commencing in around 2030.

For this reason a continuing regime of tight Council financial management appears important for the foreseeable future to ensure that this healthy ‘starting position’ is reached.

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 –

- Prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- 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 remain static

There is a risk that economic conditions in the District would substantially deteriorate if 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 2015-2025 period. Specifically these relate to economic climate and growth, balancing the budget, intergenerational equity and affordability.

Council Expenditure

Figure 28 identifies the total operating expenditure over the 10 year period for each of the groups of activities the Council provides, while Figure 29 shows the total capital expenditure over the same period and groupings.

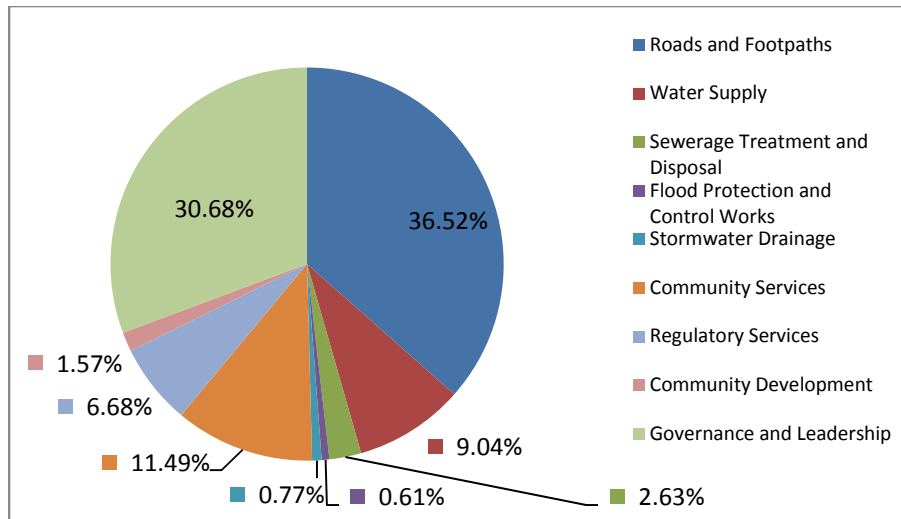


Figure 28 - Operating Expenditure 2015/25

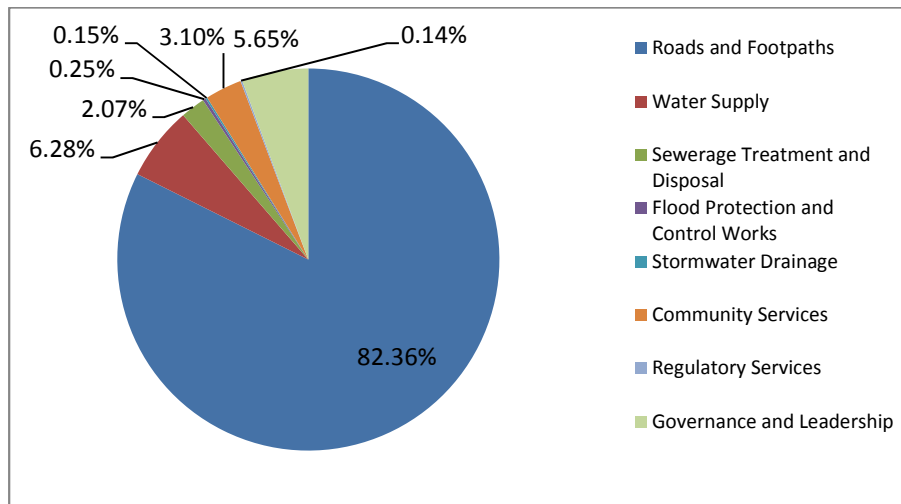


Figure 29 - Capital Expenditure 2015/25

The cost of maintaining activities to continue providing existing services is \$249.2 million over the 2015-25 period. The expected capital expenditure on roads, water, wastewater, stormwater and flood protection over this period is \$54.3 million as reflected in the 30 year Infrastructure Strategy.

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.

Figure 30 below shows the trend for rates, borrowings and capital expenditure which are the key financial aspects of this plan. Inflation is assumed to total 27.5% over the 10 years, which is included in all figures in the plan.

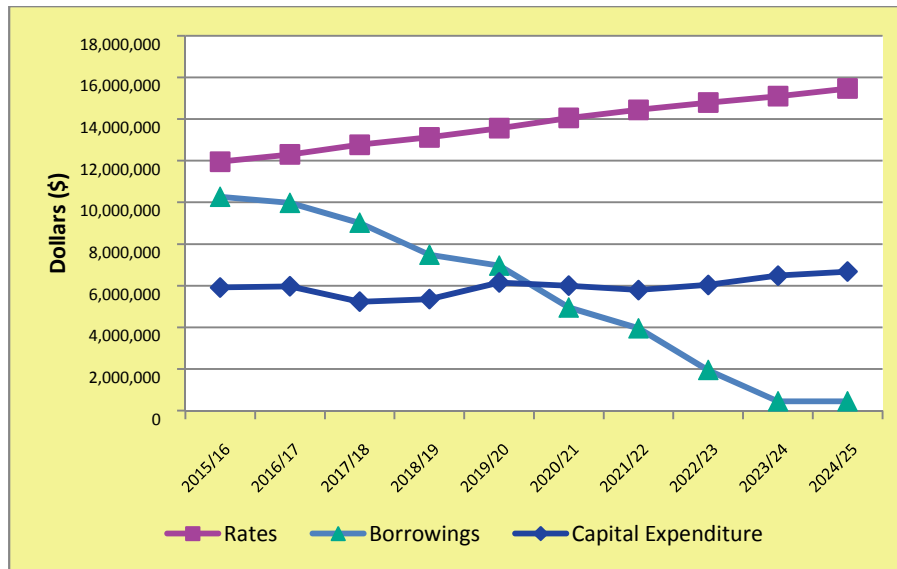


Figure 30 - Rates, Borrowings and Capital Expenditure

The council is forecasting that its operating expenditure will increase from \$22.4 million to \$28.4 million between 2015 and June 2025. 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 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 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 maintain a financially sustainable position.

The Council pays for its services from a variety of sources with rates being the largest portion. Figure 31 below shows how the Council's activities are funded.

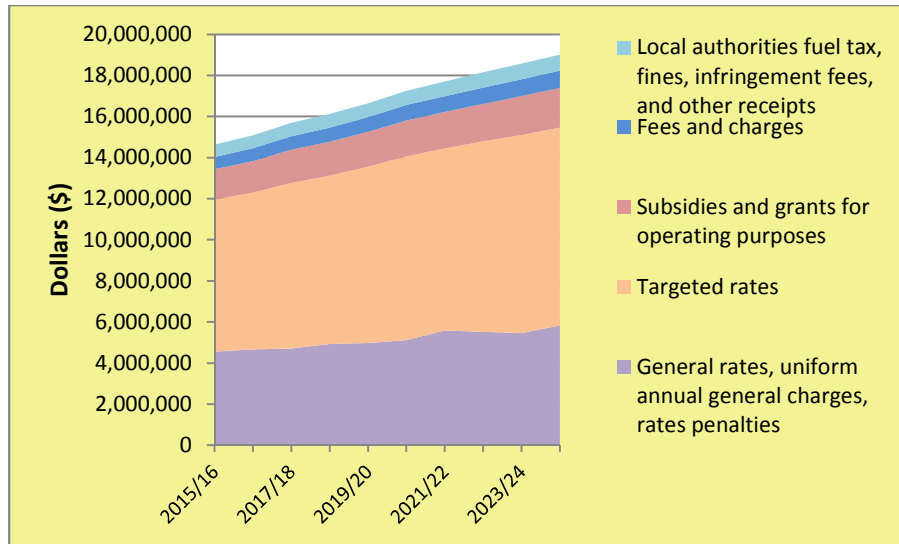


Figure 31 - Sources of Funds

The income sourced from rates is allocated across the various groups of activities as per Figure 32.

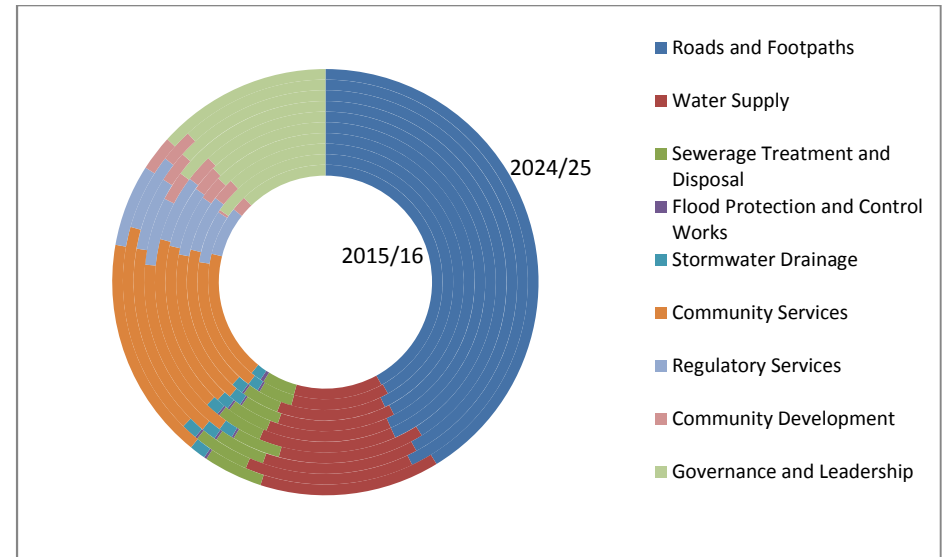


Figure 32 – Rates Income by Group of Activity

Changes in Population - Otorohanga District

As discussed earlier within the document the District’s population is anticipated to stay constant throughout the next 10 years covered by this plan. This mean there is no changes in operating and capital costs 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:²

- Statements on the council’s quantified limits on rates, rates increases and borrowing
- Policy on the giving of securities for its borrowing
- 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 72% from rates because it does not have alternative revenue streams e.g.; 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

² In order to meet the Local Government Amendment Act 2010 requirements regarding financial strategy content

of funding to be used, and how they will be applied to each activity with a view to achieving this objective.

Council’s revenue from rates versus this limit of 75% is shown in the graph below.

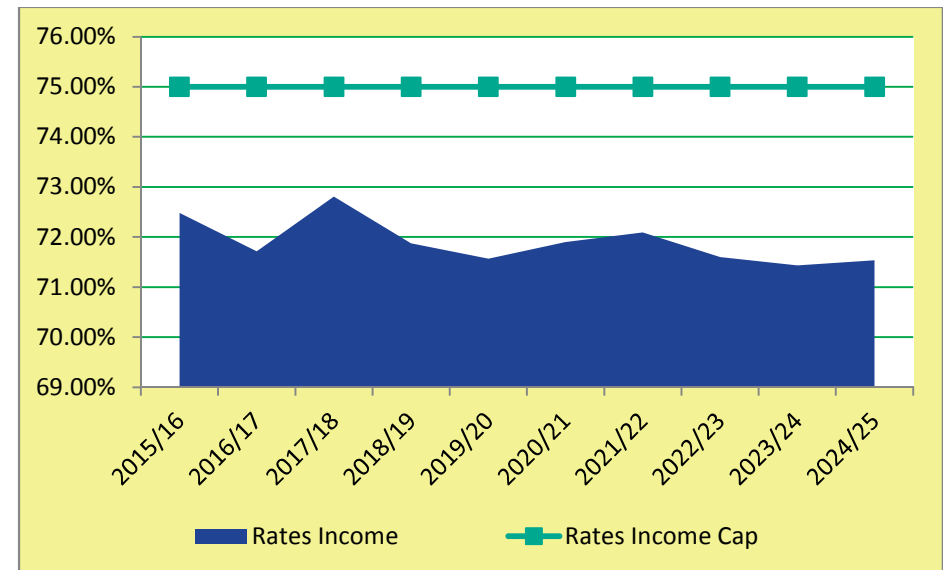


Figure 33 - Limit on Rates Income

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 %³ 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

³ As provided by Business and Economic Research Limited (BERL)

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 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.

Table 6 - Rates Increase Limits

	LGCI as a %	Plus 2%	Rate Limit as % of previous year rates income
2013/14	1.13	2.00	3.13
2014/15	2.00	2.00	4.00
2015/19	2.24	2.00	4.24
2016/17	2.45	2.00	4.45
2017/18	2.53	2.00	4.53
2018/19	2.61	2.00	4.61
2019/20	2.75	2.00	4.75
2020/21	2.90	2.00	4.90

	LGCI as a %	Plus 2%	Rate Limit as % of previous year rates income
2021/22	3.04	2.00	5.04
2022/23	3.19	2.00	5.19
2023/24	3.36	2.00	5.36
2024/25	3.53	2.00	5.53

This rates limit compared to the projected rates increases can be seen in Figure 34.

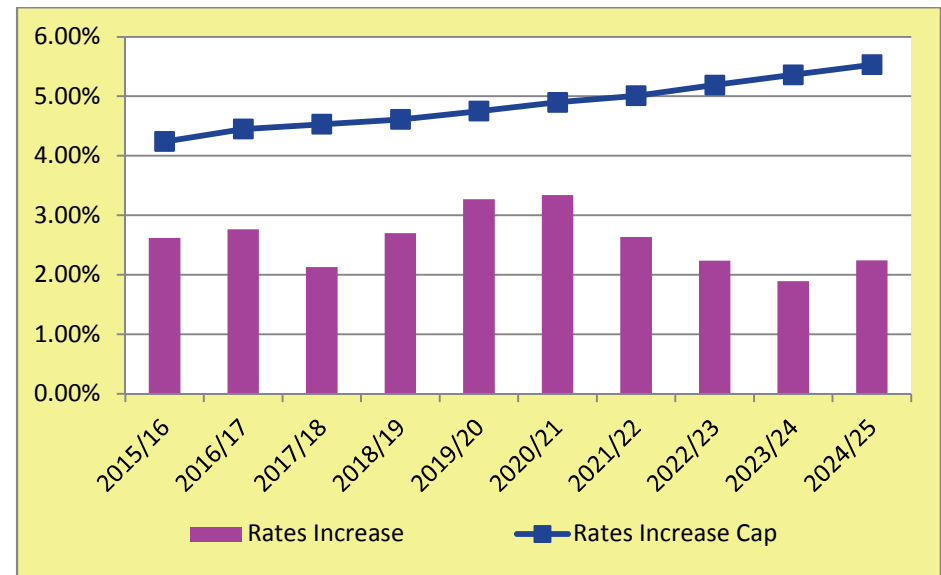


Figure 34 - Rates Increase Limits

The value of all properties within the Otorohanga District Council boundaries is reviewed as part of the three – yearly valuations. These values were published in October 2013, and took effect in 2014/15 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).

Council has set a conservative Debt Limit of Net Debt as percentage of Total Revenue of 100%.

The ration was developed with reference to the ratio required to borrow from the Local Government Funding Agency of 175% and the expected borrowing needs of Council over the next 10 years. Council has set the debt limit at considerably less than the LGFA requirement but this is considered prudent for a small Council.

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

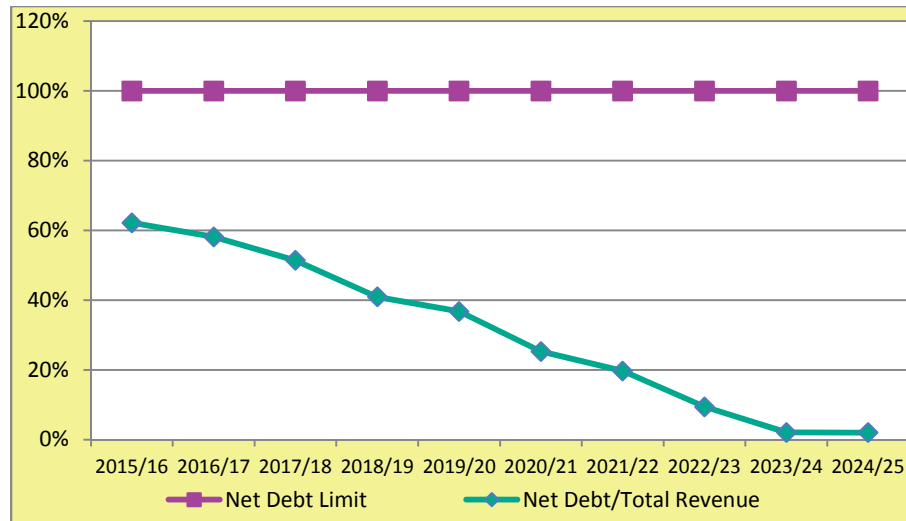


Figure 35 below shows Council’s proposed Net Debt/ Total Revenue ratio over the 10 years of the LTP.

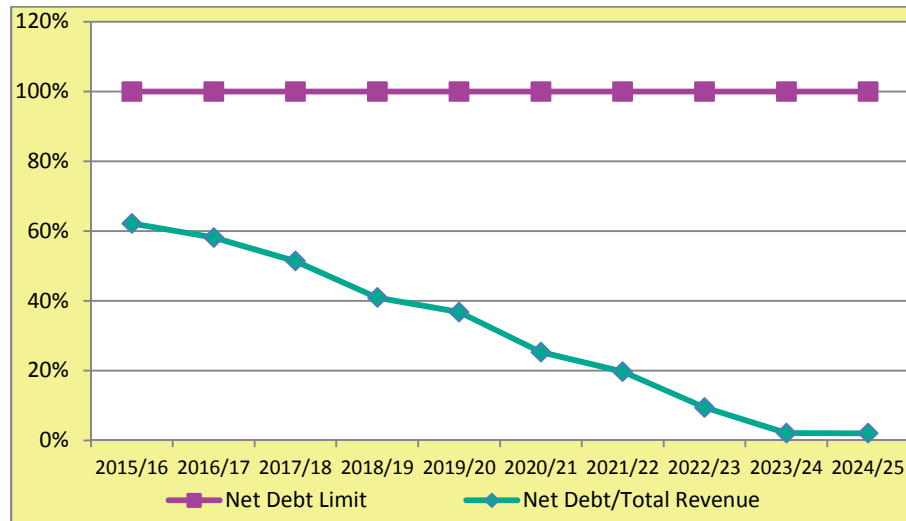


Figure 35 - Limit on Debt

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
- Local Authority Shared Services

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.

Link between Financial Strategy and Financial Statements

The financial strategy talks about conservative 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.

	2015/16	2016/17	2017/18
	\$	\$	\$
Community Facilities			
Community Halls	26,167	26,167	28,850
Kawhia Community Centre	14,682	14,682	15,626
Kawhia Housing for the Elderly	8,731	9,604	10,608
Otorohanga Housing for the Elderly	38,386	39,572	43,287
Rural Fire Control	2,200	1,650	1,317
Waipa Rural Water Supply	47,950	48,171	56,046

Significant Activities

The following pages outline the core areas of work that the Council undertakes. There are nine sections:

- Land Transport
- Water Supply
- Sewerage Treatment and Disposal
- Flood Protection & Control Works
- Stormwater Drainage
- Community Services
- Regulatory Services
- Community Development
- Governance & Leadership

Each of these areas of work is broken down into groups of related activities.

We have provided the overall budget for each section and for each group of activities we have identified:

- What we plan to do.
- Why we do it.
- How the group of activities contribute to the community outcomes.
- Any key issues for the activity.
- The service levels (what we are planning to provide), how we are going to measure whether we are achieving the service levels and the targets we are planning to achieve in years 1–3 and the target to be reached by year 10.
- The major activities we plan to undertake and any proposed major capital works projects.
- The key assumptions we have used and any significant effects from the activities.

- The cost of providing the service and how we intend funding the service.

The objective is to provide sufficient detail so that you can obtain an understanding of the services that Council provides, balanced against providing too much detail and making the document even larger and less readable.

The following pages provides an overall view of the budget for all of Council, providing context as to how each activity fits into the whole of the Council. Figure 36 below shows the total income split across all the groups of activities, with 10 year budgets on the following pages.

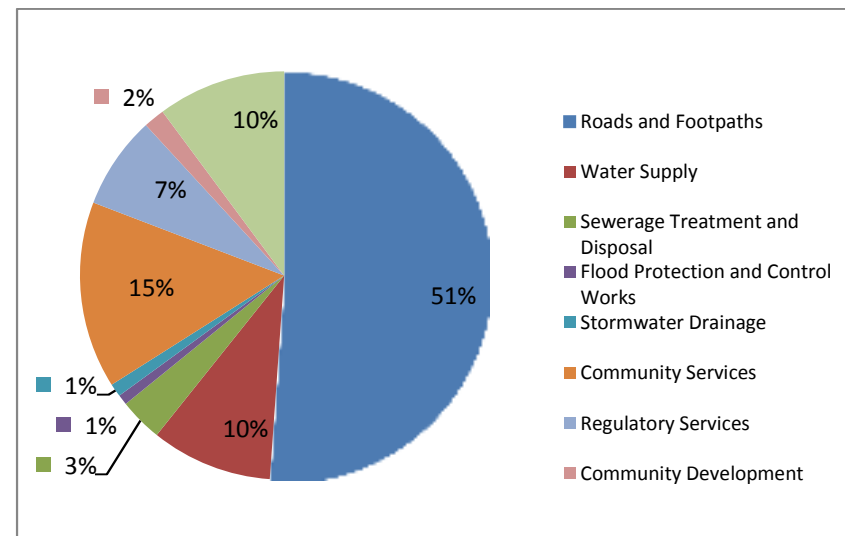


Figure 36 - Total Income by Group of Activities

Cost of Service Statement

Whole of Council - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	4,285	4,490	4,775	4,759	5,117	5,375	5,467	5,578	5,832	6,024	6,139
Targeted Rates	7,210	7,410	7,638	8,055	8,201	8,575	8,945	8,860	9,260	9,641	9,640
Development Contributions	16	10	10	11	11	11	11	12	12	12	13
General Rates	4,432	4,547	4,662	4,715	4,922	4,980	5,107	5,580	5,527	5,456	5,823
Other General Sources	5,264	5,556	5,666	5,807	5,812	5,997	6,046	6,080	6,190	6,289	6,431
<i>Total Operating Revenue</i>	21,207	22,013	22,752	23,347	24,064	24,938	25,576	26,110	26,821	27,423	28,046
Operating Expenditure											
Roads and Footpaths	7,953	8,006	7,967	8,232	8,280	8,747	9,131	9,445	9,930	10,371	10,930
Water Supply	1,727	1,863	1,995	2,132	2,168	2,246	2,340	2,356	2,394	2,486	2,563
Sewerage Treatment and Disposal	540	578	582	613	618	627	671	679	700	735	747
Flood Protection and Control Works	173	171	141	152	135	145	163	161	150	167	147
Stormwater Drainage	174	184	182	192	189	188	196	195	194	205	205
Community Services	2,418	2,569	2,598	2,655	2,714	2,790	2,889	2,956	3,049	3,162	3,251
Regulatory Services	1,452	1,484	1,525	1,562	1,616	1,630	1,692	1,710	1,766	1,797	1,865
Community Development	283	541	367	342	350	360	370	380	390	401	413
Governance and Leadership	5,628	5,708	5,909	6,065	5,939	6,163	6,257	6,125	6,202	6,508	6,622
<i>Total Operating Expenditure</i>	20,348	21,105	21,266	21,944	22,009	22,895	23,710	24,006	24,773	25,833	26,744
includes:											
Salaries & Wages	3,234	3,447	3,519	3,594	3,666	3,742	3,822	3,905	3,991	4,081	4,175
Depreciation & Amortisation	3,954	4,305	4,260	4,685	4,607	4,914	5,465	5,724	6,061	6,630	7,029
Interest	630	563	556	485	426	423	304	245	126	37	38
Operating Surplus (Deficit)	859	908	1,485	1,403	2,055	2,043	1,867	2,104	2,048	1,590	1,302
Operating Surplus transferred to Reserves; or Operating Deficit funded from Reserves	859	908	1,485	1,403	2,055	2,043	1,867	2,104	2,048	1,590	1,302
	-	-	-	-	-	-	-	-	-	-	-

Whole of Council - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	4,588	4,594	4,414	4,244	4,568	5,328	4,886	4,883	5,068	5,250	5,696
Capital Growth	92	55	51	52	53	65	61	57	59	72	-
Capital Level of Service	883	1,268	1,508	938	735	762	1,052	855	912	1,164	984
Loans Repaid	753	755	787	812	820	829	838	831	842	818	748
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
<i>Total Funding Required</i>	6,316	6,673	6,760	6,046	6,176	6,983	6,837	6,626	6,880	7,304	7,429
Funded By:											
Funding from Non-Cash Expenses	3,826	4,433	4,381	4,127	3,891	4,512	4,465	4,730	4,907	5,339	5,944
Loans Raised	273	764	589	160	168	176	185	194	212	216	228
Transfer from General and Special Reserves	1,169	358	- 249	301	- 89	108	87	- 455	- 474	74	- 197
Capital Income	190	210	554	55	151	144	233	53	189	86	153
Operating Surplus (via reserve)	859	908	1,485	1,403	2,055	2,043	1,867	2,104	2,048	1,590	1,302
<i>Total Funding Applied</i>	6,317	6,673	6,760	6,046	6,176	6,983	6,837	6,626	6,880	7,304	7,429

Land Transport

WHAT IS LAND TRANSPORT

The Land Transport group of activities covers the maintenance and capital works for all roads and footpaths in the district that fall under the control of the Council. This excludes State Highways, which fall under the New Zealand Transport Agency’s control.

This group also includes the Professional Services Business Unit, which are the staff responsible for the design and management of contracts related to roading and footpath work in the district.

WHY ARE THESE ACTIVITIES INCLUDED?

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.

How Does Land Transport Contribute To Council’s Outcomes

Community Outcomes	Roads and Footpaths
 <p>Otorohanga District is a safe place to live</p>	Safe roads and footpaths, as well as adequate street lighting, help to improve the safety of those in and around the community
 <p>Ensure services and facilities meet the needs of the Community</p>	The maintenance and provision of roads and footpaths ensures that the residents are able to move around freely, and access all the services and facilities available
 <p>Manage the Natural and Physical environment in a sustainable manner</p>	The provision of suitable footpaths enables residents to move freely through the community, without the need to drive short distances. Through efficient and effective design we are able to make roads and footpaths that have minimal impact on the surrounding environment.

Current Levels of Service

Roads and Footpaths

We will:

- Continue to maintain existing roads and footpaths
- Annual road and footpath resurfacing
- Annual road and footpath construction and pavement resurfacing
- Provision and maintenance of pedestrian crossings, street name signs, street lighting and traffic sign maintenance
- Participation as a member of Regional Transport Committee (RTC) and Regional Advisory Group (RAG)

Key Issues and options facing these activities

Issue	Options
Roading is an important Lifelines component in the event of an emergency.	Council will continue to maintain its roading network to the best of its ability
Road safety and crashes on the Council roads	Council will continue to maintain its roading service to the best of its ability to ensure road factors are not a significant contributor to crashes
A reliance on NZTA funding could create potential issues in the event that there were to be significant changes to the funding levels provided. It is possible that not all the subsidies sought from the NZTA will be received due to constraints placed on their funding	Council will continue to work within the constraints we have, and adjust programmes as required based on changes in funding assistance.

How We Will Measure Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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 for both current and future generations	The numerical change from the previous financial year (for which all data is available) in the total number of fatalities and serious injuries resulting from road crashes on local roads	Current performance (2011/12 to 2012/13) 5-3=2	0	0	0	0 per annum
		The average quality of ride of sealed roads measured by smooth travel exposure (as a percent of travel distance above a NAASRA smoothness value of 150)	97%	96%	96%	95%	95% per annum
		The extent of the sealed network by surface area that is resurfaced annually	New measure	95%	95%	95%	95% per annum
		The extent of unsealed road metalling programme that is completed annually.	New measure	95%	95%	95%	95% per annum
		Percentage of the footpath network which meets or is above the condition rating standard 3 or better (minor cracking)	96% (of the 56% of footpaths rated so far)	95%	95%	95%	95% per annum
		Percentage of service requests relating to roads and footpaths responded to within 10 working days	54%	80%	85%	90%	90% per annum

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

Land Transport Financial Information

Funding

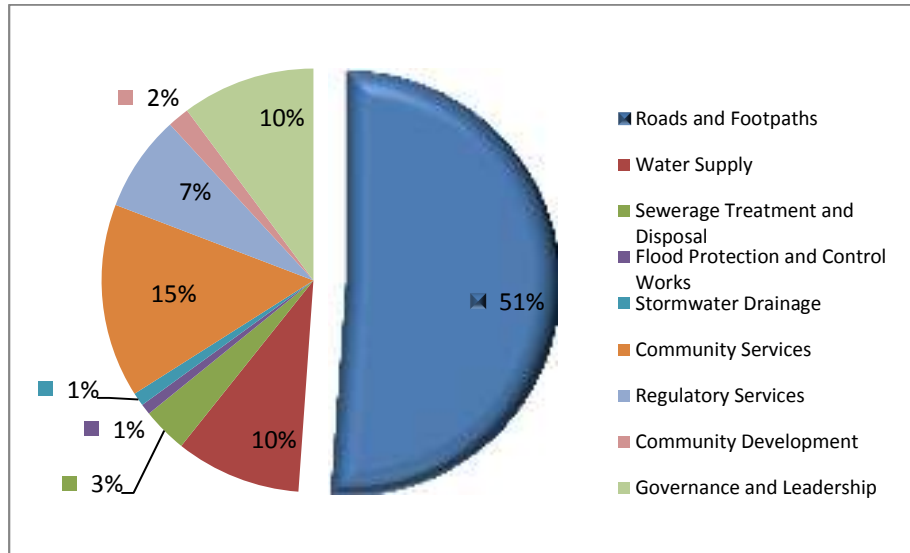


Figure 37 - Total Income – Roads and Footpaths

Land Transport makes up 51% of the total income received by Council. The activities in Land Transport are predominately funded by targeted rates and subsidies from the New Zealand Transport Agency (NZTA), as in Figure 38 below.

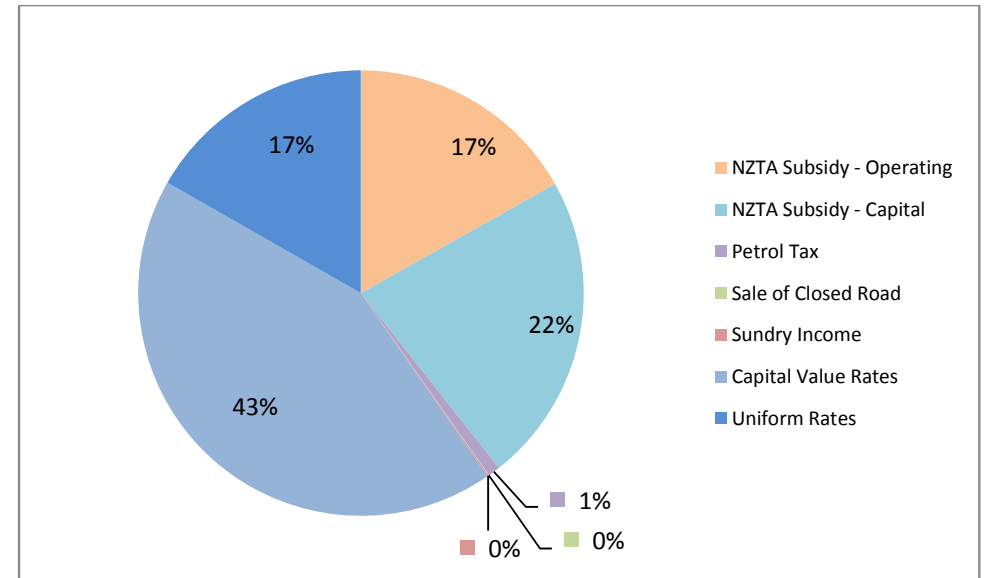


Figure 38 - Income Sources - Roads and Footpaths

Cost of Service Statement

Roads and Footpaths - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	3,081	3,334	3,546	3,487	3,804	4,010	4,055	4,125	4,336	4,480	4,555
Targeted Rates	4,951	5,028	5,183	5,478	5,564	5,867	6,081	5,931	6,232	6,484	6,383
Other General Sources	770	820	837	859	870	912	922	936	955	975	1,011
<i>Total Operating Revenue</i>	8,802	9,182	9,566	9,825	10,238	10,789	11,059	10,992	11,523	11,939	11,948
Operating Expenditure											
Land Transport	7,188	7,179	7,123	7,367	7,404	7,828	8,202	8,502	8,968	9,389	9,913
Engineering Business Unit	765	827	844	866	876	919	929	943	962	981	1,017
<i>Total Operating Expenditure</i>	7,953	8,006	7,967	8,232	8,280	8,747	9,131	9,445	9,930	10,371	10,930
includes:											
Salaries & Wages	480	510	519	529	540	551	563	575	588	601	615
Depreciation & Amortisation	2,785	2,936	2,792	2,982	2,898	3,139	3,523	3,791	4,088	4,496	4,842
Interest	328	277	259	239	217	196	177	158	141	125	112
Operating Surplus (Deficit)	849	1,176	1,599	1,592	1,958	2,042	1,927	1,547	1,593	1,568	1,018
Operating Surplus transferred to Reserves; or	849	1,176	1,599	1,592	1,958	2,042	1,927	1,547	1,593	1,568	1,018
Operating Deficit funded from Reserves	-	-	-	-	-	-	-	-	-	-	-

Roads and Footpaths - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	3,536	3,318	3,618	3,363	3,858	4,161	4,124	4,210	4,509	4,636	4,722
Capital Growth	52	50	51	52	53	54	56	57	59	60	-
Capital Level of Service	718	583	593	888	673	694	1,000	801	845	1,107	926
Loans Repaid	417	417	427	439	446	454	462	471	480	484	447
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
Total Funding Required	4,723	4,368	4,688	4,742	5,030	5,363	5,642	5,539	5,892	6,287	6,094
Funded By:											
Funding from Non-Cash Expenses	2,785	2,936	2,792	2,982	2,898	3,139	3,523	3,791	4,088	4,496	4,842
Loans Raised	150	249	291	160	168	176	185	194	205	216	228
Transfer from General and Special Reserves	938	6	7	7	7	7	7	7	6	6	6
Operating Surplus (via reserve)	849	1,176	1,599	1,592	1,958	2,042	1,927	1,547	1,593	1,568	1,018
Total Funding Applied	4,723	4,368	4,688	4,742	5,030	5,363	5,642	5,539	5,892	6,287	6,094

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	4,951	5,028	5,183	5,478	5,564	5,867	6,081	5,931	6,232	6,484	6,383
Subsidies and grants for operating purposes	1,454	1,430	1,476	1,556	1,598	1,636	1,699	1,719	1,764	1,835	1,861
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	792	827	844	866	876	919	929	943	962	981	1,017
Local authorities fuel tax, fines, infringement fees, and other receipts	91	91	93	95	97	99	102	104	107	110	113
Total Operating Funding	7,288	7,376	7,596	7,995	8,136	8,521	8,811	8,698	9,065	9,411	9,373
Application of Operating Funding											
Payments to staff and suppliers	3,444	3,146	3,223	3,268	3,407	3,563	3,564	3,603	3,766	3,773	3,933
Finance costs	322	277	259	239	217	196	177	158	141	125	112
Internal charges and overheads applied	1,394	1,653	1,699	1,748	1,764	1,855	1,874	1,898	1,940	1,981	2,048
Other operating funding applications	8	1	1	1	1	1	1	1	1	1	1
Total applications of Operating Funding	5,168	5,076	5,182	5,257	5,389	5,615	5,615	5,660	5,848	5,881	6,094
Surplus (deficit) in operating funding	2,120	2,300	2,414	2,738	2,747	2,906	3,196	3,037	3,216	3,530	3,279
Sources of Capital Funding											
Subsidies and grants for capital expenditure	1,514	1,812	1,977	1,836	2,109	2,275	2,254	2,301	2,465	2,535	2,581
Development and financial contributions	52	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 267	- 168	- 137	- 279	- 278	- 278	- 277	- 277	- 276	- 269	- 220
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	1,299	1,645	1,840	1,558	1,830	1,997	1,977	2,025	2,189	2,266	2,362
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	52	50	51	52	53	54	56	57	59	60	-
to improve level of service	133	583	593	888	673	694	1,000	801	845	1,107	926
to replace existing assets	4,120	3,318	3,618	3,363	3,858	4,161	4,124	4,210	4,509	4,636	4,722
Increase (decrease) in reserves	- 886	- 6	- 7	- 7	- 7	- 7	- 7	- 7	- 6	- 6	- 6
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	3,419	3,945	4,255	4,296	4,577	4,902	5,173	5,062	5,406	5,796	5,641
Surplus (deficit) in capital funding	- 2,120	- 2,300	- 2,414	- 2,738	- 2,747	- 2,906	- 3,196	- 3,037	- 3,216	- 3,530	- 3,279
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

How we manage the assets that support this activity

Council has an extensive level of information about its roading and associated assets contained in the Roothing Asset Management Plan (AMP). The AMP also contains detailed service level information related to network condition and capacity and criteria for maintenance, renewals and upgrades.

Assets critical to the effective operation of the roading and footpath networks are monitored proactively and decision made about maintenance, renewals and upgrades as needed. Information received from residents, contractors and other inquiries are also

used to make decision around maintenance, renewals and upgrades.

Proposed changes to levels of service

The focus over the next three years is to maintain existing levels of service taking into account projected population movement and other demand factors.

Significant Capital Expenditure

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital Expenditure to replace existing assets											
Unsealed Road Metalling	563	362	367	375	508	656	653	447	538	711	576
Sealed Road Resurfacing	1,215	1,121	1,137	1,161	1,323	1,354	1,388	1,429	1,466	1,505	1,490
Pavement Rehabilitation	874	812	823	841	983	1,006	1,031	1,269	1,302	1,337	1,425
Traffic Services Renewals	162	347	614	283	290	297	306	312	320	328	338
Minor Improvements	391	463	464	470	514	581	462	480	591	502	570
	3,205	3,105	3,405	3,130	3,618	3,894	3,841	3,936	4,218	4,382	4,399
Capital Expenditure to improve level of service											
Unsealed Smoothing	70	-	-	-	-	-	-	-	-	510	-
Sealed Smoothing	584	483	593	690	673	694	788	801	845	368	926
	654	483	593	690	673	694	788	801	845	878	926

Capital Expenditure to accommodate for growth

None provided for in this Plan beyond providing for future changes in demand when replacing assets.

Key assumptions about asset lives and funding of replacement

Assumptions around the life of assets are

- Assets will perform to the required standard for the duration of their useful lives

Assumptions regarding sources of funding for replacement of assets are:

- Asset renewals will be funded from cash reserves created through the funding of depreciation, and NZTA subsidy for capital projects as outlined in Figure 39 below.

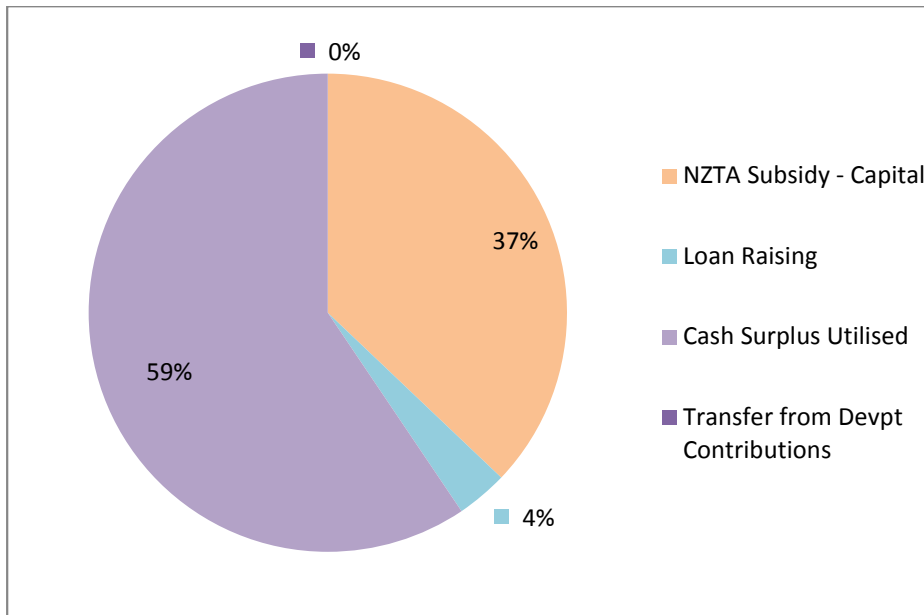


Figure 39 - Sources of Capital Funding

Significant potential negative effects of this activity

- Council’s work in building new, and maintaining existing, roads can potentially cause short term noise, dust, vibration and traffic congestion, while road accidents can and will happen.
- Contaminants discharged from vehicles to the road surface can also be transferred to adjacent properties, drains and other waterways.
- Light spill from lighting in public areas and along roads can have an impact on user groups or residents.

Water Supply

WHAT IS WATER SUPPLY

Water supply provides for the communities need for potable water . It includes both the reticulation and treatment of water, for both the Otorohanga and Kawhia townships, as well as a number of schemes servicing some rural areas of the district.

Also included in this group of activities is the in-house water services team, who are tasked with ensuring the continued operation of the water supplies.

WHICH ACTIVITIES ARE INCLUDED IN THE WATER SUPPLY GROUP?




- Otorohanga Water Supply
 - Reticulation
 - Treatment
- Kawhia Water Supply
 - Reticulation
 - Treatment
- Rural Water Supplies
- Arohena
- Ranginui
- Tihiroa
- Waipa
- Water Services Team

WHY ARE THESE ACTIVITIES INCLUDED?

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.

How Does Water Supply Contribute To Council's Outcomes

Community Outcomes	Contribution
 <p>Otorohanga District is a safe place to live</p>	The water supply activity providing water that is safe to drink. Alternative sources and interconnectivity of networks support reliance of the system.
 <p>Ensure services and facilities meet the needs of the Community</p>	The water supply activity underpins other facilities and activities by providing safe water for human and animal needs.
 <p>Manage the Natural and Physical environment in a sustainable manner</p>	The water supply activity is a service to the community providing water that is safe to drink and is efficiently delivered to meet customer needs.

Current Levels 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.

We will continue to:

- Manage and maintain the network so water is constantly available on demand and is delivered at an appropriate quality (colour and taste) and quantity (pressure and flow) (in part to meet firefighting requirements).
- Respond promptly to fix all faults.
- Detect and fix leaks, install water meters for large commercial water users and water meter readings.
- Plan and carry out renewals to replace assets in a timely manner.
- Monitor water quality to ensure it meets the required standard and is not contaminated or presenting a health risk.

Key Issues and options facing these activities

Issue	Options
Council needs more accurate data about the condition of its water supply infrastructure so we are not faced with unforeseen failures of critical assets and to ensure assets are not replaced when fit for purpose.	Carry out conditions assessments in years 1 to 3. Carry out upgrade work in years 1 to 30 based on currently identified issues and the results of condition assessments.
Damage to water supply network components from natural hazards, e.g. earthquakes.	Improve the resilience of schemes as budgets allows e.g. Completion of the provision of main reservoir pipeline burst valves to stop reservoirs draining if pipelines are broken during earthquakes Securely bolt down all equipment and pumps Replace any items which have lost structural integrity due to rust or damage Use flexible coupling when making replacements where feasible
Funding the large amount of a capital renewals starting in year 15 as a significant number of the water assets come to the end of	Judicious financial management and business practice to reduce (possibly remove) debt to enable new borrowings to remain at acceptable levels

Issue	Options
their useful lives.	<p>when drawn down to replace water assets.</p> <p>Effective maintenance of current assets to extend useful life where possible.</p> <p>Careful planning and prioritisation to allow the work to be spread over a number of years.</p>
Higher drinking water standards for rural water schemes.	<p>Provision made in the current long term plan in the 2016/17 financial year for the installation of small UVT treatment units for each rural residence drawing water from the schemes.</p>

How We Will Measure Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19 – 2024/25
The water provided is safe to drink	Providing continuous, efficient, quality water supply to communities ensures the health of consumers of both current and future generations	Drinking water supplies comply with Part 4 of the drinking-water standards (bacteria compliance criteria) As measured by bacterial water sample results Otorohanga Kawhia	Yes - Complies Yes – Complies	Complies Complies	Complies Complies	Complies Complies	No change
		Drinking water supplies comply with Part 5 of the drinking-water standards (protozoal compliance criteria) Otorohanga Kawhia	Yes - Complies Yes - Complies	Complies Complies	Complies Complies	Complies Complies	No change
		Percentage of real water loss from the networked reticulation system Otorohanga Kawhia	New measure	30% 30%	30% 30%	30% 30%	30% 30%
		Median response time to: Urgent call-outs Non-urgent call-outs	New measure	<3hr 55mins <26hr 20mins	<3hr 45mins <25hr 30mins	<3hr 35mins <25hrs	<3hr 30mins <24hrs
		Median resolution times for Urgent call-outs	New measure	<18hrs	<18hrs	<18hrs	<18hrs

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19 – 2024/25
		Non-urgent call-outs		<31hrs	<31hrs	<31hrs	<31hrs
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 of complaints, per 1000 connections, relating to water clarity, water taste, water odour, water pressure or flow, continuity of supply and Council's responses to those issues	New measure	<5 complaints	<5 complaints	<5 complaints	<5 complaints
		Average consumption of drinking water per day per resident within the Otorohanga District.	New measure	390L per person per day	350L per person per day	300L per person per day	<300L per person per day

Water Supply Financial Information

Funding

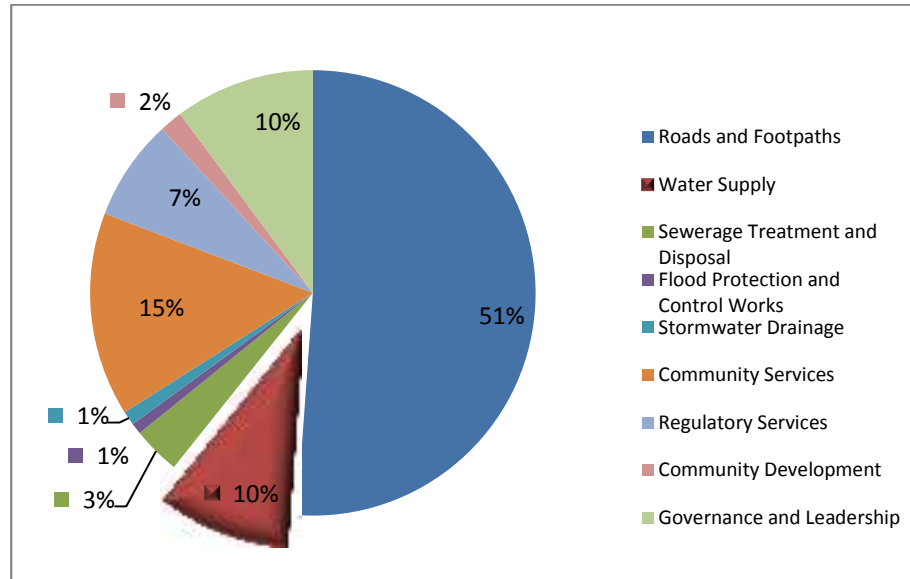


Figure 40 - Total Income - Water Supply

Water Supply makes up 10% of the total income received by Council. The activities in Water Supply are predominately funded by metered water charges and targeted rates for those connected to the scheme.

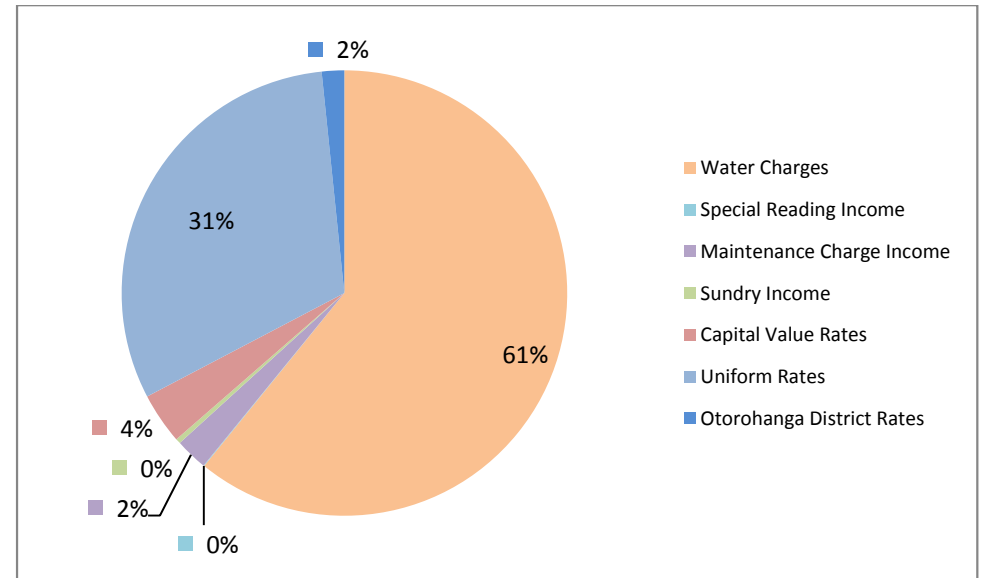


Figure 41 - Income Sources - Water Supply

Cost of Service Statement

Water Supply - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	5	5	49	52	53	55	56	57	59	59	60
Targeted Rates	1,351	1,440	1,507	1,601	1,646	1,699	1,801	1,856	1,913	2,004	2,077
General Rates	29	32	33	26	27	28	29	30	30	33	34
Other General Sources	301	353	353	355	355	375	387	388	394	402	424
Total Operating Revenue	1,686	1,830	1,942	2,034	2,081	2,156	2,273	2,331	2,395	2,497	2,595
Operating Expenditure											
Arohena Water Supply	184	222	247	273	275	282	298	299	305	316	325
Ranginui Water Supply	76	91	99	110	113	117	123	126	127	132	136
Tihiroa Water Supply	193	196	227	251	256	266	276	281	288	299	316
Waipa Water Supply	97	96	97	107	108	110	117	118	119	127	125
Otorohanga Water Supply	298	295	339	366	379	388	407	415	423	451	463
Otorohanga Water Treatment Plant	328	348	357	395	403	425	444	439	448	463	477
Otorohanga Water Loan	32	38	46	42	38	34	30	27	23	21	18
Kawhia Water Supply	217	211	215	219	222	229	239	243	246	258	265
Water Services	301	367	367	371	374	395	408	410	414	420	439
Total Operating Expenditure	1,726	1,863	1,995	2,132	2,168	2,246	2,340	2,356	2,394	2,486	2,563
includes:											
Salaries & Wages	202	205	209	213	217	221	226	231	236	242	247
Depreciation & Amortisation	367	404	451	562	575	592	637	637	642	699	707
Interest	59	51	65	65	59	53	47	42	37	32	28
Operating Surplus (Deficit)	- 40	- 34	- 53	- 98	- 87	- 89	- 68	- 25	2	12	32
Operating Surplus transferred to Reserves; or	-	-	-	-	-	-	-	-	2	12	32
Operating Deficit funded from Reserves	- 40	- 34	- 53	- 98	- 87	- 89	- 68	- 25	-	-	-

Water Supply - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	351	403	302	251	263	280	113	135	137	139	278
Capital Level of Service	-	620	822	-	-	-	-	-	-	-	-
Loans Repaid	69	69	91	102	103	104	105	100	101	92	84
Operating Deficit	40	34	53	98	87	89	68	25	-	-	-
Total Funding Required	460	1,126	1,267	451	452	473	285	259	238	232	363
Funded By:											
Funding from Non-Cash Expenses	318	553	905	320	339	391	191	201	211	203	340
Loans Raised	58	515	258	-	-	-	-	-	7	-	-
Transfer from General and Special Reserves	84	58	104	131	113	82	94	58	19	18	9
Operating Surplus (via reserve)	-	-	-	-	-	-	-	-	2	12	32
Total Funding Applied	460	1,126	1,267	451	452	473	285	259	238	232	363

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	29	32	33	26	27	28	29	30	30	33	34
Targeted rates	1,351	1,440	1,507	1,601	1,646	1,699	1,801	1,856	1,913	2,004	2,077
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	2	-	42	44	45	46	48	49	51	52	54
Internal charges and overheads recovered	633	713	723	765	776	819	850	847	861	881	914
Local authorities fuel tax, fines, infringement fees, and other receipts	1	5	6	9	8	8	8	8	8	6	6
Total Operating Funding	2,016	2,190	2,312	2,444	2,503	2,601	2,736	2,790	2,863	2,977	3,086
Application of Operating Funding											
Payments to staff and suppliers	1,008	721	791	806	829	854	887	906	933	961	999
Finance costs	46	51	65	65	59	53	47	42	37	32	28
Internal charges and overheads applied	584	1,000	1,009	1,058	1,074	1,137	1,177	1,174	1,191	1,212	1,258
Other operating funding applications	51	48	50	51	52	54	55	57	58	60	62
Total applications of Operating Funding	1,689	1,820	1,915	1,981	2,014	2,098	2,167	2,178	2,220	2,266	2,347
Surplus (deficit) in operating funding	327	370	398	464	488	503	569	612	643	711	738
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 12	446	168	- 102	- 103	- 104	- 105	- 100	- 94	- 92	- 84
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	- 12	446	168	- 102	- 103	- 104	- 105	- 100	- 94	- 92	- 84
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	-	620	822	-	-	-	-	-	-	-	-
to replace existing assets	351	403	302	251	263	280	113	135	137	139	278
Increase (decrease) in reserves	- 36	- 207	- 558	110	123	119	352	378	412	479	376
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	315	816	565	362	385	399	464	512	549	618	654
Surplus (deficit) in capital funding	- 327	- 370	- 398	- 464	- 488	- 503	- 569	- 612	- 643	- 711	- 738
Funding Balance	-	-	-	-	-	-	-	-	-	-	0

How we manage the assets that support this activity

Council has an extensive level of information about its Water and associated assets in the Activity Management Plan (AMP). The AMP also contains detailed service level information such as network condition and capacity, water quality standards, continuity of supply, response to complaints, and criteria for maintenance, renewals and upgrades. It also details how Council will comply with all relevant legislation and regulatory requirements at all times.

Assets that are critical to the system are monitored proactively and decisions made about maintenance, upgrades and renewals as needed. Council also responds to information from customers and contractors, as well as resident surveys and enquiries.

Proposed changes to levels of service

Our work programme over the next three years is based on past workloads and set at a level to maintain existing levels of service taking into account projected population growth/decline and other demand factors.

The significant change to the level of service is in regards to universal metering in Otorohanga township. For further information on this refer to page 10.

Significant Capital Expenditure

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital Expenditure to replace existing assets											
Pump Renewals	30	87	24	77	120	34	-	13	7	-	53
Pipe Renewals	-	71	87	36	37	138	40	47	42	50	45
Sundry Renewals	28	105	93	77	64	60	66	55	70	70	103
	58	263	204	190	221	232	106	115	120	120	201
Capital Expenditure to improve level of service											
Additional Reservoir	-	150	529	-	-	-	-	-	-	-	-
Meter Installation	-	470	-	-	-	-	-	-	-	-	-
Treatment Upgrade	-	-	293	-	-	-	-	-	-	-	-
	-	620	822	-	-	-	-	-	-	-	-

Capital expenditure to accommodate for growth

None provided for in this Plan beyond providing for future changes in demand when replacing assets



Key assumptions about asset lives and funding of replacement

Assumptions around the life of assets are

- Assets will perform to the required standard for the duration of their useful lives

Assumptions regarding sources of funding for replacement of assets are:

- Asset renewals will be funded from cash reserves created through the funding of depreciation.
- Loans will be used for the funding of the installation of water meters in Otorohanga township.

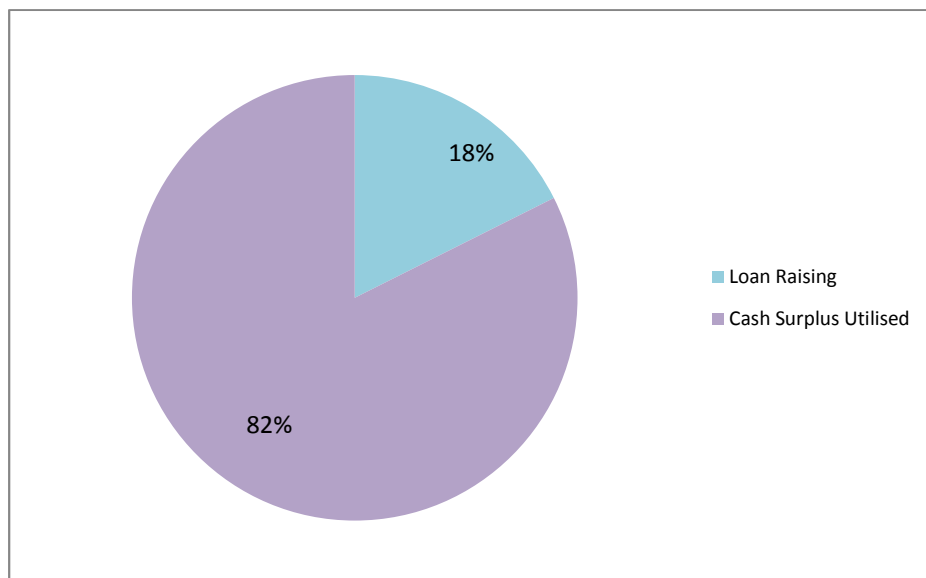


Figure 42 - Sources of Capital Funding

Significant potential negative effects of this activity

- Lack of ability to fund required works and services.
- Increased severity of damage if failure of activity component(s) occurs, e.g. main line breakage.
- Insufficient component/service capacity for adverse events (Drought, Floods, Erosion, Earthquakes, Fuel Spills).
- Insufficient service provision by service providers (poor design and/or work standards).
- Public land/property/space is not available for other uses.
- Council's water take remains well within its allocation and is not considered harmful to the water sources. Council also continues to promote the responsible use of water.

Sewerage Treatment and Disposal




WHAT IS SEWERAGE TREATMENT

Sewerage treatment includes the collection, treatment and disposal of sewerage in the Otorohanga Community, including the reticulation and treatment assets.

WHY IS THIS ACTIVITY INCLUDED?

By collecting, treating and disposing of wastewater, Council provides a service to residents and businesses that supports development in the District and protects the physical environment and our community's health.

How Does Sewerage Treatment and Disposal Contribute to Council's Outcomes

Community Outcomes	Contribution
 <p>Otorohanga District is a safe place to live</p>	Efficient wastewater management is most important for maintaining a healthy community.
 <p>Ensure services and facilities meet the needs of the Community</p>	Efficient wastewater management is an important essential service which determines enjoyment of property and quality of life.
 <p>Manage the Natural and Physical environment in a sustainable manner</p>	The need to treat wastewater to required standards is most important to avoid harm to the environment

Current Levels of Service

We will:

- Maintain the reticulation network
- Maintain the treatment plant and equipment
- Sewer renewals and replacement
- Management of systems as Lifelines

Key Issues and options facing these activities

Issue	Options
Long pipelines for raw wastewater with pump stations in series can lead to development of hydrogen sulphide gas and odours. These odours can be disruptive to the public if air release valves, pump stations, or wastewater treatment plants are close to residential properties.	Complete condition assessments of the waste water pipework and schedule the replacement of the worst areas.
Potential legislative changes that may lead to increasing levels of treatment before discharge to the environment.	Attempt to reach required levels through better management and maintenance of existing assets. Improve assets and processes through capital spending to reach required levels. \$500 000 has been provided in this long term plan to address this in years one to ten.
Wastewater is an important Lifelines component in the event of an emergency.	Ensure key waste water assets are identified in emergency plans and mitigate the risks around these assets where reasonably possible.
Damage to wastewater network components from natural hazards, e.g. earthquakes.	Improve the resilience of schemes as budgets allows e.g. Securely bolt down all equipment and pumps

Issue	Options
	Replace any items which have lost structural integrity due to rust or damage

How We Will Measure Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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	Number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections	New measure	0 overflows	0 overflows	0 overflows	0 overflows per annum
Wastewater disposal as provided by the Council does not create any smells, spills or health issues and causes minimal impact on the natural environment	Ensures that the natural and physical environment is not seriously affected by wastewater services.	Compliance with the resource consents for discharge from the sewerage system measured by the number of: Abatement notices Infringement notices; Enforcement orders; and Convictions, received by the territorial authority in relation those resource consents	New measure	0 compliance issues	0 compliance issues	0 compliance issues	0 compliance issues
		Median response times for attending to sewerage overflows resulting from a blockage or other fault in the sewerage system; measured: Attendance time: from the time of notification to the time service personnel reach the site Resolution time: from the time of notification to the time service personnel confirm resolution of the blockage or fault	New measure	<0hrs 50mins <32hrs 0mins	<0hrs 50mins <32hrs 0mins	<0hrs 50mins <32hrs 0mins	<0hrs 50mins <32hrs 0mins

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)					
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25	
		Total number of complaints received by the territorial authority about any of the following: Sewage odour; Sewerage system faults; Sewerage system blockages; and Response to issues with the sewerage system, expressed per 1000 connections to the sewerage system	New measure					
				<12	<12	<12	<12	<12
				<5	<5	<5	<5	<5
				<12	<12	<12	<12	<12
				<10	<10	<10	<10	<10
								Per annum

Sewerage Treatment and Disposal Financial Information

Funding

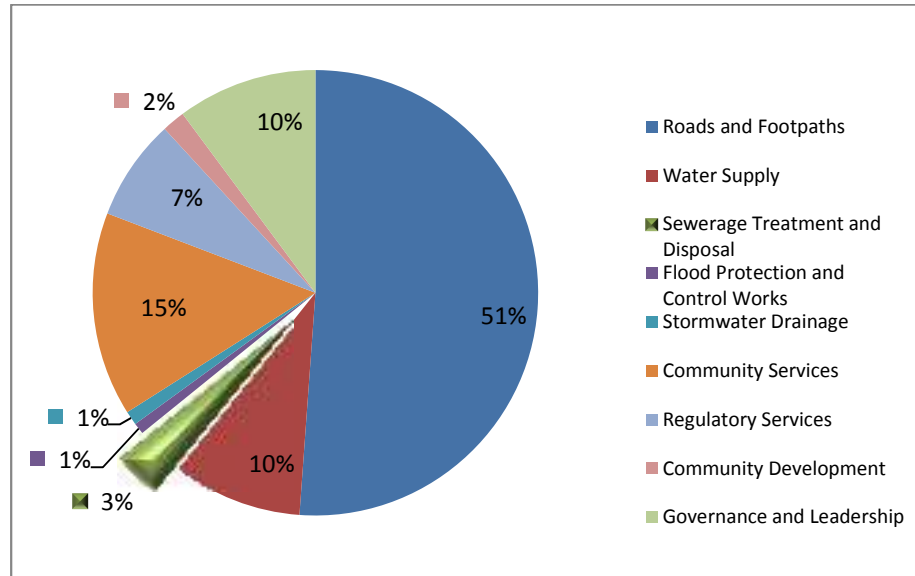


Figure 43 - Total Income - Sewerage Treatment and Disposal

Sewerage Treatment and Disposal makes up 3% of the total income received by Council. The activities in Sewerage Treatment

and Disposal are predominately funded by targeted rates across those connected to the scheme.

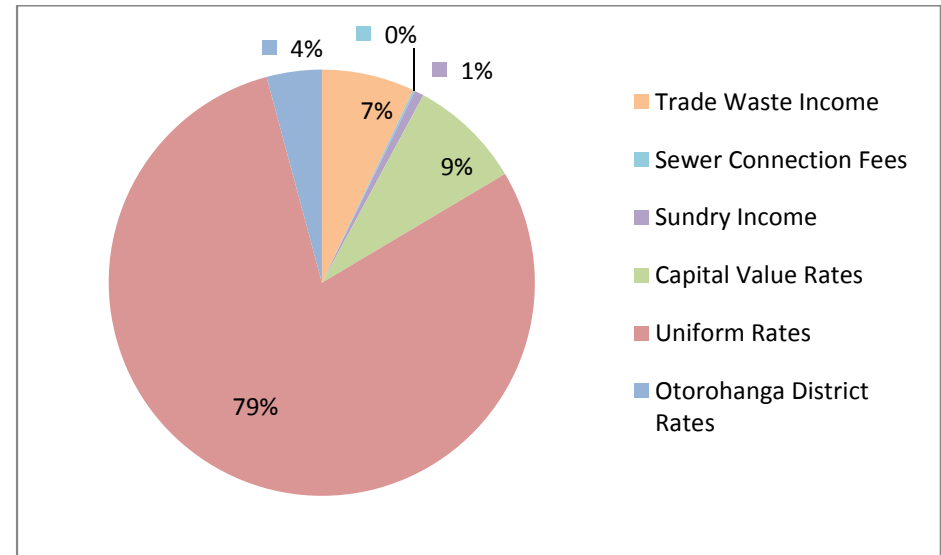


Figure 44 - Income Sources – Sewerage Treatment and Disposal

Cost of Service Statement

Sewerage Treatment and Disposal - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	45	45	47	48	49	51	52	54	56	58	59
Targeted Rates	499	515	512	540	543	550	590	596	614	645	664
General Rates	21	22	23	25	25	26	28	29	30	32	33
Other General Sources	-	1	-	-	-	-	-	-	-	-	-
Total Operating Revenue	566	582	582	613	618	627	671	679	700	735	757
Operating Expenditure											
Otorohanga Sewerage	431	487	499	539	552	569	621	635	662	702	719
Otorohanga Sewerage Loan	110	91	82	74	65	58	50	44	38	32	28
Total Operating Expenditure	540	578	582	613	618	627	671	679	700	735	747
includes:											
Salaries & Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	198	224	242	274	282	289	333	342	361	394	401
Interest	105	88	79	70	62	54	47	40	34	29	24
Operating Surplus (Deficit)	25	4	-	-	-	-	-	-	-	-	10
Operating Surplus transferred to Reserves; or	25	4	-	-	-	-	-	-	-	-	10
Operating Deficit funded from Reserves	-	-	-	-	-	-	-	-	-	-	-

Sewerage Treatment and Disposal - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	45	204	98	221	97	249	93	185	10	73	6
Capital Level of Service	-	-	-	-	-	-	-	-	-	-	-
Loans Repaid	118	117	117	117	117	117	117	107	107	89	84
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
Total Funding Required	163	320	215	338	213	366	210	292	118	162	90
Funded By:											
Funding from Non-Cash Expenses	163	306	215	338	213	366	210	292	118	162	90
Loans Raised	-	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	- 26	9 -	0 -	0 -	0 -	0 -	0 -	0 -	0 -	0 -	10 -
Operating Surplus (via reserve)	25	4	-	-	-	-	-	-	-	-	10
Total Funding Applied	163	320	215	338	213	366	210	292	118	162	90

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	21	22	23	25	25	26	28	29	30	32	33
Targeted rates	499	515	512	540	543	550	590	596	614	645	664
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	41	43	44	45	46	48	49	51	53	54
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	45	4	4	4	4	4	5	5	5	5	5
Total Operating Funding	566	582	582	613	618	627	671	679	700	735	757
Application of Operating Funding											
Payments to staff and suppliers	152	111	104	107	111	114	117	121	125	129	133
Finance costs	105	88	79	70	62	54	47	40	34	29	24
Internal charges and overheads applied	63	133	136	140	142	147	150	152	156	159	164
Other operating funding applications	23	20	21	21	22	22	23	23	24	25	25
Total applications of Operating Funding	343	353	340	339	336	337	337	337	339	341	346
Surplus (deficit) in operating funding	223	229	242	274	282	289	333	342	361	394	411
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 118	- 117	- 117	- 117	- 117	- 117	- 117	- 107	- 107	- 89	- 84
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	- 118	- 117	- 117	- 117	- 117	- 117	- 117	- 107	- 107	- 89	- 84
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	-	-	-	-	-	-	-	-	-	-	-
to replace existing assets	45	204	98	221	97	249	93	185	10	73	6
Increase (decrease) in reserves	60	91	27	64	69	76	124	50	243	231	321
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	105	112	125	158	165	173	217	235	254	304	327
Surplus (deficit) in capital funding	- 223	- 229	- 242	- 274	- 282	- 289	- 333	- 342	- 361	- 394	- 411
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

How we manage the assets that support this activity

Council has an extensive level of information about its Wastewater and associated assets in the Activity Management Plan (AMP). The AMP also contains detailed service level information such as network condition and capacity, treated sewerage effluent standards, continuity of supply, response to complaints, and criteria for maintenance, renewals and upgrades. The AMP details how Council will comply with all relevant legislation and regulatory requirements at all times.

Assets that are critical to the system are monitored proactively and decisions are made about maintenance, upgrades and renewals as needed. Council also responds to information from customers and contractors, as well as resident surveys and enquiries.

Proposed changes to levels of service

The focus for the next three years is to maintain existing levels of service taking into account projected movements in population and other demand factors.

Significant Capital Expenditure

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital Expenditure to replace existing assets											
Wetlands Cell Renewals	-	125	-	172	69	142	-	151	5	-	-
	-	125	-	172	69	142	-	151	5	-	-

Significant Level of Service Projects

No significant level of service projects

Additional Capacity Projects

None provided for in this Plan beyond providing for future changes in demand when replacing assets

Key assumptions about asset lives and funding of replacement

Assumptions around the life of assets are

- Assets will perform to the required standard for the duration of their useful lives as identified in the AMP.
- Where assets remain in service beyond their useful life, they will be regularly assessed as to their condition to ensure they remain safe to use.

Assumptions regarding sources of funding for replacement of assets are:



- Asset renewals will be funded from cash reserves created through the funding of depreciation.

Significant potential negative effects of this activity

- Increasingly stringent resource consent or public health requirements also have potential to cause significant adverse economic impacts.

- The capacity of sewerage systems may be exceeded in extreme weather events which may result in wastewater overflows.
- Component failure may also cause system under-performance which, in turn can result in overflows.
- Increased severity of damage if failure of activity component(s) occurs, e.g. main line breakage.

Flood Protection and Control Works

WHAT ARE FLOOD PROTECTION AND CONTROL WORKS

Flood Protection and control works are activities that provide protection for properties within the district from the potential of significant erosion or flooding as a result of natural events.

WHAT ACTIVITIES ARE INCLUDED IN THE FLOOD PROTECTION AND CONTROL WORKS GROUP

- Land Drainage
- Otorohanga Flood Protection
- Aotea Seawall Protection

WHY ARE THESE ACTIVITIES INCLUDED



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.

How Does Flood Protection and Control Works Contribute To Council's Outcomes

Community Outcomes	Contribution	
	Otorohanga District is a safe place to live	By providing these flood protection works we provide safety from most flooding events
	Ensure services and facilities meet the needs of the Community	These flood protection works enable the district to grow, with businesses and residents being confident that widespread flooding will be limited in most events

Current Levels of Service

Land Drainage

We will:

- Continue to undertake legalization work on previous land drainage works

Otorohanga Flood Protection

We will:

- Maintain all flood protection assets (stopbanks, reticulation equipment) to a good standard.

Aotea Seawall Protection

We will:

- Maintain the existing Aotea Seawall to the current standard, carrying out maintenance when required
- Comply with all existing regional council resource consents related to the seawall.

Key Issues and options facing these activities

Issue	Options
Breaching of stop banks in extreme weather event.	<p>The level of the top of stop banks is higher than the recorded flood levels of 1958 and has not been in danger of being breached since.</p> <p>Include evacuation plans for the township in the emergency planning in the unlikely event of the stop banks being over-topped.</p>
Failure of the stop banks.	There are stringent inspection criteria in place to ensure that the stop banks are maintained at the correct height and in good condition.

How We Will Measure Performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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, as well as monthly maintenance checks by water services staff	All flood protection assets meet assessment criteria	70% against quantifiable standardised assessment criteria as set by Regional Council	80% against quantifiable standardised assessment criteria as set by Regional Council	>80% against quantifiable standardised assessment criteria as set by Regional Council	>80% against quantifiable standardised assessment criteria as set by Regional Council per annum

Flood Protection and Control Works Financial Information

Funding

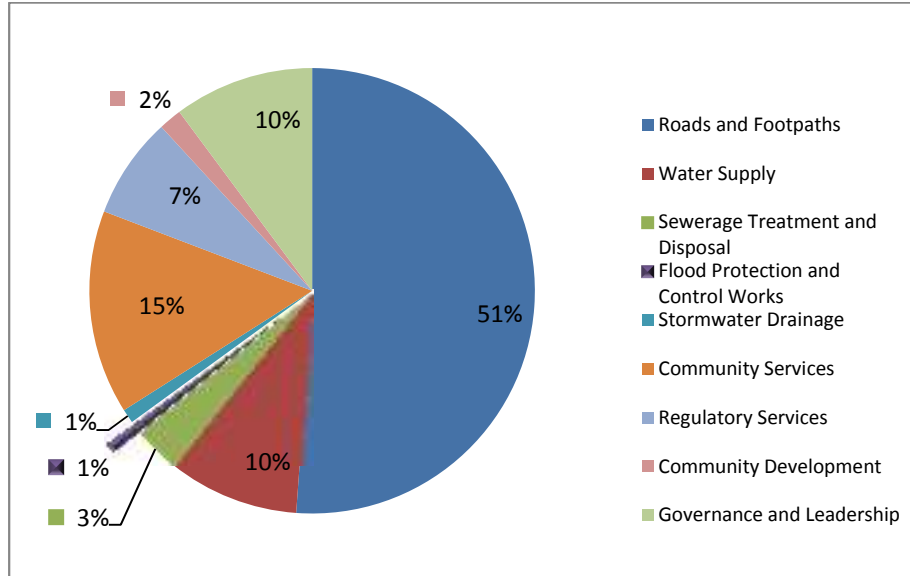


Figure 45 - Total Income - Flood Protection and Control Works

Flood Protection and Control Works makes up 1% of the total income received by Council. The activities in Flood Protection Control Works group are predominately funded by contributions from Waikato Regional Council, as well as rental income from the flood protection land, which is rented out for grazing and other uses.

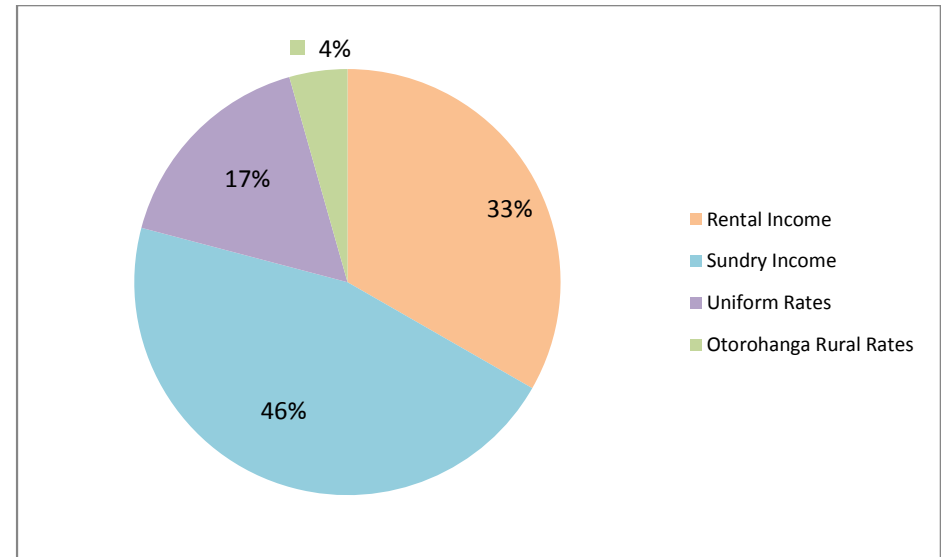


Figure 46 - Income Sources - Flood Protection and Control Works

Cost of Service Statement

Flood Protection and Control Works - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	118	111	113	116	119	122	126	129	133	136	140
Targeted Rates	28	28	27	27	26	26	26	25	25	24	24
General Rates	26	33	8	3	3	3	3	3	4	4	4
Other General Sources	-	2	0	0	- 1	0	- 0	- 1	- 1	- 1	- 1
<i>Total Operating Revenue</i>	172	173	149	146	148	152	154	156	160	163	167
Operating Expenditure											
Land Drainage	26	33	8	3	3	3	3	3	4	4	4
Otorohanga Flood Protection	92	109	119	136	119	129	146	121	134	151	131
Aotea Seawall Protection	51	24	10	10	10	10	11	34	11	11	12
Aotea Seawall Loan	6	5	4	3	3	3	2	2	1	1	1
<i>Total Operating Expenditure</i>	174	171	141	152	135	145	163	161	150	167	147
includes:											
Salaries & Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	17	23	24	27	28	28	32	26	26	29	29
Interest	13	12	11	9	8	7	6	6	5	4	3
Operating Surplus (Deficit)	- 2	2	8	- 6	13	6	- 8	- 4	10	- 4	19
Operating Surplus transferred to Reserves; or	-	2	8	-	13	6	-	-	10	-	19
Operating Deficit funded from Reserves	- 2	-	-	- 6	-	-	- 8	- 4	-	- 4	-

Flood Protection and Control Works - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	-	51	19	18	9	28	-	22	-	-	-
Loans Repaid	14	14	14	14	14	14	14	14	14	14	14
Operating Deficit	2	-	-	6	-	-	8	4	-	4	-
<i>Total Funding Required</i>	16	65	33	38	23	43	23	41	14	18	14
Funded By:											
Funding from Non-Cash Expenses	7	34	24	25	26	26	7	28	7	7	7
Loans Raised	-	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	9	29	2	14	-	16	10	12	-	2	12
Operating Surplus (via reserve)	-	2	8	-	13	6	-	-	10	-	19
<i>Total Funding Applied</i>	16	65	33	38	23	43	23	41	14	18	14

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	26	33	8	3	3	3	3	3	4	4	4
Targeted rates	28	28	27	27	26	26	26	25	25	24	24
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	1	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	117	111	113	116	119	122	126	129	133	136	140
Total Operating Funding	172	171	148	146	148	151	155	157	161	164	168
Application of Operating Funding											
Payments to staff and suppliers	133	98	68	75	57	68	81	86	74	88	68
Finance costs	13	12	11	9	8	7	6	6	5	4	3
Internal charges and overheads applied	9	36	38	39	41	41	42	44	45	46	47
Other operating funding applications	1	1	1	1	1	1	1	1	1	1	1
Total applications of Operating Funding	156	146	117	125	107	117	131	136	125	139	120
Surplus (deficit) in operating funding	16	25	31	21	41	34	24	21	36	25	48
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 14	- 14	- 14	- 14	- 14	- 14	- 14	- 14	- 14	- 14	- 14
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	- 14	- 14	- 14	- 14	- 14	- 14	- 14	- 14	- 14	- 14	- 14
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	-	-	-	-	-	-	-	-	-	-	-
to replace existing assets	-	51	19	18	9	28	-	22	-	-	-
Increase (decrease) in reserves	2	40	2	11	18	8	9	15	22	11	34
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	2	11	17	7	27	20	9	7	22	11	34
Surplus (deficit) in capital funding	- 16	- 25	- 31	- 21	- 41	- 34	- 24	- 21	- 36	- 25	- 48
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

How we manage the assets that support this activity

Where an Asset Management Plan exists for an activity, this will detail information about how these assets are managed. For all other assets in this group of activities, these are managed through a combination of on-going inspections and responding to information received from the public.

Proposed changes to levels of service

The focus for the next three years is to maintain existing levels of service taking into account projected movements in population and other demand factors, except as noted below.

Significant Capital Expenditure

Significant Renewal Projects

No significant renewal projects.

Significant Level of Service Projects

No significant level of service projects

Additional Capacity Projects

None specifically provided for in this Long Term Plan.

Key assumptions about asset lives and funding of replacement

Assumptions around the life of assets are

- Assets will perform to the required standard for the duration of their useful lives

Assumptions regarding sources of funding for replacement of assets are:

- Asset renewals will be funded from cash reserves created through the funding of depreciation.

Significant potential negative effects of this activity

Land Drainage, Aotea Seawall Protection

Nil

Otorohanga Flood Protection

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. This is mitigated by regular inspections and maintenance of flood protection infrastructure.

Stormwater Drainage

WHAT IS STORMWATER DRAINAGE

Stormwater Drainage involves the management of urban stormwater systems in the Otorohanga and Kawhia townships.

WHICH ACTIVITIES ARE INCLUDED IN THE STORMWATER DRAINAGE GROUP


Management of Stormwater systems including public open drains in


- Otorohanga
- Kawhia

WHY ARE THESE ACTIVITIES INCLUDED?

Council needs to control stormwater to protect our community's health and safety and minimise property damage and access. Adequate collection and disposal arrangements are of critical importance.

How Does Stormwater Drainage Contribute to Council's Outcomes

Community Outcomes	Contribution
 <p>Ensure services and facilities meet the needs of the Community</p>	<p>Efficient stormwater management is an important essential service which determines enjoyment of property.</p>

Community Outcomes	Contribution
 <p>Manage the Natural and Physical environment in a sustainable manner</p>	<p>Ponding has the potential of damaging the environment.</p>

Current Levels of Service

Council will undertake the following:

- Stormwater maintenance works
- Stormwater network renewals
- Operation of the stormwater pump stations

Key Issues and options facing these activities

Issue	Options
<p>Failure of main storm water pumps would lead to serious flooding in the Otorohanga Township. Due to the size of the pumps they can only be run when there is heavy rain which means that the risk of a problem occurring is slightly higher than it would be if they could be</p>	<p>There are standby pumps in each flood pump station.</p> <p>Pumps are inspected and turned by hand every month.</p> <p>When heavy rain occurs the pumps are tested.</p> <p>The electrical switchboards in all pump stations have recently</p>

Issue	Options
<p>regularly tested.</p>	<p>been replaced.</p> <p>As soon as there is any indication of any of the pumps becoming unreliable they are to be replaced.</p>

How we will measure performance

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
Council stormwater systems are well operated and maintained	Sound planning of appropriate stormwater systems will ensure that communities are healthy and ensure that efficient and effective water services are provided, to meet both current and future demands.	Number of flooding events that occur in the district For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the Stormwater system)	New measure	0 flooding events 0 habitable floors	0 flooding events 0 habitable floors	0 flooding events 0 habitable floors	0 flooding events 0 habitable floors
		Compliance with resource consents for discharge from the Stormwater system, measured by the number of: abatement notices; and Infringement notices; and Enforcement notices; and Successful prosecutions, received in relation to the resource consents	New measure	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0 Per annum
		The median response time to attend a flooding event, measured from the time we receive notification to the time service personnel reach the site	New measure	<4hr 30mins	<4hr 30mins	<4hr 30mins	<4hr 30mins
		Number of complaints received about the performance of the Stormwater system, expressed per 1000 properties connected to the Stormwater system	New measure	2 complaints	2 complaints	2 complaints	2 complaints

Stormwater drainage financial information

Funding

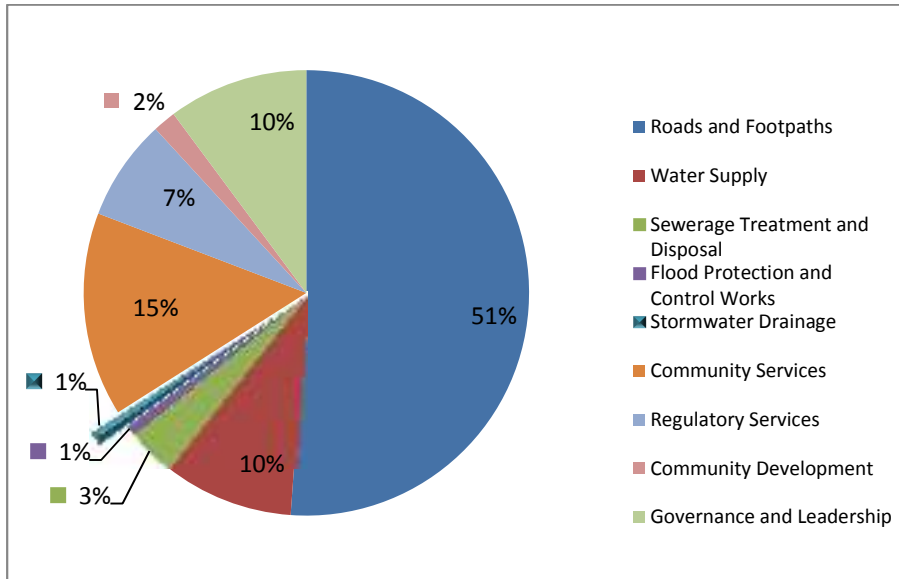


Figure 47 - Total Income - Stormwater Drainage

Stormwater drainage makes up 1% of the total income received by Council. The activities in the Stormwater drainage group are predominately funded by rental income from Stormwater drainage land, which is rented out for grazing and other uses. The rest is funded by community rates in the related community.

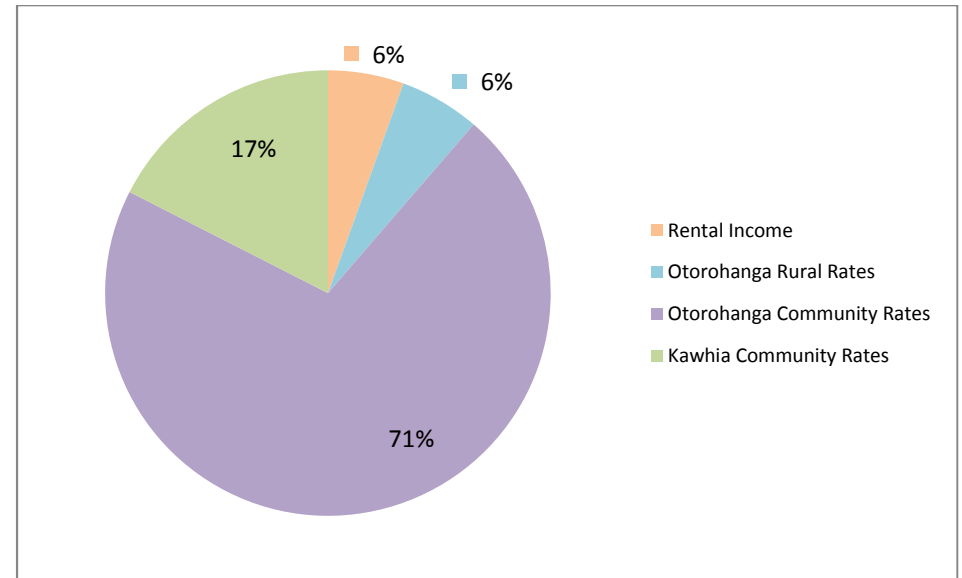


Figure 48 - Income Sources - Stormwater Drainage

Cost of Service Statement

Stormwater Drainage - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	10	10	10	10	10	11	11	11	12	12	12
Development Contributions	6	-	-	-	-	-	-	-	-	-	-
General Rates	204	177	172	182	179	177	185	183	182	193	193
Other General Sources	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Revenue</i>	220	187	182	192	189	188	196	195	194	205	205
Operating Expenditure											
Otorohanga Stormwater	136	142	140	147	145	144	150	149	148	156	156
Kawhia Stormwater	38	42	42	45	44	44	46	46	46	49	49
<i>Total Operating Expenditure</i>	174	184	182	192	189	188	196	195	194	205	205
includes:											
Salaries & Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	74	83	84	96	96	97	107	107	108	120	120
Interest	49	43	39	34	30	27	23	20	17	14	12
Operating Surplus (Deficit)	46	3	-	-	-	-	-	-	-	-	-
Operating Surplus transferred to Reserves; or	46	3	-	-	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	-	-	-	-	-	-	-	-	-	-	-

Stormwater Drainage - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	15	17	6	6	6	23	6	7	7	7	7
Capital Level of Service	6	-	-	-	-	-	-	-	-	-	-
Loans Repaid	54	55	55	55	55	55	55	54	54	53	49
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
Total Funding Required	75	72	61	61	61	78	61	61	61	60	56
Funded By:											
Funding from Non-Cash Expenses	67	69	61	61	61	78	61	61	61	60	56
Loans Raised	-	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	-	38	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	46	3	-	-	-	-	-	-	-	-	-
Total Funding Applied	75	72	61	61	61	78	61	61	61	60	56

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	204	177	172	182	179	177	185	183	182	193	193
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	10	10	10	10	10	11	11	11	12	12	12
Total Operating Funding	214	187	182	192	189	188	196	195	194	205	205
Application of Operating Funding											
Payments to staff and suppliers	17	16	16	16	17	17	18	18	19	19	20
Finance costs	49	43	39	34	30	27	23	20	17	14	12
Internal charges and overheads applied	18	26	27	27	28	29	29	30	30	31	32
Other operating funding applications	16	17	17	18	18	18	19	20	20	21	21
Total applications of Operating Funding	100	101	98	96	93	91	89	87	86	85	84
Surplus (deficit) in operating funding	114	86	84	96	96	97	107	107	108	120	120
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	6	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 54	- 55	- 55	- 55	- 55	- 55	- 55	- 54	- 54	- 53	- 49
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	- 48	- 55	- 55	- 55	- 55	- 55	- 55	- 54	- 54	- 53	- 49
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	6	-	-	-	-	-	-	-	-	-	-
to replace existing assets	15	17	6	6	6	23	6	7	7	7	7
Increase (decrease) in reserves	45	14	23	35	35	19	46	47	47	60	64
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	66	31	29	41	42	42	52	53	54	67	71
Surplus (deficit) in capital funding	- 114	- 86	- 84	- 96	- 96	- 97	- 107	- 107	- 108	- 120	- 120
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

How we manage the assets that support this activity

Council has an extensive level of information about its stormwater and associated assets. Information is contained in the Activity Management Plan (AMP). The AMP also contains detailed service level information such as network condition and capacity, road, response to complaints and criteria for maintenance, renewals and upgrades.

Assets that are critical to the system are monitored proactively and decisions made about maintenance, upgrades and renewals as needed. Council also responds to information from customers and contractors, as well as resident surveys and enquiries.

Proposed changes to levels of service

The focus for the next three years is to maintain existing levels of service taking into account projected movements in population and other demand factors.

Significant Capital Expenditure

Significant Renewal Projects

No significant renewal projects.

Significant Level of Service Projects

No significant level of service projects

Additional Capacity Projects

None specifically provided for in this Long Term Plan.

Key assumptions about asset lives and funding of replacement

Assumptions around the life of assets are

- Assets will perform to the required standard for the duration of their useful lives
- Where assets remain in service beyond their useful life, they will be regularly assessed as to their condition to ensure they remain safe to use.

Assumptions regarding sources of funding for replacement of assets are:

- Asset renewals will be funded from cash reserves created through the funding of depreciation.

Significant potential negative effects of this activity

- 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.

Community Services

WHAT ARE COMMUNITY SERVICES

Community Services provide for the community's need for recreational, social, and amenity activities. Community services represents 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
- Housing for the Elderly
- Other Property
- Swimming Pool
- Cemeteries
- Solid Waste Management
- Litter Control
- Security Patrol
- Sport Waikato

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.

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 Management

Refuse & Recycling

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.

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.

Sport Waikato

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.

How Does Community Services Contribute to Council’s Outcomes

Community Outcomes	Contribution
 <p>Otorohanga District is a safe place to live</p>	<p>By providing a security patrol service in the Otorohanga township, as well as safe and enjoyable recreational facilities, Council is able to ensure residents feel safe in the district.</p> <p>Good quality housing for the elderly ensures that the older generations are also looked after in the community.</p>
 <p>Ensure services and facilities meet the needs of the Community</p>	<p>Surveys of residents have shown that residents value the facilities provided by the community services group of activities.</p>
 <p>Manage the Natural and Physical environment</p>	<p>Solid waste management ensures that the natural and physical environment is maintained, by ensuring that all waste is adequately and correctly disposed of or</p>

Community Outcomes	Contribution
<p>in a sustainable manner</p>	<p>recycled where appropriate.</p>
 <p>Protect the special character of our harbours and their catchments</p>	<p>Kawhia Harbour services ensure that the Kawhia and Aotea harbours are accessible for all residents of the district.</p>
 <p>Provide for the unique history and culture of the District</p>	<p>By providing cemeteries and memorial parks such as the WWI and WWII parks in Otorohanga, we are able to retain a link to the history of the residents of the district.</p>

Current Levels of Service

Parks & Reserves (including Public Conveniences)

We will:

- Maintain existing parks, reserves, public conveniences and associated facilities to a good standard.

Library

We will:

- Maintain library services:
 - Otorohanga Library – open five and a half days a week
 - Kawhia Library – open four days a week
- Continue to provide access for members and visitors to:

- Fiction, non-fiction, paperback, and large print for children and adults
- Electronic books
- DVD's
- Magazines and newspapers
- Reference books
- Free internet access, software access and Wi-Fi capability to members and visitors via the Aotearoa People's Network Kaharoa (APNK)

Housing for the Elderly

We will:

- Continue to provide Housing for the Elderly units at:
 - Elizabeth Place, Rangitahi Street, Otorohanga – 10 units
 - Windsor Court, Haerehuka Street, Otorohanga – 12 units.
 - Rosamond Terrace, Kawhia – 6 units.

Other Property

We will

- Maintain all building and structures to meet the requirements of all relevant legislation (including the provisions of the Building Act and Fire Safety and Evacuation of Buildings Act).
- Maintain all buildings in a sound, sanitary and safe condition.

Swimming Pools

We will:

- Continue to provide access to the Otorohanga Swimming Pool Complex and its facilities.
- Meet all the requirements of the pool water quality in accordance with NZS 5826:2000.

Cemeteries

We will

- Ensure cemetery management and maintenance complies with the requirements of the Burial and Cremation Act 1968 and associated regulations and bylaws.
- Provide all associated services professionally.

Solid Waste Management

We will:

- Provide weekly kerbside refuse and recycling collection in Otorohanga and Kawhia/Aotea communities
- Maintain and continue to provide recycling centres in the Otorohanga and Kawhia/Aotea communities
- Continue to support rural recycling centres placed at strategic locations throughout the district.
- Continue to provide litter control operations, with a dedicated staff member cleaning street litter throughout the district.

Security Patrol

We will:

- Ensure that the security patrol will engage in patrol operations for not less than 8 hours every night, ensuring all nominated premises are visited twice by appropriately registered security officers.

Sport Waikato

We will

- Continue to support the role that Sport Waikato plays in the district, and their focus on:
- 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.

Key Issues and options facing these activities

Issue	Options
Maintaining a viable applicant waiting list for Council's retirement housing units.	Council will review existing criteria to ensure it is still relevant
The impact of compliance with upcoming earthquake prone building legislation on buildings leased or occupied by Council.	Council will assess all council owned buildings and undertake remedial works as and when required
Council needs to provide a more contemporary digital library	Council has recently implemented the Kotui library management system, and will

Issue	Options
experience for the community.	continue to monitor trends regarding digital media
The number of retired people is forecast to increase significantly in the next 25 years and this will result in changing use and demand for community facilities and parks. For example, more demand for urban reserve land, sports parks, walkways, cycleways, community housing, libraries and other fit-for-purpose, higher quality indoor spaces. By contrast, the proportion of young people as a percentage of the total population is predicted to decline significantly over time.	Council believe that there is currently sufficient facilities to meet the needs of the community. We will continue to listen to residents, and will undertake additional work if a demand is believed to exist
An ageing demographic has been identified and it is likely that the number of deaths will increase into the future. This trend currently is more prevalent in metropolitan centres but may also occur in provincial areas.	The combined capacity of the remaining operative cemeteries is more than sufficient to meet likely needs There is also the potential for an increasing trend in cremations rather than burials

How We Will Measure Performance

Parks and Reserves (including public conveniences)

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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	Paths and tracks comply with relevant standards*	60%	50% compliance	50% compliance	50% compliance	50% compliance each year
		Playground equipment comply with relevant standards**	15%	20% compliance	25% compliance	30% compliance	Increasing by 5% each year
		Park furniture meets safety and maintenance criteria	70%	70% meet safety criteria	70% meet safety criteria	70% meet safety criteria	80% by end 2020/21 and 90% by end 2024/25
Public Toilets as provided by Council are maintained in good condition	Having safe and clean toilets helps achieve safe and healthy communities	Number of complaints received about public conveniences recorded in the service request system	1 complaint	<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

** New Zealand Standards NZS 5828 sets out legislation and best practice for playground equipment and surfacing

Library

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
Relevance of library services to the community is measured by: Material issued Physical items e-books digital materials 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	New measure	>45,000 physical items >700 e-books	>45,900 physical items >770 e-books	>46,800 physical items >850 e-books	2% increase in physical items per annum 10% increase in e-books per annum
		Library visits per capita per year	New measure	>5 visits per capita per year	>5 visits per capita per year	>5 visits per capita per year	>5 visits per capita per year
Currency of physical book stock is maintained		Book stock has an average publication date of 10 years or less	76%	>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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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 99.9% 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	100% satisfaction	>95% satisfaction	>95% satisfaction	>95% satisfaction	>95% satisfaction

Other Property

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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)	4 of 4 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, Otorohanga Public Library.

Swimming Pool

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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	98.4% of acceptable standards 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	Daily testing meets acceptable standards* 85% of each month

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

Cemeteries

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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 page views of cemetery information on Council website	3,987 page views	>4000 page views	>4000 page views	>4000 page views	>4000 page views per annum

Solid Waste Management

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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.	4.28% decrease	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	3 complaints	<10 complaints	<10 complaints	<10 complaints	<10 complaints per annum

Level of Service	How it contributes to our community outcomes	How we measure our performance system	Performance Targets (for the financial year)				
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	High Level of Compliance	Full Compliance	Full Compliance	Full Compliance	Full Compliance
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	6 complaints	<12 complaints	<12 complaints	<12 complaints	<12 complaints per annum

Security Patrol

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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)	14 reported crimes	<10 reported crimes	<10 reported crimes	<10 reported crimes	<10 reported crimes
		Number of reported instance of graffiti within the patrolled area	17 reported graffiti instances	<10 reported graffiti instances	<10 reported graffiti instances	<10 reported graffiti instances	<10 reported graffiti instances

Sport Waikato

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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

Community Services Financial Information

Funding

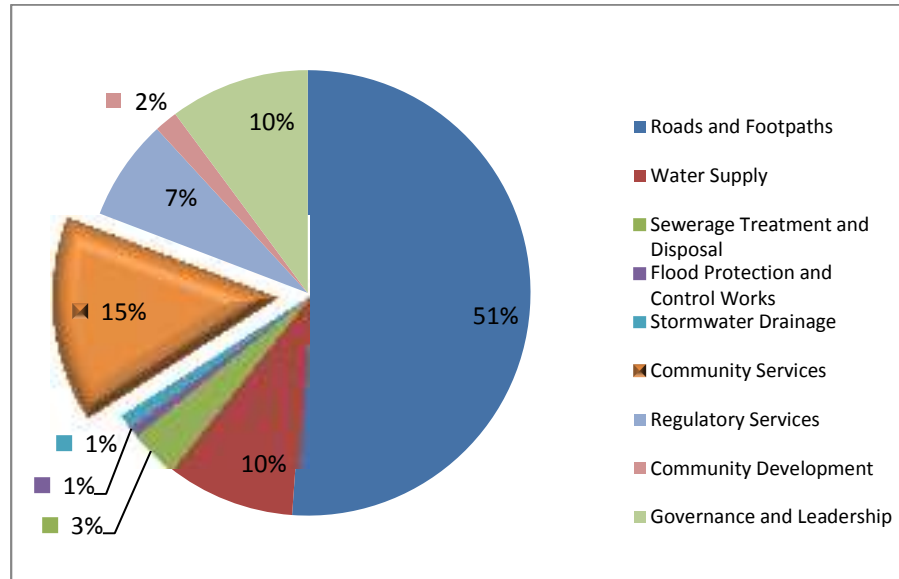


Figure 49 - Total Income - Community Services

Community Services makes up 15% of the total income received by Council. The activities in the Community Services group are predominately funded by rates across the District, with the rest made up of rates across the various communities and rental income from council property.

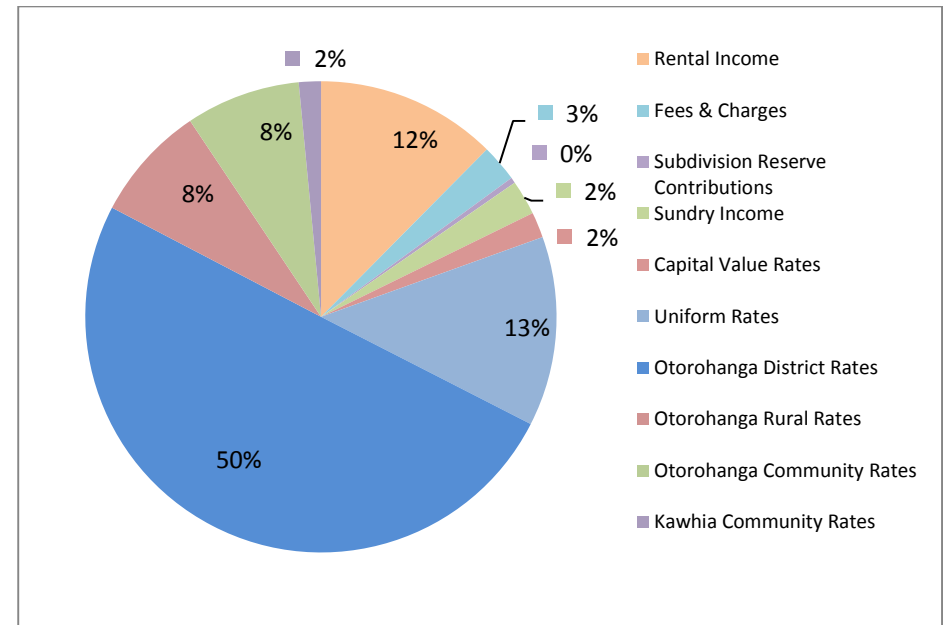


Figure 50 - Income Sources - Community Services

Cost of Service Statement

Community Services - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	414	431	444	456	469	484	498	513	531	547	564
Targeted Rates	362	380	388	388	399	411	425	429	454	459	466
Development Contributions	10	10	10	11	11	11	11	12	12	12	13
General Rates	1,771	1,780	1,743	1,788	1,820	1,872	1,939	1,969	2,022	2,109	2,152
Other General Sources	3	3	3	4	4	5	6	7	8	9	11
Total Operating Revenue	2,560	2,604	2,588	2,646	2,703	2,784	2,880	2,930	3,027	3,137	3,206
Operating Expenditure											
Parks & Reserves	607	634	654	679	695	716	741	756	781	811	836
Public Conveniences	111	128	131	135	137	140	145	148	151	157	161
Library	340	334	341	353	363	372	386	400	412	430	448
Swimming Pools	343	366	373	382	389	397	409	417	426	441	450
Pensioner Housing	141	154	160	169	176	181	191	198	206	216	222
Halls	57	72	72	75	75	75	79	79	80	84	85
Kawhia Harbour Services	42	52	48	51	51	52	56	56	57	61	62
Cemeteries	70	85	87	89	91	93	96	98	101	103	106
Other Council Property	147	141	129	133	135	137	142	144	146	153	156
Solid Waste Management	383	438	435	418	425	434	448	457	467	478	490
Security Patrol	101	112	114	117	120	135	138	142	160	164	169
Sport Waikato	76	52	54	55	56	58	59	61	63	65	66
Total Operating Expenditure	2,419	2,569	2,598	2,655	2,714	2,790	2,889	2,956	3,049	3,162	3,251
includes:											
Salaries & Wages	193	195	199	203	207	211	216	220	225	230	236
Depreciation & Amortisation	240	330	346	378	389	403	445	457	474	527	545
Interest	67	56	50	44	38	33	28	23	19	15	11
Operating Surplus (Deficit)	141	35	- 9	- 9	- 11	- 6	- 9	- 26	- 22	- 25	- 45
Operating Surplus transferred to Reserves; or	141	35	-	-	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	-	-	- 9	- 9	- 11	- 6	- 9	- 26	- 22	- 25	- 45

Community Services - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	215	219	122	128	126	121	130	121	125	116	170
Capital Growth	40	5	-	-	-	11	6	-	-	12	-
Capital Level of Service	76	39	42	38	50	40	41	42	55	44	46
Loans Repaid	81	83	83	83	83	83	83	83	83	83	68
Operating Deficit	-	-	9	9	11	6	9	26	22	25	45
<i>Total Funding Required</i>	412	346	257	258	270	260	269	273	285	281	329
Funded By:											
Funding from Non-Cash Expenses	167	228	180	187	197	189	189	193	216	205	235
Loans Raised	65	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	39	82	11	71	14	72	11	80	33	76	94
Capital Income	-	-	87	-	86	-	91	-	102	-	-
Operating Surplus (via reserve)	141	35	-	-	-	-	-	-	-	-	-
<i>Total Funding Applied</i>	412	346	257	258	270	260	269	273	285	281	329

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	1,771	1,780	1,743	1,788	1,820	1,872	1,939	1,969	2,022	2,109	2,152
Targeted rates	362	380	388	388	399	411	425	429	454	459	466
Subsidies and grants for operating purposes	28	30	31	32	33	33	34	35	36	37	38
Fees and charges	-	87	90	92	95	99	102	105	109	113	116
Internal charges and overheads recovered	10	8	8	8	8	8	9	9	9	9	10
Local authorities fuel tax, fines, infringement fees, and other receipts	369	309	317	326	336	346	357	367	379	391	404
Total Operating Funding	2,540	2,593	2,577	2,634	2,690	2,771	2,865	2,915	3,009	3,118	3,185
Application of Operating Funding											
Payments to staff and suppliers	1,670	1,595	1,603	1,616	1,660	1,712	1,758	1,807	1,870	1,920	1,978
Finance costs	65	56	50	44	38	33	28	23	19	15	11
Internal charges and overheads applied	289	456	466	480	486	497	510	516	529	538	548
Other operating funding applications	153	131	133	136	139	142	146	149	153	156	160
Total applications of Operating Funding	2,177	2,238	2,251	2,276	2,323	2,385	2,441	2,495	2,570	2,629	2,698
Surplus (deficit) in operating funding	363	355	326	358	367	386	424	419	440	489	488
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	10	10	10	11	11	11	11	12	12	12	13
Increase (decrease) in debt	- 16	- 83	- 83	- 83	- 83	- 83	- 83	- 83	- 83	- 83	- 68
Gross proceeds from sale of assets	-	-	87	-	86	-	91	-	102	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	- 6	- 73	14	- 73	14	- 72	19	- 71	31	- 71	- 55
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	40	5	-	-	-	11	6	-	-	12	-
to improve level of service	76	39	42	38	50	40	41	42	55	44	46
to replace existing assets	215	219	122	128	126	121	130	121	125	116	170
Increase (decrease) in reserves	26	19	176	120	205	142	267	184	291	246	217
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	357	282	340	286	381	314	443	348	471	419	433
Surplus (deficit) in capital funding	- 363	- 355	- 326	- 358	- 367	- 386	- 424	- 419	- 440	- 489	- 488
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

How we manage the assets that support this activity

Where an Asset Management Plan exists for an activity, this will detail information about how these assets are managed. For all other assets in this group of activities, these are managed by the Community Facilities Officer, through a combination of on-going inspections and responding to information received from the public.

Proposed changes to levels of service

The focus for the next three years is to maintain existing levels of service taking into account projected movements in population and other demand factors, except as noted below.

Parks and Reserves

Council will spend \$5,000 improving the weir area in Otorohanga, as well as \$30,000 on associated sundry reserve improvements. Additional park furniture will also be installed.

Housing for the Elderly

Over the next 7 years, Council will be upgrading the bathrooms in 7 of the flats at Elizabeth Place at \$10,000 per year. This will improve the level of service for those residents of the flats but will have no impact for other residents in the district.

Significant Capital Expenditure

Significant Renewal Projects

No significant renewal projects.

Significant Level of Service Projects

No significant level of service projects

Additional Capacity Projects

None specifically provided for in this Long Term Plan.

Key assumptions about asset lives and funding of replacement

Assumptions around the life of assets are

- Assets will perform to the required standard for the duration of their useful lives

Assumptions regarding sources of funding for replacement of assets are:

- Asset renewals will be funded from cash reserves created through the funding of depreciation.
- Funding for Housing for the Elderly improvements will be covered from rental income.

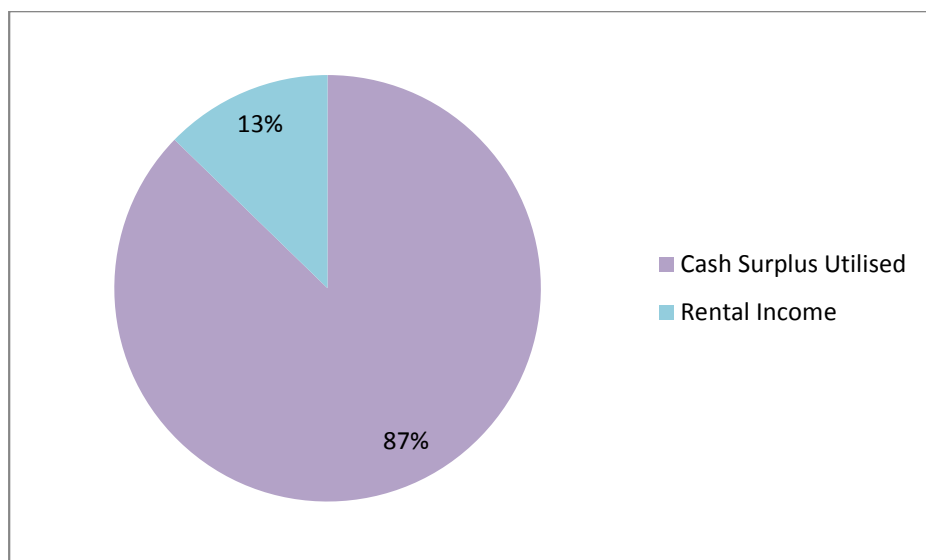


Figure 51 – Sources of Capital Funding

Significant potential negative effects of this activity

Housing for the Elderly, Other Property, Swimming Pool, Security Patrol, Sport Waikato

Nil

Parks and Reserves (including Public Conveniences)

- Potential of littering and illegal dumping of waste by users. Litter bins are placed in all parks and reserves and emptied regularly to reduce the likelihood of littering.
- Potential to become a target location for undesirable social acts, threatening or criminal behaviour, vandalism, property damage and fire

Library

- Potential to become a target location for undesirable social acts, threatening or criminal behaviour, vandalism, property damage and fire. The library is within the security patrol error, providing a level of mitigation against this.

Cemeteries

- Discharge of contaminants to land and/or water.
- Health and safety risks to employees/operators/contractors and users (exposure and/or handling of hazardous materials, high pressure, trench collapse). Appropriate safety procedures are in place to mitigate this risk.

Solid Waste Management

- Impact of the cost of recycling and landfill fees may result in an increase in illegal refuse dumping. Continued monitoring of illegal dump sites may mitigate this risk.
- Discharge of contaminants to land and/or water from the closed refuse tips. Competent measures to mitigate this are in place.

Regulatory Services

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 COMMUNITY 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.

Building Control

Council's building control services ensures that the District's buildings and other associated structures (such as swimming pools) are safe, habitable and meet National legislative requirements. Of particular importance is Council's role in advising on and, where necessary, enforcing the statutory provisions relating to earthquake prone buildings.

Planning and Development

The district planning service ensures the District is able to promote development to support a prosperous community without compromising rights of residents and the District's physical and natural assets/resources. It achieves this aim by appropriate application of the Resource Management Act, through the review and implementation of the District Plan and its resource consent and monitoring functions.

Civil Defence

It is important to ensure that to District is prepared for any emergency that may occur.

Environmental Health

Health regulation services aim to protect our community from infectious and notifiable diseases by promoting food safety practices in food establishments. This activity also aims to ensure that hairdressing businesses, gaming machines, camping grounds and those selling liquor conform to appropriate standards.






Dog Control & Stock Ranging

The dog and stock control service aims to provide a safer District by reducing dog-related offences through ensuring the registration of dogs, the education of their owners and the investigation of complaints. In addition, this service seeks to support safer road and rail corridors by responding to complaints about wandering stock and working with landowners to maintain stock proof fencing. Council undertakes this activity in accordance with its obligations under the Dog Control Act 1996 and Impounding Act 1955.

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.

How Does Regulatory Services Contribute to Council's Outcomes

Community Outcomes	Contribution
 <p>Otorohanga District is a safe place to live</p>	<p>The group of activities involves service delivery which contribute strongly to personal and property safety.</p>
 <p>Ensure services and facilities meet the needs of the Community</p>	<p>The group of activities involves service delivery which determines quality of life, enjoyment of property.</p>
 <p>Manage the Natural and Physical environment in a sustainable manner</p>	<p>The emphasis of this group of activities is strongly on sustainability with the focus both on people and the environment</p>
 <p>Protect the special character of our harbours and their catchments</p>	<p>The emphasis of this group of activities is strongly on sustainability with the focus both on people and the environment</p>
 <p>Recognise the importance of the District's rural character</p>	<p>The emphasis of this group of activities is strongly on sustainability with the focus both on people and the environment</p>

Current Levels of Service

Building Control

We will:

- Continue to provide an efficient building consent processing service as well as ensure buildings are designed and constructed in line with national building Code requirements.
- Ensure that public and relevant commercial buildings have appropriate safety systems.
- To deliver this service, Council will not only maintain accreditation as a Building Consent Authority but will provide qualified and skilled building officers supported by skilled administration staff.

Planning & Development

We will:

- Ensure that the District Plan remains relevant to the community; up to date with legislative requirements and that the community is involved in any proposed plan changes.
- Provide an objective consent processing system that will process your consent within statutory timelines and ensure anyone affected by a resource consent is provided with an opportunity to submit.
- Monitor a range of land use consents and aspects of the District Plan as a means of ensuring compliance and that the Plan remains current.

Civil Defence

Council will:

- Continually educate the community on the need to be prepared for emergencies.
- Maintain a Civil Defence operational capacity to mobilise immediately an emergency comes up in order to limit loss of life and to restore services to normality as soon as possible.
- Keep the community informed of the measures that will become operational during such an emergency.

Environmental Health

We will:

- Ensure that the relevant food, hairdressing, and other similar establishments meet the required hygiene and safety standards by inspecting such premises and ensuring they have appropriate safeguards and procedures in place.
- Inspect and license liquor premises.

Dog Control/Stock Ranging & Impounding

We will:

- Ensure that all dogs in the District are registered and therefore traceable.
- Provide a 24 hour response service for reports of dangerous or roaming dogs or stock.
- Maintain a pound to hold dogs and stock.

Rural Fire

We will:

- Focus on the prevention of rural fires
- Responding to rural fire call-outs
- Issue fire permits during restricted fire seasons

Key Issues and options facing these activities

Issue	Options
<p>New or changing legislation and policies from central government continually shape many of the functions within the Environmental Services activities, e.g.</p> <p>National Environmental Standards and National Policy Standards – a number of these are due to be introduced in early 2015 which will increase the scope of assessment criteria by the Council regarding land use activity and subdivisions</p> <p>Resource Management Act – changes likely to be passed in 2015 are designed to streamline the resource consenting process by putting emphasis on applicants to provide better quality information</p>	<p>Make changes to policies, the District Plan and bylaws as required</p> <p>Assess levels of service as required</p>
Community apathy during periods of low emergency risk.	Continuing community education
Volunteer resources for rural fire services.	Maintain public commitment in the form of volunteer fire fighters
The requirement for commercial and public buildings throughout the District to comply with existing and any new legislation	<p>Council is actively monitoring the situation</p> <p>Make changes to policies and bylaws as required to comply</p>

Issue	Options
arising from the Canterbury earthquakes.	with new legislation on earthquake prone buildings
The Food Act 1981 is to be superseded by the Food Act 2014 and this new Act changes the focus of Council compliance activity.	<p>Regulation have yet to be determined by Central Government, therefore the exact impact on Councils requirement for service delivery is yet to be determined</p> <p>Council will actively monitor this situation</p>

How We Will Measure Performance

Building Control

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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	Accreditation current as at 30 June 2014	-	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.	2.7% of registered pools inspected	> 15% of pools on register	> 15% of pools on register	> 15% of pools on register	> 15% 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	95.24%	100%	100%	100%	100%

Planning & Development

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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 (Land use regulations), demonstrating that the Council values the natural environment and the harbours and catchments	The time to process non-notified land use and subdivision consents will be no more than 20 working days	100%	100%	100%	100%	100%
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 respectfully	Current and consistent information available to the public	Up to date information available on Council website	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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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	4.36%	<5%	<5%	<5%	<5%
		Complaints about roaming dogs that are responded to	100%	100%	100%	100%	100%

Stock Ranging & Impounding

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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 investigated 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%

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
		All licensed premises receive at least one annual inspection. All inspections are recorded in the NCS database.	Minimum of one inspection per 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
		All premises in the District that require a Food Control Plan will undertake at least one annual audit	No premises operate under a Food Control Plan in the district	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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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.	92%	>90%	>90%	>90%	>90%
		Recovery of the costs of fires from those responsible for lighting fire or their insurers.	80%	>90%	>90%	>90%	>90%

Regulatory Services Financial Information

Funding

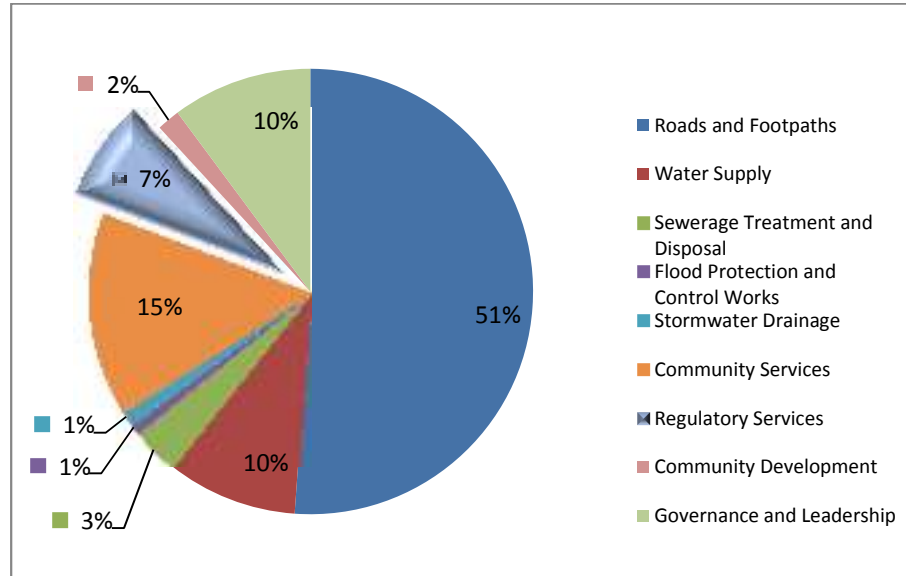


Figure 52 - Total Income - Regulatory Services

Regulatory Services makes up 7% of the total income received by Council. The activities in the Regulatory Services group are predominately funded by rates across the District, with the rest made up of user charges for those using the services.

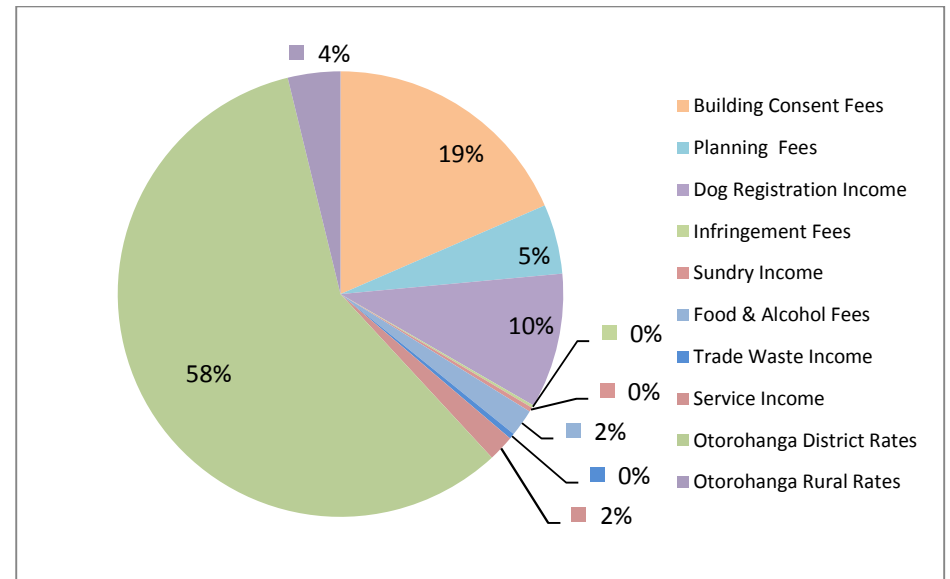


Figure 53 - Income Sources - Regulatory Services

Cost of Service Statement

Regulatory Services - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	523	456	466	486	506	533	556	574	588	610	622
General Rates	684	807	831	844	869	854	884	877	913	914	963
Other General Sources	223	220	225	231	237	243	250	257	264	271	279
Total Operating Revenue	1,430	1,483	1,522	1,560	1,612	1,630	1,690	1,708	1,764	1,796	1,865
Operating Expenditure											
Building Control	478	535	560	553	584	576	605	599	632	627	663
Planning & Development	263	202	207	213	218	224	230	236	242	249	256
Civil Defence	82	90	95	101	104	107	109	112	115	118	121
Dog Control	146	138	142	146	152	156	164	168	172	177	182
Stock Ranging	16	18	19	22	23	23	23	24	24	25	26
Environmental Health	142	131	125	128	131	135	138	142	146	150	154
Rural Fire	49	58	60	62	66	66	67	71	70	72	79
Environmental Services Manager	276	311	317	337	338	343	356	359	364	380	385
Total Operating Expenditure	1,452	1,484	1,525	1,562	1,616	1,630	1,692	1,710	1,766	1,797	1,865
includes:											
Salaries & Wages	427	482	491	501	511	522	533	544	556	569	582
Depreciation & Amortisation	6	1	2	4	5	6	6	6	6	6	6
Interest	1	-	1	2	2	2	2	1	1	1	1
Operating Surplus (Deficit)	- 22	- 1	- 3	- 2	- 3	0	- 2	- 2	- 1	- 1	- 1
Operating Surplus transferred to Reserves; or	-	-	-	-	-	0	-	-	-	-	-
Operating Deficit funded from Reserves	- 22	- 1	- 3	- 2	- 3	-	- 2	- 2	- 1	- 1	- 1

Regulatory Services - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	3	3	3	3	3	3	3	4	4	4	4
Capital Level of Service	-	2	41	2	2	-	-	-	-	-	-
Loans Repaid	-	-	-	2	2	2	2	2	2	2	2
Operating Deficit	22	1	3	2	3	-	2	2	1	1	1
<i>Total Funding Required</i>	25	5	47	8	10	5	7	7	7	7	6
Funded By:											
Funding from Non-Cash Expenses	3	2	4	5	5	5	5	5	5	5	5
Loans Raised	-	-	40	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	22	4	4	3	6	0	3	2	2	2	1
Operating Surplus (via reserve)	-	-	-	-	-	0	-	-	-	-	-
<i>Total Funding Applied</i>	25	5	47	8	10	5	7	7	7	7	6

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	684	807	831	844	869	854	884	877	913	914	963
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	2	-	2	-	2	-	2	-	6	-
Fees and charges	-	434	438	456	477	501	526	541	556	572	588
Internal charges and overheads recovered	223	224	229	235	241	247	254	261	268	276	284
Local authorities fuel tax, fines, infringement fees, and other receipts	523	21	27	28	29	29	30	31	32	33	34
Total Operating Funding	1,430	1,487	1,525	1,564	1,616	1,634	1,694	1,712	1,769	1,801	1,869
Application of Operating Funding											
Payments to staff and suppliers	860	894	913	917	961	962	1,008	1,013	1,058	1,062	1,115
Finance costs	-	-	1	2	2	2	2	1	1	1	1
Internal charges and overheads applied	582	587	608	637	645	659	674	687	698	725	740
Other operating funding applications	4	6	6	6	6	6	7	7	7	7	7
Total applications of Operating Funding	1,446	1,487	1,527	1,562	1,614	1,629	1,691	1,708	1,764	1,796	1,864
Surplus (deficit) in operating funding	- 16	-	2	3	2	6	3	4	5	5	6
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	40	2	2	2	2	2	2	2	2
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	-	-	40	2	2	2	2	2	2	2	2
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	-	2	41	2	2	-	-	-	-	-	-
to replace existing assets	3	3	3	3	3	3	3	4	4	4	4
Increase (decrease) in reserves	- 19	- 5	- 6	- 4	- 5	- 1	- 2	- 1	- 1	- 0	- 0
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	- 16	-	38	1	-	4	2	2	3	3	4
Surplus (deficit) in capital funding	16	-	2	3	2	6	3	4	5	5	6
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

How we manage our assets that support this activity

Being regulatory in nature, this activity has few capital assets and only those that support the delivery of the regulatory functions described above.

Proposed changes to levels of service

There are no proposed changes to existing levels of service over the life of this plan. However it needs to be noted that new or changing legislation and policies from central government continually shape many of the functions within the Environmental Services activities which may have an impact on future levels of service.

Significant Capital Expenditure

Significant Renewal Projects

No significant renewal projects.

Significant Level of Service Projects

No significant level of service projects

Additional Capacity Projects

None specifically provided for in this Long Term Plan.

Key assumptions about asset lives and funding of replacement

Assumptions around the life of assets are

- Assets will perform to the required standard for the duration of their useful lives

Assumptions regarding sources of funding for replacement of assets are:

- Asset renewals will be funded from cash reserves created through the funding of depreciation.
- Funding for Pound extension work will be covered from loan raising.

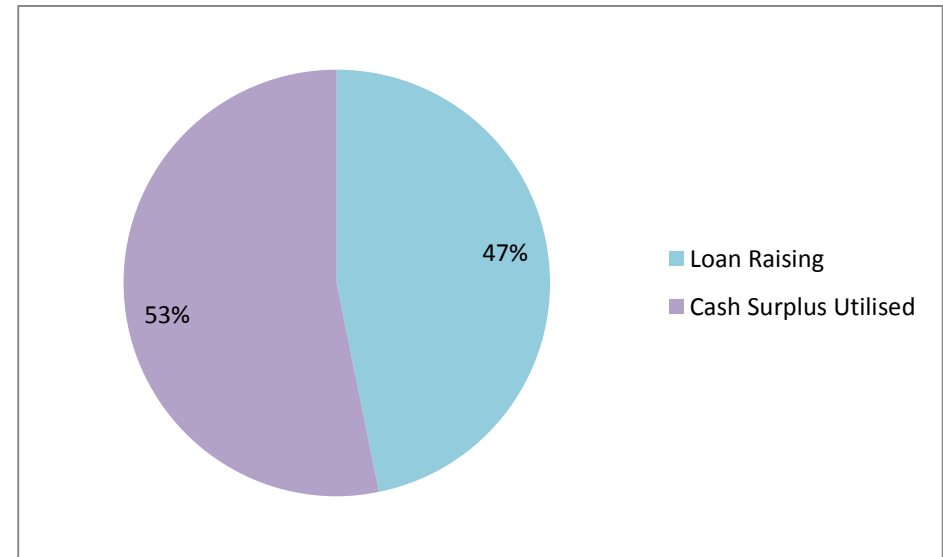


Figure 54 - Sources of Capital Funding

Significant potential negative effects of this activity

- Local government regulatory functions are subject to change and central government has strongly voiced a desire to review legislation in order to ensure that it supports the country's economic development focus. The Productivity Commission has released a report which highlights the

opportunities that exist within the regulatory arena to streamline areas of central and local government processes.

- Review of the Resource Management Act 1991, Earthquake Prone Building Policy, implementation of the Food Act 2014 and a focus on Risk based consenting (Buildings) are all projects that the Government are supporting and finalising.
- Any and all changes by central government to legislation that is administered by Council may have an impact on service delivery targets and the ability of Council to adequately resource this service.
- Increased regulation can lead to an increased incidence of unauthorized building work.

Planning & Development

- 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.

Civil Defence

- 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.

Dog Control/Stock Ranging & Improvement

- There is very limited opportunity to recover the cost of this activity from the owners of wandering or lost stock. This cannot 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.

Rural Fire

- 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.

Community Development

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.

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 Economic Development

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.

How Does Community Development Contribute To Council's Outcomes?

Community Outcomes	Contribution
 <p>Provide for the unique history and culture of the district</p>	<p>Through promotion of the district we are able to promote the history of the district, and the unique culture of the district</p>
 <p>Promote the local economy and opportunities for sustainable economic development</p>	<p>District promotion enables us to attempt to attract business and residents to the area, with the property development providing opportunities for those people coming in</p>

Current levels of service

Property Development

We will:

- Continue to identify opportunities to address significant perceived shortage in the availability of particular types of property in the District.
- Attempt to promptly sell all Council developed sections

District Economic Development

We will:

- Ensure i-sites are effectively operated in Otorohanga and Kawhia
- Ensure tourism activity in the district is promoted
- Continue to support the Otorohanga District Development Board, who will provide regular reports on progress made towards achievement of specified outcomes.

Key issues and options facing these activities

This issues identified for Community Development , and the Council's proposed responses, are:

Issue	Options
The current economic environment is not conducive to large scale property development by Council.	Council will monitor the situation Sell off existing development assets to developers with the current resource consent
Changing population demographics have a potential to require different property mixes, which may involve a need for more development or different types of development	Council will monitor the situation
A desire from the community to continue to support youth initiatives within the District	A review of current youth initiatives will be undertaken Potential increased funding of youth initiatives by Council
Current economic development strategies may not be sufficient for the current economic environment	Council will monitor the situation A review of the economic development strategy will be undertaken
Changing technology means more investment will be needed to ensure the district can promote itself effectively	Council will lodge an expression of interest for Phase 2 of the Ultra-Fast broadband rollout

How We Will Measure Performance

Property Development

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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 achieved	Not applicable	Not applicable	Market assessment report completed and presented to Council	Market assessment report completed and presented to Council every 3 years

District Economic Development

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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	Otorohanga District Development Board provides quarterly reports to Council	New measure	4 quarterly reports	4 quarterly reports	4 quarterly reports	4 quarterly reports per annum
Tourism activity in the District is supported		Tourism Waikato provides 6 monthly reports to Council	New measure	6 monthly reports received	6 monthly reports received	6 monthly reports received	6 monthly reports received annually

Community Development Financial Information

Funding

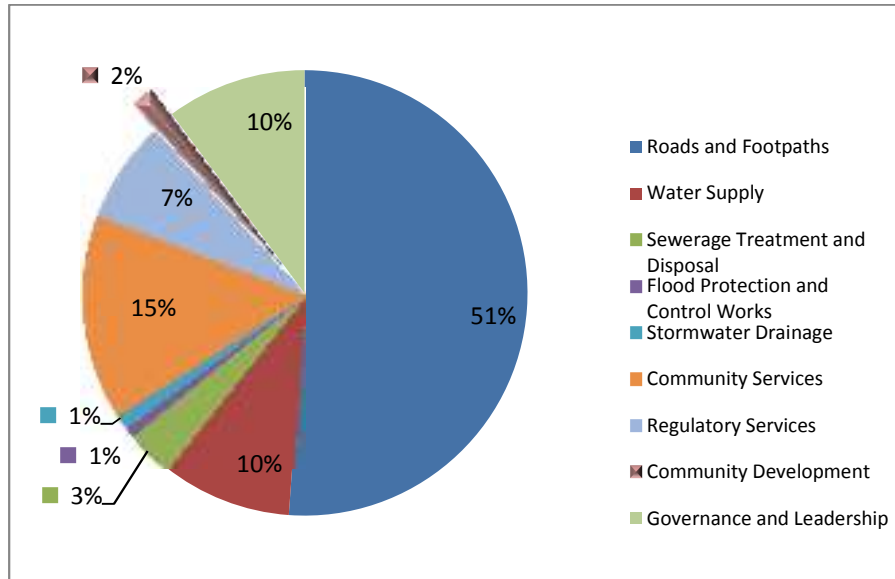


Figure 55 - Total Income - Community Development

Community Development makes up 2% of the total income received by Council. The activities in the Community Development group are predominately funded by rates across the District.

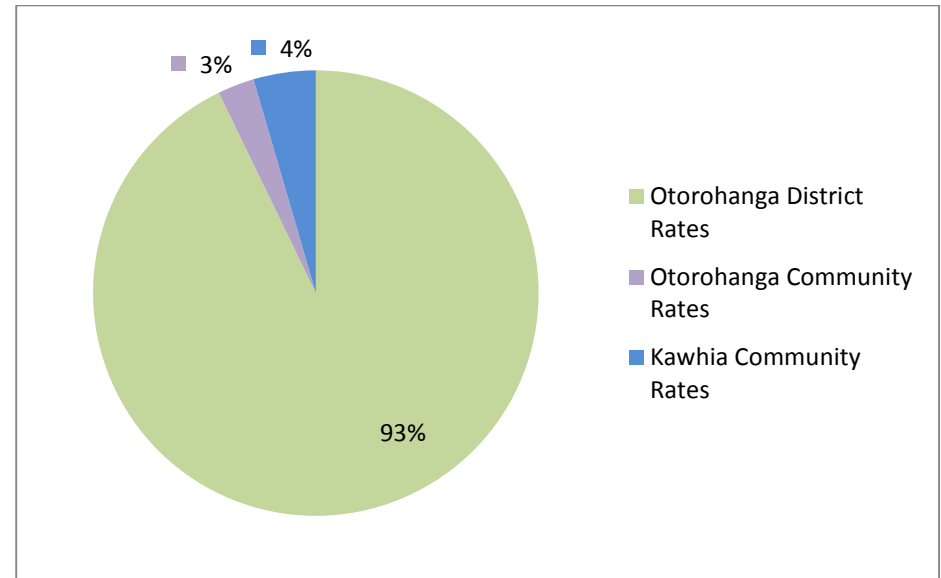


Figure 56 - Income Sources - Community Development

Cost of Service Statement

Community Development - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
General Rates	153	254	- 41	342	350	360	370	380	390	401	413
Other General Sources	-	1	-	-	-	-	-	-	-	-	-
<i>Total Operating Revenue</i>	153	253	- 41	342	350	360	370	380	390	401	413
Operating Expenditure											
Progress Park	12	10	-	-	1	1	1	1	1	1	1
Waiwera Street Development	-	6	34	-	-	-	-	-	-	-	-
District Economic Development	271	525	333	341	350	359	369	379	390	401	412
<i>Total Operating Expenditure</i>	283	541	367	341	350	360	370	380	390	401	413
includes:											
Salaries & Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (Deficit)	- 130	- 288	- 407	-	-	-	-	-	-	-	-
Operating Surplus transferred to Reserves; or	-	-	-	-	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	- 130	- 288	- 407	-	-	-	-	-	-	-	-

Community Development - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	-	-	-	-	-	-	-	-	-	-	-
Capital Level of Service	-	-	-	-	-	-	-	-	-	-	-
Loans Repaid	-	-	-	-	-	-	-	-	-	-	-
Operating Deficit	130	288	407	-	-	-	-	-	-	-	-
<i>Total Funding Required</i>	130	288	407	-	-	-	-	-	-	-	-
Funded By:											
Loans Raised	-	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	- 23	173	- 2	-	-	-	-	-	-	-	-
Capital Income	115	115	410	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	-	-	-	-	-	-	-	-	-	-	-
<i>Total Funding Applied</i>	92	288	408	-	-	-	-	-	-	-	-

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	153	254	- 41	342	350	360	370	380	390	401	413
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding	153	254	- 41	342	350	360	370	380	390	401	413
Application of Operating Funding											
Payments to staff and suppliers	7	13	34	-	-	-	-	-	-	-	-
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	12	9	8	8	8	9	9	9	9	10	10
Other operating funding applications	264	520	325	333	342	351	361	370	381	392	403
Total applications of Operating Funding	283	543	367	342	350	360	370	380	390	401	413
Surplus (deficit) in operating funding	- 130	- 288	- 408	-	-	-	-	-	-	-	-
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	115	115	410	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	115	115	410	-	-	-	-	-	-	-	-
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	-	-	-	-	-	-	-	-	-	-	-
to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	- 15	- 173	2	-	-	-	-	-	-	-	-
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	- 15	- 173	2	-	-	-	-	-	-	-	-
Surplus (deficit) in capital funding	130	288	408	-	-	-	-	-	-	-	-
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

How we manage the assets that support this activity

Given the nature of these activities, the only assets involved are the properties held for resale or development, of which there is little management of these assets required.

Proposed changes to levels of service

There is no proposed changes to existing levels of service over the life of this plan.

Significant Capital Expenditure

Significant Renewal Projects

No significant renewal projects.

Significant Level of Service Projects

No significant level of service projects

Additional Capacity Projects

None specifically provided for in this Long Term Plan.

Key assumptions about asset lives and funding of replacement

Nil

Significant potential negative effects of this activity

Property Development

- 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.

District Promotion

- 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.

Governance and Leadership

WHAT IS GOVERNANCE AND LEADERSHIP

The purpose of local government as defined in the Local Government Act 2002 is:

- Enabling democratic local decision-making and action by, and on behalf of, communities; and
- Meeting the current and future needs of communities for appropriate, efficient and effective local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

The Governance and Leadership group of activities is those activities that related to the running of the council organisation, and the development of Council plans and documents required under government legislation.

WHICH ACTIVITIES ARE INCLUDED IN THE GOVERNANCE AND LEADERSHIP GROUP

- Democracy
- Council Support
- Corporate Planning
- Resource Management Policy Development
- Support Services

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.

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.

What Community Outcome Does Governance and Leadership Contribute To

Community Outcomes	Contribution
 <p>Otorohanga District is a safe place to live</p>	A well-functioning council ensures that all activities function well
 <p>Ensure services and facilities meet the needs of the Community</p>	One of the focus areas for Council in its consultation with external service providers is the need to keep services to a high standard, accessible and affordable to the community.
 <p>Promote the local economy and opportunities for sustainable economic development</p>	Without confidence in the leadership of Council, an economy is unlikely to grow. Services like health, education and safety are all most important for growth, and Council plays an important

Community Outcomes	Contribution
	facilitation and leadership role in ensuring the best and most appropriate services are provided to the district.
 Foster an involved and engaged community	Preparation of reports and plans provide an opportunity for the residents of the district to be involved

Current Levels of Service

Democracy

We will:

- Serve our community with integrity, dedication and commitment, at all times seeking to achieve the very best for our District and its people.
- Take strong leadership in addressing issues facing the District.
- Ensure that our Administration is professional and competent and acts in support of Council’s vision.
- Seek the community’s involvement in all matters that are important to them or dear to them and to consider inputs carefully and constructively.
- Work with other authorities and agencies, both locally and regionally, in order to gain efficiencies.

Council Support

We will:

- Continue to administer Creative Communities and Sport NZ funding to Otorohanga District community and sporting groups
- Provide funding to various local community groups

Corporate Planning

We will:

- Develop and implement corporate plans, long term plans
- Report to the community through Annual Reports
- Undertake investigations of shared services within the Waikato Region

Policy Development

We will:

- Maintain and implement the District Plan
- Undertake reviews of existing bylaws when they fall due
- Create new bylaws as needs are identified, either from community involvement or government legislation changes

Support Services

We will:

- Continue to provide back-office functions to continue the effective functioning of Council
- Continue to review and develop work practices to implement efficient and cost-effective processes.

Key Issues and options facing these activities

Issue	Options
With the ever changing legislative environment, the workload on Council remains high.	Council will actively monitor the situation
The ability to recruit staff in key specialist positions will remain an issue and the smaller size of the Administration will continue to demand a higher input from individual staff members which may impact on staff retention.	Council will actively monitor the situation
Potential changes to funding provided by Creative Communities or Sport NZ could reduce or remove this support for local groups	Council will actively monitor the situation
Council's District Plan will need to be reviewed beginning in 2023/24	The initial costs of this have been included in this plan

How We Will Measure Performance

Democracy

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	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	Minimum % of Council business conducted in open meeting	New measure	>90%	>90%	>90%	>90% per annum
		Number of complaints upheld against the election process	New measure	0	0	0	0 per election
		Agenda's for meeting (other than extraordinary meetings) of council and its committees are publically available (either via the internet or in Council service centres)	New measure	All agendas are publically available two clear working days before each meeting	All agendas are publically available two clear working days before each meeting	All agendas are publically available two clear working days before each meeting	All agendas are publically available two clear working days before each meeting

Council Support

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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	80.7% 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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19-2024/25
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	The Long Term Plan is completed within the statutory timeframe	Achieved (June 2012)	Not applicable	Not applicable	Adopted before 30 June	Adopted before 30 June (every 3 years)
		The Annual Plan will be adopted before 30 June annually	Achieved	Achieved	Achieved	Not applicable	Achieved (not applicable every 3rd year)
		The Annual Report will include an unqualified audit opinion	Achieved	Achieved	Achieved	Achieved	Achieved
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	Not applicable	Not measured as only measured every 3 years	Not measured as only measured every 3 years	2017 survey, target 50% response	2020,2023 survey, target 50% response

Policy Development

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19 – 2024/25
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	100%	100%	100%	100%	100%

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2013/14	2015/16	2016/17	2017/18	2018/19 – 2024/25
		and/or Resource Management Act 1991					
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	Proposed Local Alcohol Policy notified on 18 February 2014	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	100% compliance	100% compliance	100% compliance	100% compliance	100% compliance
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	Policy & bylaw register updated	Assessment undertaken of bylaws and policy that are due review	Assessment undertaken of bylaws and policy that are due review	Assessment undertaken of bylaws and policy that are due review	Assessment undertaken of bylaws and policy that are due review
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	Achieved	100% compliance	100% compliance	100% compliance	100% compliance

Governance & Leadership Financial Information
Funding

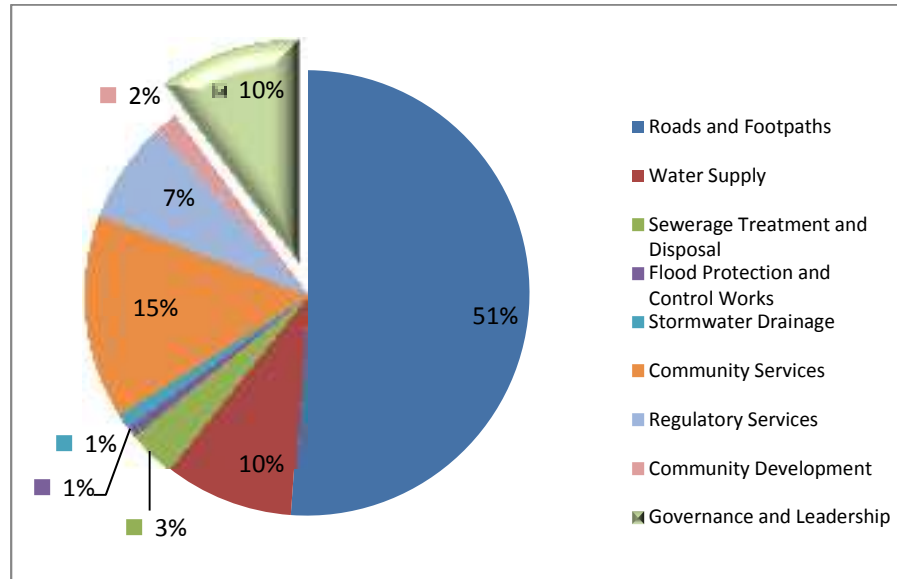


Figure 57 - Total Income - Governance and Leadership

Governance and Leadership makes up 10% of the total income received by Council. The activities in the Governance and Leadership group are predominately funded by rates across the District, with some activities being part funded by rates across the relevant community.

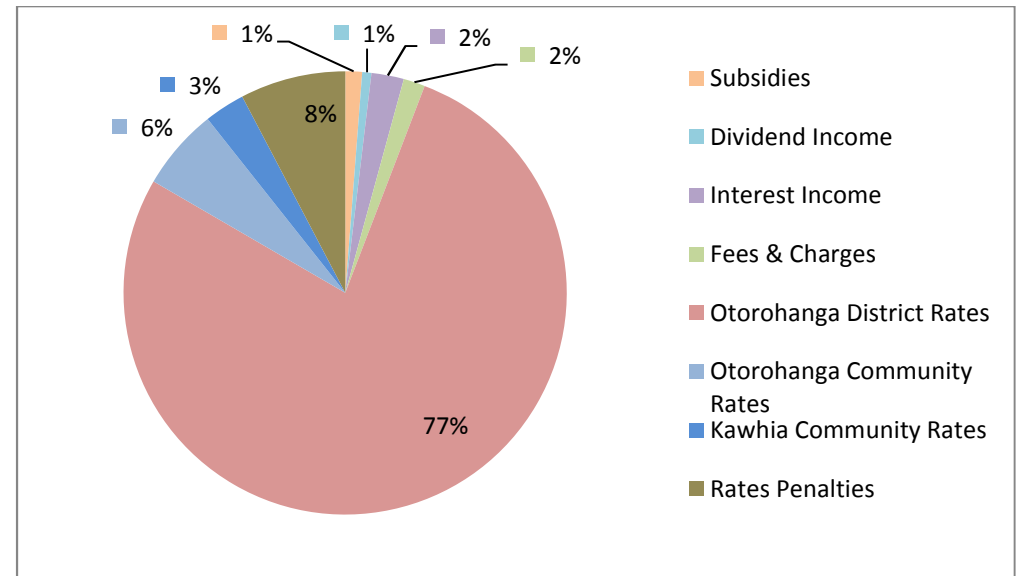


Figure 58 - Income Sources - Governance and Leadership

Cost of Service Statement

Governance and Leadership - Operating Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Operating Revenue											
Activity Revenue	90	99	101	104	107	109	112	115	119	122	126
Targeted Rates	18	20	21	21	22	22	23	23	24	25	25
General Rates	1,545	1,441	1,893	1,506	1,649	1,660	1,667	2,108	1,955	1,769	2,032
Other General Sources	3,967	4,159	4,247	4,359	4,347	4,462	4,481	4,492	4,570	4,632	4,708
Total Operating Revenue	5,620	5,718	6,261	5,990	6,124	6,253	6,283	6,739	6,668	6,548	6,890
Operating Expenditure											
Democratic Process	763	666	723	696	709	772	744	761	807	812	814
Otorohanga Community Board	147	139	147	146	149	157	155	159	168	167	171
Kawhia Community Board	58	66	68	67	69	72	71	73	77	76	79
Creative Communities	15	16	16	16	17	17	17	18	18	19	20
Sport New Zealand	13	13	14	14	14	15	15	15	16	16	17
Council Grants	114	126	129	132	136	139	143	147	151	155	160
Corporate Planning	344	419	432	553	430	443	592	459	473	636	494
Resource Management Policy Development	119	56	57	38	39	40	41	22	22	147	278
Support Services	4,055	4,207	4,324	4,403	4,377	4,507	4,478	4,471	4,469	4,480	4,590
Total Operating Expenditure	5,628	5,708	5,909	6,065	5,939	6,163	6,257	6,125	6,202	6,508	6,622
includes:											
Salaries & Wages	1,933	2,055	2,101	2,148	2,191	2,236	2,284	2,334	2,385	2,439	2,495
Depreciation & Amortisation	266	303	320	361	334	362	383	358	357	359	378
Interest	630	36	53	21	9	51	25	45	128	184	153
Operating Surplus (Deficit)	- 8	11	352	- 75	185	90	26	614	466	40	268
Operating Surplus transferred to Reserves; or	-	11	352	-	185	90	26	614	466	40	268
Operating Deficit funded from Reserves	- 8	-	-	- 75	-	-	-	-	-	-	-

Governance and Leadership - Capital & Reserves Funding Statement	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Capital and Reserves Funding Requirements											
Capital Renewals	422	379	247	254	206	463	416	200	276	275	508
Capital Level of Service	84	25	10	11	11	28	11	12	12	12	13
Operating Deficit	8	-	-	75	-	-	-	-	-	-	-
<i>Total Funding Required</i>	514	404	257	339	217	490	428	211	288	288	521
Funded By:											
Funding from Non-Cash Expenses	316	304	201	210	152	319	280	159	202	201	369
Transfer from General and Special Reserves	122	- 6	- 352	75	- 185	- 62	- 21	- 614	- 466	- 40	- 268
Capital Income	75	95	56	55	65	144	142	53	86	86	153
Operating Surplus (via reserve)	-	11	352	-	185	90	26	614	466	40	268
<i>Total Funding Applied</i>	514	404	257	339	217	490	428	211	288	288	521

The Cost of Service Statement above differs from the Funding Impact Statement as the Funding Impact Statement separates out income into operating and capital, and also excludes non-cash items including, but not limited to, depreciation.

Funding Impact Statement

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	1,545	1,441	1,893	1,506	1,649	1,660	1,667	2,108	1,955	1,769	2,032
Targeted rates	18	20	21	21	22	22	23	23	24	25	25
Subsidies and grants for operating purposes	21	21	21	22	22	23	24	24	25	26	26
Fees and charges	-	24	24	25	26	26	27	28	29	30	30
Internal charges and overheads recovered	3,995	3,562	3,685	3,814	3,854	4,004	4,063	4,113	4,210	4,293	4,407
Local authorities fuel tax, fines, infringement fees, and other receipts	62	54	56	57	58	60	62	63	65	67	69
Total Operating Funding	5,641	5,122	5,699	5,445	5,631	5,795	5,866	6,360	6,308	6,209	6,589
Application of Operating Funding											
Payments to staff and suppliers	3,012	3,082	3,200	3,307	3,246	3,372	3,539	3,458	3,580	3,925	3,973
Finance costs	630	36	53	21	9	51	25	45	128	184	153
Internal charges and overheads applied	1,537	1,434	1,510	1,560	1,580	1,635	1,650	1,676	1,724	1,752	1,797
Other operating funding applications	183	257	263	270	277	284	292	300	309	317	327
Total applications of Operating Funding	5,362	4,809	5,027	5,158	5,112	5,343	5,456	5,389	5,484	5,811	5,943
Surplus (deficit) in operating funding	279	314	673	286	518	452	409	971	823	398	646
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	75	95	56	55	65	144	142	53	86	86	153
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	75	95	56	55	65	144	142	53	86	86	153
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	84	25	10	11	11	28	11	12	12	12	13
to replace existing assets	422	379	247	254	206	463	416	200	276	275	508
Increase (decrease) in reserves	- 152	5	472	77	366	105	124	813	622	197	278
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	354	409	729	341	583	596	552	1,024	910	485	799
Surplus (deficit) in capital funding	- 279	- 314	- 673	- 286	- 518	- 452	- 409	- 971	- 823	- 398	- 646
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

How we manage the assets that support this activity

Given the nature of these activities, the only assets involved are the council building in Otorohanga, related furniture & fittings and council vehicles.

Proposed changes to levels of service

There is no proposed changes to existing levels of service over the life of this plan.

Significant Capital Expenditure

Significant Renewal Projects

No significant renewal projects.

Significant Level of Service Projects

No significant level of service projects

Additional Capacity Projects

None specifically provided for in this Long Term Plan.

Key assumptions about asset lives and funding of replacement

Nil

Significant potential negative effects of this activity

Democracy

- 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.
- Costs associated with delivering the activities
- Risk that the community does not support Council decision-making.

Council Support

- 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.

Corporate Planning

- 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.
- Changes in legislation and regulations around reporting and planning can create additional compliance costs.

Policy Development

- 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.
-

FINANCIAL INFORMATION

Prospective Statement of Comprehensive Income for 10 Years Commencing July 2015

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Income											
Rates Income	10,970	11,186	11,496	11,740	12,057	12,452	12,867	13,206	13,502	13,758	14,066
Contributions	16	10	10	11	11	11	11	12	12	12	13
Water by Volume Rates	672	770	804	1,030	1,066	1,104	1,184	1,234	1,285	1,339	1,397
Subsidies and Grants	3,016	3,296	3,506	3,449	3,763	3,970	4,012	4,083	4,291	4,440	4,508
Other Income	1,284	1,194	1,269	1,311	1,355	1,405	1,455	1,496	1,541	1,584	1,632
Other gains/(losses)	40	40	66	-	7	-	12	-	21	-	-
Total Income	15,998	16,496	17,151	17,540	18,258	18,941	19,543	20,030	20,652	21,133	21,615
Expenditure											
Employee Benefit Expenses	3,234	3,447	3,519	3,594	3,666	3,742	3,822	3,905	3,991	4,081	4,175
Depreciation and Amortisation	3,954	4,305	4,260	4,685	4,607	4,914	5,465	5,724	6,061	6,630	7,029
Other Expenses	7,266	7,235	7,265	7,373	7,497	7,818	8,072	8,053	8,404	8,796	9,071
Finance Costs	630	563	556	485	426	423	304	245	126	37	38
	15,084	15,549	15,600	16,137	16,196	16,898	17,664	17,927	18,583	19,544	20,313
Profit before income tax expenses	914	948	1,551	1,403	2,062	2,043	1,879	2,104	2,068	1,590	1,302
Profit for the year	914	948	1,551	1,403	2,062	2,043	1,879	2,104	2,068	1,590	1,302
Other Comprehensive Income											
Gain/loss on property revaluation	25,683	-	-	12,004	-	-	22,726	-	-	29,729	-
Gain/loss on available for sale financial assets	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	25,683	-	-	12,004	-	-	22,726	-	-	29,729	-
Total Comprehensive Income for the year	26,597	948	1,551	13,407	2,062	2,043	24,605	2,104	2,068	31,319	1,302

Reconciliation of Prospective Statement of Comprehensive Income and Prospective Combined Cost of Service Statement for 10 Years Commencing July 2015

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Total Operating Revenue (Income Statement)											
Total Income	15,998	16,496	17,151	17,540	18,258	18,941	19,543	20,030	20,652	21,133	21,615
Total Operating Revenue (Cost of Service Statements)											
Activity Revenue	4,285	4,490	4,775	4,759	5,117	5,375	5,467	5,578	5,832	6,024	6,139
Targeted Rates	7,210	7,410	7,638	8,055	8,201	8,575	8,945	8,860	9,260	9,641	9,640
Development Contributions	16	10	10	11	11	11	11	12	12	12	13
General Rates	4,432	4,547	4,662	4,715	4,922	4,980	5,107	5,580	5,527	5,456	5,823
Other General Sources	5,264	5,556	5,666	5,807	5,812	5,997	6,046	6,080	6,190	6,289	6,431
	21,207	22,013	22,752	23,347	24,064	24,938	25,576	26,110	26,821	27,423	28,046
Variance	- 5,209	- 5,516	- 5,600	- 5,807	- 5,806	- 5,997	- 6,033	- 6,080	- 6,170	- 6,289	- 6,431
<i>Reconciling items:</i>											
Internal recoveries	5,264	5,556	5,666	5,807	5,812	5,997	6,046	6,080	6,190	6,289	6,431
Interest income on Special Funds	- 15	-	-	-	-	-	-	-	-	-	-
Gain/(loss) on sale of development properties	- 40	40	66	-	7	-	12	-	21	-	-
	5,209	5,516	5,600	5,807	5,806	5,997	6,033	6,080	6,170	6,289	6,431
Total Operating Expenditure (Income Statement)											
Total operating expenditure	15,084	15,549	15,600	16,137	16,196	16,898	17,664	17,927	18,583	19,544	20,313
Total Operating Expenditure (Cost of Service Statement)											
Roads and Footpaths	7,953	8,006	7,967	8,232	8,280	8,747	9,131	9,445	9,930	10,371	10,930
Water Supply	1,727	1,863	1,995	2,132	2,168	2,246	2,340	2,356	2,394	2,486	2,563
Sewerage Treatment and Disposal	540	578	582	613	618	627	671	679	700	735	747
Flood Protection and Control Works	173	171	141	152	135	145	163	161	150	167	147
Stormwater Drainage	174	184	182	192	189	188	196	195	194	205	205
Community Services	2,418	2,569	2,598	2,655	2,714	2,790	2,889	2,956	3,049	3,162	3,251
Regulatory Services	1,452	1,484	1,525	1,562	1,616	1,630	1,692	1,710	1,766	1,797	1,865
Community Development	283	541	367	342	350	360	370	380	390	401	413
Governance and Leadership	5,628	5,708	5,909	6,065	5,939	6,163	6,257	6,125	6,202	6,508	6,622
	20,348	21,105	21,266	21,944	22,009	22,895	23,710	24,006	24,773	25,833	26,744
Variance	- 5,264	- 5,556	- 5,666	- 5,807	- 5,812	- 5,997	- 6,046	- 6,080	- 6,190	- 6,289	- 6,431
<i>Reconciling Items:</i>											
Internal Recoveries	5,264	5,556	5,666	5,807	5,812	5,997	6,046	6,080	6,190	6,289	6,431
	5,264	5,556	5,666	5,807	5,812	5,997	6,046	6,080	6,190	6,289	6,431

Prospective Statement of Changes in Equity for 10 Years Commencing July 2015

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Balance at 1 July	249,142	274,423	275,371	276,922	290,329	292,390	294,434	319,039	321,143	323,211	354,530
Gain/(loss) on movement of reserves											
Surplus/(deficit) for the year	26,597	948	1,551	13,407	2,062	2,043	24,605	2,104	2,068	31,319	1,302
Total recognised income/(expense) for the year ended 30 June	26,597	948	1,551	13,407	2,062	2,043	24,605	2,104	2,068	31,319	1,302
Balance at 30 June	275,739	275,371	276,922	290,329	292,390	294,434	319,039	321,143	323,211	354,530	355,831
Comprised of:											
Retained Earnings	154,840	155,460	157,134	158,289	160,323	162,306	163,980	166,597	168,997	170,586	172,157
Council Controlled Reserves	479	-341	-597	-402	-512	-510	-453	-1,028	-1,524	-1,589	-1,924
Reserve Funds	918	753	886	938	1,077	1,134	1,283	1,345	1,509	1,575	1,640
Revaluation Reserves	119,502	119,499	119,499	131,503	131,503	131,503	154,229	154,229	154,229	183,958	183,958
	275,739	275,371	276,922	290,329	292,390	294,434	319,039	321,143	323,211	354,530	355,831

Prospective Balance Sheet for 10 Years Commencing July 2015

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Assets											
Current Assets											
Cash and Cash Equivalents	813	832	873	820	743	1,172	723	1,808	2,067	2,386	4,190
Trade and Other Receivables	2,448	2,357	2,454	2,455	2,548	2,548	2,542	2,581	2,699	2,699	2,699
Inventory	40	40	41	42	43	44	45	47	48	49	51
Assets Held for Sale	348	678	245	245	165	165	85	85	-	-	-
Total Current Assets	3,649	3,907	3,613	3,562	3,500	3,929	3,396	4,521	4,814	5,134	6,939
Non-current Assets											
Investments	779	779	779	779	779	779	779	779	779	779	779
Property, Plant and Equipment	284,536	283,556	285,265	298,224	298,980	300,226	323,804	323,885	323,870	353,861	353,522
Intangible Assets	127	143	148	139	139	139	139	139	139	139	139
Total Non-current assets	285,442	284,479	286,192	299,143	299,899	301,145	324,723	324,803	324,789	354,779	354,440
Total Assets	289,091	288,386	289,805	302,705	303,398	305,074	328,119	329,324	329,602	359,914	361,379
Liabilities											
Current Liabilities											
Trade and Other Payables	2,000	2,405	2,551	2,996	3,152	3,294	3,740	3,833	4,032	4,515	4,668
Employee Benefit Liabilities	250	250	256	263	270	277	284	292	300	309	318
Borrowings	-	600	400	500	500	-	1,000	-	-	-	-
Total Current Liabilities	2,250	3,255	3,207	3,759	3,922	3,571	5,024	4,125	4,332	4,823	4,986
Non-current Liabilities											
Provisions	21	20	20	19	18	17	17	16	15	14	13
Employee Benefit Liabilities	80	80	82	84	86	89	91	93	96	99	102
Borrowings	11,001	9,660	9,574	8,515	6,981	6,963	3,948	3,948	1,948	448	448
Total Non-current Liabilities	11,102	9,760	9,676	8,618	7,086	7,069	4,055	4,057	2,059	560	562
Total Liabilities	13,352	13,015	12,883	12,376	11,008	10,640	9,080	8,181	6,391	5,384	5,548
Net Assets	275,739	275,371	276,922	290,329	292,390	294,434	319,039	321,143	323,211	354,530	355,831
Equity											
Retained Earnings	154,840	155,460	157,134	158,289	160,323	162,306	163,980	166,597	168,997	170,586	172,157
Council Controlled Reserves	479	341	597	402	512	510	453	1,028	1,524	1,589	1,924
Reserve Funds	918	753	886	938	1,077	1,134	1,283	1,345	1,509	1,575	1,640
Revaluation Reserves	119,502	119,499	119,499	131,503	131,503	131,503	154,229	154,229	154,229	183,958	183,958
Total equity attributable to ODC	275,739	275,371	276,922	290,329	292,390	294,434	319,039	321,143	323,211	354,530	355,831

Prospective Statement of Cash Flow for 10 Years Commencing July 2015

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Cash flows from operating activities											
Receipts from rates revenue	11,642	11,956	12,300	12,770	13,123	13,555	14,052	14,440	14,787	15,097	15,463
Receipts from other revenue	4,271	4,449	4,733	4,716	5,073	5,329	5,420	5,530	5,782	5,973	6,086
Interest received	30	40	41	42	43	44	45	47	48	49	51
Dividends received	10	12	12	12	12	13	13	13	14	14	15
Payments to suppliers and employees	- 10,500	- 10,682	- 10,785	- 10,967	- 11,164	- 11,560	- 11,894	- 11,958	- 12,396	- 12,877	- 13,245
Interest paid	- 630	- 563	- 556	- 485	- 426	- 423	- 304	- 245	- 126	- 37	- 38
Net cash provided by/(used in) Operating Activities	4,823	5,213	5,745	6,088	6,662	6,958	7,332	7,828	8,109	8,219	8,331
Cash flows from investing activities											
Proceeds from sale of Property, Plant and Equipment	75	95	56	55	65	144	142	53	86	86	153
Proceeds from sale of development property held for sale	115	115	497	-	86	-	91	-	102	-	-
Purchase of property, plant and equipment	- 5,542	- 5,862	- 5,916	- 5,176	- 5,297	- 6,094	- 5,936	- 5,731	- 5,973	- 6,418	- 6,610
Purchase of intangible assets	- 20	- 55	- 56	- 58	- 59	- 61	- 63	- 64	- 66	- 68	- 70
Net cash provided by/(used in) Investing Activities	- 5,372	- 5,707	- 5,419	- 5,179	- 5,205	- 6,011	- 5,766	- 5,743	- 5,850	- 6,400	- 6,528
Cash flows from financing activities											
Proceeds from borrowings	1,300	600	400	2,500	2,000	-	1,000	-	-	-	-
Repayment of borrowings	- 1,376	- 86	- 685	- 3,460	- 3,533	- 518	- 3,016	- 1,000	- 2,000	- 1,500	-
Net cash provided by/(used in) Financial Activities	- 76	514	- 285	- 960	- 1,533	- 518	- 2,016	- 1,000	- 2,000	- 1,500	-
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	- 625	20	41	- 52	- 76	429	- 449	1,085	259	320	1,803
Cash, cash equivalent and bank overdrafts at the beginning of the year	1,438	813	832	873	820	743	1,172	723	1,808	2,067	2,386
Cash and cash equivalents at the end of the year	813	832	873	821	744	1,172	723	1,808	2,067	2,386	4,190

Prospective Statement of Debt For 10 Years Commencing July 2015

The Public Debt Profile is based on the financial projections of the Otorohanga District Council until the 2024/25 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.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Opening Loan Balance	11,077	9,745	10,260	9,975	9,015	7,482	6,964	4,948	3,948	1,948	448
Net loans required	1,300	600	400	2,500	2,000	-	1,000	-	-	-	-
Loans repaid	- 1,376	- 86	- 685	- 3,460	- 3,533	- 518	- 3,016	- 1,000	- 2,000	- 1,500	-
Closing Loan Balance	11,001	10,260	9,975	9,015	7,482	6,964	4,948	3,948	1,948	448	448

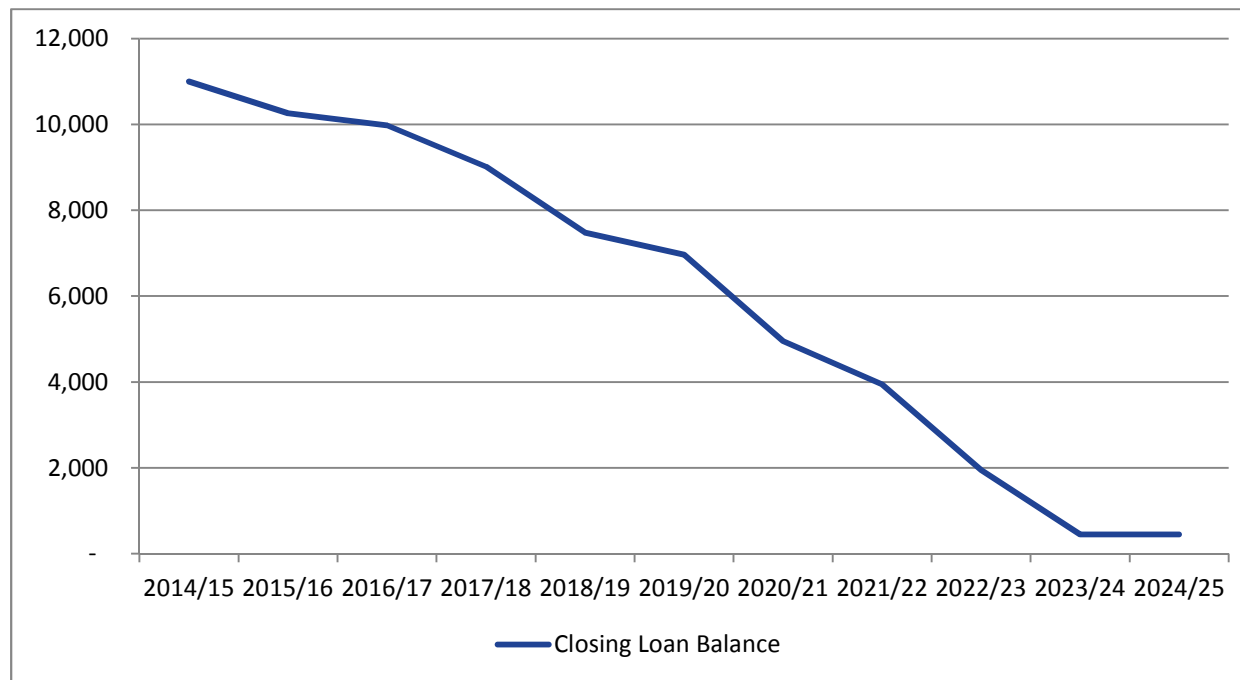


Figure 59 - External Debt Balance

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	Transfer to Reserves during life of the plan	Transfer from Reserves during the life of the plan	Closing Balance
	(000's)	(000's)	(000's)	(000's)
Revaluation Reserves				
Asset Revaluation Reserve	119,491	64,458	-	183,949
Investment Revaluation Reserve	9	-	-	9
	119,500	64,458	-	183,958
Reserve Funds				
Otorohanga General Reserve	524	207	- 150	581
Subdivision Reserve Fund	117	194	-	311
OCB Reserve Fund	230	98	- 50	278
KCB Reserve Fund	-	443	-	443
Upper Waipa Management	27	-	-	27
	898	942	- 200	1,640
Council Controlled Reserves				
Roads & Footpaths	124	- 140,092	140,157	189
Water Supply	250	- 26,200	26,288	337
Sewerage	- 10	- 7,785	7,785	11
Flood Protection	- 34	- 1,545	1,610	31
Community Services	- 19	- 7,537	7,297	259
Regulatory Services	26	- 1,579	1,597	44
Community Development	29	- 84	55	0
Governance & Leadership	- 547	- 14,792	14,528	811
General Funds	- 235	- 51,624	50,414	1,445
	- 416	- 251,238	249,731	1,924

The transfers to reserves during the life of the plan represents all income into those reserve accounts, both operating and capital income. The transfer from reserves represent all the expenditure from the reserve accounts, again both operating and capital.

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. ODC is a Public Benefit Entity (PBE) whose primary objective is to provide goods and services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than a financial return.

Statement of Compliance

These prospective financial statements have been prepared in accordance with and complies with Section 111 of the Local Government Act 2002, the Financial Reporting Act 1993, Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the pronouncements of the New Zealand Institute of Chartered Accountants. These statements have been prepared in accordance with Tier 2 PBE accounting standards. These financial statements comply with PBE accounting standards.

Statement of Prospective Financial Information

The financial information contained within this document is prospective financial information in terms of Public Benefit Entity Financial Reporting Standard 42. The purpose for which it has been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by ODC over the financial years 2015-25.

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 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.

A Cautionary Note

The actual results achieved for any given financial year are likely to vary from the information presented and may vary materially depending upon the circumstances that rise during the period. The prospective financial information is prepared in accordance with Section 93 of the Local Government Act 2002. The information may not be suitable for use in any other capacity.

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"

Disclosing transactions as exchange or non-exchange

The new PBE accounting standards require entities to disclose on the face of the statement of financial position separate amounts for receivables from exchange transaction, receivables from non-exchange transaction, payables from exchange transactions, and payables from non-exchange transactions. Revenue from transfers and taxes, including major classes, is also required to be separately disclosed either on the face of the statement of comprehensive revenue and expense or the notes.

With regards to the Prospective Statement of Comprehensive Income, Rates Income, Contributions, Water by Volume Rates, Subsidies and Grants and Other Income are all considered non-exchange transactions. This is based on the fact that activities that have some element of general rate funding means that the whole activity cannot be by exchange transactions, as any user charges are

not for approximately equal value to the goods and services received.

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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
Plant and Machinery	2.5-3	33.33 – 40%
Water Treatment		

	Useful Life (Years)	Depreciation Rate
Piping	50-80	1.25-2%
Equipment	20-50	2-5%
Other	20	5%
Water Reticulation		
Piping	15-80	1.25-6.66%
Equipment	5-30	3.33-20%
Other	25	4%
Wastewater		
Piping	50-80	1.25-2%
Equipment	10-60	1.66-10%
Other	20-80	1.25-5%
Stormwater		
Piping	20-80	1.25-5%
Equipment	10-60	1.66-10%
Other	25	4%
Roading		
Pavement (Basecourse)		
Sealed	30-60	1.66-3.33%
Unsealed	5-10	10-20%
Seal	5-15	6.7-20%
Culverts	10-80	1.25-10%

	Useful Life (Years)	Depreciation Rate
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 2014.

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 2014.

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. The most recent valuation took effect in the financial year ended 30 June 2014.

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 AECOM (Registered Valuers). The valuation took effect in the financial year ended 30 June 2014.

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%
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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, and the amount initially recognised less, where appropriate, cumulative amortisation.

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.

Funding Impact Statements

The Funding Impact Statements ("FIS") have been prepared in accordance with the Local Government (Financial Reporting) Regulations 2011, which came into effect 11 July 2011. This is a reporting requirement unique to Local Government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices ("GAAP").

The purpose of these statements is to report the net cost of services for significant groups of activities of the Council, and are represented by the revenue that can be allocated to these activities less the costs of providing the service. They contain all funding sources for these activities and all applications of this funding by these activities. The group of activity FIS include internal transactions between activities such as internal overheads and charges applied and or recovered and internal borrowing. A FIS is also prepared at the whole of Council level summarising the transactions contained within the GOA FIS, eliminating internal transactions, and adding in other transactions not reported in the group of activity statements.

These statements are based on cash transactions prepared on an accrual basis and as such do not include non cash/accounting transactions that are included within the Prospective Comprehensive Income Statement as required under GAAP. These items include but are not limited to Council's depreciation, gain and/or losses on revaluation and vested assets.

They also depart from GAAP as funding sources are disclosed within the FIS as being either for operational or capital purposes. Income such as subsidies received for capital projects, development and financial contributions and gains on sale of assets are recorded as capital funding sources. Under GAAP these are treated as income in the Prospective Comprehensive Income Statement.

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 2015-25 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.

LTP information

This LTP has been authorised for issue on 23rd of June 2015, 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 Statement

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 192 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 192 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 rating unit in the District.

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 2015/16 year the uniform charges equate to 22.02% 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 192 of this Funding Impact Statement.

Definitions of various categories of rateable land used on page 192 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) ⁴ as a proportion of the total Household Equivalent Units of the property after development. Example: 2 HEU property developed to

⁴ Where HEUs are defined as in Council's Policy on Development and Financial Contributions

Water Consuming Unit Category	Proportion of metered water volume to which PSMWC charges applicable for consuming unit
	5 HEU Proportion = $(5 - 2)/5 = 60\%$

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.

Separately Used of Inhabited Part of a Rating Unit

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.

Other Definitions

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:

- The usual Generally Accepted Accounting Principles (GAAP) regulated statements of financial position, comprehensive income and the like; and
- 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.

2015/16 Rates Information

Total Revenue Required	Rates 2015/16 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
2,122,077	General Rate (partially funds activities as detailed below)	Every rating unit in the district	Rate in the \$ on capital value			3,484,363,001	0.0006090
1,334,557	Uniform Annual General Charge (partially funds activities as detailed below)	Every rating unit in the district	Fixed amount for each rating unit			4,116	324.24
3,821,131 1,206,673	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			3,483,684,001 4,116	0.0010969 293.17
145,474 252,477	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			3,007,172,008 2,192	0.0000484 115.18
79,414 90,533	Otorohanga Community Targeted Rate (partially funds	Every rating unit in the defined Otorohanga Community area	Rate in the \$ on capital value	Commercial Properties Residential	Ratio 2.5 Ratio 1.0	83,849,798 238,972,651	0.0009471 0.0003788

Total Revenue Required	Rates 2015/16 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units Measure	of Rate or Charge
233,934	activities as detailed below)		Fixed amount for each rating unit	Properties		1,306	179.12
88,009	Kawhia Community Targeted Rate	Every rating unit in the defined Kawhia Community area	Rate in the \$ on capital value			152,899,044	0.0005756
53,168	(partially funds activities as detailed below)		Fixed amount for each rating unit			606	87.74
146,754	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			1,363	107.67
115,995	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			524	221.36
422,123	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	1,370	308.12
1,250				Outer Area	Ratio 1.0	3	416.67
180,188	Water Supply Targeted Rate Kawhia	Every rating unit in the defined Kawhia Water Supply area	Fixed amount for each separately used or inhabited			418	431.07

Total Revenue Required	Rates 2015/16 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
			part of a rating unit				
15,957	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	69,248,500	0.0002304
21,985				Residential Properties	Ratio 1.0	238,524,651	0.0000922
17,069	Water Supply Targeted Loan Rate – Kawhia	Every rating unit in the defined Kawhia Water Supply area	Rate in the \$ on capital value			113,114,100	0.0001509
10,945	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		115,477,800	0.0000948
421,800	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		1,335	315.96
1,555				5 or more	per urinal	35	44.44
39,276	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	68,412,500	0.0005741
52,063				Residential Properties	Ratio 1.0	226,714,651	0.0002296
864	Rural Halls Targeted Rate	Every rating unit within the defined Rural Hall areas	Rate in the \$ on capital value	Arohena		172,738,900	0.0000050
1,622				Kio Kio		270,339,150	0.0000060
734				Puketotara/ Ngutunui		244,827,500	0.0000030
2,057				Maihihi		120,975,600	0.0000170

Total Revenue Required	Rates 2015/16 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
1,528				Honikiwi		117,555,300	0.0000130
2,790			Fixed amount for each separately used or inhabited part of a rating unit	Arohena		62	45.00
3,840				Kio Kio		192	20.00
3,540				Crossroads		177	20.00
2,394				Puketotara/ Ngutunui		266	9.00
2,286				Otewa		127	18.00
15,450	Aotea Erosion Targeted Rate	Every rating unit within the defined Aotea Community area	Fixed amount for each rating unit			164	94.20
12,355	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			26	475.17
10,000	CBD Development Rate	Every commercial property within the defined Otorohanga Commercial area	Rate in the \$ on capital value			84,084,798	0.0001189
22,492			Fixed amount for each rating unit			150	149.95
41,570	Security Patrol Rate	Every commercial property within the defined Otorohanga Commercial area	Rate in the \$ on capital value			45,372,750	0.0009162
41,570			Fixed amount for each rating unit			98	424.19
643,000	Water Supplied by	Every property	Fixed amount for	Arohena		395,442	0.40

Total Revenue Required	Rates 2015/16 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
	Volume – Rural Water Supplies	connected to the defined Rural Water Schemes.	each cubic metre of water consumed Fixed amount per meter	Tihiroa Ranginui Waipa Arohena Tihiroa Ranginui First meter Additional meter Waipa		229,885 175,349 266,409 71 50 7 11 129	0.87 0.43 0.52 377.78 400.00 1,800.00 No charge 88.89
118,000	Water Supplied by Volume – Otorohanga Water Supply	Every property connected to the defined Otorohanga Water Supply Scheme	Fixed amount for each cubic metre of water consumed (220 cubic metre free allowance)	Rateable properties Non-rateable properties Property outside Otorohanga Community Non rateable inside Community All connected	% of revenue 51.1% 3.2% 45.7%	90,442 4,248 60,663 10	0.57 0.76 0.76 308.12

Total Revenue Required	Rates 2015/16 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units Measure	of Rate or Charge
			Fixed amount per meter Minimum charge (where applicable)	properties		150	102.22 308.12
7,000	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 Minimum charge (where applicable)	Within Community Outside Community Non rateable inside community All connected properties	% of revenue 68.5% 31.5%	3,084 1,224 24	1.01 1.17 431.07 102.22 431.07
2,000	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.			196	10.22

11,810,269 TOTAL

Rate Contributions to Activities

Unifrom Annual General Charge and Community Fixed Targeted Rates				
	District	Rural Community	Otorohanga Community	Kawhia Community
	\$	\$	\$	\$
Democratic Process	86.97	-	40.48	43.71
Council Support	16.16	-	-	-
Corporate Planning	52.25	-	-	-
District Economic Development	48.60	-	-	-
Policy Development	6.96	-	-	-
Civil Defence	22.56	-	-	-
Environmental Health	12.64	-	-	-
Dog Control	3.38	-	-	-
Stock Ranging & Impounding	1.82	-	-	-
Litter Control	5.00	-	-	-
Sport Waikato	8.74	-	-	-
Parks & Reserves	38.39	-	-	-
Refuse	5.72	28.00	-	-
Water Supply	7.99	-	-	-
Sewerage	5.56	-	-	-
Library	38.65	-	-	-
Public Conveniences	7.09	-	3.30	-
Kawhia Medical Centre	1.62	-	-	10.92
Kawhia Wharf	3.50	-	-	7.83
Council Property	-	0.71	-	2.36
Pool	-	104.45	156.83	12.29
Security Patrol	-	-	7.75	-
Halls	-	-	-	14.50
	372.87	132.46	205.99	100.90

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	1.07	-	2.93	7.33	1.82	
Corporate Planning	0.64	-	-	-	-	
District Economic Development	0.40	-	-	-	-	
Environmental Services Manager	0.27	-	-	-	-	
Planning & Development	0.47	-	-	-	-	
Policy Development	0.09	-	-	-	-	
Building Control	0.93	-	-	-	-	
Environmental Health	0.16	-	-	-	-	
Litter Control	0.12	-	-	-	-	
Sport Waikato	0.05	-	-	-	-	
Council Support	0.22	-	-	-	-	
Refuse	0.07	-	-	-	-	
Parks & Reserves	1.42	-	-	-	-	
Library	0.48	-	-	-	-	
Security Patrol	0.02	-	-	-	-	
Cemeteries	0.20	-	-	-	-	
Public Conveniences	0.30	-	-	-	-	
Kawhia Wharf	0.04	-	-	-	0.33	
Kawhia Medical Centre	0.02	-	-	-	0.45	
Halls	-	0.01	-	-	-	
Land Drainage	-	0.19	-	-	-	
Rural Fire	-	0.30	-	-	-	
Council Property	-	0.01	-	0.17	0.43	0.48
Stormwater	-	0.06	-	7.59	18.99	2.35
Property Development	-	0.05	-	6.00	14.99	1.19
	\$7.00	\$0.56	\$4.36	\$10.89	\$6.62	

Examples of Contributions to Council Services – 2015/16 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	227	247	337	547	188	217	194	247	568
Council Support	22	23	22	27	21	23	39	50	117
Corporate Planning	68	72	68	84	65	72	117	149	341
District Economic Development	59	61	59	69	57	61	88	108	228
Policy Development	9	10	9	11	9	10	16	20	45
Civil Defence	23	23	23	23	23	23	23	23	23
Environmental Health	17	17	17	20	16	17	28	36	83
Dog Control	3	3	3	3	3	3	3	3	3
Stock Ranging & Impounding	2	2	2	2	2	2	2	2	2
Litter Control	8	9	8	11	7	9	17	24	61
Sport Waikato	10	10	10	11	10	10	14	17	33
Parks & Reserves	74	81	74	109	67	81	180	251	676
Refuse	131	132	131	133	262	262	41	44	65
Water Supply	362	362	362	362	504	504	8	8	8
Sewerage	369	369	369	369	6	6	6	6	6
Library	51	53	51	62	48	53	86	110	253
Public Conveniences	18	19	18	25	13	16	37	52	141
Kawhia Medical Centre	2	2	2	3	22	27	4	5	11
Kawhia Wharf	5	5	5	6	19	22	8	10	23
Council Property	- 8	- 8	- 14	- 25	20	25	- 2	- 2	- 5
Pool	157	157	157	157	12	12	104	104	104
Security Patrol	8	8	759	1,023	0	0	2	2	7
Halls	-	-	-	-	14	14	1	1	3
Environmental Services Manager	7	8	7	13	5	8	27	40	121
Planning & Development	12	14	12	23	9	14	47	70	210
Building Control	23	28	23	46	19	28	93	139	418
Cemeteries	5	6	5	10	4	6	20	31	92
Rural Fire	-	-	-	-	-	-	30	45	134
Stormwater	190	228	475	949	47	71	6	10	29
Land Transport	652	716	652	968	589	716	1,599	2,229	6,013
Sewerage Loan	66	79	165	330	-	-	-	-	-
Water Loan	26	32	66	132	35	52	-	-	-
Land Drainage	-	-	-	-	-	-	19	28	85
Property Development	- 149	- 178	- 373	- 747	25	37	5	8	24
CBD Development	-	-	207	241	-	-	-	-	-
	\$2,449.39	\$2,587.77	\$3,709.40	\$5,001.04	\$2,120.66	\$2,400.39	\$2,859.88	\$3,868.59	\$9,920.81

Proposed Rates Levies and Funding Mix Otorohanga District

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
General Rate											
Otorohanga Rural	1,830,852	1,844,013	1,970,340	1,981,453	2,055,187	2,066,955	2,129,476	2,314,006	2,295,485	2,264,291	2,422,853
Otorohanga Community	188,025	187,655	200,510	201,641	209,145	210,342	216,705	235,483	233,598	230,424	246,560
Kawhia Community	90,920	90,409	96,603	97,148	100,763	101,340	104,405	113,452	112,544	111,015	118,789
	2,109,796	2,122,077	2,267,453	2,280,241	2,365,095	2,378,637	2,450,586	2,662,941	2,641,627	2,605,729	2,788,202
Uniform Annual General Charge											
Otorohanga Rural	726,049	711,375	793,349	795,799	831,853	838,060	862,235	986,793	957,055	927,772	1,012,966
Otorohanga Community	436,154	426,695	475,865	477,334	498,960	502,683	517,184	591,896	574,059	556,494	607,595
Kawhia Community	201,024	196,487	219,129	219,806	229,764	231,479	238,156	272,560	264,346	256,258	279,789
	1,363,227	1,334,557	1,488,343	1,492,939	1,560,578	1,572,222	1,617,575	1,851,248	1,795,460	1,740,524	1,900,351
Separate Rooding Rate											
Otorohanga Rural	3,308,467	3,320,336	3,377,683	3,522,632	3,529,656	3,670,323	3,751,757	3,607,746	3,790,377	3,944,180	3,882,251
Otorohanga Community	339,772	337,967	343,804	358,558	359,273	373,591	381,880	367,222	385,811	401,467	395,163
Kawhia Community	164,298	162,828	165,640	172,748	173,092	179,991	183,984	176,922	185,878	193,420	190,384
	3,812,537	3,821,131	3,887,127	4,053,939	4,062,021	4,223,905	4,317,621	4,151,889	4,362,066	4,539,067	4,467,798
Separate Rooding Uniform Annual Charge											
Otorohanga Rural	606,525	643,207	690,667	759,242	800,837	875,590	940,038	948,485	996,499	1,036,934	1,020,653
Otorohanga Community	364,353	385,807	414,274	455,407	480,356	525,194	563,851	568,918	597,718	621,971	612,206
Kawhia Community	167,931	177,659	190,768	209,709	221,198	241,845	259,646	261,979	275,241	286,409	281,912
	1,138,810	1,206,673	1,295,709	1,424,357	1,502,391	1,642,630	1,763,536	1,779,381	1,869,457	1,945,314	1,914,770
Total Rate Levy District Wide	8,424,370	8,484,438	8,938,632	9,251,476	9,490,085	9,817,393	10,149,319	10,445,460	10,668,611	10,830,634	11,071,121

Otorohanga Rural

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Rural Separate Rate	81,445	145,474	67,180	63,069	69,350	67,017	72,946	75,229	73,834	70,021	83,868
Rural Uniform Separate Charge	201,980	252,477	208,453	212,053	216,768	220,316	229,173	233,968	236,939	243,390	246,857
	283,425	397,950	275,633	275,122	286,118	287,333	302,120	309,197	310,772	313,411	330,724
Water Supply Rates											
Arohena RWS Loan	-	10,945	12,933	18,897	18,315	17,765	17,255	16,783	16,343	12,823	12,244
Halls											
Arohena Hall	859	864	864	864	864	864	864	864	864	864	864
Arohena Hall	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790
Honikiwi Hall	1,518	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528
Kio Kio Hall	1,605	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622	1,622
Kio Kio Hall	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840	3,840
Maihihi Hall	2,053	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057	2,057
Otewa Hall	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286	2,286
Puketotara/Ngutunui Hall	722	734	734	734	734	734	734	734	734	734	734
Puketotara/Ngutunui Hall	2,376	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394	2,394
Tokenui Crossroads	3,560	3,540	3,540	3,540	3,540	3,540	3,540	3,540	3,540	3,540	3,540
District Wide	6,471,892	6,518,931	6,832,039	7,059,126	7,217,534	7,450,928	7,683,507	7,857,029	8,039,416	8,173,176	8,338,724
Total Rate Levy Otorohanga Rural	6,776,926	6,949,482	7,142,260	7,374,799	7,543,621	7,777,681	8,024,536	8,204,663	8,388,186	8,521,065	8,703,347

Otorohanga Community

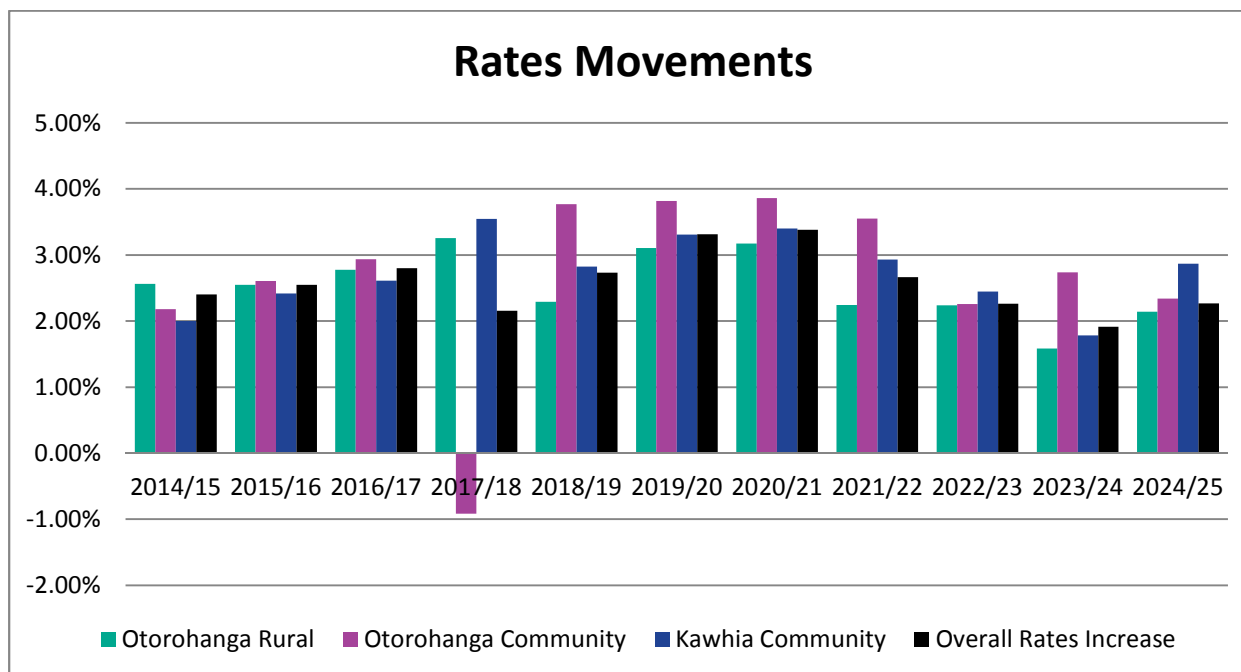
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Separate Otorohanga Community Rate											
Differential Rating Area No 1	80,694	79,414	65,221	72,725	81,207	86,501	84,078	88,345	89,283	92,501	92,678
Differential Rating Area No 2	90,704	90,533	74,352	82,907	92,576	98,611	95,849	100,713	101,783	105,451	105,653
	171,398	169,947	139,573	155,632	173,783	185,112	179,927	189,058	191,067	197,952	198,331
Separate Otorohanga Community Uniform Annual Charge											
Uniform Annual General Charge	242,369	233,934	224,029	238,710	263,335	281,899	277,454	293,148	302,994	310,269	315,531
Sewerage Loan Special Rate											
Differential Rating Area No 1	47,758	39,276	35,349	31,615	28,074	24,750	21,610	18,759	16,187	13,930	12,018
Differential Rating Area No 2	62,458	52,063	46,858	41,909	37,214	32,808	28,646	24,866	21,458	18,466	15,930
	110,216	91,339	82,207	73,524	65,288	57,558	50,256	43,625	37,645	32,396	27,948
Water Loan Special Rate											
Differential Rating Area No 1	12,810	15,957	19,488	17,653	15,901	14,229	12,636	11,182	9,855	8,625	7,554
Differential Rating Area No 2	17,391	21,985	26,850	24,323	21,908	19,604	17,409	15,406	13,578	11,883	10,408
	30,201	37,942	46,338	41,976	37,809	33,833	30,045	26,588	23,433	20,508	17,963
Refuse Rate											
Separate Uniform Refuse Rate	144,914	146,754	151,862	146,856	153,635	151,748	159,324	157,784	165,779	164,116	163,740
Water Supply Rates											
Separate Water Rate	387,839	422,123	441,475	302,800	311,103	324,846	345,471	353,191	356,147	390,239	398,909
Outer Area Water Rate	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
	389,089	423,373	442,725	304,050	312,353	326,096	346,721	354,441	357,397	391,489	400,159
Sewerage Rate											
Separate Sewerage Rate	387,909	421,800	428,579	464,964	476,218	490,741	538,214	550,325	574,404	610,890	634,635
Separate Sewerage Rate	1,333	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555
	389,242	423,356	430,135	466,519	477,773	492,296	539,769	551,881	575,959	612,445	636,191
Security Patrol											
Separate Security Patrol Rate	34,778	41,570	41,855	42,894	43,999	49,404	50,709	52,101	58,578	60,210	61,978
Separate Uniform Annual Charge	34,778	41,570	41,855	42,894	43,999	49,404	50,709	52,101	58,578	60,210	61,978
	69,556	83,141	83,710	85,788	87,998	98,809	101,419	104,203	117,156	120,420	123,955
CBD Development Rate											
Separate CBD Rate	8,884	10,000	10,250	10,510	10,780	11,070	11,370	11,680	12,010	12,350	12,710
Separate CBD Uniform Annual Charge	20,482	22,492	22,547	23,197	23,779	24,420	25,173	25,842	26,569	27,439	28,221
	29,366	32,492	32,797	33,707	34,559	35,490	36,543	37,522	38,579	39,789	40,931
District Wide	1,328,304	1,338,124	1,434,454	1,492,940	1,547,735	1,611,811	1,679,620	1,763,518	1,791,186	1,810,356	1,861,524
Total Rate Levy Otorohanga Community	2,904,655	2,980,402	3,067,830	3,039,702	3,154,269	3,274,654	3,401,079	3,521,769	3,601,195	3,699,741	3,786,272

Kawhia Community

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Separate Kawhia Community Rate	74,061	88,009	66,363	71,048	71,265	71,835	74,309	71,887	76,771	79,174	80,191
Separate Kawhia Community Uniform Annual Charge	55,619	53,168	54,065	54,303	55,176	56,278	57,609	55,701	60,998	61,651	62,926
Aotea Erosion Protection Rate											
Aotea Erosion Separate Rate	15,000	15,450	15,174	15,422	15,122	15,476	15,690	15,290	15,705	15,486	15,347
Aotea Erosion Loan Rate	13,372	12,355	11,810	11,294	10,808	10,358	9,934	9,543	9,186	8,858	8,563
Separate Water Rate - Debt Servicing	18,249	17,069	16,298	15,567	14,875	14,224	13,611	13,038	12,505	12,012	11,233
Seperate Water Rate-Connected Properties	168,808	180,188	184,438	191,238	197,144	203,730	209,002	211,061	217,651	227,626	239,176
Kawhia Refuse Rate	114,131	115,995	118,270	120,636	122,996	125,722	128,479	131,338	134,536	137,815	141,286
District Wide	624,173	627,383	672,139	699,410	724,817	754,654	786,191	824,913	838,009	847,102	870,874
Total Rate Levy Kawhia Community	1,083,413	1,109,615	1,138,557	1,178,919	1,212,204	1,252,276	1,294,826	1,332,772	1,365,361	1,389,724	1,429,596

Combined Otorohanga District Summary

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Otorohanga Rural	2.56%	2.55%	2.77%	3.26%	2.29%	3.10%	3.17%	2.24%	2.24%	1.58%	2.14%
Otorohanga Community	2.18%	2.61%	2.93%	-0.92%	3.77%	3.82%	3.86%	3.55%	2.26%	2.74%	2.34%
Kawhia Community	2.00%	2.42%	2.61%	3.55%	2.82%	3.31%	3.40%	2.93%	2.45%	1.78%	2.87%
Overall Rates Increase	2.40%	2.55%	2.80%	2.16%	2.73%	3.31%	3.38%	2.66%	2.26%	1.92%	2.27%



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	2015/16		2016/17		2017/18	
	% Increase	\$ increase	% Increase	\$ increase	% Increase	\$ increase
\$250,000 value Otorohanga Residential	2.45%	\$58.55	3.38%	\$82.75	-0.92%	(\$23.34)
\$300,000 value Otorohanga Residential	2.44%	\$56.75	3.18%	\$82.20	-0.76%	(\$20.18)
\$250,000 value Otorohanga Commercial	6.30%	\$219.78	1.59%	\$58.88	0.07%	\$2.75
\$500,000 value Otorohanga Commercial	5.29%	\$251.28	0.57%	\$28.47	0.55%	\$27.47
\$200,000 value Kawhia Residential	3.49%	\$71.61	3.11%	\$66.06	3.61%	\$79.00
\$300,000 value Kawhia Residential	3.49%	\$80.94	2.33%	\$55.97	3.57%	\$87.71
\$1,000,000 value Rural	2.34%	\$65.28	2.96%	\$84.57	3.29%	\$96.83
\$1,500,000 value Rural	1.98%	\$75.27	2.70%	\$104.49	3.16%	\$125.69
\$4,500,000 value Rural	1.38%	\$135.21	2.26%	\$223.96	2.95%	\$298.83

Whole of Council Funding Impact Statement

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Source of Operating Funding											
General rates, uniform annual charges, rates penalties	4,432	4,547	4,662	4,715	4,922	4,980	5,107	5,580	5,527	5,456	5,823
Targeted rates	6,477	7,410	7,638	8,055	8,201	8,575	8,945	8,860	9,260	9,641	9,640
Subsidies and grants for operating purposes	1,502	1,483	1,529	1,612	1,653	1,695	1,757	1,781	1,826	1,905	1,926
Fees and charges	735	585	638	661	688	719	751	772	796	819	843
Interest and dividends from investments	40	52	53	54	56	57	59	60	62	64	65
Local authorities fuel tax, fines, infringement fees, and other receipts	1,178	553	574	591	607	623	641	659	678	697	718
Total Operating Funding	14,364	14,629	15,093	15,688	16,126	16,650	17,259	17,712	18,148	18,580	19,014
Application of Operating Funding											
Payments to staff and suppliers	10,002	9,676	9,951	10,113	10,288	10,662	10,972	11,011	11,423	11,878	12,219
Finance costs	630	563	556	485	426	423	304	245	126	37	38
Other operating funding applications	713	1,001	817	837	858	881	904	929	954	981	1,009
Total applications of Operating Funding	11,345	11,239	11,324	11,435	11,573	11,966	12,181	12,185	12,504	12,896	13,266
Surplus (deficit) in operating funding	3,019	3,390	3,769	4,252	4,554	4,684	5,078	5,527	5,644	5,685	5,749
Sources of Capital Funding											
Subsidies and grants for capital expenditure	1,514	1,812	1,977	1,836	2,109	2,275	2,254	2,301	2,465	2,535	2,581
Development and financial contributions	68	10	10	11	11	11	11	12	12	12	13
Increase (decrease) in debt	- 481	9	- 198	- 651	- 652	- 653	- 653	- 637	- 630	- 602	- 521
Gross proceeds from sale of assets	190	210	554	55	151	144	233	53	189	86	153
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	1,291	2,042	2,342	1,250	1,618	1,777	1,846	1,729	2,036	2,031	2,226
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	92	55	51	52	53	65	61	57	59	72	-
to improve level of service	299	1,268	1,508	938	735	762	1,052	855	912	1,164	984
to replace existing assets	4,886	4,594	4,414	4,244	4,568	5,328	4,886	4,883	5,068	5,250	5,696
Increase (decrease) in reserves	- 967	- 486	139	269	817	306	925	1,460	1,641	1,229	1,295
Increase (decreases) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	4,310	5,432	6,112	5,503	6,172	6,461	6,924	7,255	7,680	7,716	7,975
Surplus (deficit) in capital funding	- 3,019	- 3,390	- 3,770	- 4,253	- 4,554	- 4,684	- 5,078	- 5,527	- 5,644	- 5,685	- 5,749
Funding Balance	-	0	0	0	0	0	0	0	0	0	0

Financial Regulations Benchmarks

Long Term Plan disclosure statement for the period commencing 1 July 2015

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

The council meets the rates affordability benchmark if—

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is rates being less than 75% of total income for the year.

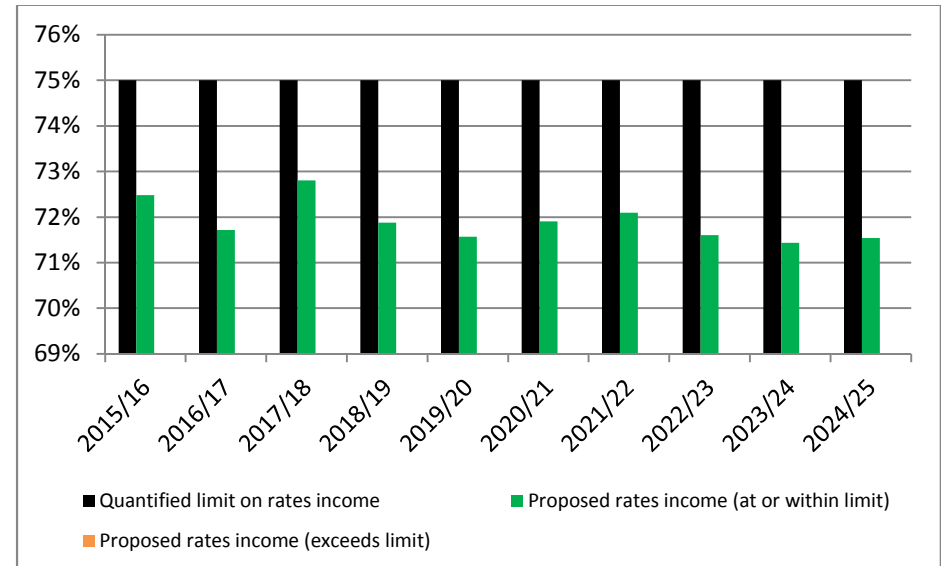


Figure 60 - Rates (Income) Affordability

Rates (increases) affordability

The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is LGCI inflation plus 2%. Refer to the table on page 58 for these limits.

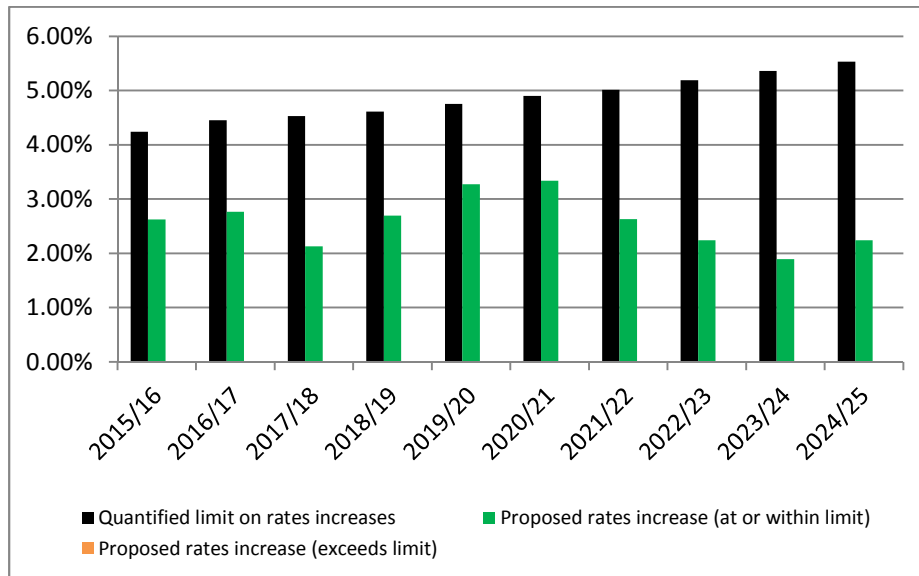


Figure 61 - Rates (Increase) Affordability

Debt affordability benchmark

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this long-term plan. The quantified limit is debt being no more than 100% of total revenue for the year.

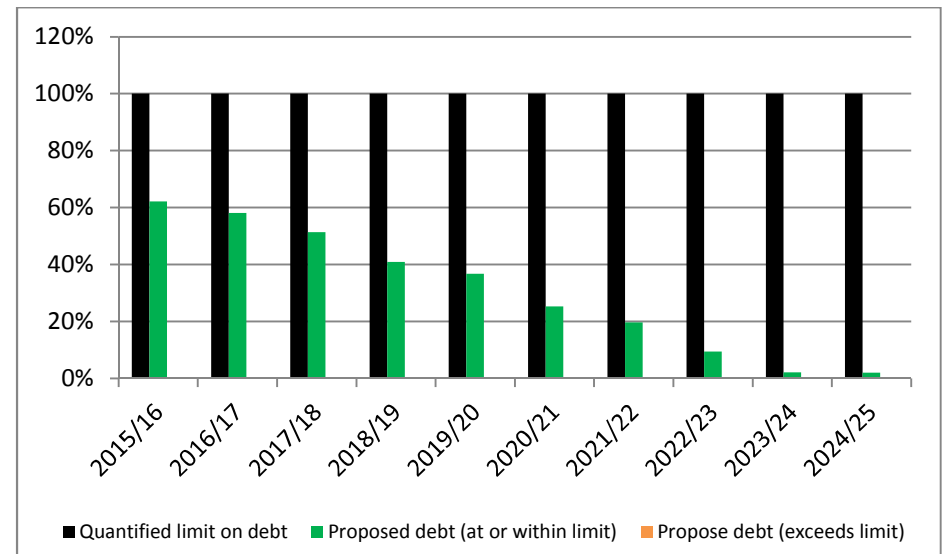


Figure 62 - Debt Affordability

Balanced budget benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

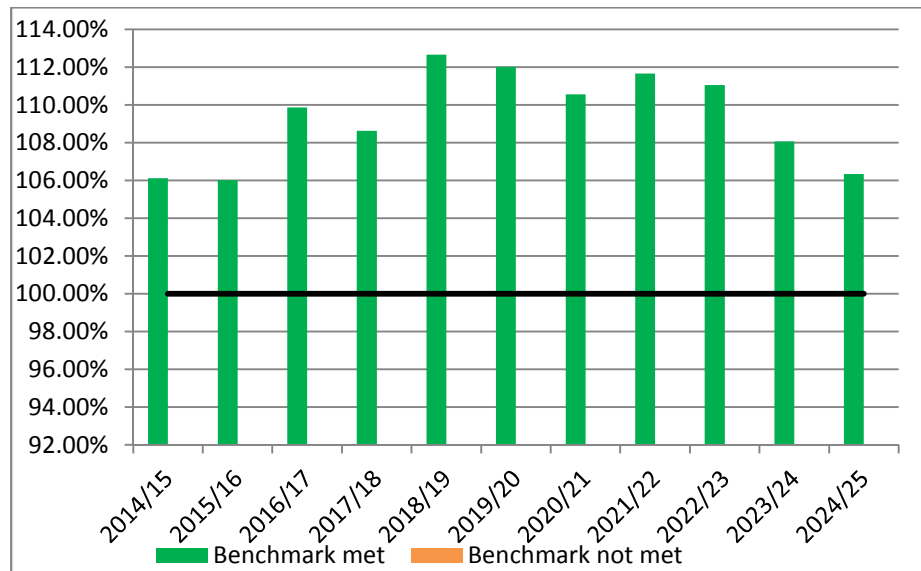


Figure 63 - Balance Budget Benchmark

Essential services benchmark

The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

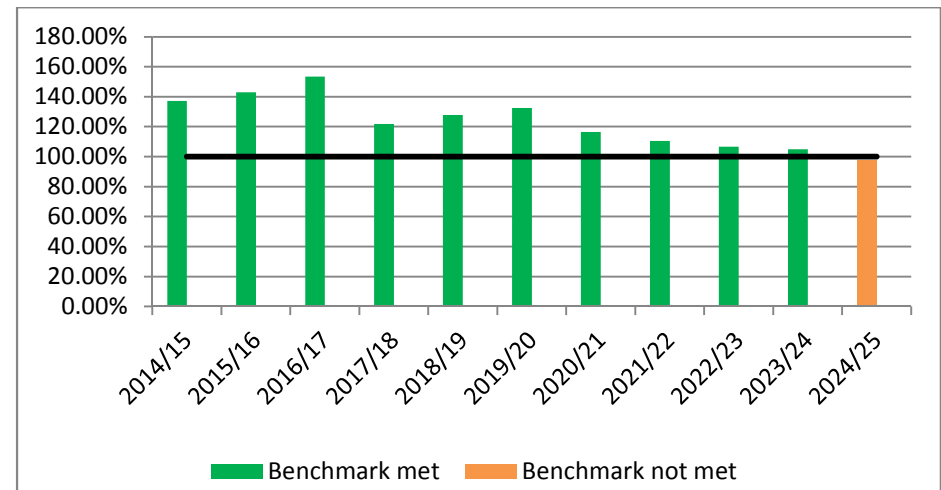


Figure 64 - Essential Services Benchmark

Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

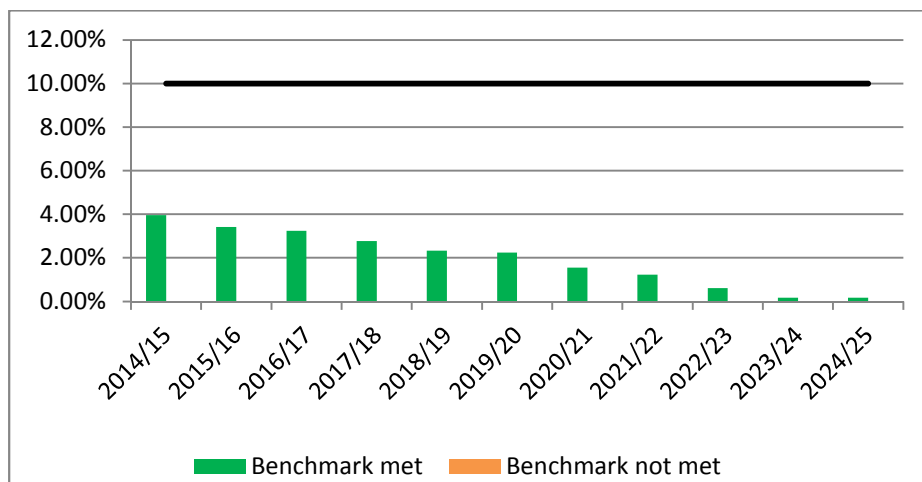


Figure 65 - Debt Servicing Benchmark

Schedule of Fees and Charges

All Fees include GST at the prevailing rate.

ROADS AND FOOTPATHS		1 July 2014	1 July 2015		Actual Costs	Actual Costs
<i>TEMPORARY ROAD CLOSURE COSTS</i>						
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		
				<i>STOCK DROVING</i>		
				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
				<i>KERB / FOOTPATH CROSSING BOND</i>		
				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



WATER SUPPLY

		1 July 2014	1 July 2015
<i>WATER CONNECTION CHARGES (RURAL WATER SUPPLIES ONLY)</i>			
Connection Fee			
Arohena	Capital Contribution	Set on Application	Set on Application
	Connection Costs	Actual	Actual
	Administration Fee	\$350.00	\$350.00
Ranginui	Capital Contribution	Set on Application	Set on Application
	Connection Costs	Actual	Actual
	Administration Fee	\$350.00	\$350.00
Tihiroa	Capital Contribution	Set on Application	Set on Application
	Connection Costs	Actual	Actual
	Administration Fee	\$350.00	\$350.00
Waipa	Capital Contribution	\$45 per k LV	\$45 per k LV
	Connection Costs	Actual	Actual
	Administration Fee	\$350.00	\$350.00
	Special Meter reading fee	\$100.00	\$100.00

Otorohanga Community

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			\$750.00	\$790.00
Special Meter Reading			\$100.00	\$100.00
All other connections	Fixed price quote to be provided by Council approved Contractor			
Application Fee - Outside Otorohanga Communities				
Application fee			\$195.00	\$195.00
Capital Contribution			\$1,595.00	\$1,595.00
Standard Domestic Connection			Fixed price quote to be provided by Council approved Contractor	
Extraordinary Use				
Right to withdraw from Fire Hydrant		1 day	\$100.00	\$100.00
Right to withdraw from Fire Hydrant		1 year	\$950.00	\$1,500.00
* Conditions Apply				

Kawhia Community

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	\$1,400.00

WATER SUPPLY

	1 July 2014	1 July 2015
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	\$1,595.00	\$1,595.00
Standard Connection	Domestic	Approved Contractor
	Quote	Quote
Extraordinary Use		
Right to withdraw from Fire Hydrant	1 day	\$100.00
Right to withdraw from Fire Hydrant	1 year	\$950.00

* Conditions Apply

SEWERAGE TREATMENT AND DISPOSAL

	1 July 2014	1 July 2015
Otorohanga Community		
<i>SEWER CONNECTION FEE</i>		
Within Otorohanga Community		
Application fee	\$195.00	\$195.00
Connection	Fixed price quote to be provided by Council approved Contractor	

Outside Otorohanga Community

Application fee	\$195.00	\$195.00
Capital Contribution	\$1,590.00	\$1,590.00
Connection	Fixed price quote to be provided by Council approved Contractor	

* 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.

TRADE WASTE

(Trade Waste By Law)

Application Fee	All Classes	\$110.00	\$110.00
Controlled Consents	1 yearly fee	\$148.00	\$148.00
Controlled Consents	3 yearly fee*	\$294.00	\$294.00
Conditional Consents	(Set on Application-Refer to By Law)		
Discharge of Septic Tank Waste			
Domestic Septic Waste (Within District)	Per m3*	\$30.00	\$30.00
Domestic Septic Waste (Outside District)	Per m3*	\$82.00	\$82.00

* Conditions Apply



COMMUNITY SERVICES

1 July 2014 1 July 2015

Otorohanga Community

OTOROHANGA RECYCLING CENTRE FEES

Recycling (sorted)

		1 July 2014	1 July 2015
Plastic Milk bottles	Washed & squashed	Free	Free
Soft drink (1 & 2)	Washed & squashed	Free	Free
Steel cans	Washed & squashed	Free	Free
Aluminium cans	Washed & squashed	Free	Free
Paper	No food	Free	Free
Cardboard	No food / flattened	Free	Free
Scrap Metal		Free	Free
Lead-Acid battery	Each	\$5.00	\$5.00
LPG bottles (must be degassed)	Each	\$10.00	\$10.00
Computer	Each	\$15.00	\$15.00
Electric motor	Each	\$10.00	\$10.00
Clean reusable timber		Free	Free
Firewood timber	trailer	\$10.00	\$10.00
Car Tyres (must be derimmed)	Each	\$6.00	\$6.00
4x4 Tyres (must be derimmed)	Each	\$9.00	\$9.00
Truck Tyres (must be derimmed)	Each	\$20.00	\$20.00
Replacement Recycling Crate	Each	\$20.00	\$20.00

Cleanfill/Greenwaste

(no weeds or flax)

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
Refuse	Per m3	\$45.00	\$45.00
Official bag	Each	Free	Free
Standard bag	Each	\$4.00	\$4.50
Large bag	Each	\$7.00	\$7.50
Whiteware (must be degassed)	Each	\$10.00	\$10.00
Television	Each	\$25.00	\$25.00
Video recorder	Each	\$5.00	\$5.00
Toaster/kettle	Each	\$5.00	\$5.00
Timber	Per m3 load	\$55.00	\$55.00

CEMETERY

Plots

Adults	\$1,050.00	\$1,050.00
Children	\$250.00	\$250.00
Columbarium (Ash Wall) and Ash Berm	\$260.00	\$260.00

Interment

Adults	\$1,100.00	\$1,100.00
Extra Depth	\$1,250.00	\$1,250.00
Child 11yrs and under	\$500.00	\$500.00
Stillborn	\$150.00	\$150.00
Ash Wall (inc. Council installation of plaque and interment)	\$300.00	\$300.00

COMMUNITY SERVICES

	1 July 2014	1 July 2015
Ash Wall (inc. Own installation of plaque and interment)	\$150.00	\$150.00
<i>Additional Fees</i>		
Extracts from cemetery plans and records	nil	nil
<i>LIBRARY</i>		
<i>GOLD CARD</i>		
Free New Fiction, Magazines, General Fiction, Non Fiction, Children's Books, Large Print	per card \$45.00	\$45.00
Renewal - New fiction and selected popular non fiction	per renewal \$2.00	\$2.00
Renewal - New Magazines	per renewal \$1.00	\$1.00
Overdue Charges	per day after 3 weeks \$0.20	\$0.20
Book Reserve Fee	per item \$1.00	\$1.00
Extra Card	\$5.00	\$5.00
Interloan	\$4.00	\$4.00
<i>STANDARD CARD</i>		
Free Fiction, Non Fiction, Large Print, Children's Books		
New Books (Fiction and selected popular non-fiction) (All Issues)	per book \$2.00	\$2.00
Non Fiction and Large Print	per book Nil	Nil
Renewal - New fiction and selected popular non fiction	per book \$2.00	\$2.00

New Magazines (6 months only)	per magazine	\$1.00	\$1.00
Renewal - New Magazines	per magazine	\$1.00	\$1.00
Renewal - Magazines	per magazine	\$0.50	\$0.50
Overdue Charges - Adult	per day after 3 weeks	\$0.20	\$0.20
Overdue Charges - Children		\$0.10	
Book Reserve Fee		\$0.50	\$0.50
<i>Other Fees & Charges</i>			
Internet Fees	per 15 mins	\$5.00	\$5.00
Internet Fees (Minimum Charge)		\$2.50	\$2.50
Sale of Books	per book	\$0.50-\$2.00	\$0.50 - \$2.00
Lost Books	Cost	replacement cost	replacement cost
Lost book handling		\$2.00	\$2.00
Photocopying	per copy – A3	\$0.20	\$0.20
	per copy – A4	\$0.30	\$0.30
Faxing	per page	\$0.50	\$0.50
DVDs	per DVD (per week)	\$2.50	\$2.50
Out of district membership fee	per annum	\$40.00	\$40.00
<i>SWIMMING POOLS</i>			
<i>Admission</i>			
Adults		\$4.00	\$4.50
Children (Up to 16 years)		\$2.50	\$3.00
Children (Under 4 years)		Free	Free
Students (With I.D)		\$2.50	\$3.00

COMMUNITY SERVICES

	1 July 2014	1 July 2015
P.W.D	\$1.50	\$2.00
Seniors	\$2.50	\$3.00
Spectators	\$1.00	\$1.00
Aquacise Public	\$5.00	\$5.00
Aquacise Senior	\$4.50	\$4.50
<i>Concession</i>		
Family Day Pass (2 adults, 3 children)	\$10.00	\$12.00
Adult (10 swim)	\$36.00	\$40.50
Child (10 swim)	\$20.00	\$24.00
Senior (10 swim)	\$20.00	\$24.00
Key to Fitness	-	-
Aquacise Pass (Public) (10 swim)	\$45.00	\$45.00
Aquacise Pass (Senior) (10 swim)	\$40.00	\$40.00
<i>Pool Hire (non-exclusive, conditions apply)</i>		
Within Otorohanga – per hour	\$28.00	\$36.00
Outside Otorohanga – per hour	\$45.00	\$48.00
Lifeguard supervision – per hour	\$28.00	\$30.00

SECURITY PATROL SERVICE

Charges for properties outside defined area	Capital Value	Current Rate	Current Rate
(Former Differential Rating Area No 1)	Uniform Charge	Current Rate	Current Rate

Kawhia Community

KAWHIA RECYCLING CENTRE

Recycling (sorted)

Plastic Milk bottles	Washed & squashed	Free	Free
Soft drink (1 & 2)	Washed & squashed	Free	Free
Steel cans	Washed & squashed	Free	Free
Aluminium cans	Washed & squashed	Free	Free
Paper	No food	Free	Free
Cardboard	No food / flattened	Free	Free
Scrap Metal		Free	Free
Lead-Acid battery		Each	\$5.00
LPG bottles (must be degassed)	Each	\$10.00	\$10.00
Computer	Each	\$15.00	\$15.00
Electric motor	Each	\$10.00	\$10.00
Clean reusable timber		Free	Free
Firewood timber	trailer	\$10.00	\$10.00
Car Tyres (must be derimmed)	Each	\$6.00	\$6.00
4x4 Tyres (must be derimmed)	Each	\$9.00	\$9.00
Truck Tyres (must be derimmed)	Each	\$20.00	\$20.00
Replacement Recycling Crate		\$20.00	\$20.00
<i>Cleanfill/Greenwaste</i>			
(no weeds or flax)			
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

COMMUNITY SERVICES

		1 July 2014	1 July 2015
Refuse	Per m3	\$45.00	\$45.00
Official bag	Each	Free	Free
Standard bag	Each	\$4.50	\$4.50
Large bag	Each	\$7.50	\$7.50
Whiteware (must be degassed)	Each	\$10.00	\$10.00
Television	Each	\$25.00	\$25.00
Video recorder	Each	\$5.00	\$5.00
Toaster/kettle	Each	\$5.00	\$5.00
Timber	Per m3 load	\$55.00	\$55.00

CEMETERY

Plots

Adults	\$1,050.00	\$1,050.00
Children	\$250.00	\$250.00
Ash Wall	\$320.00	\$320.00

Interment

Adults	\$1,200.00	\$1,200.00
Extra Depth	\$1,350.00	\$1,350.00
Children 11 years and under	\$500.00	\$500.00
Stillborn	\$150.00	\$150.00
Ash Wall (inc. Council installation of plaque and interment)	\$400.00	\$400.00
Ash Wall (inc. Own installation of plaque and interment)	\$150.00	\$150.00

KAWHIA WHARF

Shed Rentals

NZ Steel		\$1,100.00	\$1,100.00
Other Sheds		\$900.00	\$900.00
Power Charge	per shed connected	\$200.00	\$200.00

Berthage

NZ Steel		\$5,000.00	\$5,000.00
Other Permanent Users		\$1,000.00	\$1,000.00
Casual	per day	\$52.00	\$52.00

REGULATORY SERVICES

1 July 2014 1 July 2015

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 2014 1 July 2015

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;

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

REGULATORY SERVICES

1 July 2014 1 July 2015

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)

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

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



REGULATORY SERVICES

	1 July 2014	1 July 2015
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
<i>Heritage Orders</i>		
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)		
deposit	\$330.00	\$330.00
Removal of a heritage order (Section 196 Resource Management Act)		
deposit	\$950.00	\$950.00
Staff time will be calculated at an hourly rate *	Actual Time	Actual Time
<i>Other Resource Management Act Approvals</i>		
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		
deposit	\$550.00	\$550.00

documents

Bond discharges (except cash relocatable bonds)	standard fee	\$320.00	\$320.00
<i>Relocatable Buildings</i>			
Bond Preparation Fee		\$210.00	\$210.00
Partial Bond Refunds		\$210.00	\$210.00
Application for an extension of time to complete works (Section 109(4) Resource Management Act)			
deposit		\$200.00	\$200.00
Renewal of Resource Consent (Section 124(b) Resource Management Act)			
deposit		\$330.00	\$330.00
Application for Extension of Consent Periods for Non-Notified Resource Consents (Section 125 & 126 Resource Management Act)			
deposit		\$550.00	\$550.00
Application for Certificate of Compliance and Application for Existing Use Certificate (Section 139 Resource Management Act)			
deposit		\$1,000.00	\$1,000.00
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
Application for a Section 224 certificate Completion of subdivision conditions			
deposit		\$550.00	\$550.00

REGULATORY SERVICES

	1 July 2014	1 July 2015
Application for a Section 226(e) certificate Allotment in accordance with requirements of District Plan		
deposit	\$550.00	\$550.00
Cancellation of amalgamation condition (Section 241 Resource Management Act)		
deposit	\$550.00	\$550.00
Staff time will be calculated at an hourly rate	Actual Time	Actual Time
Removal of Building Line Restriction (Section 327A Local Government Act 1974)		
deposit	\$550.00	\$550.00
Easement approvals and revocation (Section 348 Local Government Act 1974)		
deposit	\$550.00	\$550.00
Infringement Fees	NO GST	
Contravention of s.9 (restrictions to use of land) (s.338 (1) (a))	standard fee	\$550.00
Contravention of abatement notice (but not under s 322 (1) (c) , s338 (1) (a))	standard fee	\$800.00
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

BUILDING CONTROL

Certificate of Title Search

Required for all Building Consent applications	\$25.00	\$25.00
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Code Compliance Certificate

Receive and process application. Issue Code Compliance Certificate	\$100.00	\$100.00
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PIM – Project Information Memorandum

Less than \$20,000	\$60.00	\$60.00
\$20,000 to \$300,000	\$145.00	\$145.00
Over \$300,000	\$225.00	\$225.00

BUILDING CONSENTS by PROJECT CATEGORY (Cost includes PIM)

	FEES (excl BIA, BRA, travel)	
Minor Works	Rural area add travel for 1 inspection	\$255.00
Solid Fuel Heaters		\$355.00
Garden Sheds		
Installation of Basic Warning System		
Marquees		
Plumbing & Drainage		
Minor Building Work	Rural area add travel for 2 inspections	\$367.00
Carports		\$467.00
Demolition		
Para Pools & Equivalent Type Pools		
Decks & Pergolas		



REGULATORY SERVICES

		1 July 2014	1 July 2015
<u>Other Buildings</u>	Rural area add travel for 2 inspections	\$485.00	\$585.00
Garages			
Hay Barns			
Implement Sheds			
Concrete Swimming Pools			
Bridges	Rural area add travel for 3 inspections	\$485.00	\$810.00
Detached habitable buildings with no plumbing & drainage	Rural area add travel for 3 inspections	\$597.00	\$925.00
Sleepouts, Office, Studio, small additions up to 30m2			
Small Additions or alterations up to 30m2 with no plumbing & drainage	Rural area add travel for 3 inspections	\$597.00	\$925.00
Detached habitable buildings with plumbing/drainage	Rural area add travel for 4 inspections	\$830.00	\$1,150.00
Sleepouts with Toilet/Shower			
Small Additions or alterations up to 30m2 with plumbing & drainage	Rural area add travel for 4 inspections	\$830.00	\$1,150.00
Additions between 30 & 60m2	Rural area add travel for 4 inspections	\$920.00	\$1,250.00
Note: for work over 60m2, dwelling, commercial &			

industrial fees apply

Dairy Sheds	Rural area add travel for 5 inspections	\$1,055.00	\$1,380.00
Resited Dwellings	Rural area add travel for 5 inspections	\$1,183.00	\$1500.00
A refundable performance bond based on the estimated cost of remedial work required to meet Resource Consent conditions is also required			
Single storey dwellings up to 100m2	Rural area add travel for 8 inspections	\$1,688.00	\$2,000.00
Single storey dwellings up to 200m2	Rural area add travel for 8 inspections	\$1,908.00	\$2,300.00
Single storey dwellings in excess of 200m2	Rural area add travel for 9 inspections	\$2,020.00	\$2,400.00
Dwellings Two Storey or more up to 200m2	Rural area add travel for 9 inspections	\$2,270.00	\$2,670.00
Dwellings two storey or more over 200m2	Rural area add travel for 10 inspections	\$2,468.00	\$2,870.00
Small Commercial/Industrial Buildings up to 300m2	Rural area add travel for 9 inspections	\$1,908.00	\$2,300.00

REGULATORY SERVICES

		1 July 2014	1 July 2015
Commercial/Industrial Buildings in excess 300m2	Rural area add travel for 10 inspections	\$2,896.00	\$3,300.00
Large Industrial and Commercial Projects		Actual Cost	Actual Cost
Travel Costs (inclusive of staff time)	per km each way	\$2.60	\$2.60
Applies to building consents in excess of 5 km from Otorohanga			
A set rate will be charged with any building work in Kawhia	per Trip	\$105.00	\$105.00
A flat rate will be charged with any building work in Otorohanga	per Trip	\$26.00	\$26.00
Extra Inspections		\$110.00	\$110.00
Where an inspection is requested but the project is not ready fails inspection			
Report on Buildings to be Relocated	Inspection and Report	\$300.00	\$300.00
A refundable performance bond based on the estimated cost of remedial work required to meet Resource Consent conditions is also required		(plus travel costs)	(plus travel costs)
Inspections of Existing Swimming Pool Fences (Plus Travel)	per inspection	\$110.00	\$110.00

Inspections of Buildings for Compliance with Section 224(f) Resource Management Act 1991	per inspection	\$184.00	\$250.00
Code Compliance Certificate for each additional inspection necessary to obtain compliance (Plus Travel)	per inspection	\$110.00	\$110.00
Extension of Time for which Building Consent is Valid Max 2 extensions of 6 months each		\$55.00	\$55.00
Dept of Building and Housing levy		\$1.97 per \$1,000	\$2.01 per \$1,000
B.R.A.N.Z levy		\$1.00 per \$1,000	\$1.00 per \$1,000
BCA Accreditation levy	per consent	\$21.00	\$40.00
Application for Certificate of Acceptance		\$421.00	\$421.00
per inspection		\$110.00	\$110.00
Application for Certificate of Public Use		\$421.00	\$421.00
per inspection		\$110.00	\$110.00
Planning Check			\$150.00
Application reviewed for compliance with District Plan			
Notice to Fix		\$190.00	\$421.00
per inspection		\$110.00	\$110.00
Section 71 and Section 77 Building Act 2004			

REGULATORY SERVICES

		1 July 2014	1 July 2015
Preparation, signing and registration of Notices and Certificates charged at actual cost	deposit	\$350.00	\$500.00
<i>Cancellation of Building Consent</i>			
Upon cancellation of a building consent that has been approved Council will refund all fees less 50% of the Building Consent Fee	Per consent		
Building Consent Information – Others	per year	\$307.00	\$307.00
<i>External Consultant Fees</i>			
When external consultants are engaged to peer review Consent applications the applicant will be charged the actual cost for those services.		Actual Cost	Actual Cost
Audit compliance Schedule		\$110.00	\$110.00
Issue New Compliance Schedule and Compliance Schedule Statement		\$250.00	\$250.00
<i>AMUSEMENT DEVICES</i>			
Permit Fees - First Device		\$11.25	\$11.25
Permit Fees - Each additional device		\$2.50	\$2.50
<i>LIQUOR LICENSING FEES</i>			
<i>On, off and club licenses</i>			
Application Fee	Very low	\$368.00	\$368.00

	Low	\$609.50	\$609.50
	Medium	\$816.50	\$816.50
	High	\$1,023.50	\$1,023.50
	Very High	\$1,207.50	\$1,207.50
Annual Fee	Very Low	\$161.00	\$161.00
	Low	\$391.00	\$391.00
	Medium	\$632.50	\$632.50
	High	\$1,035.00	\$1,035.00
	Very High	\$1,437.50	\$1,437.50
<i>Special Licence Class</i>			
Class 1		\$575.00	\$575.00
Class 2		\$207.00	\$207.00
Class 3		\$63.25	\$63.25
Managers Certificates	New and renewal certificate	\$316.25	\$316.25
Application for Temporary Authority		\$296.70	\$296.70
<i>PUBLIC HEALTH FEES</i>			
<i>FOOD PREMISES</i>			
Application for Food Premises Licence - initial inspection and interview plus apportioned annual fee or \$100.00, whichever is greater		\$300.00 plus apportioned annual fee	\$300.00 plus apportioned annual fee
Annual Fee required by risk assessment			
Low risk premises	1 annual inspection	\$210.00	\$210.00
Medium risk	2 annual inspections	\$340.00	\$340.00

REGULATORY SERVICES

	1 July 2014	1 July 2015
High risk 3 annual inspections	\$420.00	\$420.00
Food Control Plans Audit Fee	\$380.00	\$380.00
Change of ownership All License Categories	\$110.00	\$110.00
Premises not required to be registered but requiring inspection		
Licensed premises, eating houses and food preparation premises	\$190.00	\$190.00
General inspection fee	\$110.00	\$110.00
FUNERAL DIRECTOR		
Initial registration	\$300.00	\$300.00
Initial inspection and interview plus apportioned annual fee or \$100.00, whichever is greater		
Renewal annual fee	\$210.00	\$210.00
HAIRDRESSERS		
Initial registration of premises	\$300.00	\$300.00
Initial inspection and interview plus apportioned annual fee or \$100.00, whichever is greater	plus apportioned annual fee	plus apportioned annual fee
Renewal annual fee	\$340.00	\$340.00

OFFENSIVE TRADES

Initial registration	\$300.00	\$300.00
Initial inspection and interview plus apportioned annual fee or \$100.00, whichever is greater	plus apportioned annual fee	plus apportioned annual fee
Renewal annual fee	\$340.00	\$340.00

SALEYARDS

Initial registration	\$300.00	\$300.00
Initial inspection and interview plus apportioned annual fee or \$100.00, whichever is greater		
Renewal annual fee	\$210.00	\$210.00

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	\$300.00 plus apportioned annual fee	\$300.00 plus apportioned annual fee
Renewal annual fee	\$340.00	\$340.00

HAWKERS AND MOBILE SHOPS

Mobile Shops	\$150.00	\$150.00
Mobile Shops (temporary license for 3 months)	\$50.00	\$50.00



REGULATORY SERVICES

1 July 2014 1 July 2015

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	\$124.00	\$124.00
Urban plus Neutered Dogs	\$98.00	\$98.00
Urban plus Special Owner Dogs	\$98.00	\$98.00
Rural Dogs	\$98.00	\$98.00
Special Owner plus Neutered Dogs	\$54.00	\$54.00
Rural plus Special Owner Dogs	\$54.00	\$54.00

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
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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 by payable for

impounding of dogs-

A poundage fee of	per dog	\$50.00	\$50.00
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An additional poundage fee for second and subsequent impoundings.	per dog	\$50.00	\$50.00
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*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
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Notification Fee		\$12.50	\$12.50
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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.

OTHER ANIMALS

pursuant to Section 14 of the Impounding Act 1955

Poundage

For every horse, mare, gelding, colt, filly or foal		\$50.00	\$50.00
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For every mule or ass		\$50.00	\$50.00
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For every bull above the age of 9 months	Per head up to 6 head	\$50.00	\$50.00
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For every bull above the age of 9 months	For every head over 6 head	\$22.00	\$22.00
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For every ox, cow, steer, heifer or calf	Per head up to 6 head	\$40.00	\$40.00
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For every ox, cow, steer, heifer or calf	For every head over 6 head	\$22.00	\$22.00
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For every stag above the age of 9 months		\$50.00	\$50.00
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REGULATORY SERVICES

	1 July 2014	1 July 2015
For all other deer	\$40.00	\$40.00
For every ram above the age of four months	\$16.00	\$16.00
For every ewe, wether, or lamb	\$11.00	\$11.00
For every goat	\$11.00	\$11.00
For every boar	\$45.00	\$45.00
For all other pigs	\$45.00	\$45.00
<i>Notification Advertisement</i>		
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.	\$40.00	\$40.00
<i>Repeated Impounding</i>		
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

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	Per day	\$3.00	\$3.00
For every sheep	Per day	\$1.00	\$1.00
For every pig or goat	Per day	\$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	Per day	\$6.00	\$6.00
For every sheep	Per day	\$2.00	\$2.00
For every pig or goat	Per day	\$12.00	\$12.00

GOVERNANCE AND LEADERSHIP

	1 July 2014	1 July 2015	
<i>GIS PLANS</i>			
For custom maps the GIS Officers time should be charged at	per hr.	\$55.00	\$55.00
<i>Raster Data</i> Sheet	Size		



GOVERNANCE AND LEADERSHIP

		1 July 2014	1 July 2015
	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
<i>Vector Data</i>	A4 (210 x 297)	\$7.00	\$7.00
	A3 (420 x 297)	\$8.00	\$8.00
	A2 (420 x 594)	\$15.50	\$15.50
	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
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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

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	\$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 (plus disbursements)	Standard per document	\$20.00	\$25.00

GOVERNANCE AND LEADERSHIP

		1 July 2014	1 July 2015
Complex	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 2014	1 July 2015
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		\$14,039.00	\$14,039.00
WATER/ WASTEWATER/ STORMWATER			
Otorohanga Community Reservoir	Water Refer to Map Five in Development Contributions Policy	\$987.00	\$987.00
Otorohanga Community Treatment Plant	Water Refer to Map Five in Development Contributions Policy	-	-
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	\$473.00	\$473.00
Otorohanga Community pre-treatment	Refer to Map Five in Development Contributions Policy	\$1,446.00	\$1,446.00
Stormwater capacity upgrade	Refer to Map One in Development Contributions Policy	\$1,009.00	\$1,009.00
RESERVE CONTRIBUTIONS			
Under Section 108 Resource Management Act 1991		For every new lot created	\$1,012.00

Audit Report



To the reader:

Independent auditor's report on Otorohanga District Council's 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for the Otorohanga District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long term plan (the plan). I have carried out this audit using the skill and resources of Deloitte. We completed the audit on 23 June 2015.

Opinion

In my opinion,

- the plan provides a reasonable basis for
 - long-term, integrated decision-making and coordination of the Council's resources, and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 208 to 211 represent a complete set of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Council's audited information.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the plan.

Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in these standards.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit procedures included assessing whether

- the Council's financial strategy and the associated financial policies support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;

- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures and forecast financial information has been adequately explained within the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
 - presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
 - having systems and processes in place to enable the preparation of a plan that is free from material misstatement.
- I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 209C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.



Bruno Dente
On behalf of the Auditor-General
Hamilton, New Zealand

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 effect 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 policy.

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 :
 - Community and Ward Services
 - Water Supply
 - Refuse Collection
 - Roothing
 - Halls
 - Security Patrol
 - Debt Servicing
 - Sewerage
 - Aotea Erosion Protection

- Otorohanga CBD Development

- 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 :
 - Petrol tax
 - Property rentals
 - 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 Liability 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 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 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 consult on a draft policy in a manner that gives effect to the requirements of Section 82 before adopting a policy under this section:

- b) may amend a policy adopted under this section at any time after consulting on the proposed amendments in a manner that gives effect to the requirements of Section 82.
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) ; and
 - 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. lump sum contributions
 - d. fees and charges
 - e. interest and dividends from investments
 - f. borrowing
 - g. proceeds from asset sales
 - h. development contributions
 - i. financial contributions under the Resource Management Act 1991
 - j. grants and subsidies

k. 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 93D(4) and 94.

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
- Have regard to the views of all its communities
- 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,
- 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 benefitting has little or no impact on costs e.g. democracy
- The person or people benefitting 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.

Whose 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

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 needs 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 needs of the community.

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		✓		
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	✓			

Significant Activities	General Rates	Targeted Rates	Subsidies	Fees & Charges
Kawhia Wharf	✓	✓		✓
Public Halls		✓		✓
Planning & Development	✓			✓
Building Control	✓			✓
Civil Defence	✓			
Dog Control	✓			✓
Stock Ranging & Impounding	✓			✓
Environmental Health	✓			✓
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/Related Purposes – all rating units 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 the Urban Water Supply Area of 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 :

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.

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	✓			✓	
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.

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p><u>Roading</u></p> <p>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.</p>	<p>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.</p>	<p>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.</p>	<p>Operating</p> <p>Council considers that roading should be funded as follows:</p> <p>Maximise funding from NZTA and other sources</p> <p>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.</p> <p>70%-80% of remainder from a Targeted Rate on capital value of each property in the district.</p>	<p>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.</p> <p>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.</p>
<p><u>Water Supplies</u></p> <p>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</p>	<p>The operating costs of Water Supply are an annual cost and therefore funded on an annual basis.</p>	<p>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.</p>	<p>Kawhia</p> <p>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</p>	<p>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.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>for fire protection, public toilets and to maintain public health.</p>			<p>expenditure from targeted rates based on capital value.</p> <p>Otorohanga</p> <p>Council concluded 5% of the cost of water should be met from the UAGC, and the balance of 95% to be funded from those connected to the reticulated water supply through a combination of consumption and availability charges.</p> <p>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.</p> <p>Rural Supplies</p> <p>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 targeted rate on CV to fund the cost of debt raised on the existing infrastructure.</p>	
<p><u>Sewerage Treatment and Disposal</u></p> <p>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</p>	<p>The operating costs of Waste Water are an annual cost and therefore funded on an annual basis.</p>	<p>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</p>	<p>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.</p> <p>Council policy is to fund loan charges for loans raised to finance capital expenditure from targeted rates</p>	<p>Council concluded that those with entitlements to a reticulated waste water system should pay the costs of operating through a Uniform Targeted Rates.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>of wastewater disposal is public due to the requirement to maintain good health, and in relation to public toilets.</p>		<p>their septic tanks are cleaned and serviced.</p>	<p>based on capital value (with the same commercial differentials) over the area of benefit.</p>	
<p><u>Storm Water/ Flood Protection</u></p> <p>Council considers that the expenditure on the Otorohanga and Kawhia stormwater schemes has 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.</p> <p><u>Land Drainage</u></p> <p>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.</p>	<p>The operating costs of Storm Water/ Flood Protection/ Land Drainage are an annual cost and therefore funded on an annual basis.</p>	<p>Stormwater</p> <p>Council considers that those properties in the communities that are more developed are likely to receive greater benefits from the systems as they have more property to protect.</p> <p>Land Drainage</p> <p>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.</p>	<p>Stormwater</p> <p>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.</p> <p>Land Drainage</p> <p>Land Drainage legalisation work is to be funded by a Targeted Rate on Capital Value across the Rural area.</p>	<p>Stormwater</p> <p>Council considers that those properties in the communities that are more developed are likely to receive greater benefits from the systems as they have more property to protect.</p> <p>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.</p> <p>Land Drainage</p> <p>Land Drainage schemes are funded separately through Waikato Regional Council. Council is still undertaking some legalisation work and it was considered more effective to fund this across the rural area.</p>
<p><u>Parks and Reserves (including Public Conveniences)</u></p> <p>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,</p>	<p>The operating costs of Parks and Reserves (including Public Conveniences) are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>District and Community Reserves</p> <p>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.</p> <p>Public Conveniences</p> <p>Otorohanga Community</p> <p>60% funded by the General Rate</p>	<p>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,</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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.</p>			<p>across the district, 20% by the Uniform Annual General Charge and 15% by a Uniform Targeted Rate across the Otorohanga Commercial ratepayers and 5% by a Uniform Targeted Rate across the Otorohanga Community.</p> <p>Kawhia Community</p> <p>80% funded by the General Rate across the district and 20% funded by the Uniform Annual General Charge.</p>	<p>Council will continue to maximise user charges to a level that the market can sustain.</p>
<p><u>Library</u></p> <p>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.</p> <p>Council considers that the existence of a library service throughout the district benefits all residents of the district and is available for all residents.</p>	<p>The operating costs of the Library are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<p><u>Swimming Pool</u></p> <p>This activity provides facilities for leisure, fitness and recreation including leisure options for</p>	<p>The operating costs of the Swimming Pool are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>Council considers that 54% should be funded by way of a Uniform Targeted Rate over the Otorohanga Community, 44% from a Uniform</p>	<p>Council noted the impact that high user charges would have on pool users. Council concluded that the contract price for operating the pool</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>youth, swimming lessons and water safety. The main beneficiaries are the users of the pools – individuals, clubs, children 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.</p> <p>Based on these observations Council considered that 90% of the benefit is private and 10% is public.</p>			<p>Targeted Rate over the Rural area and 2% from a Uniform Targeted Rate over the Kawhia Community.</p>	<p>reflected the income from users. Ability to pay was also a major consideration. The Council wants to encourage use of the facilities, and a high entry fee would make it prohibitive.</p> <p>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.</p>
<p><u>Cemeteries</u></p> <p>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 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 benefit to all</p>	<p>The operating costs of Cemeteries are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p>	<p>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.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
residents of the district.				
<p><u>Security Patrol</u></p> <p>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.</p>	<p>The operating costs of Security Patrol are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p>	<p>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.</p>
<p><u>Sport Waikato</u></p> <p>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.</p> <p>Council noted that part of this activity is funded through user charges, sponsorship and other funding that is collected directly by Sport Waikato.</p>	<p>The operating costs of District Sports Co-ordinator Scheme are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p> <p>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.</p>	<p>Council acknowledged that funding should be 100% public because it wishes to encourage active participation in recreation and sport.</p>
<p><u>Kawhia Harbour Services</u></p> <p>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</p>	<p>The operating costs of the Kawhia Wharf are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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</p>	<p>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</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>Council's continued involvement.</p> <p>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.</p>			<p>remainder to be funded equally by the Uniform Annual General Charge and General Rate across the District.</p>	<p>from the availability of the structure, and the Community value that it has.</p>
<p><u>Kawhia Community Centre</u></p> <p>Council considers that the benefit of the Kawhia Community Centre is primarily private to the Kawhia Community.</p>	<p>The operating costs of Public Halls are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p>	<p>Council considers that the benefit of the Kawhia Community Centre is primarily private to the Kawhia Community.</p>
<p><u>Housing for the Elderly</u></p> <p>Council considered the benefits of the provision of this service 90% private (benefit to the tenants) and 10% public.</p>	<p>The operating costs of Housing for the Elderly are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>Council confirmed its policy that this activity should be fully funded by property rentals.</p>	<p>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.</p>
<p><u>Other Property</u></p> <p>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 assets.</p>	<p>The operating costs of Other Property are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p>	<p>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.</p>
<p><u>Solid Waste</u></p> <p>Council considers that 90% of the benefit of solid waste collection,</p>	<p>The operating costs of Solid Waste are an annual cost and therefore funded on an</p>	<p>The need for this activity is entirely due to the actions or inactions of individuals or groups, as</p>	<p>Refuse The residents of Otorohanga, Kawhia and Aotea communities will fund the</p>	<p>Refuse Council considers that the contribution it makes to the costs of</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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.</p>	<p>annual basis.</p>	<p>such, it is therefore an exacerbator issue.</p>	<p>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%</p> <p>Solid Waste Management</p> <p>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.</p>	<p>solid waste collection should be funded by those who benefit.</p> <p>Solid Waste Management</p> <p>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.</p>
<p><u>Litter Control</u></p> <p>100% of this activity was identified as private, as the exacerbator in this activity is the person who drops the rubbish.</p>	<p>The operating costs of Litter Control are an annual cost and therefore funded on an annual basis.</p>	<p>The exacerbator is the person who is responsible for dropping the rubbish.</p>	<p>Council recognised that it is impossible to identify the exacerbator (those responsible for the rubbish) and considered that the activity should be funded publicly.</p> <p>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.</p>	<p>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.</p>
<p><u>Planning & Development</u></p> <p>Council considers that the benefits of expenditure on this activity (consent application and monitoring) are 100% private, based on the exacerbator principle.</p>	<p>The operating costs of Planning and Development are an annual cost and therefore funded on an annual basis.</p>	<p>Those people applying for resource consents and creating pressure on resources through development are creating a need.</p>	<p>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</p>	<p>Council considers that the benefits of expenditure on this activity (consent application and monitoring) are 100% private, based on the exacerbator principle.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
			<p>the best interests of the district.</p> <p>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.</p>	
<p><u>Building Control</u></p> <p>Council considers that the benefits of expenditure on this activity are 100% private, based on the exacerbator principle.</p> <p>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.</p> <p>Council considers that the benefits of this activity are property related.</p>	<p>The operating costs of Building Control are an annual cost and therefore funded on an annual basis.</p>	<p>Those people applying for building consents and creating pressure on resources through development are creating a need.</p>	<p>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.</p>	<p>Council considers that the benefits of expenditure on this activity are 100% private, based on the exacerbator principle.</p> <p>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.</p> <p>Council considers that the benefits of this activity are property related.</p>
<p><u>Civil Defence</u></p> <p>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</p>	<p>The operating costs of Civil Defence are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p>	<p>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.</p> <p>Council noted that the allocation in</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>emergency.</p> <p>Council noted that the allocation in step one is fair and equitable.</p>				<p>step one is fair and equitable.</p>
<p><u>Dog Control</u></p> <p>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.</p> <p>Council concluded that 90% of the benefits were private in nature (dog owners/exacerbators), while 10% of the benefits accrue to the public.</p>	<p>The operating costs of Dog Control are an annual cost and therefore funded on an annual basis.</p>	<p>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.</p>	<p>Council concluded that 90% of this activity would be funded through dog control fees and 10% through the Uniform Annual General Charge.</p>	<p>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.</p>
<p><u>Stock Ranging & Impounding</u></p> <p>Although there is some degree of private benefit in that stock owners receive benefit from the removal of their stock from public areas, 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%).</p>	<p>The operating costs of Stock Ranging and Impounding are an annual cost and therefore funded on an annual basis.</p>	<p>In this case it is the stock owners who are the exacerbators.</p>	<p>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.</p> <p>The effect of this policy is that the general ratepayer subsidises those who benefit.</p>	<p>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 activity is fixed, regardless of the number of animals impounded.</p> <p>Council considered that almost 100% of the cost of this activity would have to be publicly funded.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>Council considers that the benefit of this activity is equally available to all residents of the District.</p>				
<p><u>Environmental Health</u></p> <p>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 without such permits or consents they could not operate.</p> <p>Council recognises that this activity benefits both people and property.</p>	<p>The operating costs of Environmental Health are an annual cost and therefore funded on an annual basis.</p>	<p>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.</p>	<p>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.</p> <p>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.</p> <p>The effect of this policy is that the general ratepayer will subsidise those who receive the benefit.</p>	<p>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.</p>
<p><u>Rural Fire</u></p> <p>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.</p>	<p>The operating costs of Rural Fire are an annual cost and therefore funded on an annual basis.</p>	<p>Rural ratepayers who carelessly light fires create a need for the service.</p>	<p>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</p>	<p>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.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
			based on capital value.	
<p><u>Democracy</u></p> <p>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.</p>	<p>The operating costs of Democratic Process are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>Otorohanga District</p> <p>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.</p> <p>Otorohanga/Kawhia Aotea</p> <p>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. Project Kiwiana and Community Promotions within the Otorohanga Community Board is to be funded 50% Otorohanga Commercial Rate on CV and 50% Otorohanga Commercial Uniform Charge</p>	<p>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.</p>
<p><u>Council Support</u></p> <p>Council considers that 100% of the benefits of the 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.</p>	<p>The operating costs of Council Support are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues</p>	<p>Council considers that there is no practical mechanism to easily capture the private benefit and concludes that this activity should be funded 50% from the UAGC and 50% from the general rate.</p> <p>The effect of the policy is that the general ratepayer might subsidise those who benefit.</p> <p>In terms of external grants such as the Rural Travel Fund and the Creative Communities grants, these</p>	<p>Council considers that 100% of the benefits of the 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.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
			are funded through grants received from the relevant agencies, with administrative costs covered from the general rate.	
<p><u>Corporate Planning</u></p> <p>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.</p>	<p>The operating costs of Corporate Planning are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues</p>	<p>Council concluded that this activity should be funded equally by way of the Uniform Annual General Charge and the District Wide general rate.</p>	<p>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.</p>
<p><u>Policy Management</u></p> <p>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.</p>	<p>The operating costs of Policy Management are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p>	<p>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.</p>
<p><u>District Economic Development</u></p> <p>Council considers that 50% of the benefits of the expenditure on this activity are public in nature as the whole District benefits</p>	<p>The operating costs of District Promotion and Development are an annual cost and therefore funded on an annual basis.</p>	<p>This activity has no exacerbator issues.</p>	<p>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</p>	<p>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.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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.</p>			<p>Uniform Annual General Charge over the whole District and 40% of the remainder funded from the District Wide general rate.</p> <p>The effect of the policy is that the general ratepayer may subsidise those who benefit.</p>	<p>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.</p>
<p><u>Property Development</u></p> <p>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 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.</p> <p>Council also recognises that this activity will also benefit future generations of ratepayers.</p>	<p>The public benefit will extend many years into the future by promoting future growth and economic well being.</p>	<p>This activity has no exacerbator issues.</p>	<p>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.</p>	<p>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 community and 50% from the Otorohanga District.</p> <p>The policy recognises that the benefit is primarily private.</p>

SIGNIFICANCE & ENGAGEMENT POLICY

Purpose and Scope

To enable Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.

To provide clarity about how and when communities can expect to be engaged in decisions made by Council.

To inform Council from the beginning of a decision-making process about the extent, form and type of engagement required.

Definitions

Community	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders
Decisions	Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of council decisions will not be deemed to be significant).
Engagement	Is a term used to describe the process of seeking information from the community to inform and assist decision making. There is a continuum of community involvement.
Significance	As defined in Section 5 of the LGA2002 "in relation to any issue, proposal, decision, or other matter that concerns or is before a

	<p>local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,—</p> <p>(a) the district or region:</p> <p>(b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:</p> <p>(c) the capacity of the local authority to perform its role, and the financial and other costs of doing so</p>
Significant Activity	<p>Is an activity (or group of activities) as listed below:</p> <ol style="list-style-type: none"> i. Roothing ii. Water Treatment and Supply iii. Waste Water Drainage and Treatment iv. Urban Stormwater Drainage v. Otorohanga Flood Protection vi. Parks and Reserves and associated buildings vii. Cemeteries viii. Any other non-administrative activity that has an annual operating expenditure greater than 5% of Council's total operating expenditure

	<p>for that financial year.</p> <p>Activity categories i to vii above are considered significant primarily because of their strong relevance to the Purpose of Local Government as defined in the Local Government Act and the extent of potential to change the form and level of service in respect of that activity. Many of these activities also represent a large proportion of overall Council expenditure.</p> <p>The inclusion of category viii reflects a belief that any discretionary operational activity with a high cost is also significant in respect of the need for cost-effectiveness in the defined Purpose of Local Government.</p>
<p>Strategic asset</p>	<p>As defined in Section 5 of the LGA2002 “in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes—</p> <p>(a) any asset or group of assets listed in accordance with section 90(2) by the local authority; and</p>

	<p>(b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and</p> <p>(c) any equity securities held by the local authority in—</p> <p>(i) a port company within the meaning of the Port Companies Act 1988;</p> <p>(ii) an airport company within the meaning of the Airport Authorities Act 1966”</p>
<p>Strategic aspirations</p>	<p>Refers to any high level, direction setting goal or document that the Council aims to deliver.</p>

Policy

Engaging with the community is needed to understand the views and preferences of people likely to be affected by or interested in a proposal or decision.

An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops.

The Council will take into account the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- There is a legal requirement to engage with the community
- The level of financial consequences of the proposal or decision



- Whether the proposal or decision will affect a large portion of the community
- The likely impact on present and future interests of the community, recognising Māori culture values and their relationship to land and water
- Whether the proposal affects the level of service of a significant activity
- Whether community interest is high
- Whether the likely consequences are controversial
- Whether community views are already known, including the community's preferences about the form of engagement
- The form of engagement used in the past for similar proposals and decisions
- How readily a potential decision would be reversible

If a proposal or decision is affected by a number of the above considerations, it is more likely to have a higher degree of significance.

In general, the more significant an issue, the greater the need for community engagement.

The Council will apply a consistent and transparent approach to engagement.

Council is required to undertake a special consultative procedure as set out in Section 83 of the Local Government Act 2002, or to carry out consultation in accordance with or giving effect to Section 82 of the Local Government Act 2002 on certain matters (regardless of whether they are considered significant as part of this policy).

For all other issues requiring a decision, Council will determine the appropriate level of engagement on a case by case basis.

The Community Engagement Guide (attached) identifies the form of engagement Council will use to respond to some specific issues. It also provides examples of types of issues and how and when communities could expect to be engaged in the decision making process.

Joint Management Agreements, Memorandum of Understanding or any other similar high level agreements will be considered as a starting point when engaging with Māori.

When Council makes a decision that is significantly inconsistent with this policy, the steps identified in Section 80 of the Local Government Act 2002 will be undertaken.

When Council may not engage –

Information is always necessary for the decision making process. There may however be times when it is not necessary, appropriate or possible to engage with the community on a matter of decision, even if the matter or decision is significant.

Circumstances where community engagement may not be undertaken include the following, some of which are described in Section 82 of the Local Government Act 2002:

- Council already has a sound understanding of the views and preferences of the persons likely to be affected or interested in the matter; or
- There is a need for confidentiality or commercial sensitivity; or
- The costs of consultation outweigh the benefits of it; or
- The matter has already been addressed by the Council's policies or plans, which have previously been consulted on; or

- An immediate or rapid response or decision is needed or it is not reasonably practical to engage; or
- Works are required unexpectedly or following further investigations on projects that have already been approved by Council; or
- The works required are of a 'business as usual' nature related to the operation and maintenance of a Council asset and responsible management requires those works to take place; or
- Where Council has consulted on the same issue in the last 24 months

SCHEDULE 1– STRATEGIC ASSETS

Section 5 of the Local Government Act requires the following to be listed in this Policy:

- any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
- any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and
- any equity securities held by the local authority in—
 - a port company within the meaning of the Port Companies Act 1988
 - an airport company within the meaning of the Airport Authorities Act 1966

The following is a list of assets or group of assets that the council needs to retain if it is to maintain its capacity to achieve or promote

any outcome that it determines to be important to the current or future well-being of the community.

All assets associated with Significant Activity categories i to vii as described under Definitions.

Land and Buildings provided for Housing for the Elderly at the following locations:

- Windsor Court, Haerehuka Street, Otorohanga
- Elizabeth Place, Rangitahi Street, Otorohanga
- Rosamund Terrace, Kawhia

3.25% shareholding in Waikato Regional Airport Ltd

SCHEDULE 2 – COMMUNITY ENGAGEMENT GUIDE

Community engagement is a process, involves all or some of the public and is focussed on decision-making or problem-solving.

The International Association for Public Participation (IAP2) has developed a Public Participation Spectrum to demonstrate the possible types of engagement with the community. This model also shows the increasing level of public impact as you progress through the spectrum from left to right - 'inform' through to 'empower'. In simply 'informing' stakeholders there is no expectation of receiving feedback, and consequently there is a low level of public impact. At the other end of the spectrum, 'empowering' stakeholders to make decisions implies an increase in expectations and therefore an

increased level of public impact. Differing levels of engagement may be required during the varying phases of decision-making on an issue, and for different stakeholders.

It will not always be appropriate or practicable to conduct processes at the 'collaborate' or 'empower' end of the spectrum. Many minor issues will not warrant such an involved approach. Time and money may also limit what is possible on some occasions.

In general, the more significant an issue, the greater the need for community engagement.



Forms of engagement

The Council will use the Special Consultative Procedure (as set out in section 83 of the LGA 2002) where required to do so by law, including for the following issues requiring decisions:

- The adoption or amendment of a Long Term Plan (in accordance with section 93 A of the LGA 2002)
- The adoption, amendment, or revocation of bylaws if required under section 156(1)(a) of the LGA 2002
- The adoption, amendment or revocation of a Local Alcohol Policy
- The adoption or review of a Local Approved Products (Psychoactive Substances) Policy

- The adoption or review of a class 4 venue policy under the Gambling Act 2003
- The preparation, amendment or revocation of a waste management and minimisation plan

Unless already explicitly provided for in the Long Term Plan, the Council will seek to amend its Long Term Plan, and therefore use the Special Consultative Procedure, when it proposes to:

- alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Council, including commencing or ceasing such an activity; or
- transfer the ownership or control of strategic assets, as listed in Schedule 1.

The Council will consult in accordance with, or using a process or a manner that gives effect to the requirements of, section 82 of the LGA 2002 where required to do so by law, including for the following specific issues requiring decisions::

- Adopting or amendment the annual plan if required under section 95 of the LGA 2002
- Transferring responsibilities to another local authority under section 17 of the LGA 2002
- Establishing or becoming a shareholder in a council-controlled organisation
- Adopting or amending a revenue and financing policy, development contributions policy, financial contributions policy, rates remission policy, rates postponement policy, or a policy on the remission or postponement of rate on Māori freehold land

For such consultation, Council will develop information fulfilling the requirements of Section 82A of the LGA 2002, will make this available to the public, allow written submissions for a period of up to 4 weeks, and will consider all submissions prior to making decisions.

For all other issues, the following table provides an example of the differing levels of engagement that might be considered appropriate, the types of tools associated with each level and the timing generally associated with these types of decisions/levels of engagement.

Level	Inform	Consult	Collaborate	Empower
What does it involve	One-way communication providing balanced and objective information to assist understanding about something that is going to happen or has happened.	Two-way communications designed to obtain public feedback about ideas on rationale, alternatives and proposals to inform decision making.	Working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions.	The final decision making is in the hands of the public. Under the LGA 2002, the Mayor and Councillors are elected to make decisions on behalf of their constituents.
Types of issues that we might use this for	Hamilton Water restrictions	Rates review	River Plan	Election voting systems (MMP, STV or first past the post)
Tools Council might use	Websites Information flyer Public notices	Formal submissions and hearings, focus groups, phone surveys, surveys.	External working groups (involving community experts)	Binding referendum Local body elections
When the community can expect to be involved	Council would generally advise the community once a decision is made	Council would advise the community once a draft decision is made Council and would generally provide the community with up to 4 weeks to participate and respond.	Council would generally involve the community at the start to scope the issue, again after information has been collected and again when options are being considered.	Council would generally provide the community with a greater lead in time to allow them time to be involved in the process. e.g. typically a month or more.

Engagement tools and techniques

Over the time of decision making, Council may use a variety of engagement techniques on any issue or proposal based on a range of other factors, including history and public awareness of the issue, stakeholder involvement, and timing related to other events and budgets. Council will also take into consideration that the community can feel 'over consulted'. Each situation will be assessed on a case-by-case basis.

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

	2015	2016	2017
Earnings before interest, taxation and depreciation	\$2.88m	\$2.21m	\$2.33m
Net surplus/(deficit) after tax	\$111,000	(\$683,000)	(\$817,000)
Net profit after tax to shareholders' funds	0.00%	-0.01%	-0.01%
Net surplus after tax to total assets	0.00%	-0.01%	-0.01%
Percentage of non-landing charges revenue	64.44%	64.33%	63.93%
Total Liabilities / Shareholders Funds	26:74	25:75	24:76

Otorohanga District Council's portion of uncalled capital amounts to \$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
Vaughan Payne	CEO Waikato Regional Council	Waikato Regional Council
Richard Briggs	CEO Hamilton City Council	Hamilton City Council
Geoff Williams	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
Craig Hobbs	CEO South Waikato District Council	South Waikato District Council
Langley Cavers	CEO Hauraki District Council	Hauraki District Council
Chris Ryan	CEO Waitomo District Council	Waitomo District Council
Robert Williams	CEO Taupo District Council	Taupo District Council

Directors	Position	Councils Director Represents
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;
- Providing estimated savings in annual interest costs for all Participating Local Authorities of at least 30 basis points, based on the methodology set out in LGFA's Annual Report 2012-2013;
- Make longer-term borrowings available to participating Local Authorities; and
- Enhancing 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 2015 will be less than 0.50 percent higher
- 30 June 2016 will be less than 0.50 percent higher
- 30 June 2017 will be less than 0.50 percent higher

The average margin above Local Government Funding Agency's cost of funds charged to the highest rated participating local authorities will for the period to:

- 30 June 2015 will be no more than 0.15%
- 30 June 2016 will be no more than 0.10%
- 30 June 2017 will be no more than 0.10%

The Local Government Funding Agency's annual issuance and operating expenses for the period to:

- 30 June 2015 will be less than \$4.67 million
- 30 June 2016 will be less than \$6.0 million
- 30 June 2017 will be less than \$6.2 million

The total lending to participating local authorities at:

- 30 June 2015 will be at least \$4,400 million
- 30 June 2016 will be at least \$5,400 million
- 30 June 2017 will be at least \$6,400 million

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%

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.

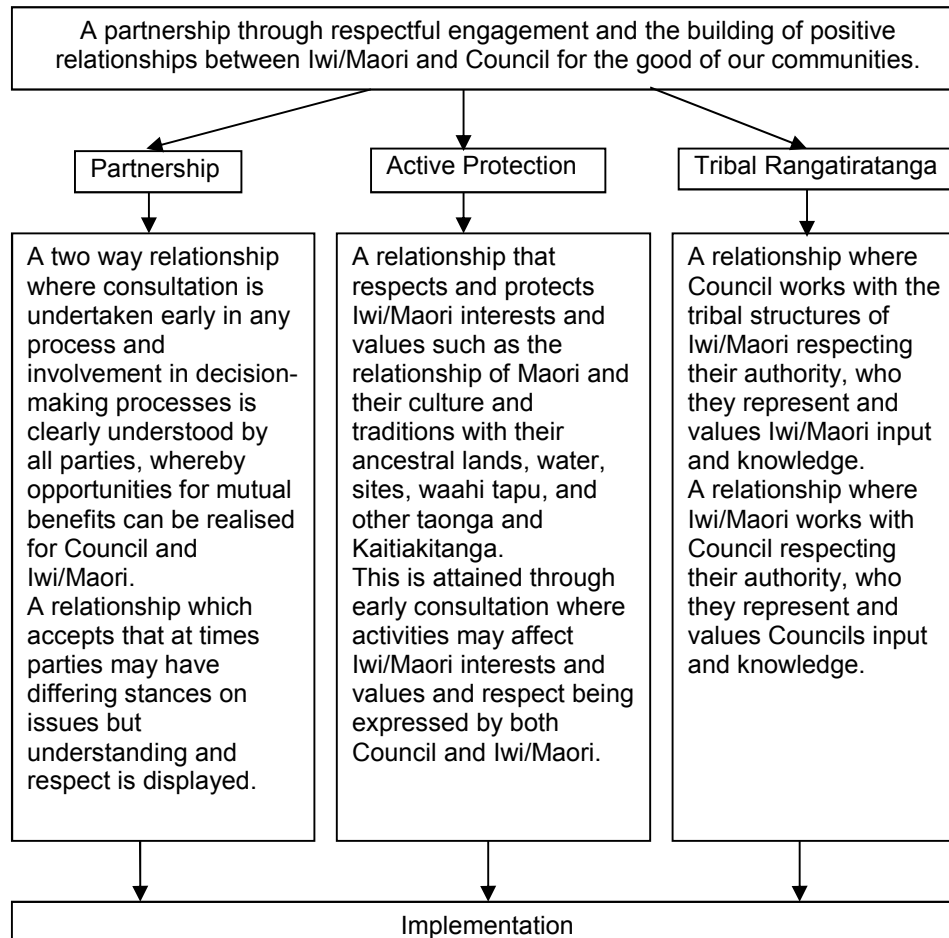
In recognising the primary relationship of the Treaty of Waitangi, the legislative directive to the Principles of the Treaty of Waitangi and guidance from the Parliamentary Commissioner for the Environment (1988). Council has defined its commitment to and interpretation of the Principles of the Treaty 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

OTOROHANGA DISTRICT COUNCIL

		Telephone
Mayor:	Max Baxter	(07) 871 2707
Deputy Mayor:	Deborah Pilkington	(07) 871 0654
Councillors:	Phil Tindle	(07) 873 8810
	Robert Prescott	(07) 873 8941
	Annette Williams	(07) 873 7715
	Roy Johnson	(07) 873 0909
	Ken Phillips	(07) 873 8416
	Robyn Klos	(07) 872 4594

OTOROHANGA COMMUNITY BOARD

Chairperson:	Robert Prescott	(07) 873 8941
Members:	Anne Laws	(07) 873 8508
	Phil Tindle	(07) 873 8810
	Liz Cowan	(07) 873 0849
	Nigel Chetty	(07) 873 6319
	Dave Williams	(07) 873 6668

KAWHIA COMMUNITY BOARD

Chairperson:	Kit Jeffries	(07) 873 7615
Members:	Deborah Pilkington	(07) 871 0654
	Alan Rutherford	(021) 654 187
	Dave Walsh	(07) 871 0552
	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 – Level of Service Survey

The survey formally closed on 31 July 2014, with a total of 241 completed survey forms received (out of 3518 distributed), comprising 77 from Otorohanga (out of 1055), 28 from Kawhia (out of 536) and 136 from the rural area (out of 1928).

This level of response (which is extremely similar to that obtained in 2008 when a survey of this type was last conducted) represents an overall return of approximately 7% of forms.

Such a level of response might be considered low, and it is viewed as disappointing that the response achieved in 2008 has not been significantly bettered, as this most recent survey was much better advertised and promoted.

Factors likely to have contributed to the low return include limited desire for change, apathy and that owners of multiple properties are likely to complete only one survey form. Some of these factors are common, and it is believed that a return of 7% for a relatively complex survey such as this is acceptable, with some other councils achieving poorer results.

The results of the basic level of service preference questions are presented in the graphs on the following pages. Details of the standards of service options in the survey are presented in an attachment to the report.

There appears to be very limited desire for change in terms of both the overall package of services provided, and the levels of service for particular activities.

Of indicated desires for change, the following were most significant:

- Youth Support Programmes: Two-thirds or more of respondents in all communities indicated a desire for a

higher or much higher standard of service than the current (unsustainable) arrangement.

- Water Services: Almost half of the respondents in Otorohanga and Kawhia indicated a desire for slightly higher standards of service in respect of water supply and (Otorohanga only) for wastewater, presumed to have particular emphasis on asset renewal prior to failure.
- Public Toilets: Just under one-third of the respondents in Otorohanga indicated a desire for additional public toilets in the community.
- Unsealed Road Improvements: Around one-quarter of the respondents in all communities favoured higher (increased extent) or much higher (including sealing) standards of service in respect of unsealed road improvements.

Other indicated desires for change generally had support from 20% or less of respondents, a level which appears insufficient to consider changes to the status quo, given the limited proportion of ratepayers responding to the survey.

The most strongly indicated desire for a reduction of service was in respect of the swimming pool complex, for which 20% of rural respondents (but only 10% of Otorohanga respondents) indicated a desire for a lower standard.

Whilst responses to the 'top four' indicated desires for service standard change warrant consideration, it should also be noted that the overall low level of response, combined with the clear statements in the survey that a lack of response will be interpreted as satisfaction with the status quo, must to some extent diminish the strength of a mandate for change.

It has to be assumed that persons with strong desires for changes to standards or service or other strong opinions in respect of Council would be more likely to respond to the survey than those with more neutral views. As such it has to be assumed that the data from the returned survey forms over-represents the desire for change across the community as a whole.

If for example even just half of those who failed to return the survey did so because of genuine satisfaction with the status quo, then even the strongest signals for change from this survey (for Youth Support) could represent a view held by less than 10% of residents.

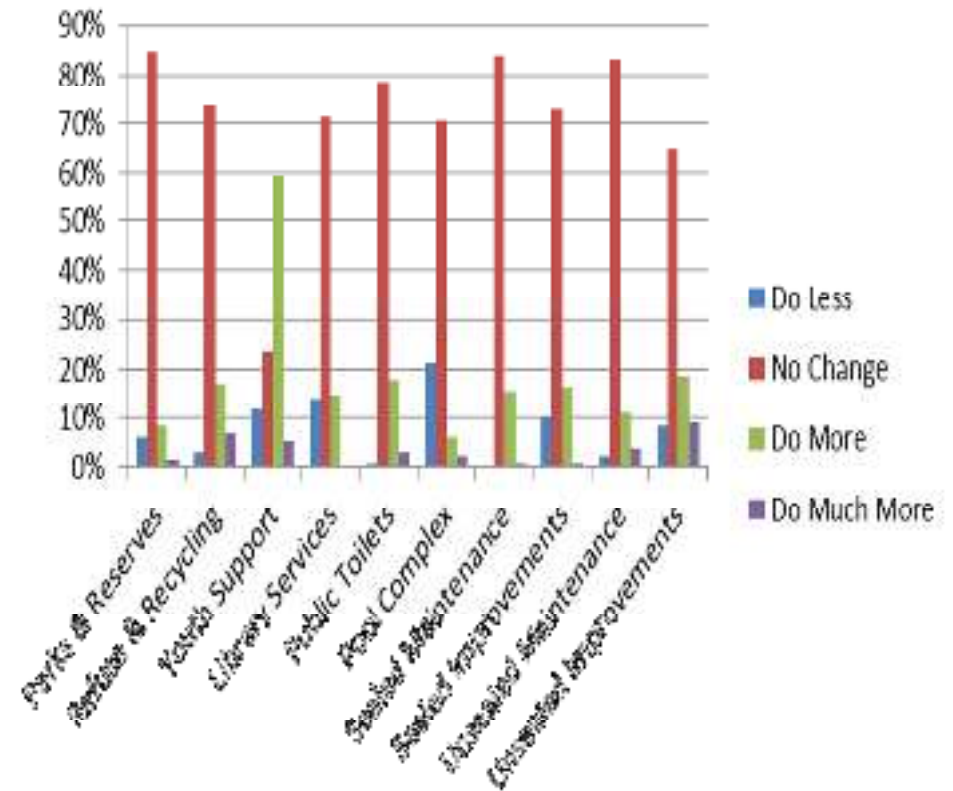


Figure 66 - Rural Responses - Level of Service Survey

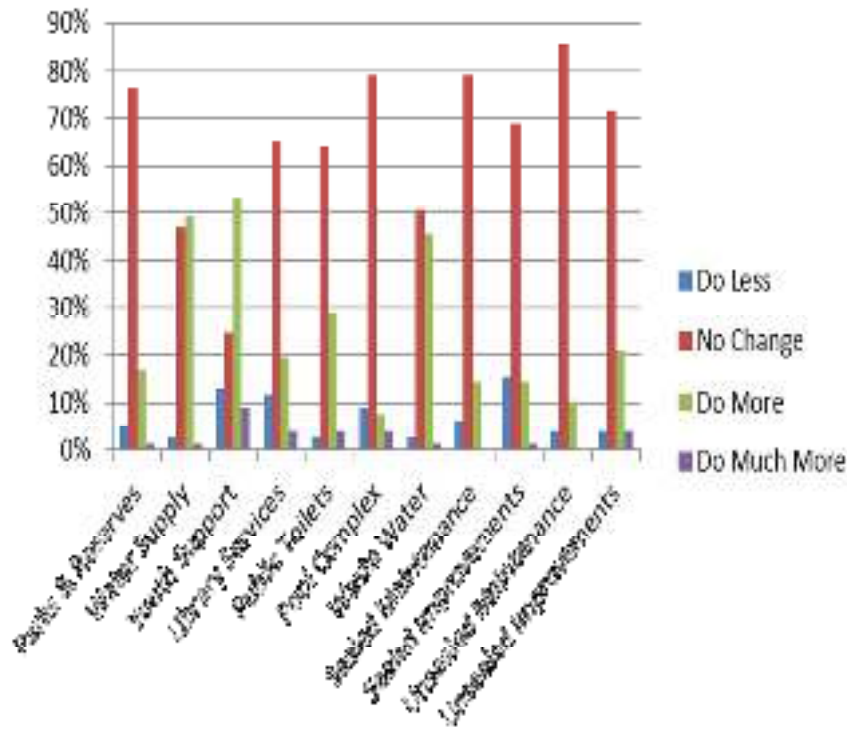


Figure 67 - Otorohanga Community Responses - Level of Service Survey

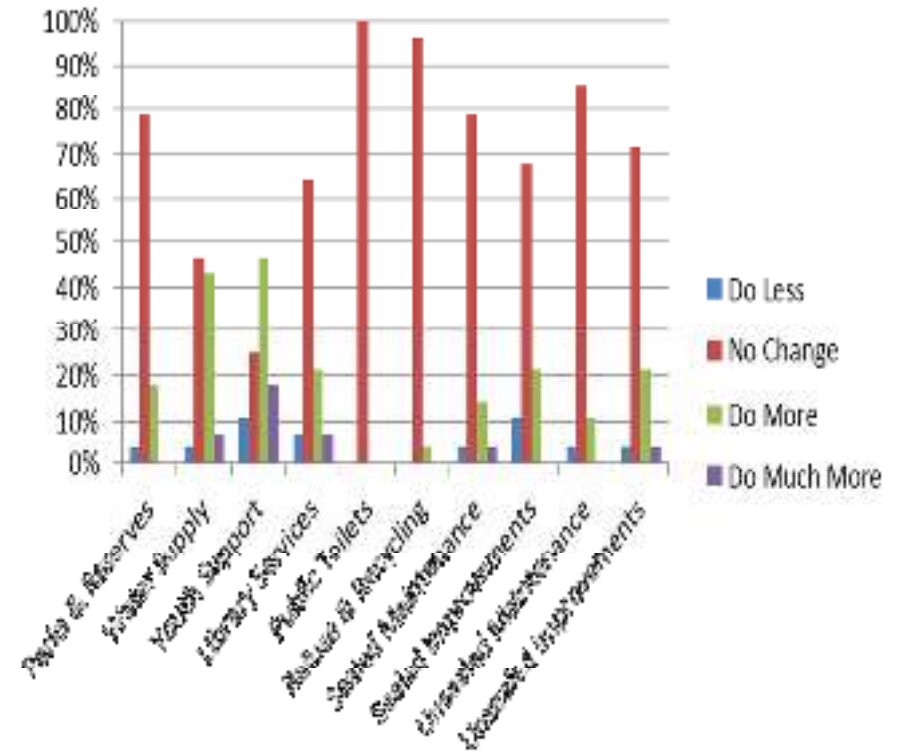


Figure 68 - Kawhia Community Responses - Level of Service Survey

Potential Responses to Survey Results

It is of course at the discretion of Council to decide what responses should be provided to the results of this survey, but it is suggested that all of the 'top four' indicated desires for change may warrant a response.

Despite the preceding comments in respect of limited mandate validity, and some opposing views expressed in survey comments,

it may be that the positive signal received from survey respondents in respect of Youth Support Programs is as strong as is likely to be obtained through a process of this nature. Obtaining a clear signal of true majority support is always likely to be difficult in an exercise such as this.

The indication in respect of water services is not as strong, but this activity is very much a core business, and putting greater emphasis on planned rather than reactive maintenance is generally acknowledged as being good practice, whilst the acceleration of the additional water reservoir for Otorohanga is also considered as being easily justified.

Similarly the support for an additional public toilet in Otorohanga reflects views previously expressed by some in the Otorohanga community, and the Otorohanga Community Board has recently taken steps towards operation of an additional toilet at Brett Reserve, as described in another report in this agenda.

Increasing the extent of road improvements is also worthy of consideration. Whilst an increase of road improvement activity is already present in future years of Council's Long Term Plan it may be worthwhile to further explore whether this can be accelerated.

In addition some of the specific issues raised in the comments provided with the survey may need to be addressed.

Potential decisions made by Council in favour of significant changes to standards of service would generally be expected to be implemented through the forthcoming Long Term Plan preparation process with a view to having effect from the 2015/16 year, and as such would be subject to public consultation through the LTP process.

Standard of Service Options

Below are the standard of service options that were presented in the surveys. The majority of the options were included in all three survey variations (for the rural, Otorohanga and Kawhia communities).

Where an option was only relevant to a particular community this is identified in the title.

Parks and Reserves

Standard of Service Option	1 – Do Less	2 - Current Standard	3 – Do More	4 – Do Much More
Standard of Service Details	No further ratepayer funded reserve improvements. Reduced standards of mowing & garden maintenance	Good standard of mowing and gardening but only essential levels of reserve inspections and other maintenance. Small ongoing improvement programme	More regular inspections of parks and reserves. Greater and/or more rapid improvement of reserves	As for option 3 plus more regular maintenance, quicker repairs and responses to damage / graffiti
Relative cost of Activity to Ratepayers	15% less (average of \$130 per year*)	Average of \$152 per property per year*	10% more (average of \$167 per year*)	25% more (average of \$190 per year*)

Water Supply (Kawhia only)

Standard of Service Option	1 – Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	No reduction is considered practical; existing service is at a minimum standard	Essential repairs and maintenance only. Equipment replaced when close to failure or has failed. No further upgrades planned	Attempt to replace equipment before failure is possible	As for option 3 plus more rapid responses to problems such as water leaks
Relative cost of activity to Ratepayers	Not practical	Average of \$402 per property per year*	3% more (average of \$414 per year*)	10% more ((average of \$442 per year*)

Water Supply (Otorohanga only)

Standard of Service Option	1 - Do Less	2 - Current Standard	3 - Do More	4 – Do Much More
Standard of Service Details	Don't undertake planned construction of additional water reservoir to improve supply security	Essential repairs and maintenance only. Equipment replaced when close to failure or has failed. Additional water reservoir planned for 2021	Attempt to replace equipment before failure is possible. Bring forward construction of new water reservoir to 2015	As for option 3 plus more rapid responses to problems such as water leaks
Relative Cost of activity to Ratepayers	10% less (average of \$275 per year*)	Average of \$306 per property per year*	5% more (average of \$321 per year*)	10% more (average of \$337 per year*)

Youth Support Programmes (with particular emphasis on the school to employment transition)

Standard of Service Option	1 – Do Less	2 - Current Level (NOT SUSTAINABLE)	3 - Do More	4 - Do Much More
Standard of Service Details	No youth support programmes	Limited temporary indirect support of programmes at school, Trade Training Centre and Harvest Centre NOT SUSTAINABLE	Permanent financial support of existing youth programmes	Permanent financial support of enhanced youth programmes
Relative cost of activity to Ratepayers	100% less (nil)	Average of \$2 per property per year*	500% more (average of \$12 per property*)	1000% more (average of \$22 per property*)

Library Services

Standard of Service Option	1 – Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	Freeze book and media budgets at current levels. Delay Otorohanga Library opening until 10.00am. Reduce children's library programmes	Basic Library services in Otorohanga and Kawhia. Otorohanga open from 9.00am. Limited digital media or resources. Charges for adult fiction books	Increase availability of digital media such as eBooks, eAudio and access to educational/ research computer programmes.	As for option 3 plus; Remove all charges for borrowing, except overdue fines. Subsidised delivery of books and media to rural areas (target fee \$1 per item).
Relative cost of activity to Ratepayers	5% less (average of \$71 per year*)	Average of \$75 per property per year*	5% more (average of \$79 per year*)	20% more (average of \$90 per year*)

Public Toilets

Standard of Service Option	1 – Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	No reduction is considered practical; existing service is at a minimum standard	Two toilet facilities in Kawhia, one each at Otorohanga, Aotea and Ocean Beach, Kawhia	One additional single cubicle public toilet in an Otorohanga Reserve	Two additional single cubicle public toilets in Otorohanga, or one additional toilet in the rural area.
Relative cost of activity to Ratepayers	Not Applicable	Average of \$28 per property per year*	20% more (average of \$34 per year*)	40% more (average of \$39 per year*)

Refuse and Recycling (Kawhia Only)

Standard of Service Option	1 – Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	No reduction considered practical due to legislative and policy requirements	Kerbside collection of refuse and recycling. Kawhia Recycling Centre open noon to 3.00pm Wednesday, Saturday, Sunday and public holidays	6 hours additional Recycling Centre opening - possibly noon to 3.00pm on Mondays and Fridays	12 hours additional Recycling Centre opening - possibly noon to 3.00pm on Mondays, Tuesdays, Thursdays and Fridays
Relative cost of activity to Ratepayers	Not Applicable	Average of \$249 per property per year*	40% more (average of \$24 per property*)	80% more (average of \$48 per property*)

Rural Refuse and Recycling (Rural Only)

Level of Service Option	1 – Do Less	2 - Current Standard	3 – Do More	4 – Do Much More
Level of Service Details	No reduction considered practical due to legislative & policy requirements	Recycling centres at Otorohanga, Kawhia, Maihihi, Ngutunui, Arohena & Korakonui (pending)	Up to 4 additional rural recycling centres, possible locations Hauturu, Oparau, Otewa & Te Kawa.	Roadside collection of recycling (not refuse) from all rural properties
Relative Cost of activity to Ratepayers	Not Applicable	Average of \$24 per property per year*	60% more (Average of \$38 per year*)	400% more (Average of \$120 per year*)

Waste Water (Otorohanga Only)

Standard of Service Option	1 - Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	Not practical. Current level is minimum required to meet regulatory requirements	Essential repairs and maintenance only. Equipment replaced when close to failure or has failed. No further major upgrades planned	Attempt to replace equipment before failure is possible	As for option 3 plus more rapid responses to problems such as blockages etc. Additional back-up system for main pumps
Relative cost of activity to Ratepayers	Not applicable	Average of \$341 per property per year*	5% more (average of \$358 per year*)	10% more (average of \$375 per year*)

Sealed Roads: Routine Maintenance (does not include re-sealing, reconstruction and other essential major works)

Standard of Service Option	1 – Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	Less frequent road inspections and 20% reduction in repairs. Road will deteriorate	Mix of planned and reactive maintenance works. Occasional delays due to resource constraints	More frequent road inspections and decreased delays in carrying out repairs	Very frequent road inspections and very prompt repairs to all defects
Relative cost of activity to Ratepayers	25% less (average of \$137 per year*)	Average of \$182 per property per year*	25% more (average of \$228 per year*)	50% more (average of \$273 per year*)

Sealed Roads: Major Improvements (road straightening, widening & new urban footpaths)

Standard of Service Option	1 – Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	Average of 1.2km of roads improved and 150m of new urban footpaths per year	Road improvements at an average rate of 2.4km per year + 300m of new urban footpaths per year	Average of 3km of roads improved and 400m of new urban footpaths per year	Average of 4km of roads improved and 500m of new urban footpaths per year
Relative cost of activity to Ratepayers	50% less (average of \$66 per year*)	Average of \$132 per property per year*	25% more (average of \$165 per year*)	60% more (average of \$211 per year*)

Unsealed Roads: Maintenance (road metalling and grading)

Standard of Service Option	1 – Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	Grade roads on average of 3 times per year. Reduce repairs by 20%, causing progressive deterioration	Roads graded on average 4 times per year (depends on traffic volume). Roads receive additional metal at average of 5 year intervals	Increase grading to average of 6 times per year, and increase repairs budget by 15%, enabling quicker responses	As for option 3 plus reduce average intervals between adding road metal to 3 years.
Relative cost of activity to Ratepayers	20% less (average of \$122 per year*)	Average of \$152 per property per year*	30% more (average of \$198 per year*)	80% more (average of \$274 per year*)

Unsealed Roads: Major Improvements (road straightening and widening, and – at option 4 only – sealing)

Standard of Service Option	1 – Do Less	2 - Current Standard	3 - Do More	4 - Do Much More
Standard of Service Details	Average of 0.6km of roads improved each year, only in response to problems	Continue improvements at relatively slow average rate of 1.3km of roads per year	Increase average rate of improvements to around 3km of roads each year	As for option 3, plus resume sealing of unsealed roads at an average rate of 2km per year
Relative cost of activity to Ratepayers	50% less (average of \$10 per year*)	Average of \$20 per property per year*	100% more (average of \$40 per year*)	500% more (average of \$120 per year*)