



**Otorohanga District Council
Long-Term Plan 2018-28**

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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 2018 to 30 June 2028.

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

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

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

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

The financial position of the District - which has always been sound - has been further improved and the current outlook is extremely positive, with an average rates increase of 1.76% proposed for the 2018/19 year and with the forecast average annual rates increases over the next 10 years being a closely similar 1.78% per annum.

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

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

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

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

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

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

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



M Baxter
Mayor



D C Clibbery
Chief Executive

Introduction to the Long Term Plan (LTP)

Definition of a LTP

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

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

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

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

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

The purpose of the LTP is to:

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

LTP vs Annual Plan

What’s the difference?

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

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

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

Contents of the LTP

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

In particular, the LTP:

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

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

Submission Process

The Consultation Document on the Long Term Plan was adopted by Council on 17th April 2018 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 20th April 2018 to until 21st May 2018. During this same period a number of policies were also consulted on. A total of 23 submissions were received during this period, 1 related to the Development Contributions Policy, with the rest being related to the Long Term Plan.

Of the 23 submissions, 14 were heard by the Council at the meeting of 29th May 2018. 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 pursue options with relation to residential subdivisions in response to major projects happening within the district.
- Develop a footpath along the flood stop bank in Otorohanga, using a compacted gravel surface. Council will investigate the ability to include potential signage and artworks representing the history of the area along the length of the footpath.
- Invest \$80k in increasing engagement with the community, including improving engagement with iwi.
- Spend \$100k exploring alternative forms of service delivery to help improve resilience within the council and community.

A number of submissions were also provided asking for financial assistance for various community groups. Council considered these

and approved a number of these, resulting in an increase of \$9k in expenditure for the first year.

Council also approved an increase in the maximum loan available for the medical hub to \$1.5M, which was consistent with the original amount consulted on with the community. This full amount will only be used if required by the medical hub, and this change has no impact on the rates of the community.

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

Key directions of Council

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

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

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

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

- **Use Resources Efficiently:** Council and the District must ensure that it makes the best possible use of the physical, social, economic and cultural resources available to it.

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

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

Use Resources Efficiently

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

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

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

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

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

Support Young and Old

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

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

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

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

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

Enable Economic Growth

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

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

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

Enriching our Local Identity

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

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

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

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

Build Community Resilience

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

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

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

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

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.

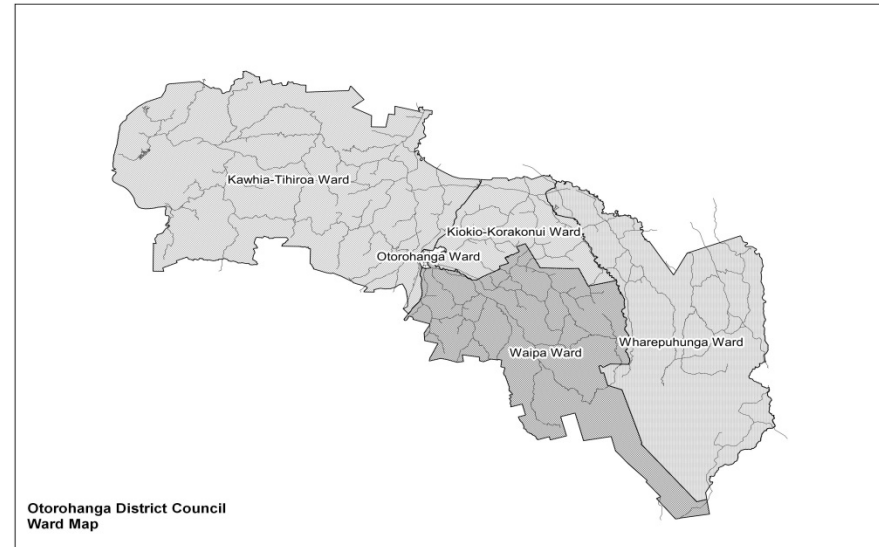
The Otorohanga District has existed in its current physical form since it was formed by the amalgamation of the former Otorohanga County and Borough Councils in 1971. The District contains 5,152 rateable units, spread over two significant Communities (Otorohanga and Kawhia) and the surrounding rural 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

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,

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.

so the normally resident population is used to more accurately reflect the District population.

The 2013 census data suggested that the Otorohanga District currently straddles a relatively neutral zone in respect of population change, between northern regions around Hamilton which have experienced strong continuing growth, and areas to the south which have be subject to substantial ongoing decline.

Looking to the future, 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.

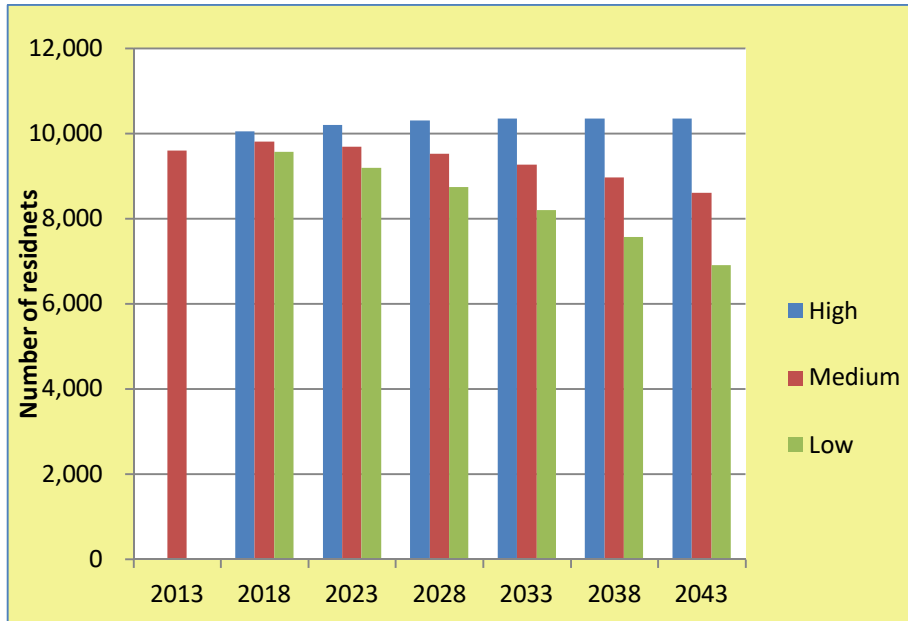


Figure 1 - Statistics NZ District Population Projections

This latest ‘medium’ projection strongly suggested that the most likely scenario – over the next 10 years at least –was for the District’s population to remain constant.

A similar conclusion has also been indicated by analysis conducted by the National Institute of Demographic and Economic Analysis in late 2014 as part of the development of the Waikato Plan, This suggested that the population of the Otorohanga District might only decline by 1% over the 2013 to 2033 period, followed by a much more substantial decline in subsequent years.

That these population trends for the Otorohanga District over the next 20 years are so weak does however suggest that they could be easily be changed or reversed by a range of potentially unforeseeable factors, and this has eventuated with the announcement of the three major development projects.

Even prior to the announcement of these projects the relative affordability of residential property in the Otorohanga Community in the current inflated property market suggested that there was potential to attract new residents who find it unaffordable to live elsewhere.

The prospect of the three major projects – and in particular the expansion of the Waikeria Prison – has however made the significant population growth a near certainty.

If the prison expansion proceeds (as everything suggests it will) the number of prison inmates will increase by 1500, adding directly to the District’s population.

Furthermore if sufficient relatively affordable additional housing was available in the District a further potential population gain of 500 associated with the employees of the prison and the other proposed major projects would appear quite feasible within the next 4 to 5 years, giving an overall population increase of 2000, a growth of more than 20%.

Other Demographic Aspects

The large development projects - and in particular the prison expansion – are also likely to have a significant effect on demographics beyond population numbers, probably slightly reducing average age and slightly increasing the proportion of Maori.

These changes are however not expected to have substantial effects on the District as a whole, and the remaining comments in this section - based on the assessment made in 2014 - are still considered to be largely valid.

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.

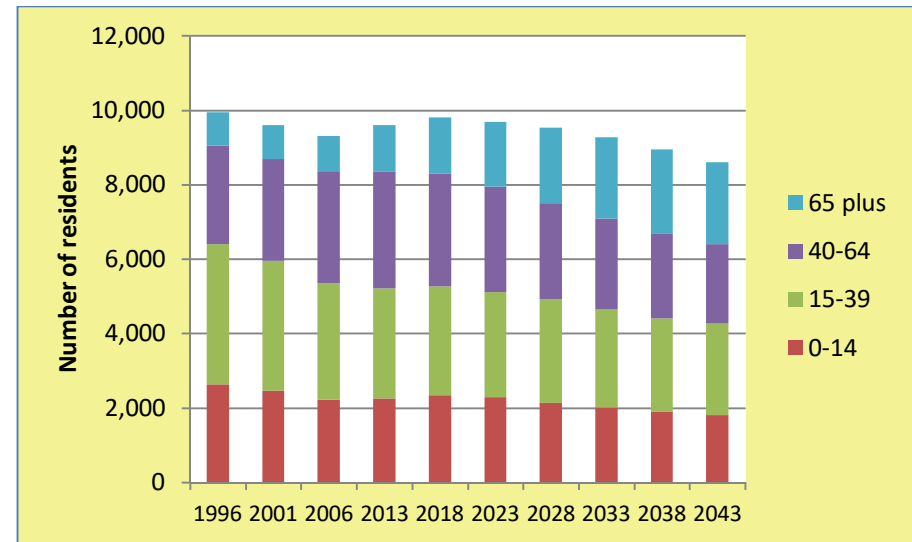


Figure 2 - Projected District Population by Age Groups, Medium Growth

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 have 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. Some of the Otorohanga community's larger businesses have also 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 previously believed that tourism and hospitality probably has the greatest potential for growth within the District, but to date little such growth has been achieved, though some progress may in future be made through Taharoa 'C' Incorporation's investments in Kawhia. Whilst it is still considered that more opportunities in tourism and hospitality exist, realization of these opportunities clearly needs entrepreneurial skills that are likely to be uncommon.

In this relatively challenging economic environment the announcement of the three proposed major projects – prison expansion, power station and dairy factory – has been particularly welcome.

Whilst much of the economic value of these major projects may not be captured within the District, the scale of these enterprises is such that the proportion that is captured locally will still be very significant, far exceeding any other development that has occurred in recent years,

Using the availability of water as a driver of economic growth is still seen as an opportunity for further growth 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.

Council has initiated a number of initiatives to support the availability of water for new residential or industrial developments in and around Otorohanga, and it is believed that these can provide a distinct advantage for the community in respect of economic development.

Other water related issues do however pose economic development challenges for the District, such as the Healthy River / Wai Ora Proposed Waikato Regional Council Plan Change. Whilst the objectives of the proposed plan change may be commendable, its implementation will impose some further constraints on the agricultural productivity of the District, These impacts will however be progressive over a proposed 80 year time frame, and as such are unlikely to be pronounced during the period of this LTP. Overall it is believed that the economic prospects of the District have substantially improved since the previous 2015-25 LTP was developed, largely because of the emergence of the three major projects. There is now believed to be greater potential for improvement of economic conditions relative to those currently being experienced, than there is for deterioration of those conditions. 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 of 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.

Council is 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 housing costs or Council rates are likely to be very challenging.

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. The proportion of District ratepayers who are beneficiaries and otherwise on fixed incomes were 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 the forthcoming large development projects will create more jobs it is suspected that the effect of this on local unemployment may be limited as unemployment rates are already considered close to inherent base levels. As such the general assumption is for levels of unemployment to be little changed.

In terms of longer term economic outlook the agricultural sector forms the backbone of the local economy and is believed to be fundamentally robust.

The agricultural sector does however continue 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.

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

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.

The District is however at present feeling the effects of the supply and demand imbalance in respect of housing that has spread through much of NZ, and has potential to create hardship for some residents.

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 2015 residential property values have however been increasing, with 2017 government valuations indicating increases of around 20% over the past three years across most property classes.

There is however considered to be potential for significant differential movement of property values in the future, that could have adverse effects both on affordability and distribution of Council costs.

There is currently very little residential accommodation available for sale or rent in the central areas of the District, and it seems likely that the additional demand for accommodation created by the major forthcoming projects will exacerbate this situation, further inflating prices.

It does however seem unlikely that substantially increased house prices could be sustained in the longer term, as it would not be expected that our district would face the ongoing growth pressures that may exist in larger centres.

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 or 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 of 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.

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 has to some extent increased the restrictions on development, the resultant effect of these changes is believed to be limited, as in many cases the activity being restricted is one that has seldom if ever been undertaken 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, other

than the Heathy River / Wai Ora Plan Change, which was referred to in the section on economic development.

Extent and Standard of Council Services

Significant changes in District population (around 20%) and economic activity are now expected during the period of this LTP, largely because of the three proposed major projects and associated developments.

The majority of the expected population increase is however from increased inmate numbers at a prison located at the fringes of the District, which will have limited impact on Council services other than an initial need to upgrade a relatively short section of access road.

Of greater significance in respect of Council services is the potential for some new prison employees to reside in the District. Most of these new non-inmate residents would be expected to be drawn to the Otorohanga Community, creating additional needs for housing and supporting water and wastewater services.

Previous experience suggests that the private sector cannot be relied upon to undertake substantial property development in Otorohanga, and for this reason Council is proposing to again become involved in this activity.

The provision of additional water supply for potential new residential and commercial developments could require some modest further investment, but is not considered to be particularly challenging because of plans and initiatives that have already been put in place.

It would also be expected that there could be some growth in the rural areas through development of further 'lifestyle blocks' particularly in the northern areas of the District.

In terms of overall costs maintenance and improvements of roads is by far the most significant activity of Council, and this is unlikely to change. Further details of how Council will manage its key

infrastructural activities of Roading and Water Services are presented in Council's 2018 – 2048 Infrastructure Strategy. At this time no substantial changes to this strategy are envisaged. Whilst it is possible that population growth in Otorohanga associated with the major development projects could require some limited extensions of water and wastewater capacity, it is as yet considered too early to reflect this in detailed planning.

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 52. 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 219.

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 bought about by a number of factors, which may include:

- Inflation
- 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 to 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 September 2017. The figures in Table 2 below show the per annum escalation adjustments applied to particular cost groups relative to the year ending 30 June 2019 as the base year, hence zero inflation in that year.

Table 2 - Inflation Adjustors

Year Ending	Planning & Regulation	Roading	Transport	Community Activities	Water and Environmental
	%	%	%	%	%
June 2019	0.0	0.0	0.0	0.0	0.0
June 2020	2.1	2.2	2.0	2.0	2.5
June 2021	2.1	2.2	2.1	2.1	2.3
June 2022	2.1	2.3	2.2	2.1	2.4
June 2023	2.2	2.4	2.2	2.2	2.4
June 2024	2.3	2.4	2.3	2.3	2.5
June 2025	2.3	2.5	2.4	2.3	2.6
June 2026	2.4	2.6	2.5	2.4	2.6
June 2027	2.4	2.7	2.5	2.4	2.7
June 2028	2.5	2.8	2.7	2.6	2.8

Subsidies

Council has made the assumption that the subsidy received from the New Zealand Transport Agency (in most cases 58% 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 3.5% on borrowings, and 3.5% 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 2017. Revaluations during the span of the LTP will be conducted for years commencing 1 July 2020, 1 July 2023 and 1 July 2026. 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 2020	1 July 2023	1 July 2026
Piped Assets	6.8%	7.7%	9.1%
Roading Network	6.3%	7.4%	8.8%
Land	5.5%	6.9%	8.0%
Buildings	5.5%	6.9%	8.0%

Summary of Significant Assumptions

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
Potential 20% population increase over next 4 years associated with prison expansion & other major development projects.	New housing required with Council investment if extra residents are to be retained.	Moderate; Large increase of prison inmates very likely, employment related growth less certain	Housing market uncertainties, potential council investment not recovered, failure to retain new residents
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
Little short term change in unemployment	Influences on ratepayer ability to pay	Low	Unemployment near base level & new jobs being created.
Population under 15 years of age stays consistent	Declining proportion would threaten viability of schools, weaken future labour pool	Moderate	New jobs likely to offset demographic trend Little direct financial effect.

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
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

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
Introduction of new District Plan does not significantly affect economic development	Provisions of new plan might prevent development that might have otherwise occurred	Low. Little evidence of new plan constraining development since it was introduced	Changes to Plan 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.

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
Inflation estimates based on BERL indicators	Moderate; higher than expected inflation has major effect on rates affordability, though effect may be offset by household income growth	Moderate; unprecedented global economic situation casts doubt on conventional inflation forecasting methods.	Expectation that variances from assumptions likely to be generally lower (favourable). Government stimulus spending could raise inflation for infrastructure.
Subsidy rate % 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.

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
No adjustments made for future changes in legislation	There are unexpected changes to legislation that alter the nature of services provided by the Council	Moderate; Most changes to legislation are known in advance giving the ability to prepare for implementation	Council would need to consider the costs and user charges/rating required to fund any new services. The financial uncertainty would be around the introduction of changes and the training needs of staff.
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.

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
Interest rates will, on average over the period of the 10 years, be 5.5% on borrowings	Large increases in interest rates could result in significant changes to the interest expense.	Moderate, given that all current loans are fixed, however there is a possibility of future rates increases	An increase of 0.5% would add \$30,000 to the interest expense in 2018/19
Council will not have issues obtaining loan funding where required to undertake significant capital works	Potential higher interest costs if adequate funding is not obtainable, inability to complete projects due to lack of funding	Low	Given current levels against target levels set by Local Government Funding Agency, unlikely to breach targets, therefore funding should be available

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
Council will not have issues sourcing funding for the replacement of assets	Sources of funds are inadequate to fund the replacement of significant assets	Moderate	If funds are inadequate for the replacement of significant assets, work may not be progresses as per timing in the plan. Operational expenditure may rise as a result in an attempt to extend the life of the assets
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

Forecasting Assumption	Associated Risks	Level of Uncertainty	Reasons & Financial Effect of Uncertainty
Council's return on investments is based existing returns inflated as per BERL indicators	That actual returns achieved are lower than this return	Low	Councils investment returns are so small (dividends on some shareholdings) that there would be no significant impact on income
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 any 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 generally in a very mature, stable and sustainable position in respect of its management of infrastructural assets.

One significant exception to this is however in respect of water quality issues for ODC's four potable water supplies in the rural area, all of which do not currently comply with the provisions of the NZ Drinking Water Standards as is now required by law, and which will only become able to comply if entirely new water treatment processes are implemented, which will have very substantial costs which would have to be borne by the relatively small numbers of customers using those supplies.

Whilst this is a serious issue it does however only affect a relatively small number of residents and ratepayers, and the broader picture for the district as a whole is positive, with no other substantial infrastructural challenges currently considered likely over the next 10 years.

Council is starting to enter into a period of increased asset renewal requirements but it is doing so from a favourable financial position in respect of debt and rates levels and as such these renewal requirements are considered to be manageable.

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.

Perceived 'significant infrastructure issues' relating to the next 10 years are identified in Table 1, as required in section 101B(2) of the

Local Government Act. These issues are generally considered to be of limited severity and their associated impact on Council and the community (which the exception of the aforementioned water supply issues) is expected to be relatively low.

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 2019	Approximately \$720,000 capital expenditure with some associated increase in operational costs	Certain; Installation completed, charging to commence July 2019
Roading	Level of Service	Uncertainty regarding appropriateness of current program of road improvements	Undertake review of improvement options including continued focus on sealed roads, resuming seal extensions and/or reducing overall improvement budgets	Unknown; in the interim continue annual capital expenditure of between \$600,000 and \$900,000 on major sealed improvements	Certain; Review will proceed
Water	Public Health	Otorohanga water treatment requires upgrading to consistently comply with requirements of NZ Drinking Water Standards	Upgrade in accordance with consultants recommendations	Capital cost \$200k+	Considered essential therefore certain
Water	Renewals	Data suggests a major phase of renewals of Otorohanga/Kawhia water pipes required between 2018 and 2035	Budget for replacement of all pipes based on Assetfinda condition rating through Staff experience and service requests. Investigation of pipe condition testing technologies to be explored.	Potentially \$4.5 million capital expenditure.	Consideration of initial half of works in the LTP

Activity	Issue Type	Issue	Principal Options For Response	Implications	Certainty of Response
Water	Public Health	Tihiroa rural water supply unable to comply with requirements of NZ Drinking Water Standards	<p>Upgrade existing treatment plant</p> <p>Construct new treatment plant</p> <p>Re-purpose supply as non-potable (agricultural use only)</p>	<p>Capital cost in order of \$800,000, reliable compliance uncertain. Some increase of operating costs.</p> <p>Capital cost of \$2.2 to \$2.4 million, reliable compliance likely, some increase of operating costs.</p> <p>Potable users must develop their own supplies, some reduction of supply operating cost</p>	Uncertain; consideration by RWS Committee with customer consultation outside of LTP
Water	Public Health	Arohena rural water supplies unable to comply with requirements of NZ Drinking Water Standards, not suitable for upgrading	<p>Construct new treatment plants</p> <p>Re-purpose supply as non-potable (agricultural use only)</p>	<p>Total capital costs up to \$6 million. reliable compliance likely, some increase of operating costs.</p> <p>Potable users must develop their own supplies, some reduction of supply operating cost</p>	Uncertain; consideration by RWS Committee with customer consultation Outside of LTP
Wastewater	Renewals	Data suggests renewals required of some Otorohanga sewer pipes between 2018 and 2021	Budget for replacement of all pipes based on expected life. There are plans for the procurement of a CCTV unit and with this a maintenance/renewal inspection program as a means to condition rating the network	Up to \$300,000 capital expenditure	Consideration in the LTP
Wastewater	Level of Service / Renewal	Possible requirements for further upgrade of wastewater treatment process at time of resource consent reviews or renewals	Upgrades would probably focus on lowering phosphorus concentrations	Potential capital expenditure of up to \$500,000 between 2018 and 2048 and some associated increase of OPEX.	Uncertain, not yet considered in the LTP
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 3,000.

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

The Otorohanga District has been, and apparently continues to be, located in a relatively neutral development zone between growing urban communities to our north, and steadily declining rural communities to our south.

The Otorohanga District wide population has remained relatively static in range between 9,663 and 9,078 since 1986, with the 2013 census usually resident population of 9,138 being an increase of 0.69% over the 2006 census total. The average population movement between 2006 and 2013 in the Waikato region was +7% and 6.2% nationally.

The Statistics NZ population projections for the District (Low, Medium and High) all indicate a general population increase between 2013 and 2043, with the low projection showing a subsequent gentle decline to 8,940 in 2043, the high projection continuing to grow to 12,750 in 2043 and the medium projection fairly stable to 10,850 in 2043.

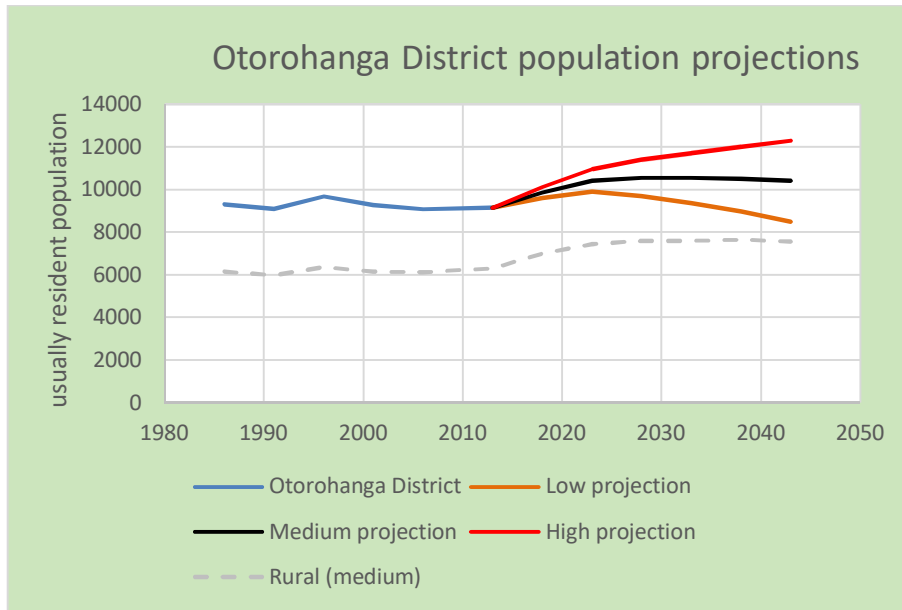


Figure 3 - Statistics NZ District Population Projections

That our district is positioned at this relatively neutral point between growing and declining regions has however made population trends weak and unreliable. In recent times projections have flip-flopped between decline and growth, and it is clear that unexpected events can easily render previous projections obsolete.

An example of this is the recent emergence of some potential major developments such as the Happy Valley milk processing facility and the proposed expansion of Waikeria Prison. Whilst neither of these developments has yet commenced construction, if they proceed they have potential to bring significant number of new residents to the area. With these weak trends and uncertainty it is believed that it is safest to assume the relatively neutral 'medium projection' population trend for the District.

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 SNZ projection of district population by age, in this case based on the 'low' 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.

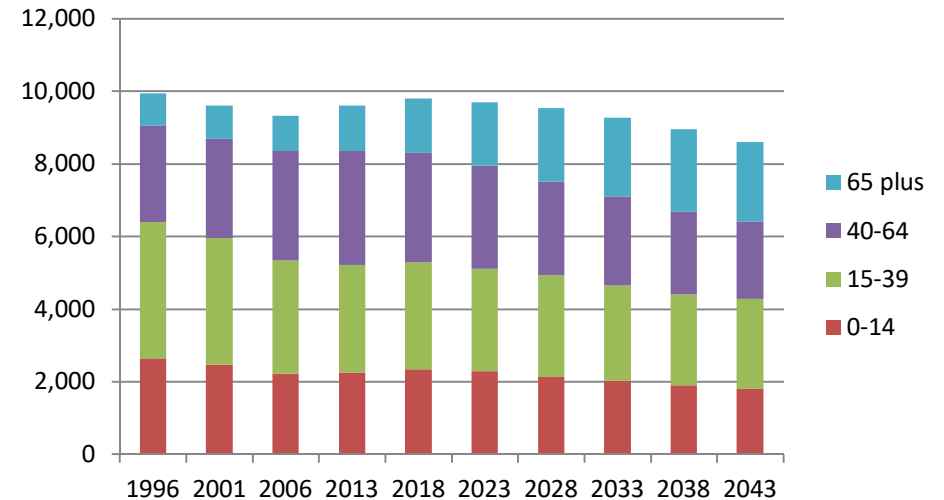


Figure 4 - Projected District Population by Age Groups, Low Growth

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, a number of very significant new development projects are currently proposed and 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.

There is also currently a shortage of residential properties in Otorohanga, and it is hoped that at least 60 new residential lots will be created in the town in the near future, which will progressively become occupied.

Whilst Council is optimistic in respect of such an opportunities, it is however believed that there is still too much uncertainty associated to allow this to be translated into growth projections that will have significant effect on infrastructure requirements.

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, available technical indicator data from the NZTA on 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 during recent years at levels that are generally similar to or in some cases better than levels being achieved in other comparable districts.

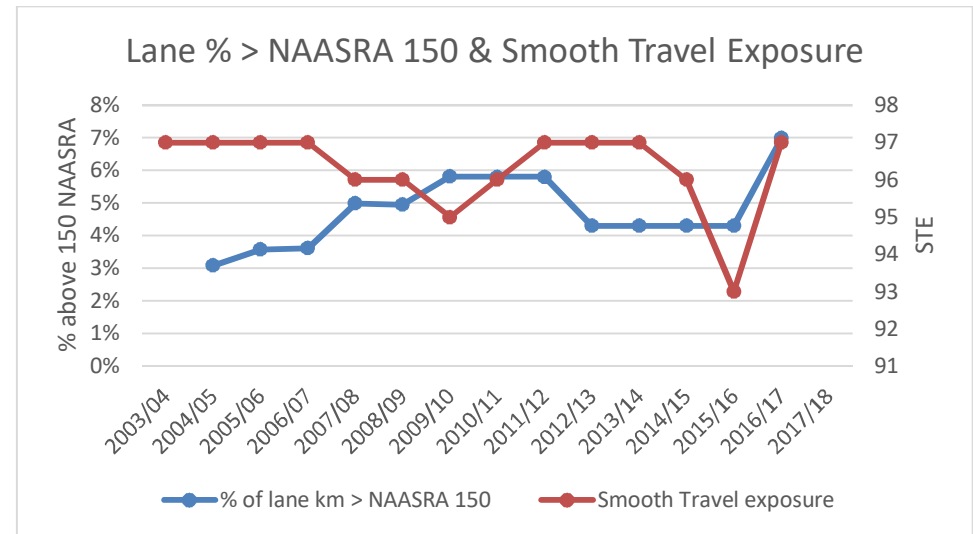


Figure 5 - Road Smoothness Trends

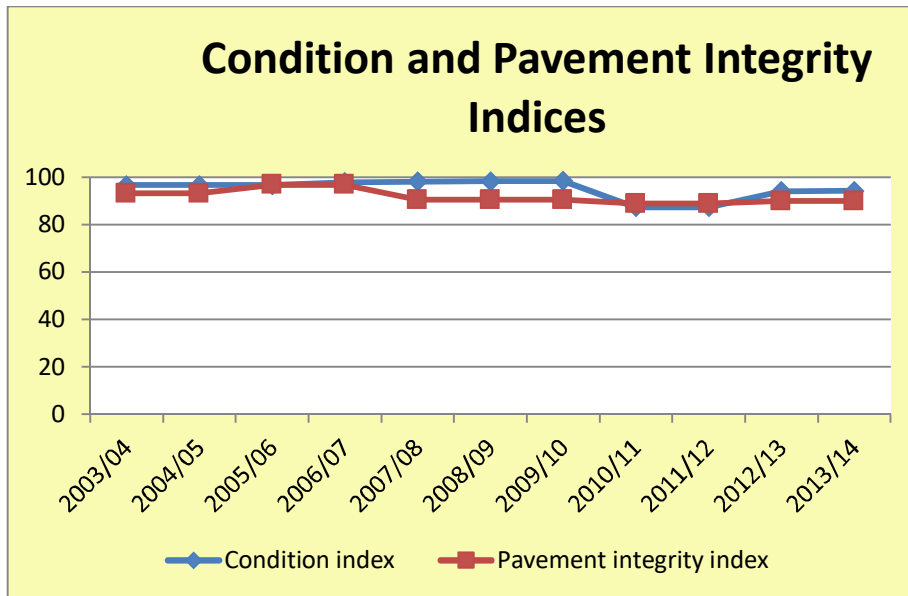


Figure 6 - Road Condition Trends

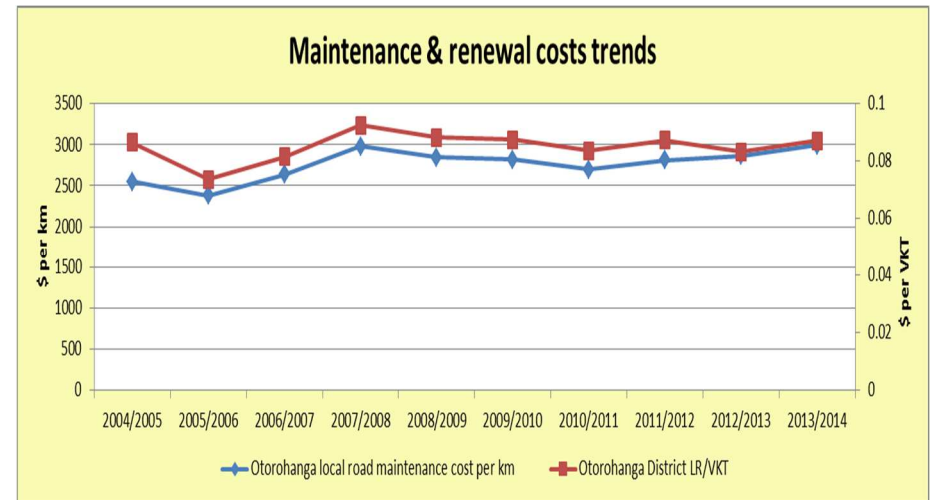


Figure 7 - Road maintenance and Renewal Cost Trends

The associated costs of maintenance and renewal works to achieve these road conditions have also been very consistent despite the effects of inflation, as reflected in Figure 7 for the data available from NZTA, which does not appear to extend beyond 2013/14.

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.

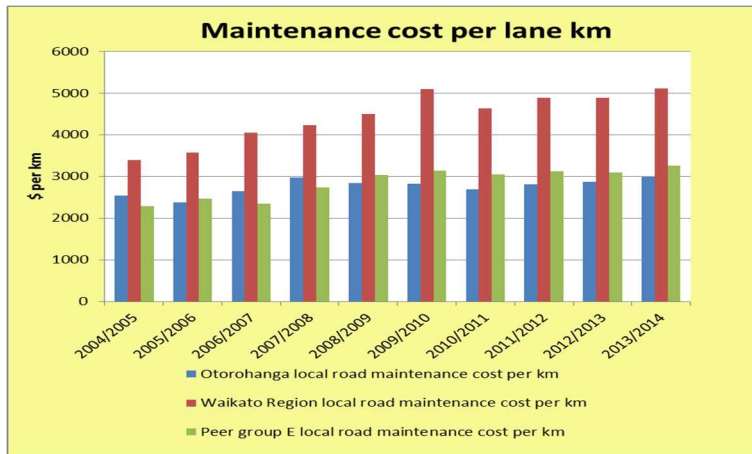


Figure 8 - Maintenance Cost Comparison*

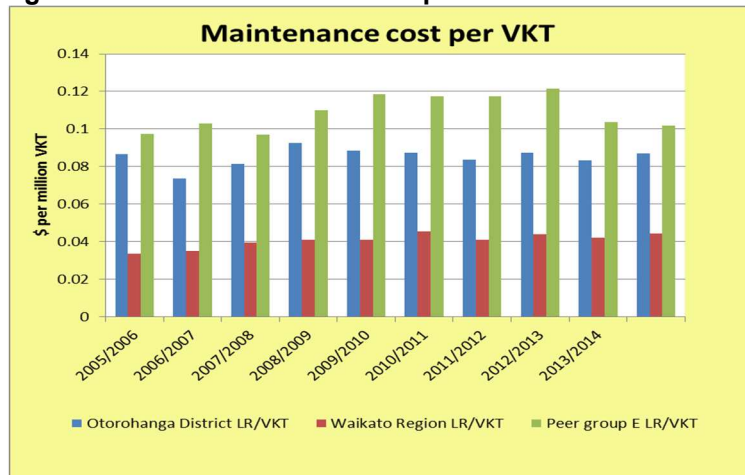


Figure 9 - Maintenance Cost Comparison*

- *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 ie 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 2018. There is no significant trend for road factors crashes as a percentage of total crashes over this period, with the large majority of crashes remaining due to driver error or other factors over which Council cannot easily exercise control.

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.

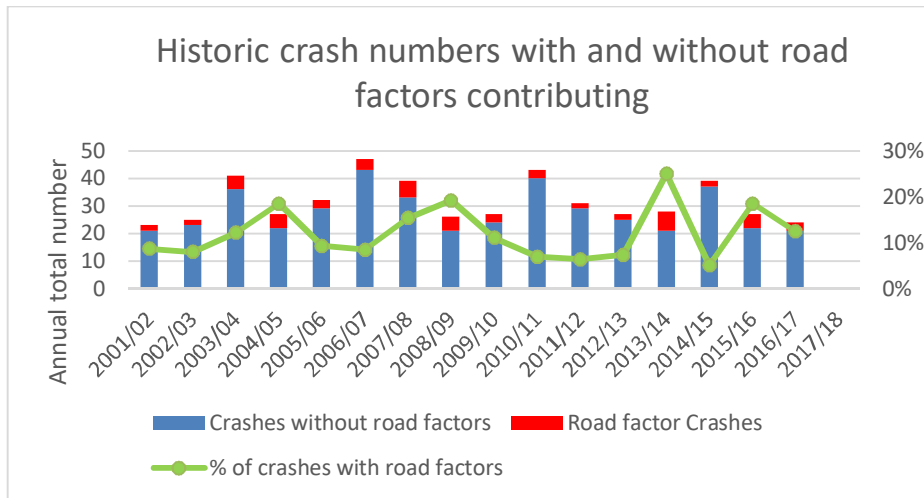


Figure 10 - Crash Number and Factor Trends

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 maintain existing road operating standards.

In recent times questions have however become increasing asked by ratepayers in respect of whether Council’s approach to road improvements is appropriate, and this is discussed further in the following section.

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.

Similar comments can also potentially be made about the road standards specified under the NZTA’s One Network Roding Classification (‘ONRC’).

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.

Despite the fact that there are arguably few significant capacity issues on the network, for the last 10 years the focus of Council in respect of road improvements has been on the straightening and widening of sealed roads.

This focus was put in place following the withdrawal of NZTA subsidy for seal extensions, which substantially reduced the 'bang for buck'

of such works relative to sealed road improvements, which generally did quality for such subsidy.

In addition to targeting particular sections of sealed road that have been considered particularly worthy of widening or realignment it has become the practice that where pavement renewal work is conducted, efforts are also 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.

All of the road improvement work that is currently being undertaken is discretionary since NZTA has not yet made compliance with ONRC standards mandatory, and the progressive improvement of the District sealed roads has now brought those roads to a standard where questions are being asked regarding whether further such work is justified. In most cases there are very small volumes of traffic on sealed roads that are now of a high standard.

In recent years the questions asked have included whether it would be more appropriate to resume progressive sealing of the remaining unsealed roads, or to reduce or cease road improvements entirely. This discussion has been further stimulated by a very recent change of NZTA funding policy in respect of minor improvement works, which appears to possibly have potential to once again make seal extension works able to qualify for subsidy at the prevailing 58% rate.

At this point reliable answers to a number of important associated questions have not yet been obtained, but there is considered to be a need to undertake a major review of Council's approach to road improvements once the relevant information is available.

It is hoped that such a review will be completed before the end of the 2018/19 year, and improvement works based on the current strategy will continue until that time.

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.

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 general form of projected renewals expenditure over the next 30 years is shown in Figure 11.

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 change in the relatively near future as we enter a period of more intensive pavement renewals, particularly from the mid 2030's onwards.

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.

A significant proportion (around a quarter) of the total value of Council's roading assets is also comprised of items with relatively long lives, such as bridges and underpasses, for which only very limited replacement is scheduled within the 30 years of this infrastructure strategy and hence substantial associated renewal peaks are likely to exist in the more distant future.

Resilience Issues

In general the level of resilience of council's roading assets is considered to be 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.

Recent experience of a very localised but extremely severe weather event that caused over \$400,000 worth of damage to a few minor roads has however raised concern over the potential effects of climate change, and Council has increased its budget allocations for emergency works in future years to better accommodate such events.

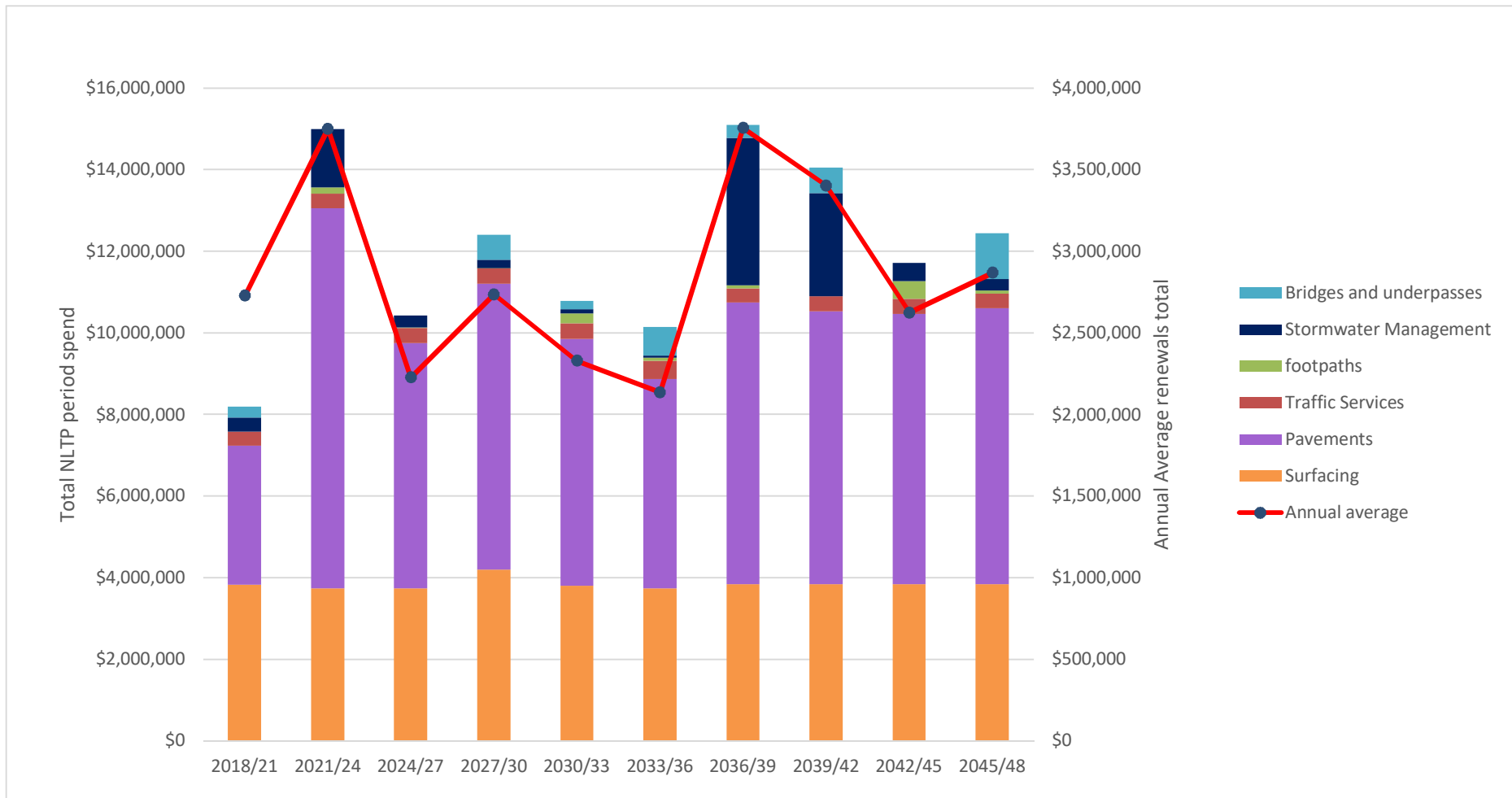


Figure 11 - Roading Asset Renewal Cost Projection (2018 dollar terms)

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 five distinct rural areas as follows: Waipa (fed from the Otorohanga treatment plant), Tihiroa and Arohena (3 separate supplies), with the large majority of this water used for agricultural purposes
- A non-potable 'agricultural purposes only' trickle feed water supply for the Ranginui rural area.
- 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 \$51.5 million, comprising water supply (\$26.8 million). Wastewater (\$14.7 million) and stormwater (\$10.1 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, though this is not without challenges.

Demands on treatment systems are increasing in respect of water quality, and the 'simple' solution is to commission new systems specifically designed to meet these needs. The downside of this approach is the very substantial costs of such new system, particular

when the supply only serves a relatively small number of customers, as is the case with ODC's rural supplies.

Given these very high costs for complete new systems it is understandable that there is often a desire to use the existing aging treatment system as a base for upgrading. To obtain the required performance from these existing plants typically needs a combination of applying new technologies and having operational staff with the skill necessary to use those technologies to good effect. Effectively delivering this combination is not always possible, and as such this approach needs to be exercised with caution to avoid wasting money on 'cheap' solutions that prove not to be solutions at all.

Public Health Issues

The drinking water quality compliance instrument used to satisfy the Ministry's expectation as watch dog is the Drinking-Water Standards for New Zealand 2005 (Revised 2008) tied to the (Ministry's guidelines-drinking-water-quality-management-New-Zealand-Mar16).

Currently all of the six potable water treatment plants operated by ODC are in conflict with the requirements of the Drinking-Water Standards for New Zealand 2005 (Revised 2008) to various degrees.

Five of these conflicts are sufficiently serious to be reflected as Significant Infrastructure Issues in Table 1 of this Strategy.

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, issues relating to wastewater in Kawhia are currently believed to be diminished and it now appears extremely unlikely that a reticulated

wastewater system will be installed in that community in the near future.

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 25 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.

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 were a significant number of responses (though still a minority) that indicated a desire for increasing the water storage capacity in Otorohanga (which has now been responded to) and for Council to spend more to provide a slightly more proactive approach to asset maintenance.

Demand Issues

The existing water 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 general 0.5% to 1% per annum underlying growth trend in respect of water use on most ODC supplies has not subsequently been reflected in actual data. Effects of climate change on drainage services are also not yet clearly 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.

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.

Renewals

The earliest Council water services 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. Recent experience has however indicated that some asbestos cement water mains in Otorohanga may have suffered accelerated deterioration, and may require replacement in the near future. Further investigation is required to confirm the extent of this.

Figure 12 below shows projected annual renewal expenditure on all ODC water services assets (water, wastewater and stormwater) and associated current depreciation over the period from 2018 to 2048, in 2018 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.

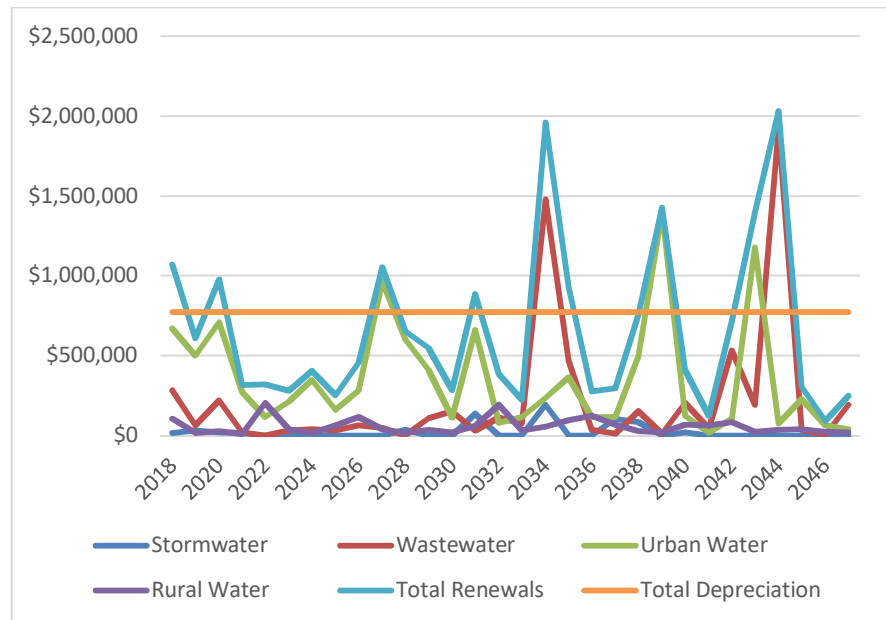


Figure 12 - Water Services Annual Renewal Cost Projection

It is however believed that the renewal programs, the associated costs should be easily accommodated through increasing debt, which is projected to be at very low level at the commencement of the period from 2030 onwards when the larger renewal ‘spikes’ for the urban services are likely to be encountered.

A much larger ‘spike’ is however evident around 20 years later (outside the period of this Infrastructure Strategy) 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 over 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 only have relatively small numbers of customers to fund this cost.

Resilience Issues

In general the level of resilience of council’s water services infrastructure is considered to be 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 the table below in 2018 dollar and inflated 'money of the day' terms.

Table 5 - Capital and Operation Expenditure

Asset Category	OPEX* – 2018 Dollars	CAPEX – 2018 Dollars	OPEX – Inflated	CAPEX – Inflated
Roads and Footpaths	\$311,842,678	\$174,072,686	\$431,456,387	\$256,075,894
Water Supply	\$66,041,438	\$12,964,197	\$89,532,273	\$19,459,551
Sewerage Treatment & Disposal	\$19,448,435	\$5,302,397	\$24,036,545	\$8,256,227
Flood Protection & Control	\$3,767,563	\$223,868	\$5,085,274	\$288,345
Stormwater Drainage	\$6,782,429	\$303,182	\$7,573,317	\$482,903

*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 inflated terms is presented in Figure 13 below.

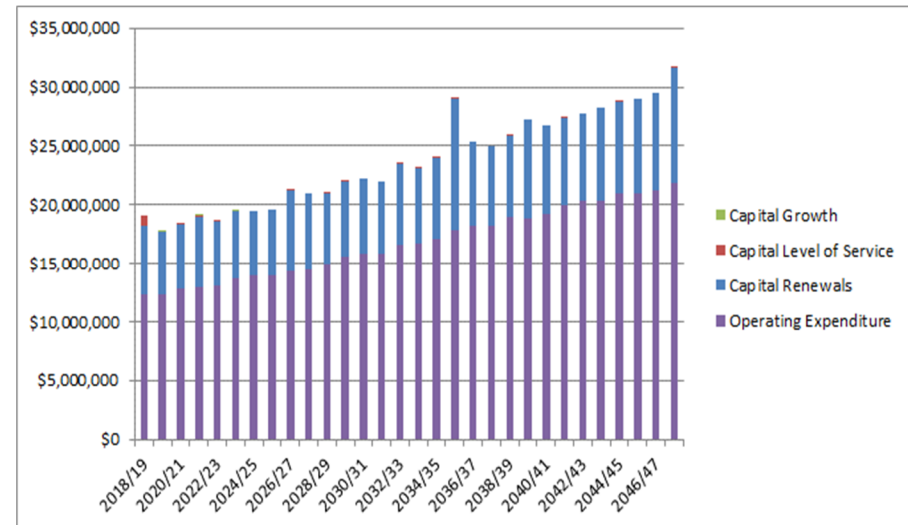


Figure 13 - Total Annual Expenditure - Roading and Water (Inflated Terms)

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 inflated basis for the various asset groups over the first 10 years of the strategy period is presented in Figure 14.

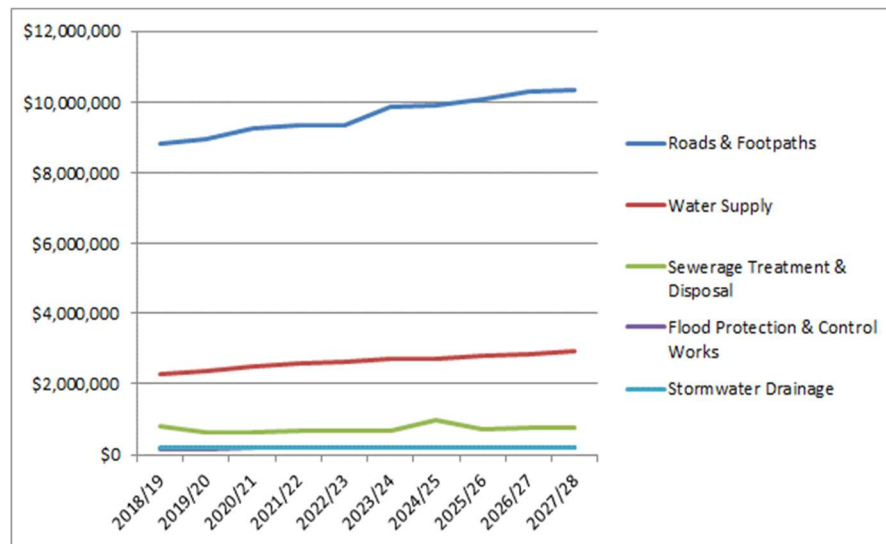


Figure 14 - Annual Operational Costs 2018-2028 (Inflated Terms)

Projected operational costs for 5 year periods on an inflated basis for the various asset groups over the whole of the strategy period is presented in Figure 15.

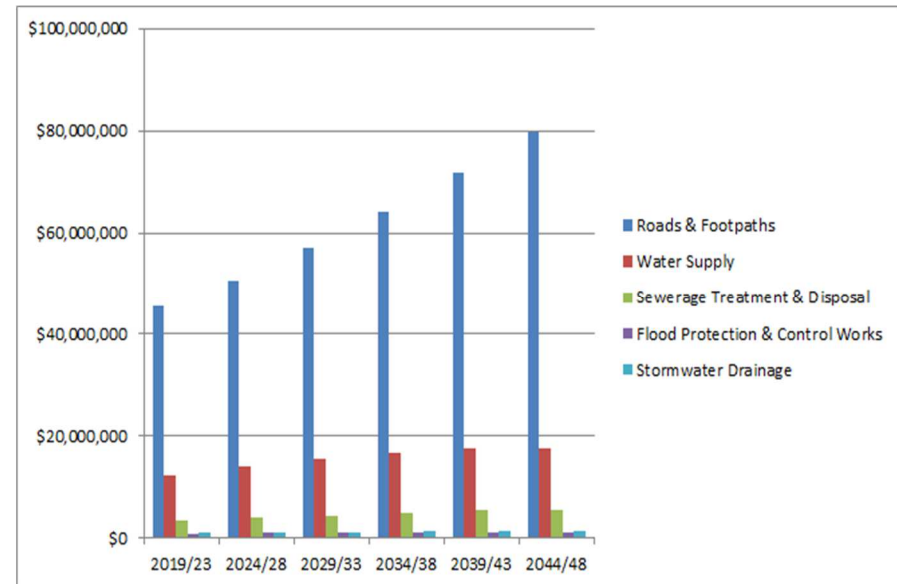


Figure 15 - 5 Yearly Operational Costs 2018-2048 (Inflated Terms)

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 inflated basis for the various asset groups over the first 10 years of the strategy period is presented in Figure 16.

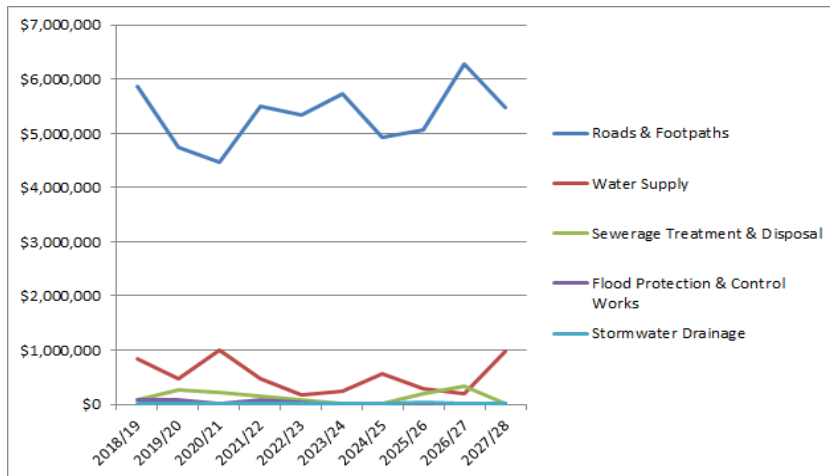


Figure 16 - Annual Capital Costs 2018-2028 (Inflated Terms)

Projected operational costs for 5 year periods on an inflated basis for the various asset groups over the whole of the strategy period is presented in Figure 17.

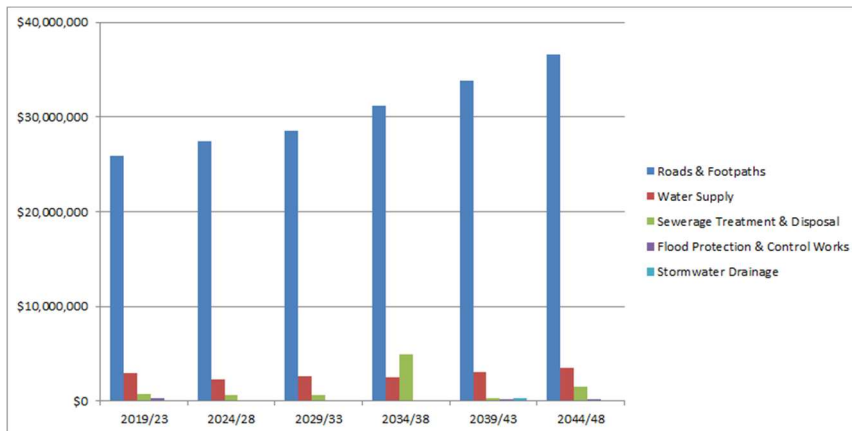


Figure 17 - 5 Yearly Capital Costs 2018-2048 (Inflated Terms)

Projected total renewal costs for all roading and water assets are presented in the Figure 18 below.

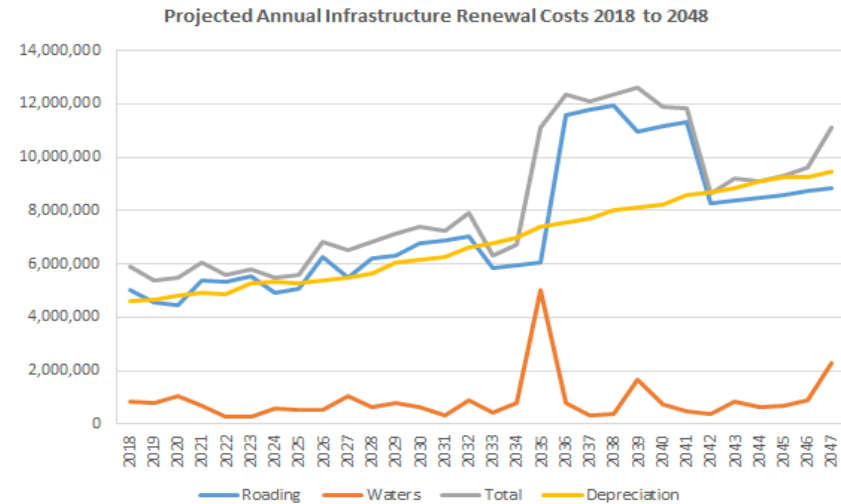


Figure 18 - Annual Total Renewals Costs 2018-2028 (Inflated Terms)

It would be presumed that a combination of increased rates and debt would be required during this period between 2034 and 2041 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 the early 2030’s. 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.

Until recently there appeared to be little potential for significant growth of the population or economy of the District in the short or medium term.

A continuing focus on efficient and cost effective delivery of core services had also 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.

These two factors together resulted in a belief that there was relatively little potential to protect or buffer the District against significant deterioration of local economic conditions if a global recession was to occur.

This situation has however changed relatively quickly with the announcement of three proposed major development projects in the District. This has caused challenges associated with working in an environment of economic and demographic stagnation to be quickly replaced with a different (and more positive) set of challenges associated with accommodating potential rapid population growth.

Financial Management Issues

Generally, the Council is in a sound financial position at the beginning of this plan. There is a low level of debt relative to income, as well as healthy working capital on the balance sheet. By the end of the term of this plan, this position will have improved further, with very little debt and a very healthy working capital position.

There are a number of factors which are expected to impact on the Council's management of the business and its finances over the

2018-28 period. Specifically these relate to economic climate and growth, balancing the budget, intergenerational equity and affordability.

Council Expenditure

Figure 19 identifies the total operating expenditure over the 10 year period for each of the groups of activities the Council provides, while Figure 20 shows the total capital expenditure over the same period and groupings.

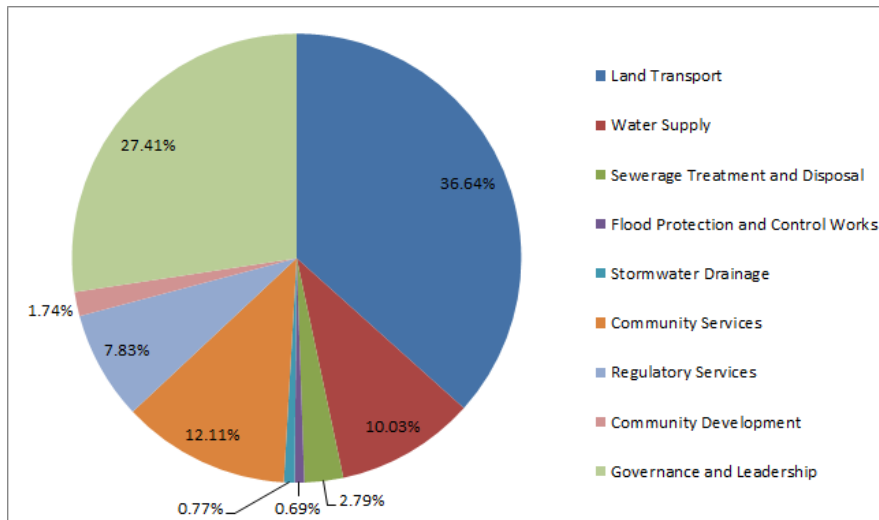


Figure 19 - Operating Expenditure 2018/28

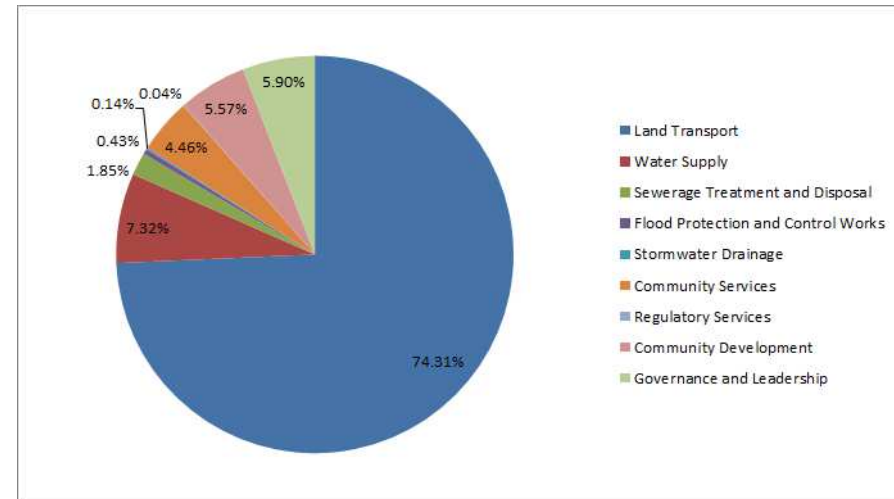


Figure 20 - Capital Expenditure 2018/28

The cost of maintaining activities to continue providing existing services is \$270.0 million over the 2018-28 period. The expected capital expenditure on roads, water, wastewater, stormwater and flood protection over this period is \$60.4 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 21 below shows the trend for rates, borrowings and capital expenditure which are the key financial aspects of this plan. Inflation is assumed to total 23.2% over the 10 years, which is included in all figures in the plan.

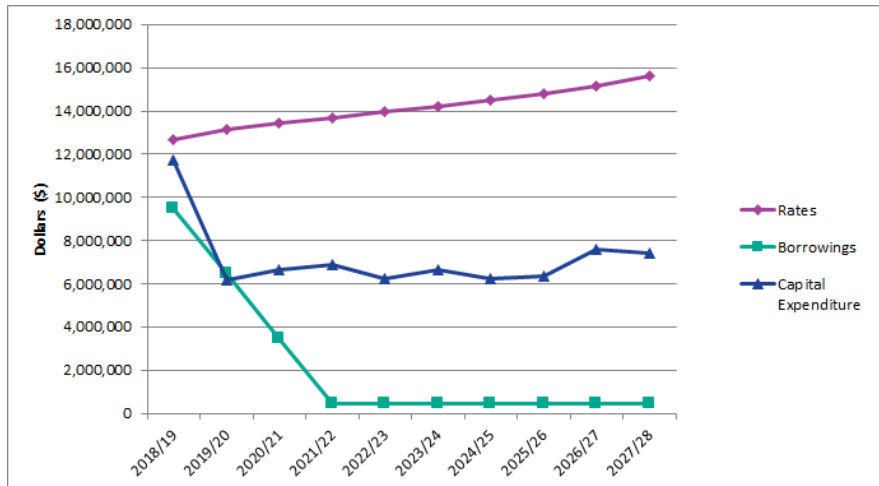


Figure 21 - Rates, Borrowings and Capital Expenditure

The council is forecasting that its operating expenditure will increase from \$24.2 million to \$30.5 million between 2018 and June 2028. 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 Long Term 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 maintained within limits contained in the Liability Management Policy, 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 22 below shows how the Council's activities are funded.

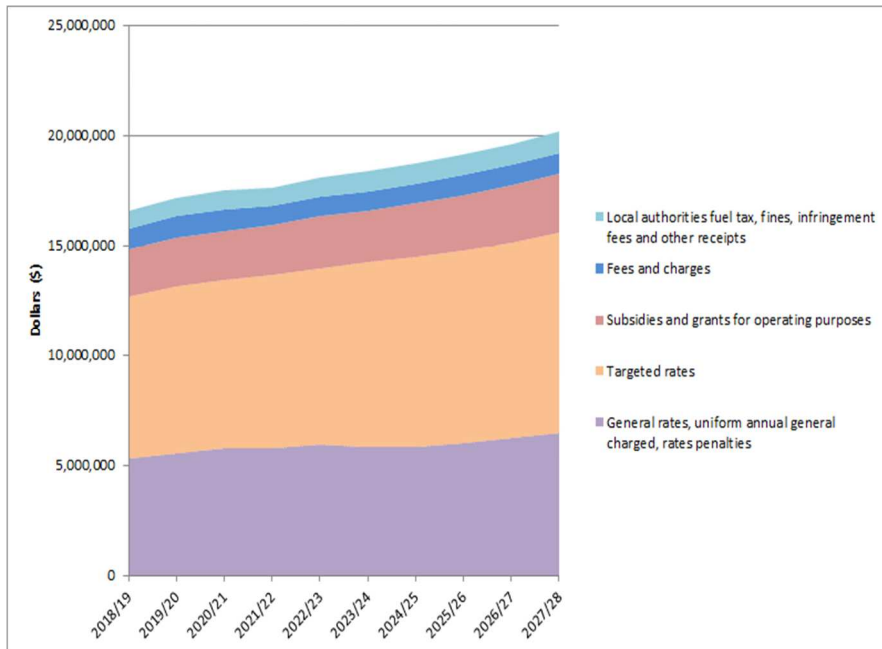


Figure 22 - Sources of Funds

The income sourced from rates is allocated across the various groups of activities as per Figure 23.

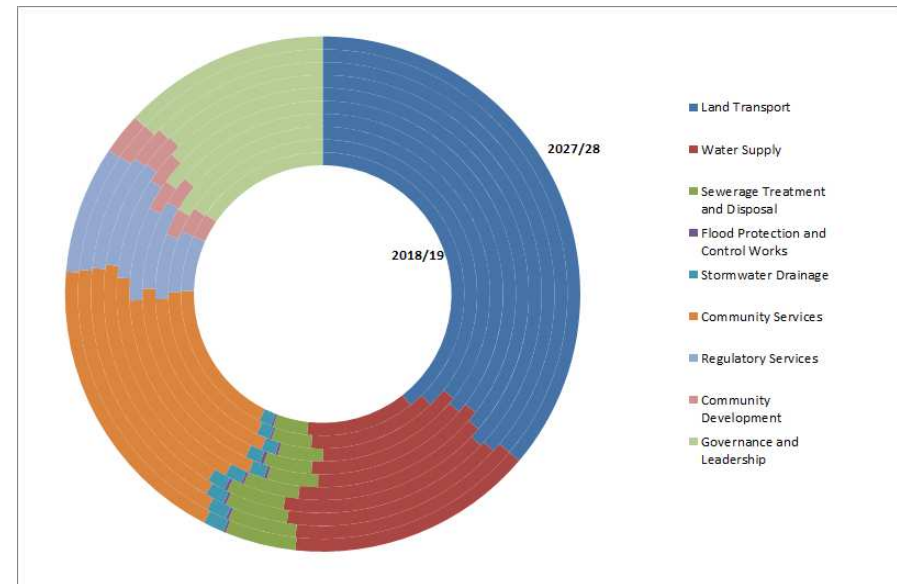


Figure 23 – Rates Income by Group of Activity

Changes in Population - Otorohanga District

As discussed earlier within the document after a long period of relative stagnation, it now appears likely that there will be significant growth of population over the next 4 to 5 years, associated with three proposed major development projects, of which a large expansion of the Waikeria Prison is the most significant.

Accommodating this growth is likely to require some increases of both operating and (more notably) capital costs during the LTP period.

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), and not being in close proximity to any expected centres of very major urban development 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 very little impact on operating or capital costs.

Proposed Policies and Parameters

The following sections outline some of the actions and policy approaches that have been 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 70% 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

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



activities, it proposes to limit the rates collected each year to a maximum of 75% of total council revenue. Ideally, the Council will seek to reduce the proportion of revenue collected through rates. The Council’s Revenue and Financing Policy sets out the sources of funding to be used, and how they will be applied to each activity with a view to achieving this objective.

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

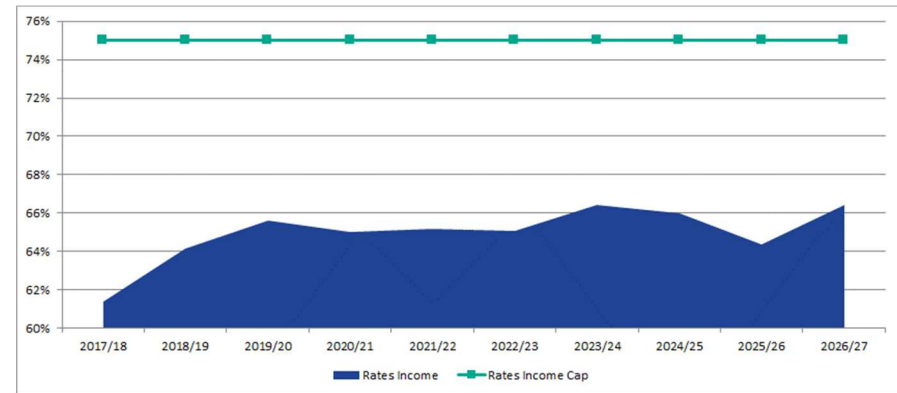


Figure 24 - Limit on Rates Income

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 to time Council will need to increase the level of service that it is

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

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 Increase Limit as % of previous year rates income
2017/18	1.8	2.00	3.8
2018/19	2.0	2.00	4.0
2019/20	2.2	2.00	4.2
2020/21	2.2	2.00	4.2
2021/22	2.2	2.00	4.2
2022/23	2.3	2.00	4.3
2023/24	2.3	2.00	4.3
2024/25	2.4	2.00	4.4
2025/26	2.5	2.00	4.5
2026/27	2.6	2.00	4.6
2027/28	2.7	2.00	4.7

This rates limit compared to the projected rates increases can be seen in Figure 25.

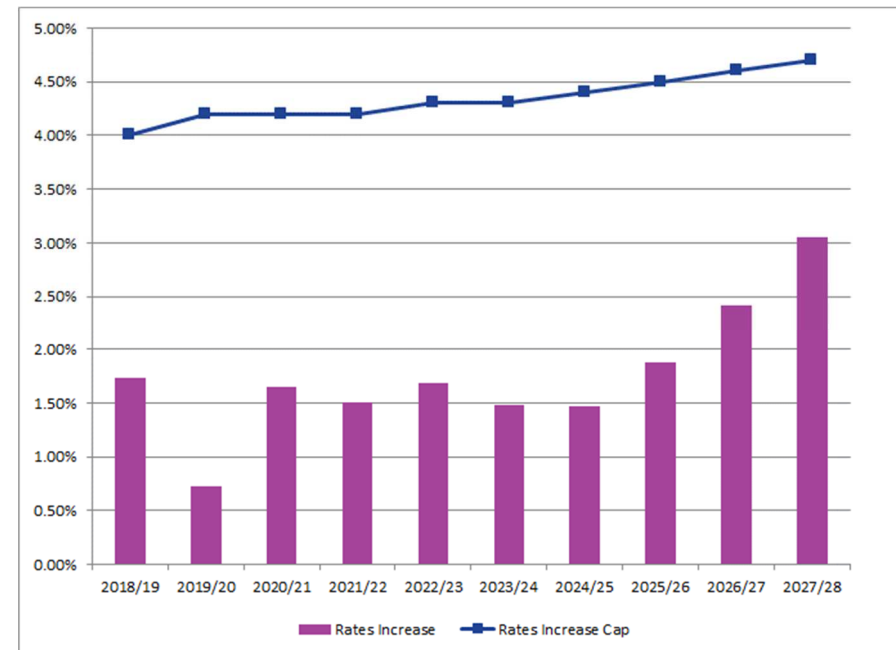


Figure 25 - Rates Increase Limits

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 2016, and took effect in 2017/18 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, within 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%. Net debt is defined as the borrowings owed by Council less any cash on hand or in short term deposits.

This ratio 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 26 below shows Council's proposed Net Debt/ Total Revenue ratio over the 10 years of the LTP. Note that where cash on hand exceeds money owed, the ratio has been set at 0 for ease of understanding.

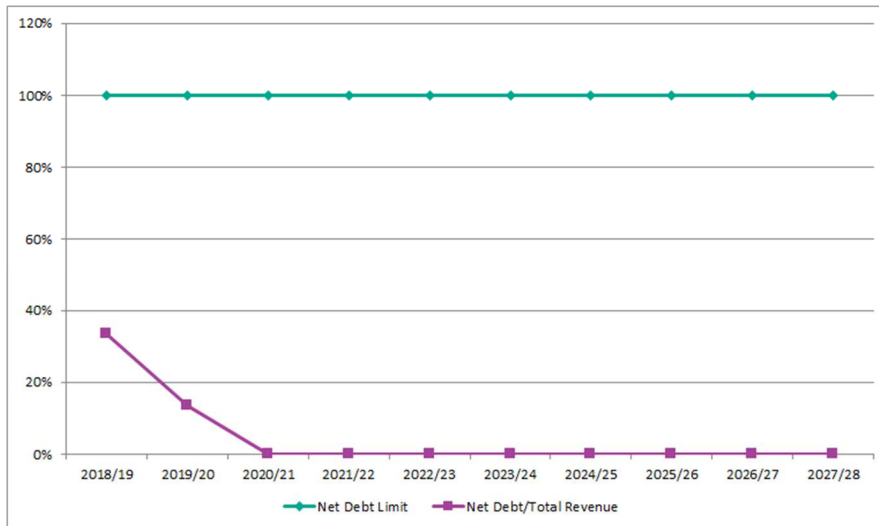


Figure 26 - Limit on Debt

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
- 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. As at the time of writing this LTP, this is 2.29%. 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.
- Roading – Council has made a decision to not fund depreciation on the basecourse and subbase for sealed and unsealed roads for the NZTA portion of funding (assumed to be 58%). Given the nature of these assets, the replacement of these is highly likely to be funded at the prevailing funding assistance rate by NZTA, so funding this is not deemed necessary by Council.
- 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.

	2018/19	2019/20	2020/21
	\$	\$	\$
Community Facilities			
Community Halls	28,868	28,868	30,456
Kawhia Community Centre	15,919	15,919	16,795
Kawhia Housing for the Elderly	12,224	12,683	13,637
Otorohanga Housing for the Elderly	69,104	71,911	76,841
Land Transport			
Waipa Rural Water Supply	629,293	629,293	668,939
	46,374	47,040	50,200

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.

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 provide 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 27 below shows the total income split across all the groups of activities, with 10 year budgets on the following pages.

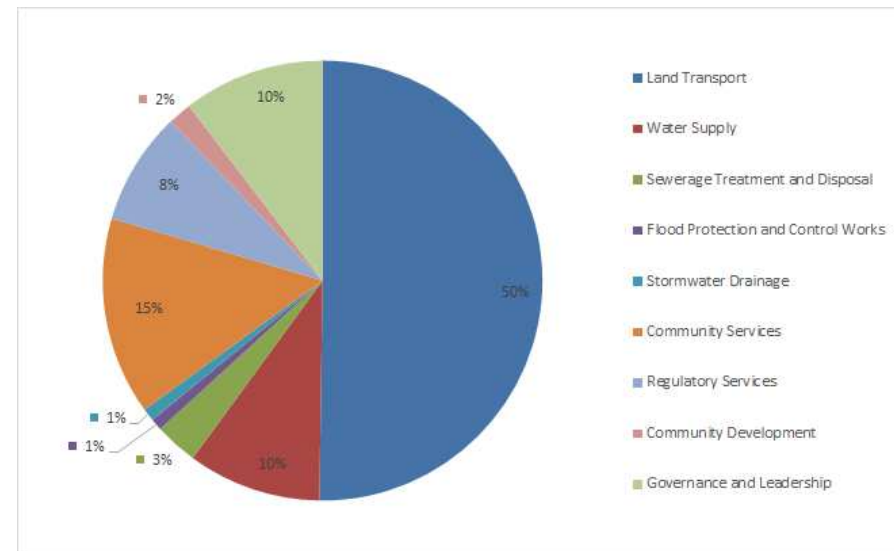


Figure 27 - Total Income by Group of Activities

Combined Cost of Service Statement - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	5,012	6,638	5,985	6,325	6,586	6,166	6,380	6,171	6,289	7,444	7,228
Capital Growth	181	-	153	36	112	-	168	11	-	-	-
Capital Level of Service	1,908	5,085	59	300	166	60	81	54	56	138	167
Loans Repaid	769	1,888	2,462	1,712	1,054	1,082	1,049	968	883	568	509
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
Total Funding Required	7,870	13,611	8,659	8,373	7,918	7,308	7,678	7,204	7,228	8,150	7,904
Funded By:											
Funding from Non-Cash Expenses	5,011	4,804	3,713	3,985	3,960	3,642	3,872	3,781	3,778	4,200	3,554
Loans Raised	997	6,070	296	612	306	-	-	254	-	-	801
Transfer from General and Special Reserves	-	1,875	846	191	530	448	130	970	834	1,279	1,245
Capital Income	2,552	1,355	2,003	1,125	280	406	323	436	360	122	70
Operating Surplus (via reserve)	1,185	536	2,456	2,121	2,924	3,130	2,513	2,029	2,256	2,549	2,234
Total Funding Applied	7,870	13,611	8,659	8,373	7,918	7,308	7,678	7,204	7,228	8,150	7,904

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.
An increased interest in cycling may lead to an increased desire for dedicated cycleways within the district.	Council is supportive of the development of cycleways and may become involved on a case-by-case basis as appropriate.

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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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 (2014/15 to 2015/16) 7-1=6	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)	97.6%	97%	97%	97%	97% per annum
		The percentage of the sealed local road network that is resurfaced	100%	6%	6%	6%	6% per annum
		The extent of unsealed road metalling programme that is completed annually.	100%	100%	100%	100%	100% per annum
		Percentage of the footpath network which meets or is above the condition rating standard 3 or better (minor cracking)	87%	90%	90%	90%	95% per annum
		Percentage of service requests relating to roads and footpaths responded to within 10 working days	49%	90%	90%	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

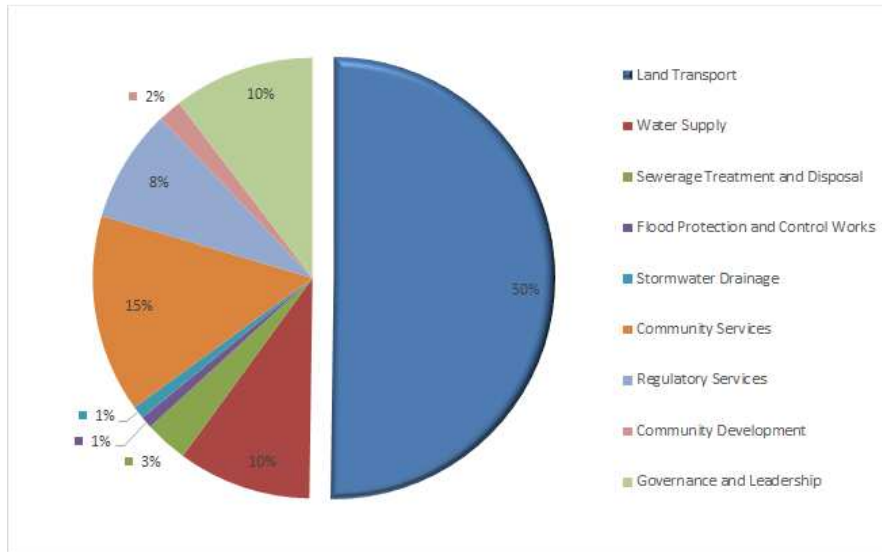


Figure 28 - Total Income – Roads and Footpaths

Land Transport makes up 50% 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 29 below.

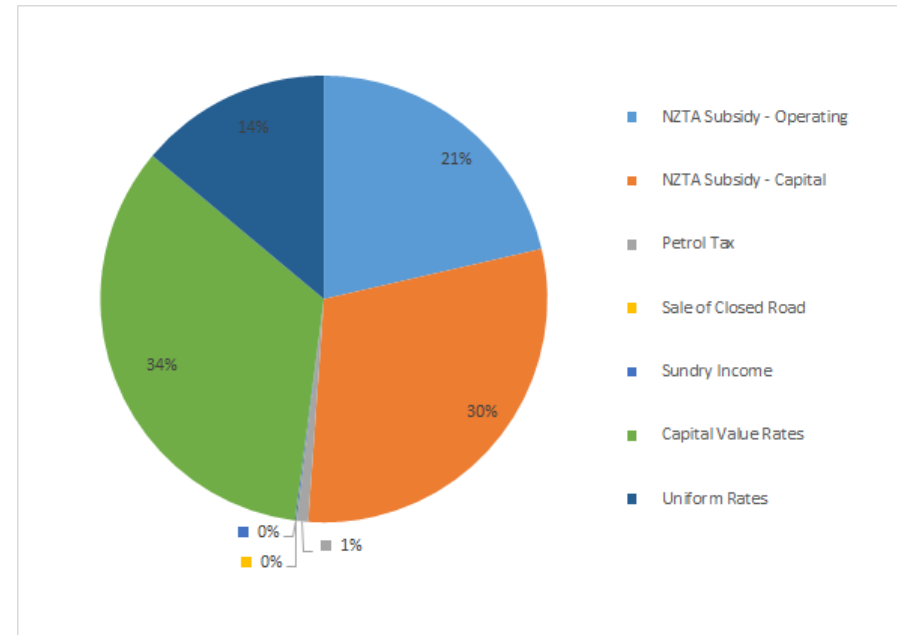


Figure 29 - Income Sources - Roads and Footpaths

Land Transport - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	3,353	5,042	4,583	4,450	5,391	5,350	5,547	4,922	5,055	6,271	5,473
Capital Growth	52	-	153	-	107	-	168	-	-	-	-
Capital Level of Service	885	833	-	16	-	-	17	-	-	18	-
Loans Repaid	423	417	417	417	417	417	411	363	301	246	202
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
Total Funding Required	4,713	6,292	5,153	4,883	5,915	5,767	6,143	5,285	5,356	6,535	5,675
Funded By:											
Funding from Non-Cash Expenses	3,744	3,179	2,355	2,195	2,655	2,539	2,781	2,320	2,362	2,759	2,380
Loans Raised	154	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	93	720	617	1,050	894	791	1,085	824	727	919	814
Operating Surplus (via reserve)	722	2,393	2,181	1,638	2,366	2,437	2,277	2,141	2,267	2,857	2,481
Total Funding Applied	4,713	6,292	5,153	4,883	5,915	5,767	6,143	5,285	5,356	6,535	5,675

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.

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 Roding 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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	374	450	379	459	757	414	652	385	415	717	464
Sealed Road Resurfacing	1,158	1,403	1,524	1,402	1,430	1,466	1,490	1,539	1,626	2,115	1,765
Pavement Rehabilitation	838	883	686	702	899	920	943	964	990	1,015	708
Minor Improvements	468	1,628	1,368	1,376	1,405	1,564	1,528	1,622	1,534	1,707	1,799
	2,838	4,364	3,957	3,939	4,491	4,364	4,613	4,510	4,565	5,554	4,736
Capital Expenditure to improve level of service											
Sealed Smoothing	688	833	-	-	-	-	-	-	-	-	-
	688	833	-	-	-	-	-	-	-	-	-

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 30 below.

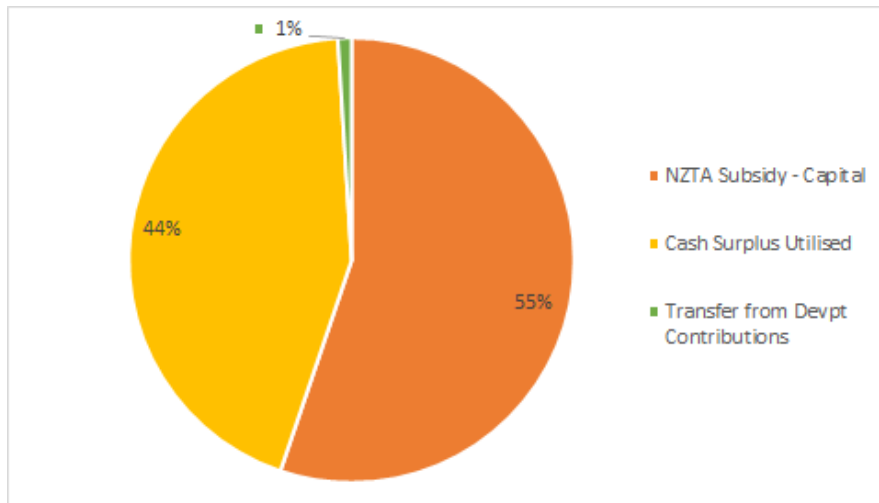


Figure 30 - Sources of Capital Funding

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	Judicious financial management and business practice to reduce (possibly remove) debt to enable new

Issue	Options
<p>water assets come to the end of their useful lives.</p>	<p>borrowings to remain at acceptable levels 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>
<p>Higher drinking water standards for rural water schemes.</p>	<p>On-going discussion being held with affected rural scheme committees to determine the best course of action for each scheme.</p>
<p>Desirable to develop additional water sources for the Otorohanga Community to maximise economic development opportunities</p>	<p>Explore development of a water storage reservoir on Council's Te Raumauku Road property in 2021/22 year</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 2016/17	2018/19	2019/20	2020/21	2021/22 – 2027/28
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	Complies 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	Doesn't comply Doesn't comply	Complies Complies	Complies Complies	Complies Complies	No change
		Percentage of real water loss from the networked reticulation system Otorohanga Kawhia	Not measured Not measured	30% 30%	30% 30%	30% 30%	30% 30%
		Median response time to: Urgent call-outs Non-urgent call-outs	1 hr 45 mins 47hrs 44 mins	<3hr 55mins <26hr 20mins	<3hr 45mins <25hr 30mins	<3hr 35mins <25hrs	<3hr 30mins <24hrs
		Median resolution times for Urgent call-outs	Not measured	<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 2016/17	2018/19	2019/20	2020/21	2021/22 – 2027/28
		Non-urgent call-outs	Not measured	<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	1 complaint	<5 complaints	<5 complaints	<5 complaints	<5 complaints
		Average consumption of drinking water per day per resident within the Otorohanga District.	422.85L per person per day	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

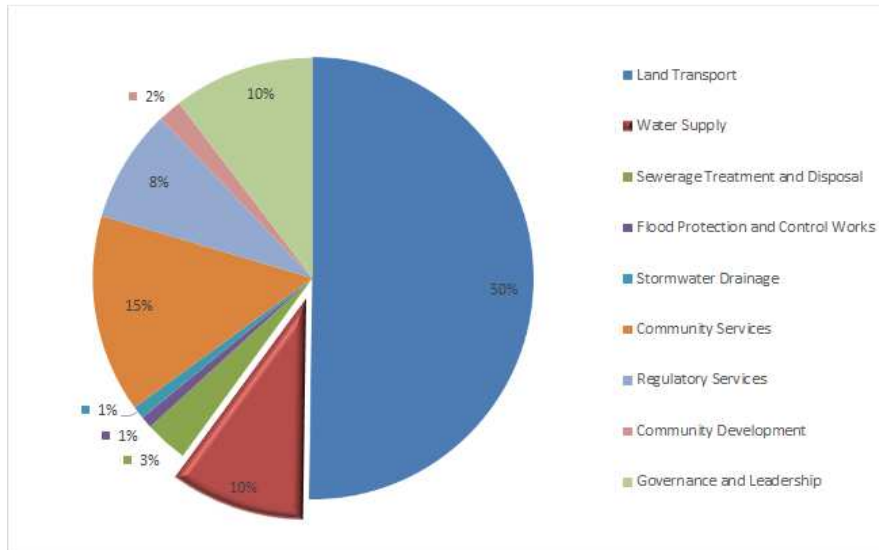


Figure 31 - Total Income - Water Supply

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.

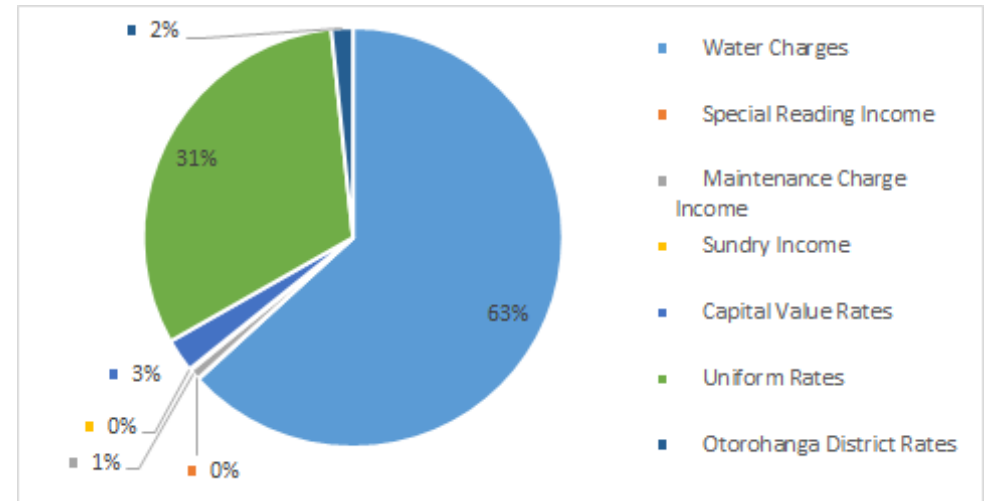


Figure 32 - Income Sources - Water Supply

Cost of Service Statement

Water Supply - Operating Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	44	21	21	21	21	22	21	21	21	21	21
Targeted Rates	1,557	1,534	1,743	1,882	1,974	2,049	2,175	2,244	2,278	2,325	2,381
General Rates	39	39	31	34	34	34	36	36	36	36	37
Other General Sources	363	436	440	454	466	476	488	500	518	531	542
<i>Total Operating Revenue</i>	2,003	2,030	2,235	2,391	2,495	2,581	2,720	2,801	2,853	2,913	2,981
Operating Expenditure											
Arohena Water Supply	263	267	276	285	292	298	309	314	321	335	341
Ranginui Water Supply	59	72	76	78	80	82	86	87	89	93	95
Tihiroa Water Supply	254	264	281	291	298	304	313	325	323	333	337
Waipa Water Supply	111	98	100	104	106	107	112	113	115	121	122
Otorohanga Water Supply	394	426	443	481	478	489	521	524	543	552	561
Otorohanga Water Treatment Plant	386	427	465	501	516	514	509	511	527	540	549
Otorohanga Water Loan	41	24	25	29	37	39	36	34	31	29	41
Kawhia Water Supply	226	235	242	256	265	269	279	283	289	301	305
Water Services	391	456	469	486	502	513	526	536	551	560	569
<i>Total Operating Expenditure</i>	2,125	2,269	2,377	2,511	2,574	2,615	2,691	2,727	2,789	2,864	2,920
includes:											
Salaries & Wages	224	257	262	268	274	280	286	292	299	307	314
Depreciation & Amortisation	572	559	603	664	684	680	704	704	713	765	768
Interest	55	38	44	53	65	66	61	57	53	50	60
Operating Surplus (Deficit)	- 122	- 239	- 142	- 120	- 79	- 34	29	74	64	49	61
Operating Surplus transferred to Reserves; or	-	-	-	-	-	-	29	74	64	49	61
Operating Deficit funded from Reserves	- 122	- 239	- 142	- 120	- 79	- 34	-	-	-	-	-

Water Supply - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	469	690	459	798	458	157	251	567	298	197	986
Capital Level of Service	147	145	10	213	19	8	-	-	-	-	-
Loans Repaid	91	82	100	106	110	135	125	116	106	97	90
Operating Deficit	122	239	142	120	79	34	-	-	-	-	-
Total Funding Required	829	1,156	711	1,237	666	334	376	683	404	294	1,076
Funded By:											
Funding from Non-Cash Expenses	283	532	406	479	278	265	351	652	381	271	281
Loans Raised	186	338	143	612	290	-	-	-	-	-	783
Transfer from General and Special Reserves	360	286	162	146	98	69	4	43	41	26	49
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	-	-	-	-	-	-	29	74	64	49	61
Total Funding Applied	829	1,156	711	1,237	666	334	376	683	404	294	1,076

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

	2017/18 Annual Plan	2018/19 Long-term Plan	2019/20 Long Term Plan	2020/21 Long Term Plan	2021/22 Long Term Plan	2022/23 Long Term Plan	2023/24 Long Term Plan	2024/25 Long Term Plan	2025/26 Long Term Plan	2026/27 Long Term Plan	2027/28 Long Term Plan
	(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 general charges, rates penalties	39	39	31	34	34	34	36	36	36	36	37
Targeted rates	1,557	1,534	1,743	1,882	1,974	2,049	2,175	2,244	2,278	2,325	2,381
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	37	16	16	17	17	18	18	18	19	19	20
Internal charges and overheads recovered	776	878	945	997	1,028	1,026	1,035	1,046	1,077	1,098	1,116
Local authorities fuel tax, fines, infringement fees, and other receipts	7	5	5	4	4	4	3	3	2	1	1
Total Operating Funding	2,416	2,472	2,740	2,934	3,057	3,131	3,267	3,347	3,412	3,479	3,555
Application of Operating Funding											
Payments to staff and suppliers	792	831	850	885	890	911	943	962	984	1,005	1,032
Finance Costs	55	38	44	53	65	66	61	57	53	50	60
Internal charges and overheads applied	1,070	1,248	1,349	1,417	1,461	1,470	1,492	1,511	1,558	1,571	1,592
Other operating funding applications	50	34	35	35	36	37	38	39	40	41	42
Total applications of Operating Funding	1,967	2,151	2,278	2,390	2,452	2,484	2,534	2,569	2,635	2,667	2,726
Surplus (deficit) in operating funding	449	321	462	544	605	647	733	778	777	812	829
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	95	257	43	506	180	135	125	116	106	97	693
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	95	257	43	506	180	135	125	116	106	97	693
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	147	145	10	213	19	8	-	-	-	-	-
to replace existing assets	469	690	459	798	458	157	251	567	298	197	986
Increase (decrease) in reserves	72	257	36	39	308	347	357	95	373	518	536
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	544	578	505	1,050	785	512	608	662	671	715	1,522
Surplus (deficit) in capital funding	- 449	- 321	- 462	- 544	- 605	- 647	- 733	- 778	- 777	- 812	- 829
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

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 Table 4.

Significant Capital Expenditure

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	140	52	68	90	46	15	6	-	28	-	10
Pipe Renewals	36	207	138	512	290	71	145	460	162	53	823
Sundry Renewals	76	70	77	59	74	46	74	57	66	75	81
Water Main Replacement	21	-	-	-	-	-	-	-	-	-	-
	273	329	283	661	410	132	225	517	256	128	914

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

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 renewals of some piped assets.

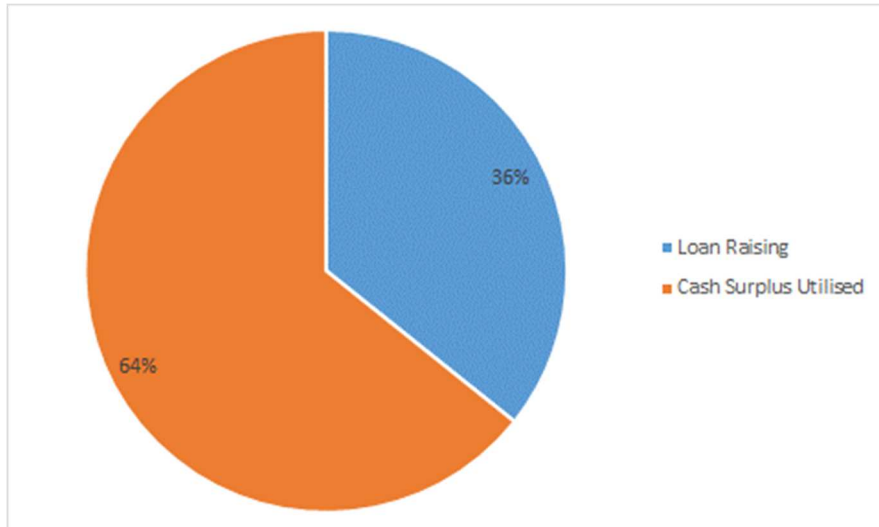


Figure 33 - Sources of Capital Funding

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 and the Jervois Street area in Kawhia, 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.

Issue	Options
	Securely bolt down all equipment and pumps Replace any items which have lost structural integrity due to rust or damage
A need for a reticulated sewerage scheme within the Kawhia community may be required.	Council will continue to investigate potential disposal locations for a Kawhia reticulated sewerage scheme, to help facilitate potential future development of such a scheme.

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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	0 overflows	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	0 compliance issues	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	14hrs 30mins 15hrs 30mins	<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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
		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	1 incident	<12	<12	<12	<12
			4 incidents	<5	<5	<5	<5
			6 incidents	<12	<12	<12	<12
			5.2 incidents	<10	<10	<10	<10
							Per annum

Sewerage Treatment and Disposal Financial Information

Funding

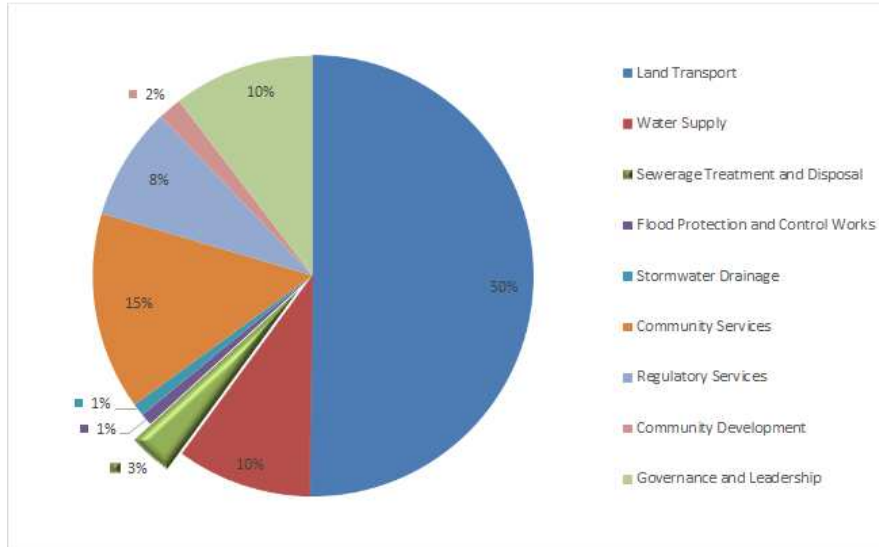


Figure 34 - Total Income - Sewerage Treatment and Disposal

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.

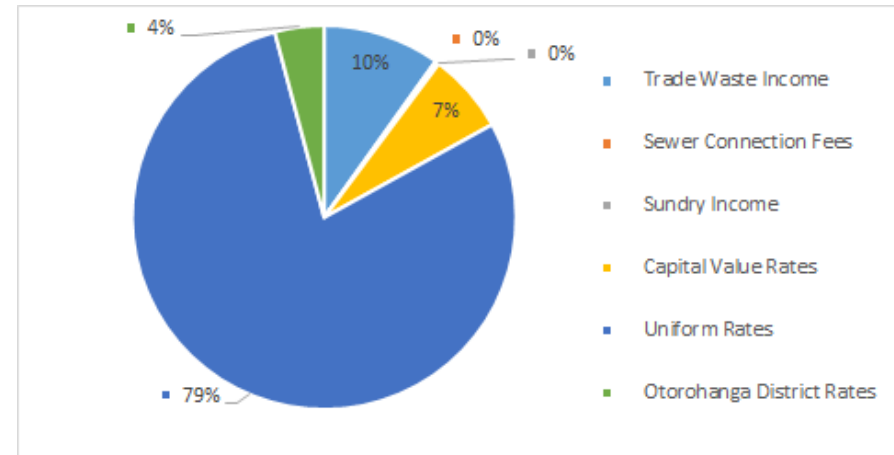


Figure 35 - Income Sources – Sewerage Treatment and Disposal

Cost of Service Statement

Sewerage Treatment and Disposal - Operating Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	202	62	63	65	67	68	70	72	74	76	78
Targeted Rates	487	477	531	557	564	572	594	594	619	653	663
General Rates	22	22	25	26	27	28	29	29	30	32	33
Other General Sources	3	1	-	-	-	-	-	-	-	-	-
<i>Total Operating Revenue</i>	714	562	619	648	658	668	693	695	723	761	774
Operating Expenditure											
Otorohanga Sewerage	514	768	564	595	609	623	652	917	680	721	737
Otorohanga Sewerage Loan	73	54	56	54	49	45	41	42	43	40	37
Kawhia Sewerage	8	-	-	-	-	-	-	-	-	-	-
Kawhia Sewerage Loan	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Expenditure</i>	595	822	620	649	658	668	693	959	723	761	774
includes:											
Salaries & Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	239	231	241	264	270	276	296	299	307	339	347
Interest	70	52	54	52	47	43	39	40	41	38	34
Operating Surplus (Deficit)	119	- 260	- 1	- 1	-	-	-	- 264	-	-	-
Operating Surplus transferred to Reserves; or	119	-	-	-	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	-	- 260	- 1	- 1	-	-	-	- 264	-	-	-

Sewerage Treatment and Disposal - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	704	76	267	208	139	70	10	15	196	337	11
Capital Level of Service	-	-	-	-	-	-	-	-	-	-	-
Loans Repaid	117	117	125	131	122	122	104	99	99	88	86
Operating Deficit	-	260	1	1	-	-	-	264	-	-	-
Total Funding Required	821	453	393	340	261	192	114	378	295	425	97
Funded By:											
Funding from Non-Cash Expenses	238	192	239	340	261	192	114	124	295	425	97
Loans Raised	443	220	154	-	-	-	-	254	-	-	-
Transfer from General and Special Reserves	21	41	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	119	-	-	-	-	-	-	-	-	-	-
Total Funding Applied	821	453	393	340	261	192	114	378	295	425	97

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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	Annual Plan	Long-term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan	Long Term Plan
	(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 general charges, rates penalties	22	22	25	26	27	28	29	29	30	32	33
Targeted rates	487	477	531	557	564	572	594	594	619	653	663
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	49	61	62	64	66	67	69	71	72	74	76
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	154	1	1	1	1	1	1	1	1	1	1
Total Operating Funding	712	561	619	648	658	668	693	695	722	760	773
Application of Operating Funding											
Payments to staff and suppliers	107	362	142	145	149	152	156	414	164	169	173
Finance Costs	70	52	54	52	47	43	39	40	41	38	34
Internal charges and overheads applied	157	153	161	164	168	172	177	180	185	188	191
Other operating funding applications	19	22	22	23	23	24	25	25	26	27	27
Total applications of Operating Funding	353	589	379	384	387	391	397	659	416	422	425
Surplus (deficit) in operating funding	359	- 28	240	264	271	277	296	36	306	338	348
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	326	103	28	131	122	122	104	156	99	88	86
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	326	103	28	131	122	122	104	156	99	88	86
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	-	-	-	-	-	-	-	-	-	-	-
to replace existing assets	704	76	267	208	139	70	10	15	196	337	11
Increase (decrease) in reserves	- 19	- 1	- 1	- 75	- 10	- 85	- 182	- 177	- 11	- 87	- 251
increase (decrease of investments)	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	685	75	268	133	149	155	192	192	207	250	262
Surplus (deficit) in capital funding	- 359	- 28	- 240	- 264	- 271	- 277	- 296	- 36	- 306	- 338	- 348
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

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	26	10	22	57	46	-	-	15	6	-	-
Wetlands Cell Renewals	160	36	64	-	16	-	5	-	190	195	-
	186	46	86	57	62	-	5	15	196	195	-

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.
- Loans will be used to fund renewals to the wetlands area and some pipe renewals.

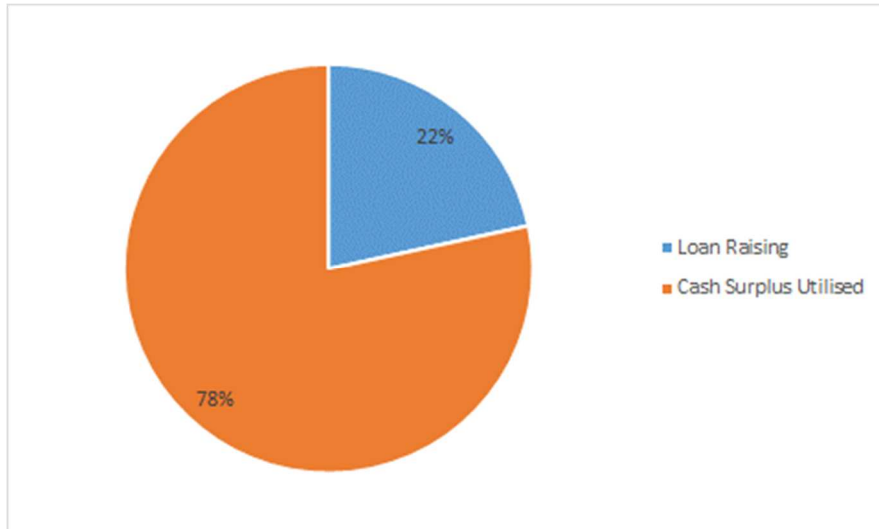


Figure 36 – Sources of Capital Funding

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 as 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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	67% against quantifiable 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

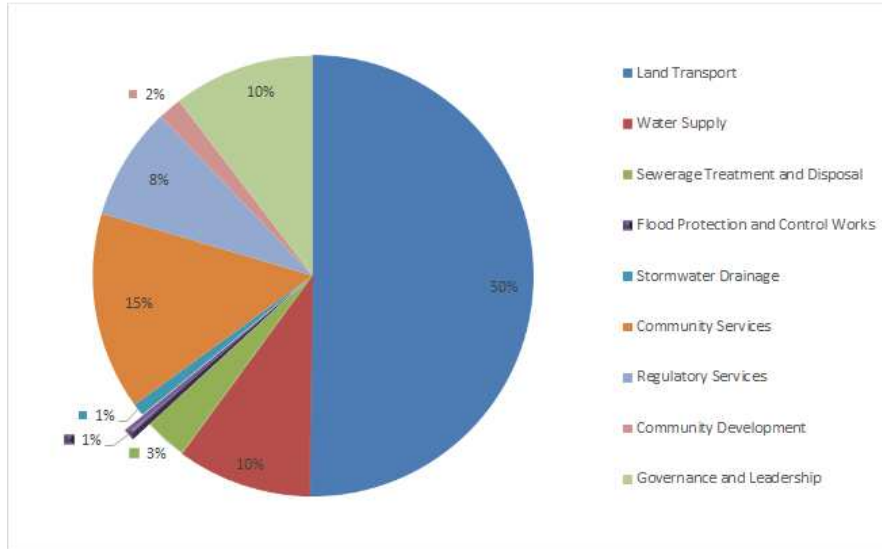


Figure 37 - Total Income - Flood Protection and Control Works

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 rates for the Aotea Seawall.

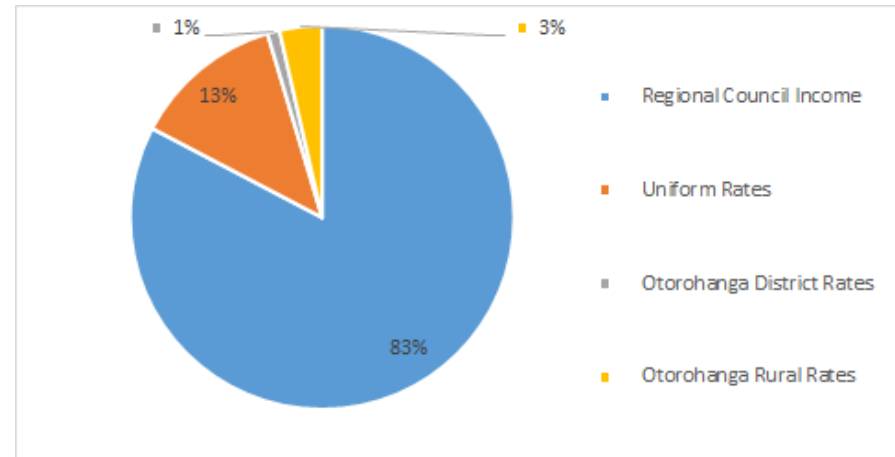


Figure 38 - Income Sources - Flood Protection and Control Works

Flood Protection and Control Works - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		
	(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	30	83	74	22	79	26	-	-	-	-	23		
Loans Repaid	14	14	14	14	14	14	14	14	14	6	6		
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-		
Total Funding Required	44	97	88	36	93	40	14	14	14	6	29		
Funded By:													
Funding from Non-Cash Expenses	25	90	39	29	86	33	7	7	7	6	29		
Loans Raised	-	-	-	-	-	-	-	-	-	-	-		
Transfer from General and Special Reserves	-	19	-	10	34	-	8	-	3	-	7	-	9
Operating Surplus (via reserve)	38	17	15	15	10	14	14	14	16	16	9		
Total Funding Applied	44	97	88	36	93	40	14	14	14	6	29		

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.

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 regularly tested.</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>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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	0 flooding events	0 flooding events	0 flooding events	0 flooding events	0 flooding events
		For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to the Stormwater system)	0 habitable floors	0 habitable floors	0 habitable floors	0 habitable floors	0 habitable floors
		Compliance with resource consents for discharge from the Stormwater system, measured by the number of:					
		abatement notices; and	0	0	0	0	0
		Infringement notices; and	0	0	0	0	0
Enforcement notices; and	0	0	0	0	0		
Successful prosecutions, received in relation to the resource consents	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	No flooding events	<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	4.3 complaints	2 complaints	2 complaints	2 complaints	2 complaints

Stormwater drainage financial information

Funding

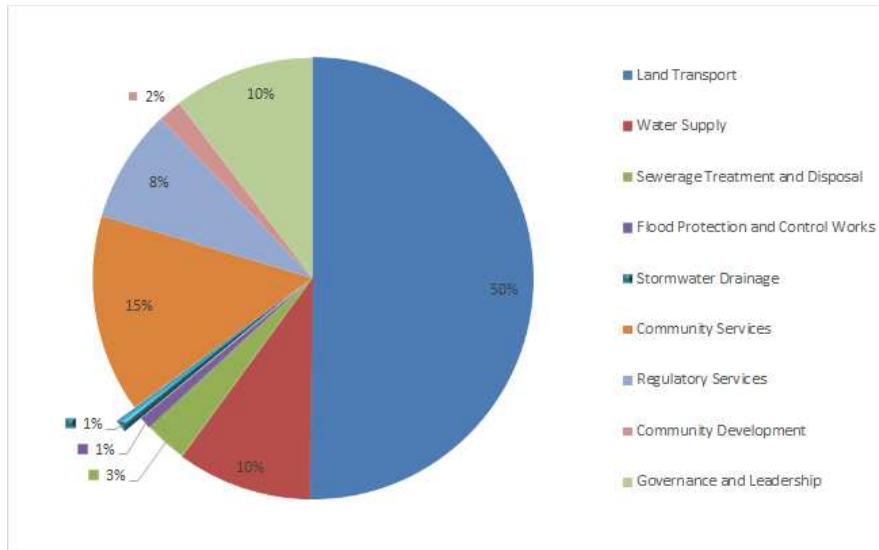


Figure 39 - Total Income - Stormwater Drainage

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.

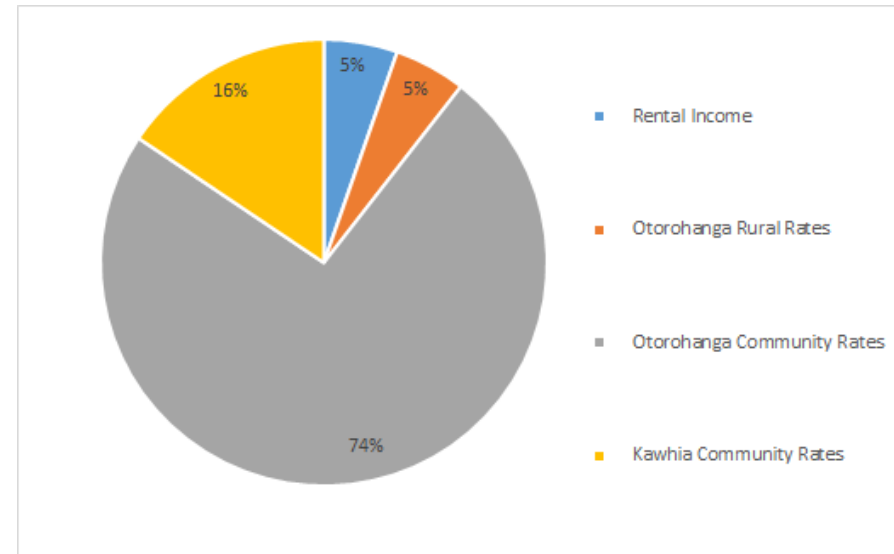


Figure 40 - Income Sources - Stormwater Drainage

Cost of Service Statement

Stormwater Drainage - Operating Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	11	12	12
General Rates	179	181	181	187	187	187	195	195	195	204	204
Other General Sources	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Revenue</i>	189	191	191	197	197	198	206	206	206	216	216
Operating Expenditure											
Otorohanga Stormwater	145	152	152	156	156	157	163	163	162	172	171
Kawhia Stormwater	44	39	39	41	41	41	43	43	44	44	45
<i>Total Operating Expenditure</i>	189	191	191	197	197	198	206	206	206	216	216
includes:											
Salaries & Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	95	98	98	105	106	106	114	115	115	122	123
Interest	33	24	21	19	17	15	13	12	10	9	8
Operating Surplus (Deficit)	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus transferred to Reserves; or	-	-	-	-	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	-	-	-	-	-	-	-	-	-	-	-

Stormwater Drainage - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	6	9	6	22	6	6	6	6	24	7	7
Capital Level of Service	-	-	-	-	-	-	-	-	-	-	-
Loans Repaid	55	55	55	55	54	54	53	49	42	33	31
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
Total Funding Required	61	64	61	77	60	60	59	55	66	40	38
Funded By:											
Funding from Non-Cash Expenses	61	64	61	77	60	60	59	55	66	40	38
Loans Raised	-	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	-	-	-	-	-	-	-	-	-	-	-
Total Funding Applied	61	64	61	77	60	60	59	55	66	40	38

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

	2017/18 Annual Plan	2018/19 Long-term Plan	2019/20 Long Term Plan	2020/21 Long Term Plan	2021/22 Long Term Plan	2022/23 Long Term Plan	2023/24 Long Term Plan	2024/25 Long Term Plan	2025/26 Long Term Plan	2026/27 Long Term Plan	2027/28 Long Term Plan
	(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 general charges, rates penalties	179	181	181	187	187	187	195	195	195	204	204
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	11	12	12
Total Operating Funding	189	191	191	197	197	198	206	206	206	216	216
Application of Operating Funding											
Payments to staff and suppliers	16	16	17	17	17	18	18	19	19	20	20
Finance Costs	33	24	21	19	17	15	13	12	10	9	8
Internal charges and overheads applied	28	36	37	38	39	40	41	41	42	44	44
Other operating funding applications	17	17	18	18	18	19	19	20	20	21	21
Total applications of Operating Funding	94	93	93	92	91	92	91	92	91	94	93
Surplus (deficit) in operating funding	95	98	98	105	106	106	115	114	115	122	123
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 55	- 55	- 55	- 55	- 54	- 54	- 53	- 49	- 42	- 33	- 31
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	- 55	- 55	- 55	- 55	- 54	- 54	- 53	- 49	- 42	- 33	- 31
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	-	-	-	-	-	-	-	-	-	-	-
to replace existing assets	6	9	6	22	6	6	6	6	24	7	7
Increase (decrease) in reserves	34	34	37	28	46	46	56	59	49	82	85
increase (decrease of investments)	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	40	43	43	50	52	52	62	65	73	89	92
Surplus (deficit) in capital funding	- 95	- 98	- 98	- 105	- 106	- 106	- 115	- 114	- 115	- 122	- 123
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</p>

Community Outcomes	Contribution
<p>in a sustainable manner</p>	<p>adequately and correctly disposed of or 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
- 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
The number of retired people is forecast to increase significantly in the next 25 years and this will result	Council believe that there are currently sufficient facilities to meet the needs of the

Issue	Options
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.	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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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*	50%	50% compliance	50% compliance	50% compliance	50% compliance each year
		Playground equipment comply with relevant standards**	25%	35% compliance	40% compliance	45% compliance	Increasing by 5% each year
		Park furniture meets safety and maintenance criteria	70%	70% meet safety criteria	70% meet safety criteria	80% meet safety criteria	90% by end 2027/28
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	2 complaints	<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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	38,201 physical items 705 e-books	2% increase in materials issued per year (print and e-issues)	2% increase in materials issued per year (print and e-issues)	2% increase in materials issued per year (print and e-issues)	2% increase in materials issued per year (print and e-issues)
		Library visits per capita per year	4.18 visits	2% increase in visitor numbers per year	2% increase in visitor numbers per year	2% increase in visitor numbers per year	2% increase in visitor numbers per year
		Numbers participating in library programmes and activities for the year	New measure	2% increase in numbers participating in library programmes and activities for the year	2% increase in numbers participating in library programmes and activities for the year	2% increase in numbers participating in library programmes and activities for the year	2% increase in numbers participating in library programmes and activities for the year
Currency of physical book stock is maintained		Book stock has an average publication date of 10 years or less	89%	>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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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 98.95% Kawhia 96.47%	>95% occupied	>95% occupied	>95% occupied	>95% occupied
Good standards of maintenance and accommodation are maintained by Council		Maintenance items identified during quarterly inspections remedied to residents satisfaction	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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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, and 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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	100% of acceptable standards each month for indoor pool. 93% of acceptable standards each month for outdoor pool.	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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	4 complaints received	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	2,420 page views to 16 March 2017	>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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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.	13.35% 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	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	Performance Targets (for the financial year)				
			Baseline 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
		service request system					
The closed landfills the Council is responsible for meet environmental compliance		Extent of compliance with associated Resource Consent conditions for the closed landfills in Otorohanga and Kawhia	Full Compliance	Full Compliance	Full Compliance	Full Compliance	Full Compliance
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	5 complaints	<12 complaints	<12 complaints	<12 complaints	<12 complaints per annum

Sport Waikato

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	Not applicable	100% Compliance	100% Compliance	100% Compliance	100% Compliance per annum

Community Services Financial Information

Funding

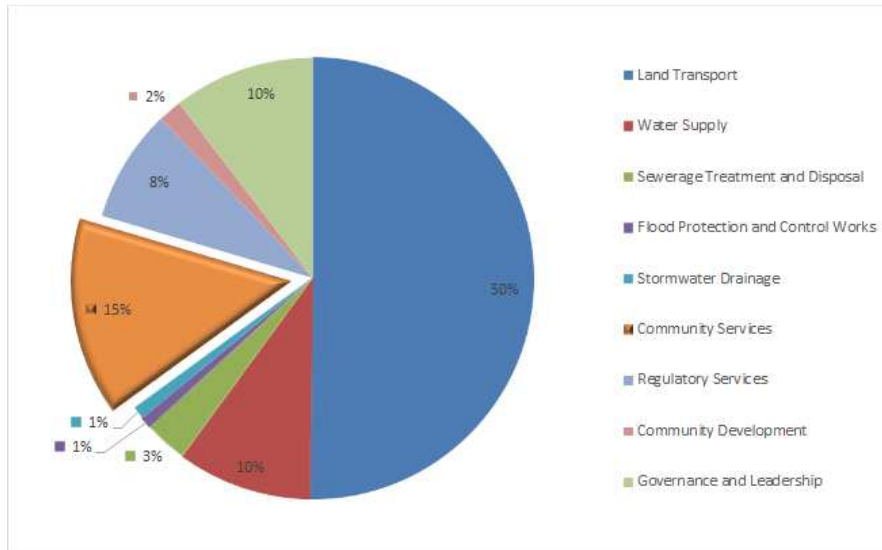


Figure 41 - Total Income - Community Services

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.

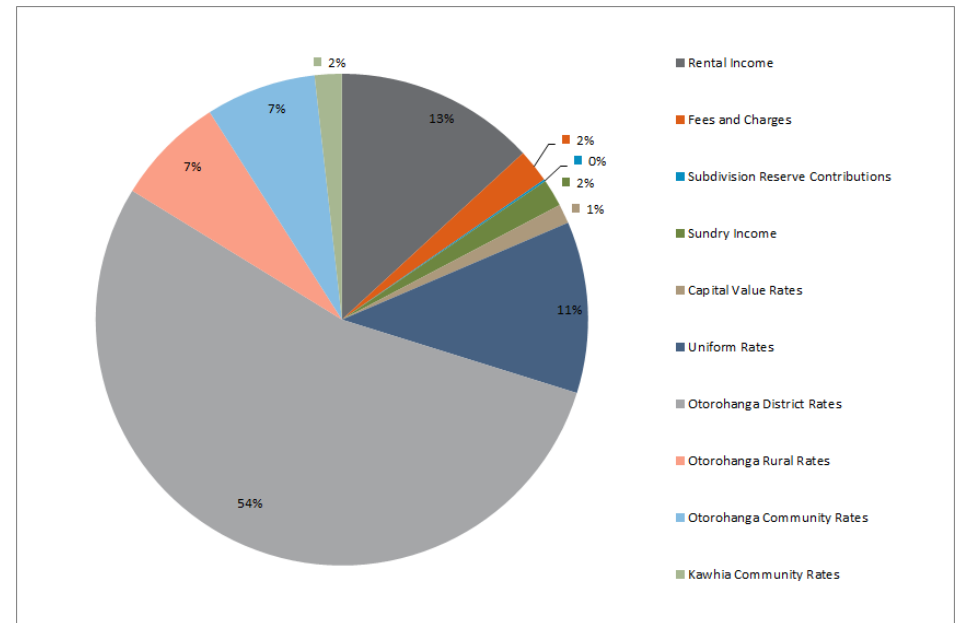


Figure 42 - Income Sources - Community Services

Cost of Service Statement

Community Services - Operating Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	407	482	492	504	516	528	541	554	569	584	600
Targeted Rates	339	350	372	374	375	386	399	394	416	422	436
Development Contributions	10	10	10	10	11	-	-	-	-	-	-
General Rates	1,912	1,923	2,011	2,104	2,138	2,143	2,213	2,258	2,292	2,405	2,481
Other General Sources	2	5	3	5	6	7	7	7	7	8	9
Total Operating Revenue	2,670	2,770	2,888	2,997	3,046	3,064	3,160	3,213	3,284	3,419	3,526
Operating Expenditure											
Parks & Reserves	683	759	807	825	843	862	885	899	912	940	1,025
Public Conveniences	136	139	142	146	150	154	158	161	160	166	172
Library	362	352	361	371	382	392	406	418	431	448	459
Swimming Pools	379	378	380	384	390	395	407	413	421	434	444
Pensioner Housing	173	196	200	208	214	222	233	240	247	262	268
Halls	73	74	74	77	77	77	80	81	81	85	85
Kawhia Harbour Services	54	53	56	60	60	61	63	65	67	71	76
Cemeteries	89	92	95	99	103	106	108	111	115	114	117
Other Council Property	143	189	208	215	215	220	227	231	229	239	235
Solid Waste Management	473	426	437	447	482	465	476	487	501	546	525
Security Patrol	102	98	100	102	105	107	109	112	114	117	120
Sport Waikato	28	52	53	54	55	56	58	59	60	62	63
Total Operating Expenditure	2,695	2,808	2,913	2,988	3,076	3,117	3,210	3,277	3,338	3,484	3,589
includes:											
Salaries & Wages	204	205	209	214	218	223	228	234	239	245	251
Depreciation & Amortisation	401	466	488	517	531	547	585	597	606	652	731
Interest	42	29	26	23	21	19	15	13	11	9	7
Operating Surplus (Deficit)	- 25	- 38	- 25	9	- 30	- 53	- 50	- 64	- 54	- 65	- 63
Operating Surplus transferred to Reserves; or	-	-	-	9	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	- 25	- 38	- 25	-	- 30	- 53	- 50	- 64	- 54	- 65	- 63

Community Services - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	170	224	210	190	228	239	196	196	199	382	362
Capital Growth	-	-	-	36	5	-	-	11	-	-	-
Capital Level of Service	149	81	37	43	134	39	51	41	42	106	151
Loans Repaid	83	83	83	83	83	84	85	70	62	54	49
Operating Deficit	25	38	25	-	30	53	50	64	54	65	63
Total Funding Required	427	426	355	352	480	415	382	382	357	607	625
Funded By:											
Funding from Non-Cash Expenses	245	277	274	261	345	273	241	225	210	456	416
Loans Raised	-	-	-	-	16	-	-	-	-	-	18
Transfer from General and Special Reserves	93	149	81	82	119	45	141	61	147	50	191
Capital Income	89	-	-	-	-	97	-	96	-	101	-
Operating Surplus (via reserve)	-	-	-	9	-	-	-	-	-	-	-
Total Funding Applied	427	426	355	352	480	415	382	382	357	607	625

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

	2017/18 Annual Plan (000's)	2018/19 Long-term Plan (000's)	2019/20 Long Term Plan (000's)	2020/21 Long Term Plan (000's)	2021/22 Long Term Plan (000's)	2022/23 Long Term Plan (000's)	2023/24 Long Term Plan (000's)	2024/25 Long Term Plan (000's)	2025/26 Long Term Plan (000's)	2026/27 Long Term Plan (000's)	2027/28 Long Term Plan (000's)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	1,912	1,923	2,011	2,104	2,138	2,143	2,213	2,258	2,292	2,405	2,481
Targeted rates	339	350	372	374	375	386	399	394	416	422	436
Subsidies and grants for operating purposes	32	32	33	34	35	35	36	37	38	39	40
Fees and charges	96	102	104	106	109	111	113	116	119	122	125
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	280	348	355	364	372	382	391	401	412	423	435
Total Operating Funding	2,659	2,755	2,875	2,982	3,029	3,057	3,152	3,206	3,277	3,411	3,517
Application of Operating Funding											
Payments to staff and suppliers	1,658	1,630	1,660	1,696	1,755	1,768	1,807	1,849	1,893	1,971	1,988
Finance Costs	42	29	26	23	21	19	15	13	11	9	7
Internal charges and overheads applied	460	541	595	605	615	629	646	655	665	683	691
Other operating funding applications	132	138	140	143	145	148	151	154	157	160	164
Total applications of Operating Funding	2,292	2,338	2,421	2,467	2,536	2,564	2,619	2,671	2,726	2,823	2,850
Surplus (deficit) in operating funding	367	417	454	515	493	493	533	535	551	588	667
Sources of Capital Funding											
Development and Financial Contributions	10	10	10	10	11	-	-	-	-	-	-
Increase (decrease) in debt	- 83	- 83	- 83	- 83	- 67	- 84	- 85	- 70	- 62	- 54	- 30
Gross proceeds from sale of assets	89	-	-	-	-	97	-	96	-	101	-
Total sources of Capital Funding	16	- 73	- 73	- 73	- 56	- 13	- 85	- 26	- 62	- 47	- 30
Application of Capital Funding											
Capital expenditure -											
Capital Growth	-	-	-	36	5	-	-	11	-	-	-
Capital Level of Service	149	81	37	43	134	39	51	41	42	106	151
Capital Renewals	170	224	210	190	228	239	196	196	199	382	362
Increase (decrease) in reserves	64	39	134	173	70	228	201	313	248	147	124
Total application of Capital Funding	383	344	381	442	437	506	448	561	489	635	637
Surplus (deficit) in capital funding	- 367	- 417	- 454	- 515	- 493	- 493	- 533	- 535	- 551	- 588	- 667
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.

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.

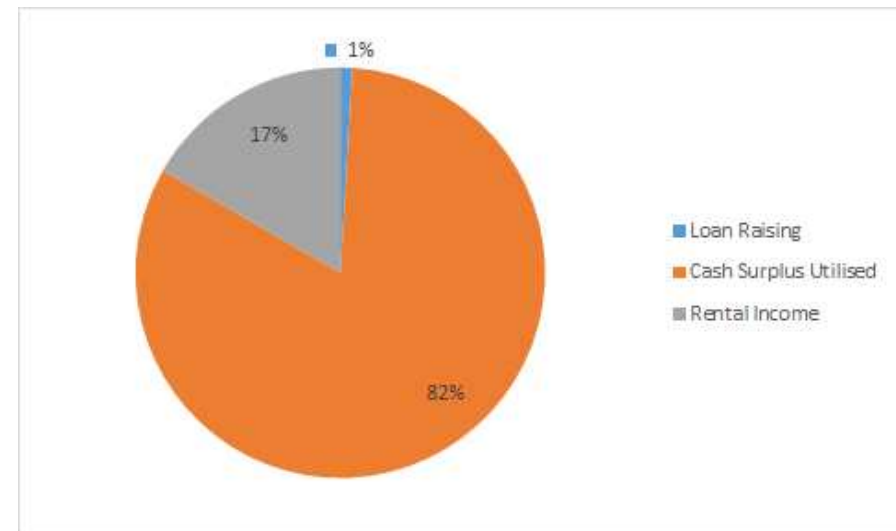


Figure 43 – Sources of Capital Funding

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

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.




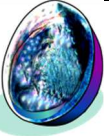
Environmental Health


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.

How Does Regulatory Services Contribute to Council's Outcomes

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

Community Outcomes	Contribution
	both on people and the environment
 <p>Recognise the importance of the District's rural character</p>	The emphasis of this group of activities is strongly on sustainability with the focus both on people and the environment

Current Levels of Service

Building Control

We will:

- Continue to provide an efficient building consent processing service as well as ensuring 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.

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 2018. These changes include the first set of National Planning Standards, Housing and Urban Development Initiatives, National Environmental Standard for Plantation Forestry and a review of the Coastal Policy Statement.</p>	<p>Make changes to policies, the District Plan and bylaws as required</p> <p>Assess levels of service as required</p> <p>The introduction of these new standards may result in subsequent changes to the Operative District Plan.</p>
<p>Community apathy during periods of low emergency risk.</p>	<p>Continuing community education</p>
<p>The requirement for commercial and public buildings throughout the District to comply new legislation governing the assessment and management of potentially earthquake prone buildings..</p>	<p>Council is actively monitoring the situation</p> <p>Make changes to policies and bylaws as required to comply with new legislation on earthquake prone buildings</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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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 rating valid until September 2017	-	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 to comply with amendment to Building Act 2004	2% of registered pools inspected	> 33% of pools on register	> 33% of pools on register	> 33% of pools on register	> 33% 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	100%	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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	93% processed within 20 working days	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	All information is up to date	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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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 exercise conducted	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 undertaken	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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	4.4%	<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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
Any cases of communicable disease identified are investigated	The cause of communicable disease is identified and further transmission of the infection is avoided	All communicable disease reports received from the District Health Board are investigating within 10 working days. The result of the investigation is reported back to the Medical Officer of Health no later than 14 working days from receiving the report.	N/A	100%	100%	100%	100%
Premises are audited to ensure they are producing safe food.	Having healthy food services, helps achieve safe communities	All premises in which food is sold or processed meet the licencing requirements of the Food Act 2012.	New measure	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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
		All licensed premises receive at least one annual inspection. All inspections are recorded in the NCS database.	100%	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
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%

Regulatory Services Financial Information

Funding

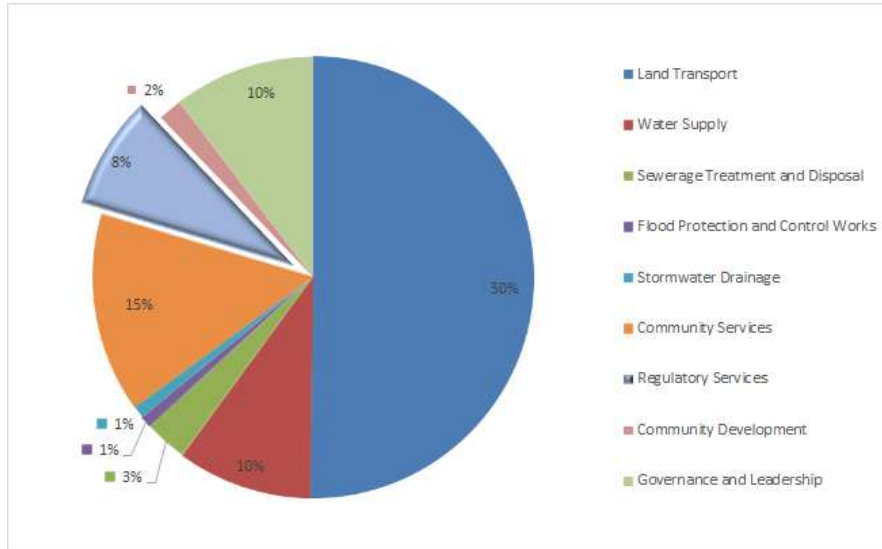


Figure 44 - Total Income - Regulatory Services

Regulatory Services makes up 8% 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.

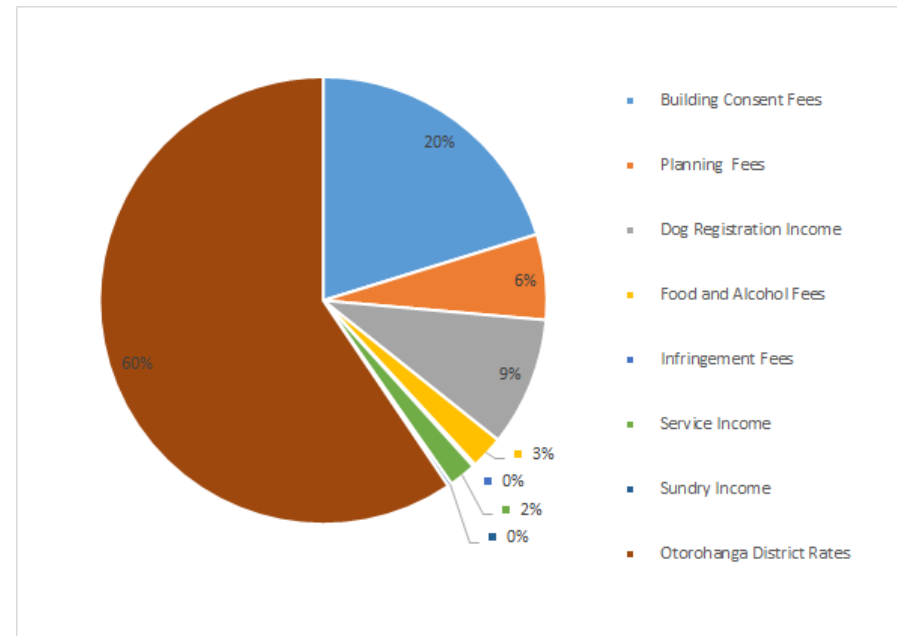


Figure 45 - Income Sources - Regulatory Services

Regulatory Services - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	38	12	2	2	2	2	2	2	2	2	2
Loans Repaid	-	1	2	2	2	2	2	2	2	2	2
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
Total Funding Required	38	13	4	4	4	4	4	4	4	4	4
Funded By:											
Funding from Non-Cash Expenses	1	1	2	2	2	2	2	2	2	2	2
Loans Raised	35	12	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	1	14	15	15	14	15	17	17	21	19	26
Operating Surplus (via reserve)	1	14	17	17	16	17	19	19	23	21	28
Total Funding Applied	38	13	4	4	4	4	4	4	4	4	4

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.

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.

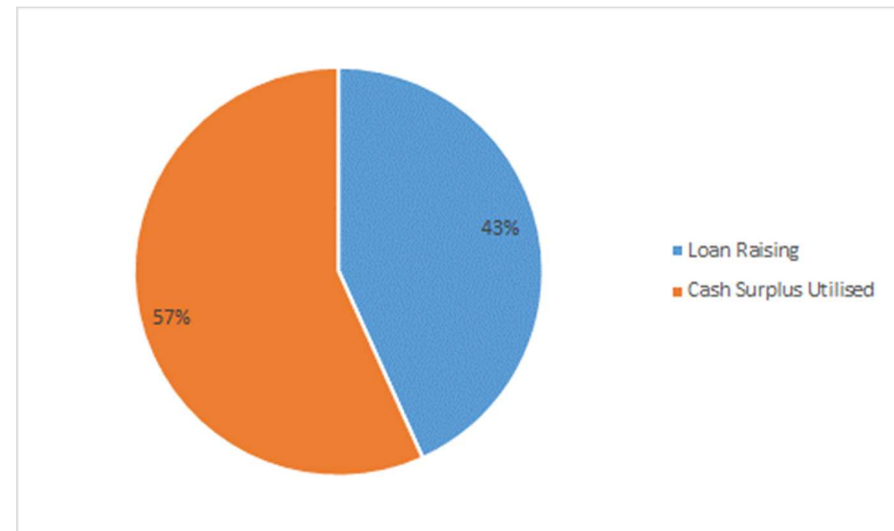


Figure 46 - Sources of Capital Funding

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.

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:

- Pursue identified opportunities to address significant perceived shortages 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

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

Issue	Options
Proposed major new development projects in the District will create jobs and an associated need for additional residential accommodation..	<p>Sell off existing development assets to developers with the current resource consent</p> <p>Council to undertake development of new residential subdivisions in</p>

Issue	Options
	or around the Otorohanga Community
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 give consideration to possible house construction, in addition to residential land development.
A desire from the community to continue to support youth initiatives within the District	<p>A review of current youth initiatives will be undertaken</p> <p>Potential increased funding of youth initiatives by Council</p>
Current economic development strategies may not be appropriate for the current economic environment	<p>Council will monitor the situation</p> <p>A review of the economic development strategy will be undertaken</p>
Certain significant community assets, such as the Otorohanga Kiwhouse and Beattie Home, may need development to continue effective operation.	Council will consider, on a case-by-case basis, whether to assist with funding for development of significant community assets not owned by Council.

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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
That identified opportunities to address significant perceived shortages in the availability of particular types of property in the District are pursued	Contributes towards a vibrant community with available property	Undertaking of development	Amendment made to LTP to reflect development opportunities	Creation of additional 43 lot residential subdivision	15 lots sold	8 lots sold	All lots sold by 2025/26

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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	1 report	6 monthly reports received	6 monthly reports received	6 monthly reports received	6 monthly reports received annually
Tourism activity in the District is supported		Tourism Waikato provides 6 monthly reports to Council	One monthly report received	6 monthly reports received	6 monthly reports received	6 monthly reports received	6 monthly reports received annually

Community Development Financial Information
Funding

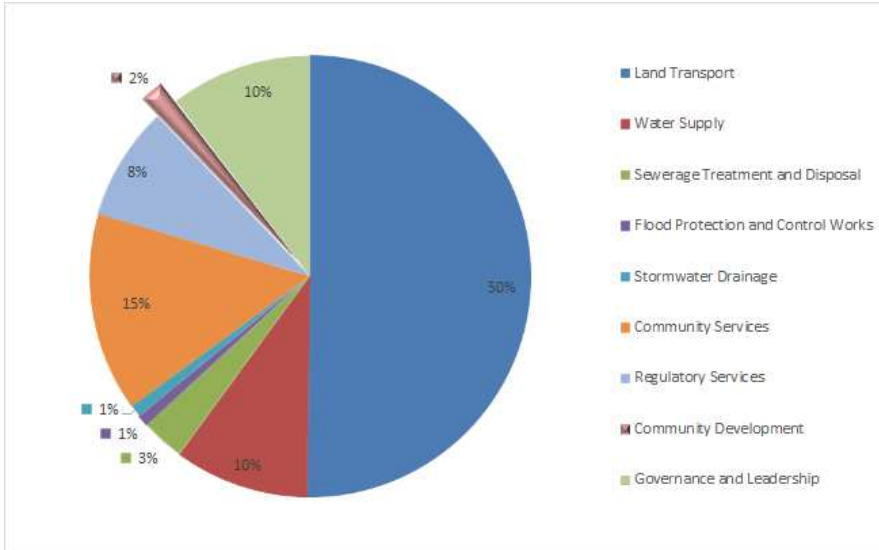


Figure 47 - Total Income - Community Development

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.

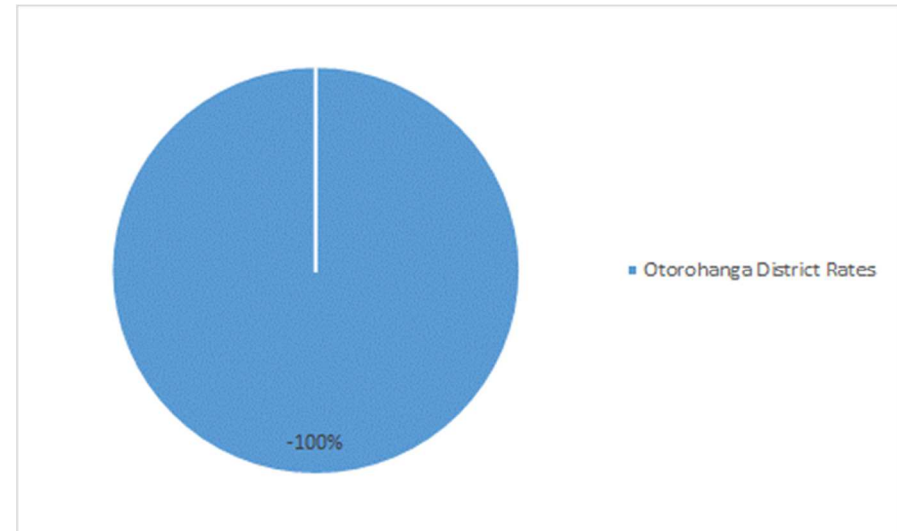


Figure 48 - Income Sources - Community Development

Cost of Service Statement

Community Development - Operating Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	-	-	-	-	-	-	-	-	-	-	-
General Rates	347	358	353	355	352	360	367	376	385	394	404
Other General Sources	- 9	-	- 2	- 1	- 2	- 1	- 1	- 1	- 1	- 1	- 1
<i>Total Operating Revenue</i>	338	358	351	356	354	361	368	377	386	395	405
Operating Expenditure											
Property Development	336	267	226	133	63	56	49	42	28	- 3	- 3
District Economic Development	347	358	353	355	352	360	367	376	385	394	404
<i>Total Operating Expenditure</i>	683	625	579	488	415	416	416	418	413	391	401
includes:											
Salaries & Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	-
Interest	116	140	123	66	35	28	20	12	5	- 3	- 3
Operating Surplus (Deficit)	- 345	- 267	- 228	- 132	- 61	- 55	- 48	- 41	- 27	4	4
Operating Surplus transferred to Reserves; or	-	-	-	-	-	-	-	-	-	4	4
Operating Deficit funded from Reserves	- 345	- 267	- 228	- 132	- 61	- 55	- 48	- 41	- 27	-	-

Community Development - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	3,379	4,000	-	-	-	-	-	-	-	-	-
Loans Repaid	1,094	1,090	1,634	872	218	218	218	218	218	-	-
Operating Deficit	345	267	228	132	61	55	48	41	27	-	-
Total Funding Required	4,818	5,357	1,862	1,004	279	273	266	259	245	-	-
Funded By:											
Loans Raised	3,379	4,000	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	179	61	- 82	- 33	20	14	7	-	- 14	- 4	- 4
Capital Income	1,260	1,296	1,944	1,037	259	259	259	259	259	-	-
Operating Surplus (via reserve)	-	-	-	-	-	-	-	-	-	4	4
Total Funding Applied	4,818	5,357	1,862	1,004	279	273	266	259	245	-	-

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

	2017/18 Annual Plan (000's)	2018/19 Long-term Plan (000's)	2019/20 Long Term Plan (000's)	2020/21 Long Term Plan (000's)	2021/22 Long Term Plan (000's)	2022/23 Long Term Plan (000's)	2023/24 Long Term Plan (000's)	2024/25 Long Term Plan (000's)	2025/26 Long Term Plan (000's)	2026/27 Long Term Plan (000's)	2027/28 Long Term Plan (000's)
Source of Operating Funding											
General rates, uniform annual general charges, rates penalties	347	358	353	355	352	360	367	376	385	394	404
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	347	358	353	355	352	360	367	376	385	394	404
Application of Operating Funding											
Payments to staff and suppliers	103	79	86	56	20	20	21	21	22	-	-
Finance Costs	116	140	123	66	35	28	20	12	5	3	3
Internal charges and overheads applied	143	54	25	16	12	13	14	14	7	6	6
Other operating funding applications	331	353	347	349	346	354	361	370	379	388	397
Total applications of Operating Funding	693	626	581	487	413	415	416	417	413	391	400
Surplus (deficit) in operating funding	- 346	- 268	- 228	- 132	- 61	- 55	- 49	- 41	- 28	- 3	- 4
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	2,286	2,910	1,634	872	218	218	218	218	218	-	-
Gross proceeds from sale of assets	1,260	1,296	1,944	1,037	259	259	259	259	259	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	3,546	4,206	310	165	41	41	41	41	41	-	-
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	3,379	4,000	-	-	-	-	-	-	-	-	-
to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	- 179	- 62	- 82	- 33	- 20	- 14	- 8	-	- 13	- 3	- 4
increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	3,200	3,938	82	33	20	14	8	-	13	3	4
Surplus (deficit) in capital funding	346	268	228	132	61	55	49	41	28	3	4
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 are 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

Proposed total capital expenditure of approximately \$5.0 million on residential subdivision developments in the 2016/17/18 years

Key assumptions about asset lives and funding of replacement

Nil

Assumptions regarding sources of funding for subdivisions are:

- Loan funding initially used to pay for capital works, with loans being repaid as property sales occur.

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 New Zealand 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 facilitation and leadership role in ensuring the best and most

Community Outcomes	Contribution
	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
Council will provide a loan for the establishment of a new medical hub	A loan of \$1.5M has been included within the estimates, as well as income from repayments by the trust that owns the medical hub.

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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
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	96.0% conducted in open meetings	>90%	>90%	>90%	>90% per annum
		Number of complaints upheld against the election process	No complaints upheld against the election process	N/A	0	N/A	0 per election
		Agendas for meeting (other than extraordinary meetings) of council and its committees are publically available (either via the internet or in Council service centres)	All agendas available at least two days prior to meetings	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 2016/17	2018/19	2019/20	2020/21	2021/22-2027/28
Management and provision of Creative Communities and Sport NZ 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 Sport NZ funding schemes on application from qualifying organisations	98.4% 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 2016/17	2018/19	2019/20	2020/21	2021/22- 2027/28
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	Not applicable	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	2017/18 Annual Plan adopted 20 th June 2017	Achieved	Achieved	Not applicable	Achieved (not applicable every 3rd year)
		The Annual Report will include an unqualified audit opinion	2016/17 Annual Report audit opinion did not identify any issues	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	2020 survey, target 50% response	2023,2026 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 2016/17	2018/19	2019/20	2020/21	2021/22 – 2027/28
Ensure major decisions are made in	Ensures Council's decision making processes involves	100% of all significant decisions are made subject to respective consultative	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 2016/17	2018/19	2019/20	2020/21	2021/22 – 2027/28
a democratically accountable way	and engages the community	procedures that meet the requirements of the Local Government Act 2002 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	Local Alcohol Policy adopted 22 September 2016 Local Easter Shop Trading Policy adopted 13 December 2016	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	Assess need to review, and where necessary review bylaws	Gambling Venue Policies reviewed	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

Level of Service	How it contributes to our community outcomes	How we measure our performance	Performance Targets (for the financial year)				
			Baseline 2016/17	2018/19	2019/20	2020/21	2021/22 – 2027/28
	Community Outcomes						
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	No plan changes proposed during the year	100% compliance	100% compliance	100% compliance	100% compliance

Governance & Leadership Financial Information

Funding

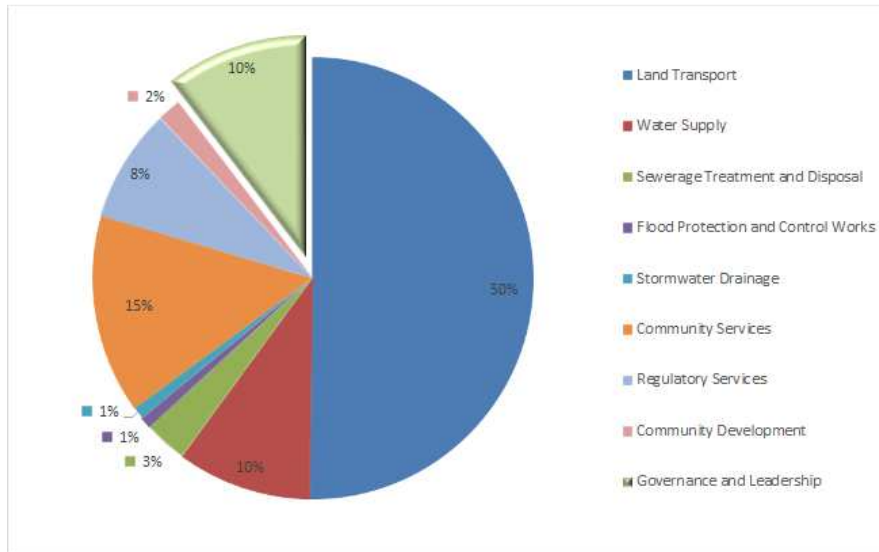


Figure 49 - Total Income - Governance and Leadership

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.

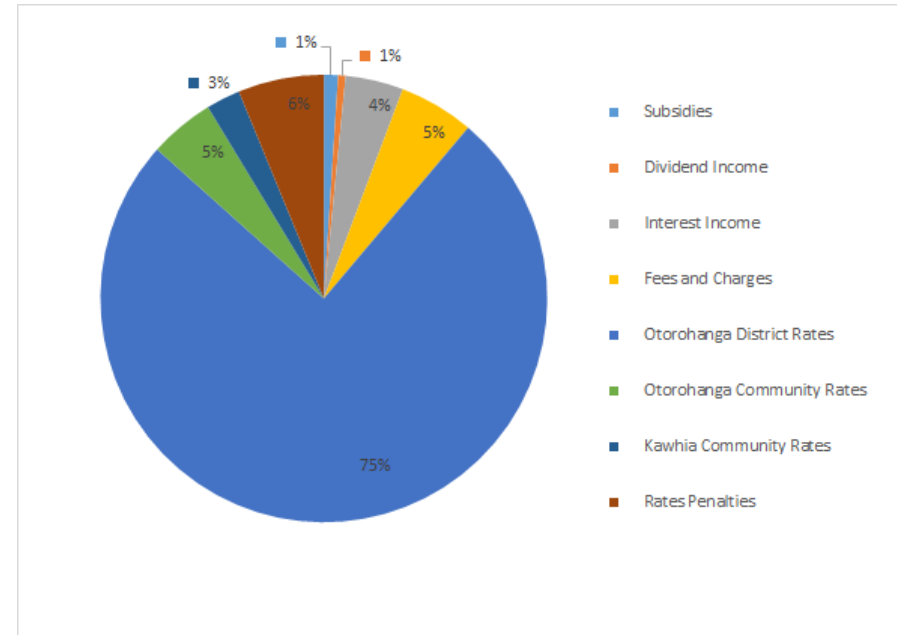


Figure 50 - Income Sources - Governance and Leadership

Cost of Service Statement

Governance and Leadership - Operating Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	103	248	251	255	258	262	265	269	274	278	283
Targeted Rates	21	20	20	21	21	22	22	23	23	24	24
General Rates	1,467	1,953	2,039	2,201	1,886	2,086	1,847	1,762	1,819	1,936	2,004
Other General Sources	4,798	4,721	4,820	4,858	5,022	5,115	5,196	5,248	5,291	5,403	5,460
Total Operating Revenue	6,389	6,942	7,130	7,335	7,187	7,485	7,330	7,302	7,407	7,641	7,771
Operating Expenditure											
Democratic Process	725	722	773	768	777	827	810	846	875	867	888
Otorohanga Community Board	150	134	146	141	144	152	152	154	163	163	166
Kawhia Community Board	71	64	71	68	70	74	74	75	79	79	80
Creative Communities	19	17	17	18	18	19	19	20	20	21	21
Sport New Zealand	15	13	14	14	14	15	15	15	16	16	17
Council Grants	66	63	59	60	62	63	64	66	67	69	71
Corporate Planning	559	549	507	695	526	538	697	561	574	747	602
Resource Management Policy Development	32	30	30	31	19	19	131	248	370	617	754
Support Services	4,881	6,436	4,876	4,842	4,857	4,978	5,093	5,173	5,273	5,391	5,453
Total Operating Expenditure	6,518	8,028	6,493	6,637	6,487	6,685	7,055	7,158	7,437	7,970	8,052
includes:											
Salaries & Wages	2,252	2,389	2,438	2,492	2,546	2,601	2,658	2,721	2,785	2,852	2,922
Depreciation & Amortisation	355	390	396	450	483	500	501	502	518	504	489
Interest	24	97	52	162	268	236	198	169	142	115	111
Operating Surplus (Deficit)	- 129	- 1,086	637	698	700	800	275	144	- 30	- 329	- 281
Operating Surplus transferred to Reserves; or	-	-	637	698	700	800	275	144	-	-	-
Operating Deficit funded from Reserves	- 129	- 1,086	-	-	-	-	-	-	30	329	281

Governance and Leadership - Capital & Reserves Funding Statement	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	328	514	387	635	284	317	370	465	517	251	366
Capital Level of Service	10	15	10	26	11	11	11	11	12	12	14
Loans Repaid	-	31	32	33	34	36	37	38	40	41	43
Operating Deficit	129	1,086	-	-	-	-	-	-	30	329	281
Total Funding Required	467	1,646	429	694	329	364	418	514	599	633	704
Funded By:											
Funding from Non-Cash Expenses	234	470	338	604	273	279	318	396	456	242	310
Loans Raised	-	1,500	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	161	- 383	- 605	- 697	- 665	- 764	- 238	- 106	42	370	324
Capital Income	72	59	59	89	21	49	63	80	101	21	70
Operating Surplus (via reserve)	-	-	637	698	700	800	275	144	-	-	-
Total Funding Applied	467	1,646	429	694	329	364	418	514	599	633	704

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

	2017/18 Annual Plan	2018/19 Long-term Plan	2019/20 Long Term Plan	2020/21 Long Term Plan	2021/22 Long Term Plan	2022/23 Long Term Plan	2023/24 Long Term Plan	2024/25 Long Term Plan	2025/26 Long Term Plan	2026/27 Long Term Plan	2027/28 Long Term Plan
	(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 general charges, rates penalties	1,467	1,953	2,039	2,201	1,886	2,086	1,847	1,762	1,819	1,936	2,004
Targeted rates	21	20	20	21	21	22	22	23	23	24	24
Subsidies and grants for operating purposes	22	22	22	23	23	24	24	25	25	26	27
Fees and charges	25	31	32	32	33	34	34	35	36	37	38
Internal charges and overheads recovered	4,093	4,060	4,177	4,265	4,452	4,561	4,655	4,732	4,797	4,940	5,010
Local authorities fuel tax, fines, infringement fees, and other receipts	57	195	197	200	202	204	207	209	212	215	218
Total Operating Funding	5,685	6,281	6,487	6,742	6,617	6,931	6,789	6,786	6,912	7,178	7,321
Application of Operating Funding											
Payments to staff and suppliers	3,427	5,108	3,653	3,893	3,769	3,887	4,190	4,273	4,503	4,974	5,061
Finance Costs	24	97	52	162	268	236	198	169	142	115	111
Internal charges and overheads applied	1,793	1,567	1,651	1,657	1,718	1,759	1,798	1,806	1,830	1,903	1,918
Other operating funding applications	214	203	203	207	214	219	224	229	234	240	246
Total applications of Operating Funding	5,458	6,975	5,455	5,595	5,433	5,629	6,014	6,139	6,425	7,002	7,114
Surplus (deficit) in operating funding	227	694	1,032	1,147	1,184	1,302	775	647	487	176	207
Sources of Capital Funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	1,469	32	33	34	36	37	38	40	41	43
Gross proceeds from sale of assets	72	59	59	89	21	49	63	80	101	21	70
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of Capital Funding	72	1,528	27	56	13	13	26	42	61	20	27
Application of Capital Funding											
Capital expenditure -											
to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
to improve level of service	10	15	10	26	11	11	11	11	12	12	12
to replace existing assets	328	514	387	635	284	317	370	465	517	251	368
Increase (decrease) in reserves	39	305	662	542	876	987	420	213	19	107	146
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total application of Capital Funding	299	834	1,059	1,203	1,171	1,315	801	689	548	156	234
Surplus (deficit) in capital funding	227	694	1,032	1,147	1,184	1,302	775	647	487	176	207
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 are 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 2018

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	11,741	11,936	12,023	12,220	12,404	12,613	12,799	12,987	13,230	13,550	13,964
Contributions	10	10	10	10	11	0	0	0	0	0	0
Water by Volume Rates	736	754	1,123	1,196	1,268	1,345	1,426	1,503	1,542	1,583	1,628
Subsidies and Grants	4,228	5,158	5,084	4,973	5,605	5,679	5,791	5,468	5,722	6,459	5,942
Other Income	1,955	2,600	1,923	1,872	1,696	1,742	1,792	1,810	1,855	1,912	1,939
Other gains/(losses)	552	225	338	180	45	45	45	45	45	0	0
Total Income	19,222	20,683	20,501	20,451	21,029	21,424	21,853	21,813	22,394	23,504	23,473
Expenditure											
Employee Benefit Expenses	3,739	4,161	4,245	4,339	4,431	4,527	4,627	4,736	4,848	4,965	5,086
Depreciation and Amortisation	5,302	5,484	5,562	5,812	5,939	5,930	6,371	6,428	6,409	6,566	6,717
Other Expenses	8,007	8,950	7,453	7,833	7,672	7,776	8,277	8,559	8,818	9,407	9,416
Finance Costs	437	525	345	166	16	16	17	17	18	18	18
	17,485	19,120	17,605	18,150	18,058	18,249	19,292	19,740	20,093	20,956	21,237
Profit before income tax expenses	1,737	1,563	2,896	2,301	2,971	3,175	2,561	2,073	2,301	2,548	2,236
Profit for the year	1,737	1,563	2,896	2,301	2,971	3,175	2,561	2,073	2,301	2,548	2,236
Other Comprehensive Income											
Gain/loss on property revaluation	-2,427	64	-109	19,244	-360	-410	23,433	-441	-611	29,540	-1,039
Gain/loss on available for sale financial assets	-9	0	0	0	0	0	0	0	0	0	0
Total other comprehensive income	-2,436	64	-109	19,244	-360	-410	23,433	-441	-611	29,540	-1,039
Total Comprehensive Income for the year	-699	1,627	2,787	21,545	2,611	2,765	25,994	1,632	1,690	32,088	1,197

Reconciliation of Prospective Statement of Comprehensive Income and Prospective Combined Cost of Service Statement for 10 Years Commencing July 2018

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	19,222	20,683	20,501	20,451	21,029	21,424	21,853	21,813	22,394	23,504	23,473
Total Operating Revenue (Cost of Service Statements)											
Activity Revenue	6,183	6,957	6,905	6,845	7,301	7,421	7,583	7,278	7,577	8,371	7,881
Targeted Rates	7,624	7,404	7,650	7,651	7,944	8,009	8,391	8,670	8,806	8,922	9,172
Development Contributions	10	10	10	10	11	-	-	-	-	-	-
General Rates	4,853	5,286	5,496	5,765	5,728	5,949	5,833	5,820	5,966	6,211	6,420
Other General Sources	6,008	6,447	6,587	6,665	6,867	6,992	7,117	7,201	7,279	7,446	7,536
	24,678	26,104	26,648	26,936	27,851	28,371	28,924	28,969	29,628	30,950	31,009
Variance	- 5,456	- 5,421	- 6,147	- 6,485	- 6,822	- 6,947	- 7,071	- 7,156	- 7,234	- 7,446	- 7,536
<i>Reconciling items:</i>											
Internal recoveries	6,008	6,447	6,587	6,665	6,867	6,992	7,117	7,201	7,279	7,446	7,536
Gain/(loss) on sale of development properties	- 552	- 226	- 338	- 180	- 45	- 45	- 46	- 45	- 45	-	-
Vested assets	-	800	102	-	-	-	-	-	-	-	-
	5,456	5,421	6,147	6,485	6,822	6,947	7,071	7,156	7,234	7,446	7,536
Total Operating Expenditure (Income Statement)											
Total operating expenditure	17,485	19,120	17,605	18,150	18,058	18,249	19,292	19,740	20,093	20,956	21,237
Total Operating Expenditure (Cost of Service Statement)											
Land Transport	9,086	8,819	8,956	9,240	9,339	9,344	9,863	9,902	10,096	10,312	10,354
Water Supply	2,101	2,268	2,376	2,511	2,574	2,613	2,692	2,727	2,789	2,864	2,920
Sewerage Treatment and Disposal	639	821	620	648	658	668	693	959	723	761	774
Flood Protection and Control Works	178	174	160	181	183	180	192	179	181	204	184
Stormwater Drainage	184	190	191	198	198	198	206	206	207	215	216
Community Services	2,654	2,809	2,913	2,989	3,075	3,117	3,211	3,275	3,338	3,483	3,590
Regulatory Services	2,095	1,834	1,904	1,922	1,999	2,023	2,083	2,117	2,188	2,202	2,284
Community Development	322	626	578	488	415	415	416	418	413	391	401
Governance and Leadership	6,234	8,026	6,494	6,638	6,484	6,683	7,053	7,158	7,437	7,970	8,052
	23,493	25,567	24,192	24,815	24,925	25,241	26,409	26,941	27,372	28,402	28,775
Variance	- 6,008	- 6,447	- 6,587	- 6,665	- 6,867	- 6,992	- 7,117	- 7,201	- 7,279	- 7,446	- 7,536
<i>Reconciling Items:</i>											
Internal Recoveries	6,008	6,447	6,587	6,665	6,867	6,992	7,117	7,201	7,279	7,446	7,536
	6,008	6,447	6,587	6,665	6,867	6,992	7,117	7,201	7,279	7,446	7,536

Prospective Statement of Changes in Equity for 10 Years Commencing July 2018

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	293,477	292,778	294,405	297,192	318,737	321,348	324,113	350,107	351,739	353,429	385,517
Gain/(loss) on movement of reserves	-2,436	64	-109	19,244	-360	-410	23,433	-441	-611	29,540	-1,039
Surplus/(deficit) for the year	1,737	1,563	2,896	2,301	2,971	3,175	2,561	2,073	2,301	2,548	2,236
Total recognised income/(expense) for the year ended 30 June	-699	1,627	2,787	21,545	2,611	2,765	25,994	1,632	1,690	32,088	1,197
Balance at 30 June	292,778	294,405	297,192	318,737	321,348	324,113	350,107	351,739	353,429	385,517	386,714
Comprised of:											
Retained Earnings	159,853	161,432	164,865	167,253	170,495	173,981	176,415	178,247	180,372	182,148	183,848
Council Controlled Reserves	-3,381	-3,367	-4,020	-4,228	-4,623	-5,145	-5,144	-5,135	-5,098	-4,576	-4,192
Reserve Funds	3,081	3,050	3,166	3,287	3,411	3,622	3,748	3,981	4,119	4,370	4,522
Revaluation Reserves	133,225	133,289	133,180	152,425	152,065	151,655	175,088	174,646	174,036	203,575	202,536
	292,778	294,405	297,192	318,737	321,348	324,113	350,107	351,739	353,429	385,517	386,714

Prospective Balance Sheet for 10 Years Commencing July 2018

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	1,547	146	1,355	1,537	890	4,112	7,017	9,402	11,900	13,341	14,425
Trade and Other Receivables	2,556	2,558	2,607	2,710	2,868	3,083	3,357	3,696	4,101	4,576	5,122
Inventory	30	30	31	32	34	36	40	44	49	55	61
Property Inventory	0	3,534	1,928	1,071	857	643	428	214	0	0	0
Total Current Assets	4,133	6,268	5,921	5,350	4,648	7,874	10,843	13,356	16,050	17,971	19,608
Non-current Assets											
Investments	679	2,101	2,069	1,988	1,954	1,919	1,882	1,844	1,804	1,762	1,721
Property, Plant and Equipment	297,609	299,658	299,862	319,130	319,648	319,453	342,794	342,279	341,746	372,445	372,618
Intangible Assets	133	121	116	138	130	124	130	156	149	154	152
Total Non-current assets	298,421	301,880	302,047	321,256	321,732	321,496	344,806	344,279	343,698	374,361	374,492
Total Assets	302,554	308,148	307,968	326,606	326,380	329,370	355,649	357,635	359,748	392,332	394,100
Liabilities											
Current Liabilities											
Trade and Other Payables	2,208	3,208	3,239	3,304	3,403	3,538	3,710	3,923	4,177	4,475	4,818
Provisions	1	1	1	1	1	1	1	1	1	1	1
Employee Benefit Liabilities	329	330	337	350	372	400	437	482	536	600	673
Income in Advance	660	660	673	702	742	801	873	963	1,072	1,199	1,345
Total Current Liabilities	3,198	4,199	4,250	4,357	4,518	4,740	5,021	5,369	5,786	6,275	6,837
Non-current Liabilities											
Provisions	17	16	15	14	13	12	11	10	9	7	6
Employee Benefit Liabilities	47	47	48	50	53	57	62	69	76	85	96
Borrowings	6,514	9,481	6,463	3,448	448	448	448	448	448	448	448
Total Non-current Liabilities	6,578	9,544	6,526	3,512	514	517	521	527	533	540	550
Total Liabilities	9,776	13,743	10,776	7,869	5,032	5,257	5,542	5,896	6,319	6,815	7,387
Net Assets	292,778	294,405	297,192	318,737	321,348	324,113	350,107	351,739	353,429	385,517	386,714
Equity											
Retained Earnings	156,472	158,066	160,845	163,026	165,872	168,836	171,271	173,112	175,275	177,573	179,657
Reserve Funds	3,081	3,050	3,166	3,287	3,411	3,622	3,748	3,981	4,119	4,370	4,522
Revaluation Reserves	133,225	133,289	133,180	152,425	152,065	151,655	175,088	174,646	174,036	203,575	202,536
Total equity attributable to ODC	292,778	294,405	297,192	318,737	321,348	324,113	350,107	351,739	353,429	385,517	386,714

Prospective Statement of Cash Flow for 10 Years Commencing July 2018

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(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	12,432	12,689	13,133	13,390	13,633	13,903	14,154	14,402	14,670	15,014	15,453
Receipts from other revenue	6,124	6,866	6,788	6,700	7,127	7,207	7,339	7,000	7,264	8,022	7,494
Interest received	90	90	92	94	96	98	100	102	105	107	110
Dividends received	15	12	12	12	12	13	13	13	13	14	14
Payments to suppliers and employees	- 11,552	- 12,112	- 11,661	- 12,093	- 11,983	- 12,139	- 12,695	- 13,035	- 13,356	- 14,009	- 14,084
Interest paid	- 437	- 525	- 345	- 166	- 16	- 16	- 17	- 17	- 18	- 18	- 18
Net cash provided by/(used in) Operating Activities	6,672	7,020	8,019	7,937	8,869	9,066	8,894	8,465	8,678	9,130	8,969
Cash flows from investing activities											
Proceeds from sale of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of development property held for sale	2,637	66	2,035	1,206	315	441	360	474	400	164	113
Purchase of property, plant and equipment	- 8,936	- 11,265	- 5,775	- 5,858	- 6,776	- 6,228	- 6,278	- 6,462	- 6,520	- 7,779	- 7,929
Purchase of intangible assets	- 32	- 57	- 52	- 87	- 55	- 57	- 71	- 92	- 60	- 74	- 69
Net cash provided by/(used in) Investing Activities	- 6,331	- 11,388	- 3,792	- 4,739	- 6,516	- 5,844	- 5,989	- 6,080	- 6,180	- 7,689	- 7,885
Cash flows from financing activities											
Proceeds from borrowings	-	3,000	-	-	-	-	-	-	-	-	-
Repayment of borrowings	- 3,060	- 33	- 3,018	- 3,016	- 3,000	-	-	-	-	-	-
Net cash provided by/(used in) Financing Activities	- 3,060	2,967	- 3,018	- 3,016	- 3,000	-	-	-	-	-	-
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	- 2,719	- 1,401	1,209	182	647	3,222	2,905	2,385	2,498	1,441	1,084
Cash, cash equivalents and bank overdrafts at the beginning of the year	4,266	1,547	146	1,355	1,537	890	4,112	7,017	9,402	11,900	13,341
Cash and cash equivalents at the end of the year	1,547	146	1,355	1,537	890	4,112	7,017	9,402	11,900	13,341	14,425

Prospective Statement of Debt For 10 Years Commencing July 2018

The Public Debt Profile is based on the financial projections of the Otorohanga District Council until the 2027/28 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.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Opening Loan Balance	9,574	6,514	9,481	6,463	3,447	447	447	447	447	447	447
Net loans required	-	3,000	-	-	-	-	-	-	-	-	-
Loans repaid	- 3,060	- 33	- 3,018	- 3,016	- 3,000	-	-	-	-	-	-
Closing Loan Balance	6,514	9,481	6,463	3,447	447	447	447	447	447	447	447

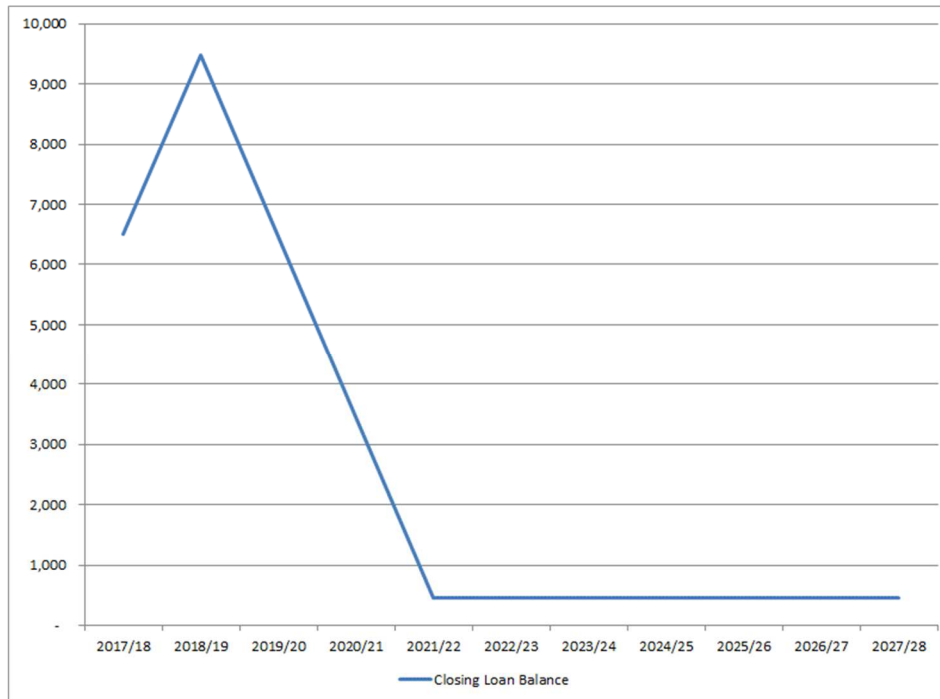


Figure 51 - External Debt Balance

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 dealings 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 have 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 life of the plan	Closing Balance
Revaluation Reserves				
Asset Revaluation Reserve	- 133,224	- 72,281	2,970	- 202,535
Investment Revaluation Reserve	- 1	-	-	- 1
	- 133,225	- 72,281	2,970	- 202,536
Reserve Funds				
Otorohanga General Reserve	- 654	- 268	-	- 922
Subdivision Reserve Fund	- 133	- 108	-	- 241
OCB Reserve Fund	- 149	- 61	-	- 209
KCB Reserve Fund	- 199	- 416	-	- 616
OCB Property Development Reserve Fund	- 1,919	- 587	-	- 2,506
Upper Waipa Management	- 27	-	-	- 27
	- 3,081	- 1,440	-	- 4,521
Council Controlled Reserves				
Roads & Footpaths	- 1,068	- 148,708	149,619	- 157
Water Supply	- 539	- 26,350	26,423	- 613
Sewerage	- 42	- 8,615	8,652	- 5
Flood Protection	- 218	- 2,093	2,058	- 252
Community Services	- 131	- 8,150	8,032	- 249
Regulatory Services	- 53	- 2,113	1,948	- 112
Community Development	-	- 4,893	4,857	- 36
Governance & Leadership	- 820	- 17,301	16,915	- 1,205
General Funds	- 1,693	- 59,597	58,501	- 2,788
	- 3,380	- 277,820	277,005	- 4,191

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.

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 process with regard to the services provided by ODC over the financial years 2018-28.

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 arise 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 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, are 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 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 and this is initially determined by Management.

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' 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 is 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 2018.

Restricted land and buildings

At fair value is 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 2018.

Infrastructural

Infrastructural asset classes: water reticulation, sewerage reticulation and stormwater systems:

At fair value is 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 2018.

Infrastructure asset class: roads

This valuation was performed by Opus Consultants (registered Valuers) using information within the RAMM Database. The valuation took effect in the financial year ended 30 June 2018.

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 Opus Consultants (Registered Valuers). The valuation took effect in the financial year ended 30 June 2018.

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 in 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 3%.

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 revalued land, a building or infrastructural asset is sold that portion of the asset revaluation reserve which relates to that asset, is effectively realised, and 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 2018-28 LTP

The following contingent liabilities exist at the time of adoption of this LTP.

- Uncalled Capital for Local Authority Shared Services of \$1,000.
- 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.

Cost of Service Statements and Funding Impact Statements

Cost of service statements included estimated actual figures for the current 2017/18 financial year, while the funding impact statements use the budgeted figures from the 2017/18 Annual Plan.

LTP information

This LTP has been authorised for issue on 26th of June 2018, 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 180 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 180 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 2018/19 year the uniform charges equate to 24.38% 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 180 of this Funding Impact Statement.

Definitions of various categories of rateable land used on page 180 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

Water Consuming Unit Category	Proportion of metered water volume to which PSMWC charges applicable for consuming unit
	<p>Equivalent Units (HEUs)⁴ as a proportion of the total Household Equivalent Units of the property after development.</p> <p>Example: 2 HEU property developed to 5 HEU</p> <p>Proportion = $(5 - 2)/5 = 60\%$</p>

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,

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

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.

2018/19 Rates Information

Total Revenue Required	Rates 2018/19 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
2,498,462	General Rate (partially funds activities as detailed below)	Every rating unit in the district	Rate in the \$ on capital value			4,137,892,600	0.0006038
1,711,636	Uniform Annual General Charge (partially funds activities as detailed below)	Every rating unit in the district	Fixed amount for each rating unit			4,049	422.73
3,698,624 1,299,516	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			4,137,892,600 4,049	0.0008938 320.95
89,394 276,458	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			3,603,959,408 2,121	0.0000248 130.34
86,446 101,256	Otorohanga Community Targeted Rate	Every rating unit in the defined Otorohanga Community area	Rate in the \$ on capital value	Commercial Properties	Ratio 2.5 Ratio 1.0	95,299,722 279,068,150	0.0009071 0.0003628

Total Revenue Required	Rates 2018/19 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
245,575	(partially funds activities as detailed below)		Fixed amount for each rating unit	Residential Properties		1,310	187.46
71,127	Kawhia Community Targeted Rate	Every rating unit in the defined Kawhia Community area	Rate in the \$ on capital value			164,720,161	0.0004318
58,364	(partially funds activities as detailed below)		Fixed amount for each rating unit			605	96.47
129,131	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			1,381	93.51
116,547	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			530	219.90
528,032	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	1,389	380.15
760				Outer Area	Ratio 1.0	2	380.15
204,569	Water Supply Targeted Rate Kawhia	Every rating unit in the defined Kawhia Water Supply area	Fixed amount for each separately used			417	490.57

Total Revenue Required	Rates 2018/19 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
			or inhabited part of a rating unit				
9,807	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	75,891,000	0.0001292
14,422				Residential Properties	Ratio 1.0	279,013,150	0.0000517
13,718	Water Supply Targeted Loan Rate – Kawhia	Every rating unit in the defined Kawhia Water Supply area	Rate in the \$ on capital value			117,459,200	0.0001168
8,972	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		145,466,500	0.0000617
421,874	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		1,352	312.04
1,555				5 or more	per urinal	35	44.44
22,051	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	74,935,000	0.0002943
31,530				Residential Properties	Ratio 1.0	267,861,151	0.0001177
1,800	Rural Halls Targeted Rate	Every rating unit within the defined Rural Hall areas	Rate in the \$ on capital value	Arohena Kio Kio Puketotara/ Ngutunui		225,042,500	0.0000080
1,991						331,890,000	0.0000060
890						296,692,602	0.0000030

Total Revenue Required	Rates 2018/19 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
1,549				Honikiwi		119,151,851	0.0000130
3,240			Fixed amount for each separately used or inhabited part of a rating unit	Arohena		54	60.00
3,700				Kio Kio		185	20.00
3,460				Crossroads		173	20.00
2,358				Puketotara/		262	9.00
2,142				Ngutunui		119	18.00
			Otewa				
14,881	Aotea Erosion Targeted Rate	Every rating unit within the defined Aotea Community area	Fixed amount for each rating unit			173	86.01
9,301	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			24	387.53
10,000	CBD Development Rate	Every commercial property within the defined Otorohanga Commercial area	Rate in the \$ on capital value			95,299,722	0.0001049
22,014			Fixed amount for each rating unit			152	144.83
36,626	Security Patrol Rate	Every commercial property within the defined Otorohanga Commercial area	Rate in the \$ on capital value			48,683,000	0.0007523
36,626			Fixed amount for each rating unit			97	377.58

Total Revenue Required	Rates 2018/19 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
645,000	Water Supplied by Volume – Rural Water Supplies	Every property connected to the defined Rural Water Schemes.	Fixed amount for each cubic metre of water consumed	Arohena		419,952	0.46
				Tihiroa		200,000	1.00
				Ranginui		110,233	0.43
				Waipa		228,982	0.56
			Fixed amount per meter	Arohena	71	377.78	
				Tihiroa	50	400.00	
				Ranginui			
				First meter	7	1,800.00	
				Additional meter	11	No charge	
				Waipa	129	130.00	
100,000	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	% of revenue		
				Non-rateable properties	51.1%	73,713	0.57
				Property outside Otorohanga Community	3.2%	3,435	0.76
					45.7%	49,059	0.76
				Non rateable inside Community		10	308.12

Total Revenue Required	Rates 2018/19 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
			Fixed amount per meter Minimum charge (where applicable)	All connected 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

12,544,404 TOTAL

Rate Contributions to Activities

Uniform Annual General Charge and Community Fixed Targeted Rates					
	District	Rural Community	Otorohanga Community	Kawhia Community	
	\$	\$	\$	\$	
Democratic Process	109.54	-	42.12	48.32	
Council Support	9.78	-	-	-	
Corporate Planning	80.18	-	-	-	
District Economic Development	62.83	-	-	-	
Policy Development	4.33	-	-	-	
Civil Defence	34.55	-	-	-	
Environmental Health	13.34	-	-	-	
Dog Control	10.03	-	-	-	
Stock Ranging & Impounding	3.56	-	-	-	
Property Management	-	-	-	-	
Litter Control	5.40	-	-	-	
Sport Waikato	10.14	-	-	-	
Parks & Reserves	53.76	-	-	-	
Refuse	6.03	29.19	-	-	
Water Supply	11.28	-	-	-	
Sewerage	6.51	-	-	-	
Library	47.91	-	-	-	
Public Conveniences	8.11	-	3.42	-	
Kawhia Medical Centre	1.06	-	-	6.89	
Kawhia Wharf	2.82	-	-	6.12	
Council Property	4.57	-	4.12	18.10	
Aotea Erosion Maintenance	0.42	-	-	-	
Pool	-	120.71	174.16	14.36	
Security Patrol	-	-	-	-	
Halls	-	-	-	17.15	
	486.14	149.89	215.58	110.94	

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	1.06	-	1.06	2.64	1.77	
Corporate Planning	0.78	-	-	-	-	
District Economic Development	0.41	-	-	-	-	
Environmental Services Manager	0.20	-	-	-	-	
Planning & Development	0.51	-	-	-	-	
Policy Development	0.04	-	-	-	-	
Building Control	0.83	-	-	-	-	
Environmental Health	0.13	-	-	-	-	
Litter Control	0.11	-	-	-	-	
Sport Waikato	0.05	-	-	-	-	
Council Support	0.12	-	-	-	-	
Refuse	0.06	-	-	-	-	
Parks & Reserves	1.56	-	-	-	-	
Library	0.46	-	-	-	-	
Security Patrol	0.01	-	0.18	0.46	-	
Cemeteries	0.17	-	-	-	-	
Public Conveniences	0.27	-	-	-	-	
Kawhia Wharf	0.03	-	-	-	0.22	
Kawhia Medical Centre	0.01	-	-	-	0.25	
Halls	-	0.02	-	-	-	
Land Drainage	-	0.13	-	-	-	
Property Management	0.09	-	-	-	-	
Rural Fire	-	-	-	-	-	
Council Property	0.04	-	0.10	0.26	0.66	
Stormwater	-	0.14	3.03	7.58	2.05	
Property Development	-	-	-	-	-	
	\$6.94	\$0.29	\$4.17	\$10.43	\$4.97	

Examples of Contributions to Council Services – 2018/19 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 Residential	Otorohanga Commercial	Otorohanga Commercial	Kawhia	Kawhia	Rural	Rural	Rural
Activity	\$	\$	\$	\$	\$	\$	\$	\$	\$
Democratic Process	205	215	244	337	215	243	216	269	588
Council Support	13	13	13	16	12	13	22	28	63
Corporate Planning	100	104	100	119	96	104	158	197	430
District Economic Development	73	75	73	83	71	75	103	124	246
Policy Development	5	6	5	6	5	6	9	11	23
Civil Defence	35	35	35	35	35	35	35	35	35
Environmental Health	17	17	17	20	16	17	26	33	72
Dog Control	10	10	10	10	10	10	10	10	10
Stock Ranging & Impounding	4	4	4	4	4	4	4	4	4
Litter Control	8	9	8	11	8	9	16	21	53
Sport Waikato	11	12	11	13	11	12	15	17	32
Parks & Reserves	93	101	93	132	85	101	210	288	758
Refuse	115	115	115	116	260	261	41	44	62
Water Supply	448	448	448	448	575	575	11	11	11
Sewerage	365	365	365	365	7	7	7	7	7
Library	60	62	60	71	57	62	94	118	257
Public Conveniences	18	20	18	25	13	16	35	48	129
Kawhia Medical Centre	1	1	1	2	13	16	2	3	6
Kawhia Wharf	4	4	4	4	14	16	6	7	15
Aotea Erosion Maintenance	0	0	0	0	0	0	0	0	0
Council Property	- 1	- 1	- 5	- 10	- 37	- 44	- 9	- 11	- 25
Pool	174	174	174	174	14	14	121	121	121
Security Patrol	5	6	662	891	0	0	1	2	5
Halls	-	-	-	-	17	17	2	2	7
Environmental Services Manager	5	6	5	10	4	6	20	30	90
Planning & Development	13	15	13	26	10	15	51	77	230
Building Control	21	25	21	41	17	25	83	124	373
Property Management	2	3	2	4	2	3	9	13	40
Cemeteries	4	5	4	9	3	5	17	26	78
Rural Fire	-	-	-	-	-	-	-	-	-
Stormwater	76	91	190	379	41	61	14	22	65
Land Transport	626	677	626	883	575	677	1,397	1,911	4,995
Sewerage Loan	34	41	85	169	-	-	-	-	-
Water Loan	15	18	37	74	27	40	-	-	-
Land Drainage	-	-	-	-	-	-	13	19	57
Property Development	-	-	-	-	-	-	-	-	-
CBD Development	-	-	197	227	-	-	-	-	-
	\$2,557.95	\$2,674.67	\$3,634.71	\$4,694.29	\$2,253.85	\$2,489.16	\$2,755.94	\$3,631.35	\$8,883.79

Proposed Rates Levies and Funding Mix

Otorohanga District

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
General Rate											
Otorohanga Rural	1,989,912	2,187,561	2,305,095	2,323,473	2,403,295	2,459,632	2,458,736	2,540,414	2,674,710	2,816,475	2,960,435
Otorohanga Community	195,385	214,261	225,773	227,573	235,391	240,909	240,821	248,821	261,975	275,860	289,960
Kawhia Community	87,924	96,640	101,832	102,644	106,170	108,659	108,619	112,228	118,160	124,423	130,783
	2,273,221	2,498,462	2,632,700	2,653,690	2,744,857	2,809,200	2,808,176	2,901,463	3,054,845	3,216,759	3,381,178
Uniform Annual General Charge											
Otorohanga Rural	771,307	897,457	931,049	921,356	853,362	887,164	865,629	907,887	964,045	1,055,578	1,092,132
Otorohanga Community	484,874	558,427	579,329	573,298	530,990	552,023	538,623	564,917	599,860	656,815	679,560
Kawhia Community	223,476	255,752	265,325	262,562	243,186	252,819	246,682	258,724	274,728	300,812	311,229
	1,479,657	1,711,636	1,775,703	1,757,216	1,627,539	1,692,006	1,650,934	1,731,527	1,838,633	2,013,205	2,082,922
Separate Roading Rate											
Otorohanga Rural	3,417,738	3,238,378	3,169,857	3,021,982	3,090,579	3,037,802	3,173,696	3,304,029	3,337,655	3,359,511	3,462,716
Otorohanga Community	335,597	317,184	310,472	295,989	302,707	297,538	310,848	323,614	326,907	329,048	339,156
Kawhia Community	151,020	143,061	140,034	133,502	136,532	134,201	140,204	145,962	147,447	148,413	152,972
	3,904,355	3,698,623	3,620,364	3,451,473	3,529,818	3,469,541	3,624,748	3,773,605	3,812,010	3,836,971	3,954,844
Separate Roading Uniform Annual Charge											
Otorohanga Rural	678,258	681,372	702,094	703,772	755,952	779,646	814,523	847,973	856,603	862,212	888,699
Otorohanga Community	426,583	423,972	436,866	437,910	470,378	485,121	506,823	527,636	533,006	536,496	552,978
Kawhia Community	196,611	194,173	200,079	200,557	215,427	222,179	232,118	241,650	244,110	245,708	253,256
	1,301,452	1,299,516	1,339,039	1,342,239	1,441,757	1,486,946	1,553,463	1,617,259	1,633,718	1,644,416	1,694,933
Total Rate Levy District Wide	8,958,685	9,208,238	9,367,805	9,204,618	9,343,971	9,457,692	9,637,321	10,023,854	10,339,206	10,711,351	11,113,877

Otorohanga Rural

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Rural Separate Rate	122,756	89,394	84,580	185,309	195,212	220,849	180,950	111,845	16,273	22,745	16,936
Rural Uniform Separate Charge	281,118	276,458	280,793	417,815	380,301	399,210	406,024	287,741	254,404	140,748	145,049
	403,874	365,852	365,372	603,124	575,513	620,060	586,974	399,586	270,676	163,493	161,984
Water Supply Rates											
Arohena RWS Loan	13,980	8,972	8,696	8,421	8,145	7,870	4,535	4,061	3,232	-	-
Halls											
Arohena Hall	1,125	1,800	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125	1,125
Arohena Hall	2,430	3,240	2,430	2,430	2,430	2,430	2,430	2,430	2,430	2,430	2,430
Honikiwi Hall	1,530	1,549	1,549	1,549	1,549	1,549	1,549	1,549	1,549	1,549	1,549
Kio Kio Hall	1,984	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991	1,991
Kio Kio Hall	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700
Maihihi Hall	-	-	-	-	-	-	-	-	-	-	-
Otewa Hall	2,160	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142	2,142
Puketotara/Ngutunui Hall	880	890	890	890	890	890	890	890	890	890	890
Puketotara/Ngutunui Hall	2,295	2,358	2,358	2,358	2,358	2,358	2,358	2,358	2,358	2,358	2,358
Tokanui Crossroads	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460	3,460
District Wide	6,857,215	7,004,768	7,108,095	6,970,583	7,103,189	7,164,244	7,312,583	7,600,303	7,833,012	8,093,776	8,403,982
Total Rate Levy Otorohanga Rural	7,294,633	7,400,723	7,501,809	7,601,773	7,706,492	7,811,819	7,923,738	8,023,596	8,126,567	8,276,915	8,585,612

Otorohanga Community

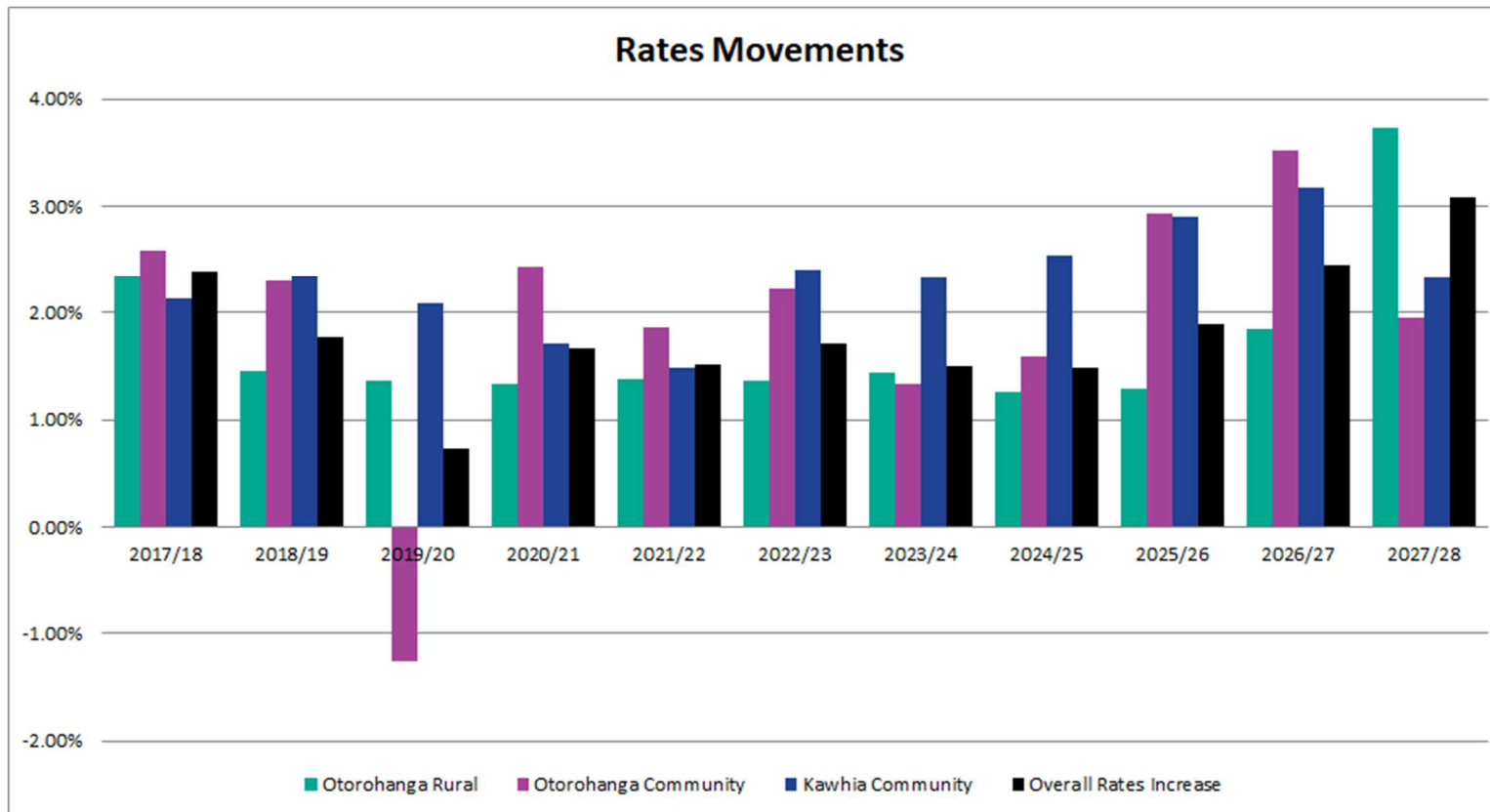
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Separate Otorohanga Community Rate											
Differential Rating Area No 1	79,766	86,446	91,190	95,182	104,695	110,585	99,386	99,487	100,716	104,099	96,993
Differential Rating Area No 2	95,766	101,256	106,814	111,489	122,632	129,532	116,414	116,532	117,971	121,934	113,610
	175,532	187,702	198,004	206,671	227,327	240,117	215,800	216,019	218,686	226,033	210,603
Separate Otorohanga Community Uniform Annual Charge											
Uniform Annual General Charge	244,927	245,575	256,635	263,065	280,810	302,707	278,712	282,740	289,093	296,125	286,081
Sewerage Loan Special Rate											
Differential Rating Area No 1	29,554	22,051	22,923	22,102	20,280	18,455	16,899	17,260	17,698	16,410	15,134
Differential Rating Area No 2	43,560	31,530	32,777	31,603	28,996	26,387	24,163	24,678	25,306	23,464	21,639
	73,114	53,581	55,700	53,705	49,276	44,842	41,063	41,938	43,004	39,874	36,773
Water Loan Special Rate											
Differential Rating Area No 1	16,389	9,807	3,873	5,307	7,972	8,780	12,708	11,818	11,036	10,305	14,423
Differential Rating Area No 2	24,878	14,422	7,120	9,755	14,654	16,141	23,361	21,724	20,287	18,942	26,513
	41,267	24,229	10,994	15,062	22,626	24,921	36,069	33,541	31,323	29,247	40,936
Refuse Rate											
Separate Uniform Refuse Rate	145,962	129,131	146,115	144,378	142,657	149,663	157,385	148,086	164,663	164,997	172,616
Water Supply Rates											
Separate Water Rate	530,693	528,032	368,075	417,205	420,538	405,047	433,468	425,072	418,562	418,688	420,357
Outer Area Water Rate	1,250	760	530	601	606	583	624	612	603	603	605
	531,943	528,792	368,605	417,806	421,143	405,630	434,093	425,684	419,165	419,290	420,962
Sewerage Rate											
Separate Sewerage Rate	412,792	421,874	473,873	501,588	513,588	525,362	551,092	550,227	574,556	611,340	624,708
Separate Sewerage Rate	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,555
	414,347	423,429	475,429	503,144	515,144	526,917	552,647	551,783	576,112	612,895	626,264
Security Patrol											
Separate Security Patrol Rate	18,398	36,626	37,337	38,113	38,058	38,453	39,301	40,220	41,172	42,168	43,193
Separate Uniform Annual Charge	18,398	36,626	37,337	38,113	38,058	38,453	39,301	40,220	41,172	42,168	43,193
	36,796	73,251	74,673	76,227	76,116	76,907	78,602	80,439	82,345	84,337	86,387
CBD Development Rate											
Separate CBD Rate	10,430	10,000	10,200	10,420	10,640	10,870	11,110	11,370	11,640	11,920	12,210
Separate CBD Uniform Annual Charge	22,489	22,014	22,505	23,097	23,577	24,182	24,917	25,502	26,127	26,863	27,458
	32,919	32,014	32,705	33,517	34,217	35,052	36,027	36,872	37,767	38,783	39,668
District Wide	1,442,439	1,513,844	1,552,440	1,534,769	1,539,467	1,575,591	1,597,115	1,664,988	1,721,749	1,798,220	1,861,655
Total Rate Levy Otorohanga Community	3,139,246	3,211,548	3,171,300	3,248,343	3,308,782	3,382,348	3,427,512	3,482,091	3,583,907	3,709,802	3,781,945

Kawhia Community

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Separate Kawhia Community Rate	71,197	71,127	66,886	73,934	69,179	75,591	80,065	77,689	80,363	81,206	82,029
Separate Kawhia Community Uniform Annual Charge	54,937	58,364	54,077	60,246	55,724	62,352	65,742	63,651	66,397	67,068	67,824
Aotea Erosion Protection Rate											
Aotea Erosion Separate Rate	15,154	14,880	15,020	15,095	29,530	15,116	15,390	16,009	16,607	16,373	16,985
Aotea Erosion Loan Rate	10,798	9,301	9,037	8,772	8,509	8,245	7,981	7,716	7,452	207	211
Separate Water Rate - Debt Servicing	15,331	13,718	13,352	16,992	20,631	29,261	28,574	27,570	26,040	25,291	19,293
Seperate Water Rate-Connected Properties	200,141	204,569	217,863	227,432	232,624	236,459	246,203	250,665	256,291	268,073	272,545
Kawhia Refuse Rate	124,582	116,547	119,263	121,627	123,994	126,556	129,410	132,151	135,125	138,656	142,123
District Wide	659,031	689,626	707,270	699,265	701,315	717,857	727,623	758,564	784,445	819,356	848,240
Total Rate Levy Kawhia Community	1,151,171	1,178,132	1,202,767	1,223,363	1,241,506	1,271,437	1,300,988	1,334,015	1,372,721	1,416,230	1,449,249

Combined Otorohanga District Summary

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Otorohanga Rural	2.35%	1.45%	1.37%	1.33%	1.38%	1.37%	1.43%	1.26%	1.28%	1.85%	3.73%
Otorohanga Community	2.58%	2.30%	-1.25%	2.43%	1.86%	2.22%	1.34%	1.59%	2.92%	3.51%	1.94%
Kawhia Community	2.13%	2.34%	2.09%	1.71%	1.48%	2.41%	2.32%	2.54%	2.90%	3.17%	2.33%
Overall Rates Increase	2.39%	1.77%	0.72%	1.66%	1.52%	1.70%	1.50%	1.48%	1.90%	2.44%	3.09%



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	2018/19		2019/20		2020/21	
	% Increase	\$ increase	% Increase	\$ increase	% Increase	\$ increase
\$250,000 value Otorohanga Residential	1.14%	\$28.92	-1.23%	(\$31.50)	2.38%	\$60.10
\$300,000 value Otorohanga Residential	0.96%	\$25.47	-1.15%	(\$30.81)	2.24%	\$59.30
\$250,000 value Otorohanga Commercial	9.58%	\$317.74	-0.53%	(\$19.19)	2.41%	\$87.09
\$500,000 value Otorohanga Commercial	8.82%	\$380.37	-0.33%	(\$15.59)	2.06%	\$96.38
\$200,000 value Kawhia Residential	2.74%	\$60.11	2.68%	\$60.30	2.06%	\$47.65
\$300,000 value Kawhia Residential	2.40%	\$58.36	2.35%	\$58.54	2.04%	\$52.02
\$1,000,000 value Rural	1.62%	\$44.05	1.66%	\$45.79	2.18%	\$60.99
\$1,500,000 value Rural	1.08%	\$38.73	1.45%	\$52.80	1.53%	\$56.51
\$4,500,000 value Rural	0.08%	\$6.77	1.07%	\$94.87	0.33%	\$29.62

Financial Regulations Benchmarks

Long Term Plan disclosure statement for the period commencing 1 July 2018

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.

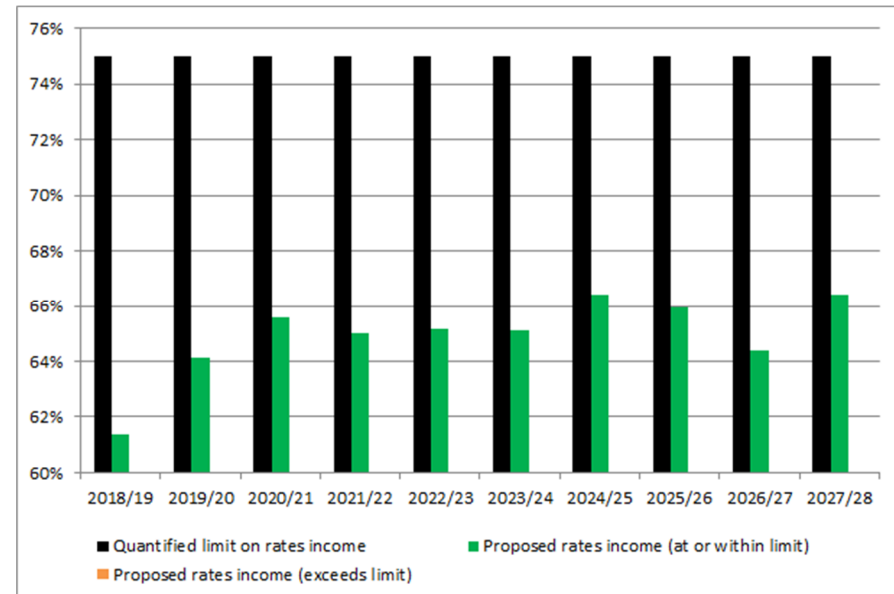


Figure 52 - Rates (Income) Affordability

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 49 for these limits.

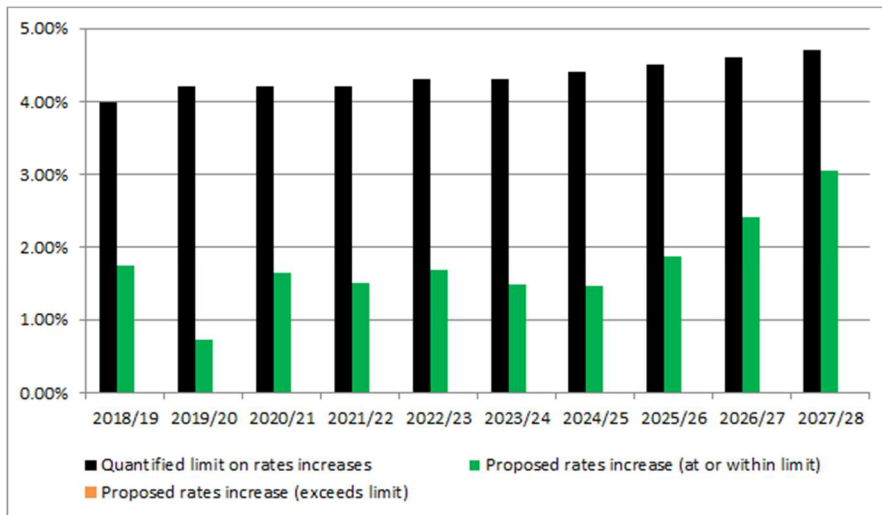


Figure 53 - Rates (Increase) Affordability

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.

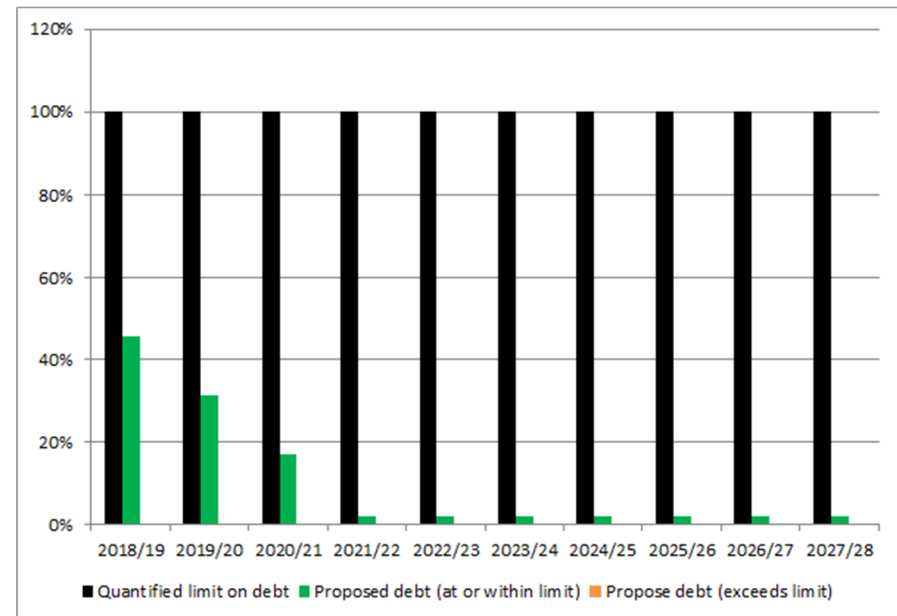


Figure 54 - Debt Affordability

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.

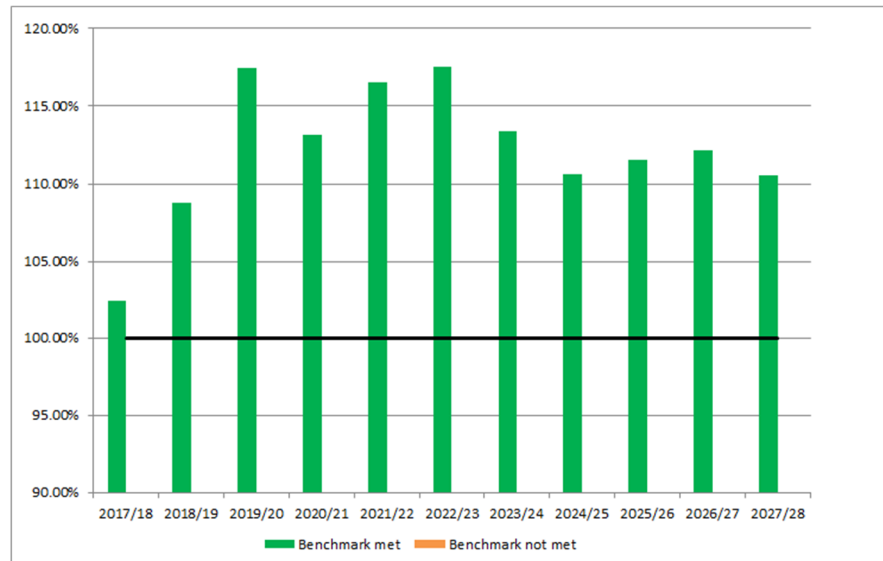


Figure 55 - Balance Budget Benchmark

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.

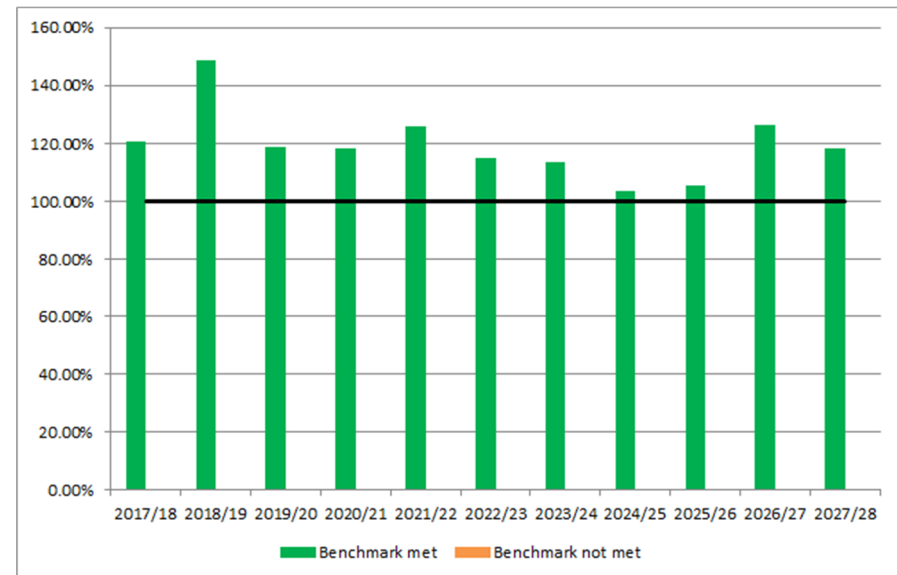


Figure 56 - Essential Services Benchmark

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.

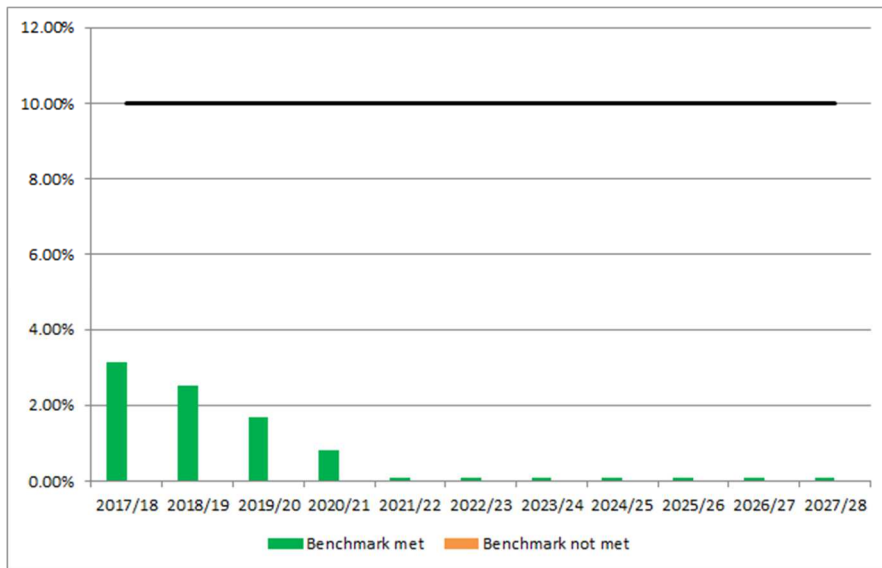


Figure 57 - Debt Servicing Benchmark

Schedule of Fees and Charges

All Fees include GST at the prevailing rate.

ROADS AND FOOTPATHS

1 July 2017 1 July 2018

TEMPORARY ROAD CLOSURE COSTS

Approved Community Events

The Event is being organised by a non-commercial, not-for-profit organisation

The Event is appropriate for all members of the Community to enjoy

The Event have had event at least annually for 3 years

e.g. Fishing Contest, Christmas Parade, Kawhia Regatta, Kai Festival

Application – Local Roads

Application Fee	No Charge	No Charge
-----------------	-----------	-----------

External Advertising	Actual costs	Actual costs
----------------------	--------------	--------------

Other Events – Sealed Roads (Rally's, Hill Climbs, Car Testing, Cycle Races etc.)

(Each application will be considered on its merits)

Application fee for administering the Road closure	\$500.00	\$500.00
--	----------	----------

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)	\$5,000.00	\$5,000.00
--	------------	------------

External Advertising	Actual costs	Actual costs
----------------------	--------------	--------------

Reimbursement

	Actual Costs	Actual Costs
--	--------------	--------------

STOCK MOVEMENT

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
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Cattle Underpass Refundable Bond (To ensure satisfactory completion of the work)	\$1,000.00	\$1,000.00
---	------------	------------

KERB / FOOTPATH CROSSING BOND

A deposit toward the cost of reinstatement of road carriageway or berm, from damage caused by building works	\$1,000.00	\$1,000.00
--	------------	------------

A deposit toward the cost of construction of a new kerb crossing. (Adj. at completion of work to actual cost)	\$1,000.00	\$1,000.00
---	------------	------------

OR

A bond where a new or upgraded vehicle entrance will be installed by a preapproved Contractor directly by the owner	\$1,000.00	\$1,000.00
---	------------	------------

TRAFFIC MANAGEMENT

Traffic Management Plan Approval – Standard		\$120.00
---	--	----------

Traffic Management Plan Approval – Maintenance/ Emergency Works/ Community Events		No charge
---	--	-----------

WATER SUPPLY

		1 July 2017	1 July 2018
<i>WATER CONNECTION CHARGES</i>			
<i>(RURAL WATER SUPPLIES ONLY)</i>			
Connection Fee			
Arohena	Capital Contribution	Set on Application	Set on Application
	Connection Costs	Actual	Actual
	Administration Fee	\$400.00	\$400.00
Ranginui	Capital Contribution	Set on Application	Set on Application
	Connection Costs	Actual	Actual
	Administration Fee	\$400.00	\$400.00
Tihiroa	Capital Contribution	Set on Application	Set on Application
	Connection Costs	Actual	Actual
	Administration Fee	\$400.00	\$400.00
Waipa	Capital Contribution	Set on application	Set on application
	Connection Costs	Actual	Actual
	Administration Fee	\$400.00	\$400.00
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		\$790.00	\$790.00
Special Meter Reading		\$50.00	\$50.00
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	\$1,500.00	\$2,500.00
* Conditions Apply			
Permit for Companies Distributing Water to Consumers Taking Water from Fire Hydrants			\$5.00 per m ³
Permit for Utilities Taking Water from Fire Hydrants			\$3.00 per m ³

WATER SUPPLY

1 July 2017 1 July 2018

Kawhia Community

WATER CONNECTION CHARGES

Application Fee Within Kawhia Community

Application Fee	\$195.00	\$195.00
Standard Domestic Connection (for 20 / 25mm service within 4.0m of the watermain and includes water meter for Kawhia Peak Season Metered Water Charge)	\$1,400.00	\$1,400.00
Installation of Water Meter to existing connection for Kawhia Peak Season Metered Water Charge	\$350.00	\$350.00
All other connections	Fixed price quote to be provided by Council approved Contractor	

Application Fee Outside Kawhia Community

Application fee	\$195.00	\$195.00
Capital Contribution	\$1,595.00	\$1,595.00
Standard Domestic Connection	Approved Contractor Quote	Quote

Extraordinary Use

Right to withdraw from Fire Hydrant	1 day	\$100.00	\$100.00
Right to withdraw from Fire Hydrant	1 year	\$1,500.00	\$2,500.00

* Conditions Apply

Permit for Companies Distributing Water to Consumers Taking Water from Fire Hydrants	\$5.00 per m ³
Permit for Utilities Taking Water from Fire Hydrants	\$3.00 per m ³

SEWERAGE TREATMENT AND DISPOSAL

1 July 2017 1 July 2018

Otorohanga Community

SEWER CONNECTION FEE

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	\$33.00
Domestic Septic Waste (Outside District)	Per m3*	\$82.00	\$90.00

* Conditions Apply

COMMUNITY SERVICES

1 July 2017 1 July 2018

Otorohanga Community

OTOROHANGA RECYCLING CENTRE FEES

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	\$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			
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
Ash Wall (inc. Own installation of plaque and interment)	\$150.00	\$150.00

COMMUNITY SERVICES

1 July 2017 1 July 2018

Additional Fees

Extracts from cemetery plans and records nil nil

LIBRARY

GOLD CARD

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

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

STANDARD CARD

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

Book Reserve Fee \$0.50 \$0.50

Other Fees & Charges

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

per DVD (per week) \$2.50 \$2.50

Out of district membership fee **per annum** \$40.00 \$40.00

SWIMMING POOLS

Admission

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

P.W.D \$2.00 \$2.00

Seniors \$3.00 \$3.00

Spectators \$1.00 \$1.00

COMMUNITY SERVICES

	1 July 2017	1 July 2018	
Aquacise Public	\$5.00	\$5.00	
Aquacise Senior	\$4.50	\$4.50	
<i>Concession</i>			
Family Day Pass (2 adults, 3 children)	\$12.00	\$12.00	
Adult (10 swim)	\$40.50	\$40.50	
Child (10 swim)	\$24.00	\$24.00	
Senior (10 swim)	\$24.00	\$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	\$36.00	\$36.00	
Outside Otorohanga – per hour	\$48.00	\$48.00	
Lifeguard supervision – per hour	\$30.00	\$30.00	
<i>SECURITY PATROL SERVICE</i>			
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	\$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 2017	1 July 2018
Refuse	Per m3	\$45.00	\$45.00
Official bag	Each	Free	Free
Standard bag	Each	\$4.00	\$4.00
Large bag	Each	\$7.00	\$7.00
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

Taharoa Steel	\$1,100.00	\$1,375.00
Other Sheds	\$900.00	\$1,125.00
Power Charge	per shed connected	\$200.00 Actual costs

Berthage

Taharoa Steel	\$5,000.00	\$6,250.00
Other Permanent Users	\$1,000.00	\$2,990.00
Casual	per day	\$52.00 \$52.00

REGULATORY SERVICES

1 July 2017 1 July 2018

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 2017	1 July 2018
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	\$10,000.00
Limited Notified Application (Landuse and Subdivision)		
deposit	\$3,500.00	\$5,000.00
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

Application for permitted boundary activity \$350.00

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 2017 1 July 2018

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 2017	1 July 2018
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 documents		
deposit	\$550.00	\$550.00

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
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

REGULATORY SERVICES

	1 July 2017	1 July 2018
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
<i>Infringement Fees</i>		<i>NO GST</i>
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
<i>BUILDING CONTROL</i>		
<i>Certificate of Title Search</i>		
Required for all Building Consent applications	\$25.00	\$25.00

Code Compliance Certificate

Receive and process application. Issue Code Compliance Certificate	
- Commercial	\$500.00
- Residential	\$300.00
- Other	\$100.00

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)*

<u>Minor Works</u>	Rural area add travel for 1 inspection	\$355.00	\$355.00
Solid Fuel Heaters			
Garden Sheds			
Installation of Basic Warning System			
Marquees			
Plumbing & Drainage			
<u>Minor Building Work</u>	Rural area add travel for 2 inspections	\$467.00	\$467.00
Carports			
Demolition			
Para Pools & Equivalent Type Pools			
Decks & Pergolas			

REGULATORY SERVICES

		1 July 2017	1 July 2018
<u>Other Buildings</u>	Rural area add travel for 2 inspections	\$585.00	\$585.00
Garages			
Hay Barns			
Implement Sheds			
Concrete Swimming Pools			
Bridges	Rural area add travel for 3 inspections	\$810.00	\$810.00
Detached habitable buildings with no plumbing & drainage	Rural area add travel for 3 inspections	\$925.00	\$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	\$925.00	\$1,000.00
Detached habitable buildings with plumbing/drainage	Rural area add travel for 4 inspections	\$1,150.00	\$1,150.00
Sleepouts with Toilet/Shower			
Small Additions or alterations up to 30m2 with plumbing & drainage	Rural area add travel for 5 inspections	\$1,150.00	\$1,350.00
Additions between 30 & 60m2	Rural area add travel for 5 inspections	\$1,250.00	\$1,450.00

Note: for work over 60m2, dwelling, commercial & industrial fees apply

Dairy Sheds	Rural area add travel for 5 inspections	\$1,380.00	\$1,500.00
Resited Dwellings	Rural area add travel for 5 inspections	\$1,500.00	\$2,000.00
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	\$2,000.00	\$2,200.00
Single storey dwellings up to 200m2	Rural area add travel for 8 inspections	\$2,300.00	\$2,500.00
Single storey dwellings in excess of 200m2	Rural area add travel for 9 inspections	\$2,400.00	\$2,600.00
Dwellings Two Storey or more up to 200m2	Rural area add travel for 9 inspections	\$2,670.00	\$2,900.00
Dwellings two storey or more over 200m2	Rural area add travel for 10 inspections	\$2,870.00	\$3,000.00
Small Commercial/Industrial Buildings up to 300m2	Rural area add travel for 9 inspections	\$2,300.00	\$2,800.00

REGULATORY SERVICES

		1 July 2017	1 July 2018
Commercial/Industrial Buildings in excess 300m2	Rural area add travel for 10 inspections	\$3,300.00	\$3,800.00
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	\$160.00
Inspections of Buildings for Compliance with Section 224(f) Resource Management Act 1991	per inspection	\$250.00	\$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		\$55.00	\$60.00
Max 2 extensions of 6 months each			
Amendments/Variations			
- Minor Variation			\$60.00
- Major Variation			\$200.00
Fees will be assessed as a percentage of consent fee at the discretion of the District Building Control Officer.			
Dept of Building and Housing levy		\$2.01 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	\$40.00	\$50.00
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	\$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			
Preparation, signing and registration of Notices and Certificates charged at actual cost	deposit	\$500.00	\$500.00

REGULATORY SERVICES

1 July 2017 1 July 2018

Cancellation of Building Consent

Upon cancellation of a building consent that has been approved Council will refund all fees less 50% of the Building Consent Fee

Per consent

Building Consent Information – Others

per year \$307.00 \$307.00

External Consultant Fees

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

Amend Compliance Schedule \$250.00 \$250.00

AMUSEMENT DEVICES

Permit Fees - First Device \$11.25 \$11.25

Permit Fees - Each additional device \$2.30 \$2.30

For each device for each further period of 7 days \$1.15 \$1.15

LIQUOR LICENSING FEES

On, off and club licenses

Application Fee Very low \$368.00 \$368.00

Low \$609.50 \$609.50

Medium \$816.50 \$816.50

Annual Fee	High	\$1,023.50	\$1,023.50
	Very High	\$1,207.50	\$1,207.50
	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

Special Licence Class

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

PUBLIC HEALTH FEES

FOOD PREMISES

Food Control Plan registered under the Food Act 1981			\$340.00
Food Control Plan Application Fee			\$220.00
Food Control Plan Verification Fee			Actual Costs
Food Control Plan Renewal			Actual Costs
National Plan 1,2,3 – Application Fee			\$120.00
National Plan 1,2,3 – Renewal Fee			Actual costs
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

REGULATORY SERVICES

	1 July 2017	1 July 2018
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

DOG CONTROL

Pursuant to Section 37 of the Dog Control Act 1996

Urban Dogs	\$155.00	\$155.00
Urban plus Neutered Dogs	\$122.00	\$122.00
Urban plus Special Owner Dogs	\$122.00	\$122.00
Rural Dogs	\$122.00	\$122.00
Special Owner plus Neutered Dogs	\$67.00	\$67.00
Rural plus Special Owner Dogs	\$67.00	\$67.00

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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REGULATORY SERVICES

1 July 2017 1 July 2018

POUNDAGE

DOGS

Pursuant to Section 68 of the Dog Control Act 1996

A poundage fee of **per dog** \$50.00 \$50.00

An additional poundage fee for second and subsequent impoundings. **per dog** \$50.00 \$50.00

**Fee for dogs uplifted for barking complaints, threatening public safety, non-registration or any other purpose authorised under the Dog Control Act 1996, the actual and reasonable costs incurred.*

Sustenance fee **per dog per day or part thereof** \$12.50 \$12.50

Notification Fee \$12.50 \$12.50

Impounded dogs will 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

For every mule or ass \$50.00 \$50.00

For every bull above the age of 9 months **Per head up to 6 head** \$50.00 \$50.00

For every bull above the age of 9 months **For every head over 6 head** \$22.00 \$22.00

For every ox, cow, steer, heifer or calf **Per head up to 6 head** \$40.00 \$40.00

For every ox, cow, steer, heifer or calf **For every head over 6 head** \$22.00 \$22.00

For every stag above the age of 9 months \$50.00 \$50.00

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

Notification Advertisement

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

Repeated Impounding

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

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.

REGULATORY SERVICES

1 July 2017 1 July 2018

Impounded stock will 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 2017 1 July 2018

GIS PLANS

For custom maps the GIS Officers time should be charged at

per hr. \$55.00 \$55.00

Raster Data

Sheet	Size	1 July 2017	1 July 2018
A4	(210 x 297)	\$10.50	\$10.50

A3	(420 x 297)	\$12.50	\$12.50
A2	(420 x 594)	\$15.50	\$15.50
A1	(840 x 594)	\$31.00	\$31.00
Vector Data			
A4	(210 x 297)	\$7.00	\$7.00
A3	(420 x 297)	\$8.00	\$8.00
A2	(420 x 594)	\$15.50	\$15.50
A1	(840 x 594)	\$20.50	\$20.50

Raster plots are dearer as they are solid graphics like topographical maps or aerial photography, whereas vector data is only line work and text and therefore uses considerably less ink.

PHOTOCOPYING

Single <5

A4 White	\$0.40	\$0.40
A3 White	\$0.60	\$0.60
A4 Coloured	\$1.00	\$1.00

Single >5

A4 White	\$0.35	\$0.35
A3 White	\$0.50	\$0.50
A4 Coloured	\$0.80	\$0.80

Double sided <5

A4 White	\$0.60	\$0.60
A3 White	\$0.80	\$0.80
A4 Coloured	\$1.50	\$1.50

Double sided >5

A4 White	\$0.50	\$0.50
A3 White	\$0.70	\$0.70
A4 Coloured	\$1.25	\$1.25

Own Paper - less 2c per copy, Staff Schools/Clubs less 25%, Large Volumes by negotiation, Cash only under \$50

GOVERNANCE AND LEADERSHIP

		1 July 2017	1 July 2018
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 – Standard (plus disbursements)	per document	\$25.00	\$25.00
Title Search – Complex (plus disbursements)	per document	\$25.00	\$25.00
Search Fee for Complex Title Search	per hour	\$50.00	\$50.00
RATING INFORMATION			
Road / Street Index		\$510.00	\$510.00
Written confirmation of individual property information and requisitions	On disc	\$50.00	\$50.00
	On paper		Actual Costs
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 2017	1 July 2018
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



INDEPENDENT AUDITOR'S REPORT ON OTOROHANGA DISTRICT COUNCIL'S 2018-28 LONG-TERM PLAN

I am the Auditor-General's appointed auditor for 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). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Deloitte Limited. We completed our report on 26 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination 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 196 to 199 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

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 the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

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 procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our 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 during the next 30 years;
- the information in the plan is based on materially complete and reliable information;

- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in 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 in 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 the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.

Bruno Dente
Partner
For Deloitte Limited
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
 - Rooding
 - 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 for fire</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>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 a Uniform Targeted Rate and that water meters for extraordinary supplies would be encouraged.</p> <p>Funding Sources for Year 2 and 3 of the LTP will reflect charging for all properties based on water consumption.</p> <p>Council concluded 5% of the cost of water should be met from the UAGC, and the balance of 95% funded by a combination of metered water charges and a Uniform Targeted Rate. The Uniform Targeted Rate will entitle each ratepayer a fixed quantity of water and all consumption in excess of that quantity will be charged at a rate per cubic metre. Where water users exist outside the defined community area that are metered, they will pay an appropriate Uniform Targeted Rate and a rate per cubic metre for consumption.</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>	

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
			<p>For years 2 and 3 of the LTP the differential will change from 2.5:1 to 2:1</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, i.e. those who create it. The private beneficiaries are the occupiers of the properties that are connected to the system and those properties that can be but are not connected. Council considers that 5% of the benefit of Wastewater disposal is public due to the requirement to maintain good health, and in relation to public toilets.</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 their septic tanks are cleaned and serviced.</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 based on capital value (with the same commercial differentials) over the area of benefit.</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>
<p><u>Stormwater/ 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</p>	<p>The operating costs of Stormwater/ Flood Protection/ Land Drainage are an annual cost and therefore funded on an annual basis.</p>	<p><u>Stormwater</u></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</p>	<p><u>Stormwater</u></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</p>	<p><u>Stormwater</u></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</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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><u>Aotea Erosion</u></p> <p>Council considered the benefits of the service to be 100% private to those landowners whose land is protected enabling them to use their properties as residential units.</p>		<p>have more property to protect.</p> <p><u>Land Drainage</u></p> <p>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><u>Aotea Erosion</u></p> <p>Council recognises that those properties closer to the seawall are likely to receive a greater benefit from the wall as they are more likely to be eroded.</p>	<p>community and 25% across the rural area.</p> <p><u>Land Drainage</u></p> <p>Land Drainage legalisation work is to be funded by a Targeted Rate on Capital Value across the Rural area.</p> <p><u>Aotea Erosion</u></p> <p>Council concluded that 90% of the cost should be funded by a Uniform Targeted Rate across the area of benefit including the Morrison subdivision and 10% be funded from the UAGC.</p>	<p>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><u>Land Drainage</u></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>Aotea Erosion</u></p> <p>Council recognises that it is difficult to establish the extent of the protection and that the local residents asked that the Scheme be funded equally amongst all properties. It also recognised that the seawall protected the road which was of benefit to the whole district.</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, accruing to users such as the general public who have opportunity to use the</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><u>District and Community Reserves</u></p> <p>65-75% of this activity will be funded by the General Rate across the District with the balance of 25-35% funded by the Uniform Annual General Charge.</p> <p><u>Public Conveniences</u></p> <p><u>Otorohanga Community</u></p> <p>60% funded by the General Rate across the district, 20% by the Uniform Annual General Charge and 15% by a Uniform Targeted Rate across the</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, Council will continue</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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>Otorohanga Commercial ratepayers and 5% by a Uniform Targeted Rate across the Otorohanga Community.</p> <p><u>Kawhia Community</u></p> <p>65-75% funded by the General Rate across the district and 25-35% funded by the Uniform Annual General Charge.</p>	<p>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, i.e.; 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 youth, swimming lessons and water safety. The main beneficiaries are the users of the pools – individuals, clubs, children and</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 Targeted Rate over the Rural area and 2% from a Uniform Targeted Rate over the Kawhia Community.</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 reflected the income from users. Ability to pay was also a major consideration. The Council wants to encourage use of the facilities, and a</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>schools. There is also benefit to the public generally, as the pool is available for everyone 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>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 residents of the district.</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>Council's 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>
<p><u>Security Patrol</u></p>	<p>The operating costs of Security Patrol are an annual</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</p>	<p>Council recognised that there is an element of public good in the service but the principle benefit accrues to</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<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>cost and therefore funded on an annual basis.</p>		<p>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>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 Council's continued involvement.</p> <p>Council considered that the benefits were 80% private and</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, 75% of the remainder will be funded half from the Uniform Annual General Charge. The remaining 25% will be funded half from a Kawhia Uniform Targeted Rate and half from a Kawhia Uniform Targeted Rate on CV.</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>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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><u>Kawhia Community Centre</u> 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> 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> 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> Council considers that 90% of the benefit of solid waste collection, is to the user i.e.; those who create it are able to dispose of their waste. Council recognises that there is some public benefit to all</p>	<p>The operating costs of Solid Waste 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><u>Refuse</u> The residents of Otorohanga, Kawhia and Aotea communities will fund the costs through a Uniform Targeted Rate over the properties in the Otorohanga, Kawhia and Aotea communities to recover 90% of the</p>	<p><u>Refuse</u> Council considers that the contribution it makes to the costs of solid waste collection should be funded by those who benefit.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>residents of the District, by having the communities waste disposed of in a controlled and acceptable manner.</p>			<p>costs and a targeted Community Rate on Capital Value to fund the remaining 10%</p> <p><u>Solid Waste Management</u></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><u>Solid Waste Management</u></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 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,</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
			including the cost of public enquiries, should be funded by the District Wide general rate based on Capital Value.	
<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 target from user charges should be maximised. The remainder, 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 emergency.</p> <p>Council noted that the allocation in step one is fair and equitable.</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 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</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</p>	<p>Council concluded that 80% of this activity would be funded through dog control fees and 20% 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 80% of the costs to</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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 80% of the benefits were private in nature (dog owners/ exacerbators), while 20% of the benefits accrue to the public.</p>		<p>contribution to the need for this expenditure should be emphasised.</p>		<p>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>Council considers that the benefit of this activity is equally available to all residents of the District.</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>
<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</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</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 cannot be recovered.</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</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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>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>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>beneficiaries could become disproportionately high, if there were relatively few applications.</p>
<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</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><u>Otorohanga/Kawhia Aotea</u></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 cost of the activity to be funded 50% from the UAGC and 50% from General Rate, and the remaining cost of the activity to be funded 50% by Uniform Targeted Rate and 50% by Targeted Rate based on CV over the respective communities of</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>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>can be of greater benefit to larger properties.</p>			<p>Otorohanga and Kawhia/ Aotea. Prpject 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><u>Council Support</u> 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 are funded through grants received from the relevant agencies, with administrative costs covered from the general rate.</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 recognises that the benefits of this activity are primarily people related.</p>
<p><u>Corporate Planning</u> Council has determined that the benefits of the expenditure on this service 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 service 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> Council considered that 100% of the benefits of the expenditure are</p>	<p>The operating costs of Policy Management are an annual</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</p>	<p>Council considered that 100% of the benefits of the expenditure are public in nature. The public benefits are the</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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>cost and therefore funded on an annual basis.</p>		<p>charge over the whole district and a general rate on capital value.</p>	<p>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 Promotion and 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 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>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 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>Council considers that 50% of the benefits of the expenditure on this activity are public in nature as the whole District benefits from the promotion of the District and the attraction of visitors to the District. The private benefit is considered to be 50% to those who benefit directly from visitors to the District, for example tourism operators and associated service industries. The activity has the potential to benefit all residents of the District, but it is likely to be of lesser benefit to the rural area.</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</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>Council's policy is to recover all of the costs of the development from the sale of sections with any shortfall funded by the community that benefits.</p> <p>The policy recognises that the benefit is primarily private.</p>

Who Benefits	Time period of benefit	Who's act creates a need	Funding Sources	Rationale
<p>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>				

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 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,—

(a) the district or region:

(b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:

(c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant Activity

Is an activity (or group of activities) as listed below:

- i. Rooding
- 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

	<p>Council's total operating expenditure 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:

- a. any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and
- 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
- c. any equity securities held by the local authority in—
 - (i) a port company within the meaning of the Port Companies Act 1988
 - (ii) 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

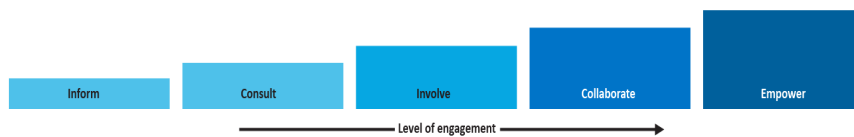
Community engagement is a process, involves all or some of the public and is focussed on decision-making or problem-solving.

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

	2019	2020	2021
Earnings before interest, taxation and depreciation	\$3.00m	\$3.20m	\$3.40m
Net surplus/(deficit) after tax	\$75,000	\$150,000	\$200,000
Net profit after tax to shareholders' funds	0.1%	0.1%	0.1%
Net surplus after tax to total assets	0.08%	0.1%	0.1%
Percentage of non-landing charges revenue	74%	74%	74%
Total Liabilities / Shareholders Funds	35:65	35:65	35:65

Waikato Local Authority Shared Service Limited (WLASS)

WLASS is a Council Controlled Organisation solely owned by the 12 Waikato local authorities – Waikato Region, Hamilton City, Hauraki District, Matamata-Piako District, Otorohanga District, Rotorua District, South Waikato District, Taupo District, Thames-Coromandel District, Waikato District, Waipa District and Waitomo District.

The company was established in 2005 to promote shared services between local authorities across the Waikato region. By encouraging and enabling the councils to work together, WLASS helps councils to reduce costs, achieve effectiveness and efficiency gains, reduces duplication of effort, eliminates waste through repetition, promotes and contributes to the development of best practice, and helps to improve customers' experiences.

Much of the work of WLASS is undertaken by Working Parties or Advisory Groups made up of staff from the shareholding councils, with expertise and interest in particular services. WLASS provides a legal entity representing all of the shareholding councils, and can enter into contracts and agreements with external suppliers. The WLASS CEO facilitates and co-ordinates the various Working Parties.

Member councils pay a small annual levy, depending on their size to run the WLASS. Services obtained by members are funded on a user pays basis, whereby each council pays for and received the financial benefit of its share of any particular service. The decisions about potential projects or services are made by the Directors, who make up the WLASS Board.

The WLASS Board has 12 Directors; each Director being the Chief Executive, or nominee, of one of the local authorities representing the shareholding Councils. The Directors do not receive any fees or expenses for the work undertaken on behalf of WLASS.

More detailed information about WLASS can be found at <http://www.waikatolass.co.nz>

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 are 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 savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of financing;
- Make longer-term borrowings available to participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

Performance Targets

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 2018 will be no more than 0.10%
- 30 June 2019 will be no more than 0.10%

- 30 June 2020 will be no more than 0.10%

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

- 30 June 2018 will be less than \$5.45 million
- 30 June 2019 will be less than \$5.58 million
- 30 June 2020 will be less than \$5.70 million

The total lending to participating local authorities at:

- 30 June 2018 will be at least \$8,128 million
- 30 June 2019 will be at least \$8,188 million
- 30 June 2020 will be at least \$8,391 million

Savings on borrowing costs for council borrowers:

- LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.

Minor Shareholdings

Council continues to hold minor shareholdings in the following companies:

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.

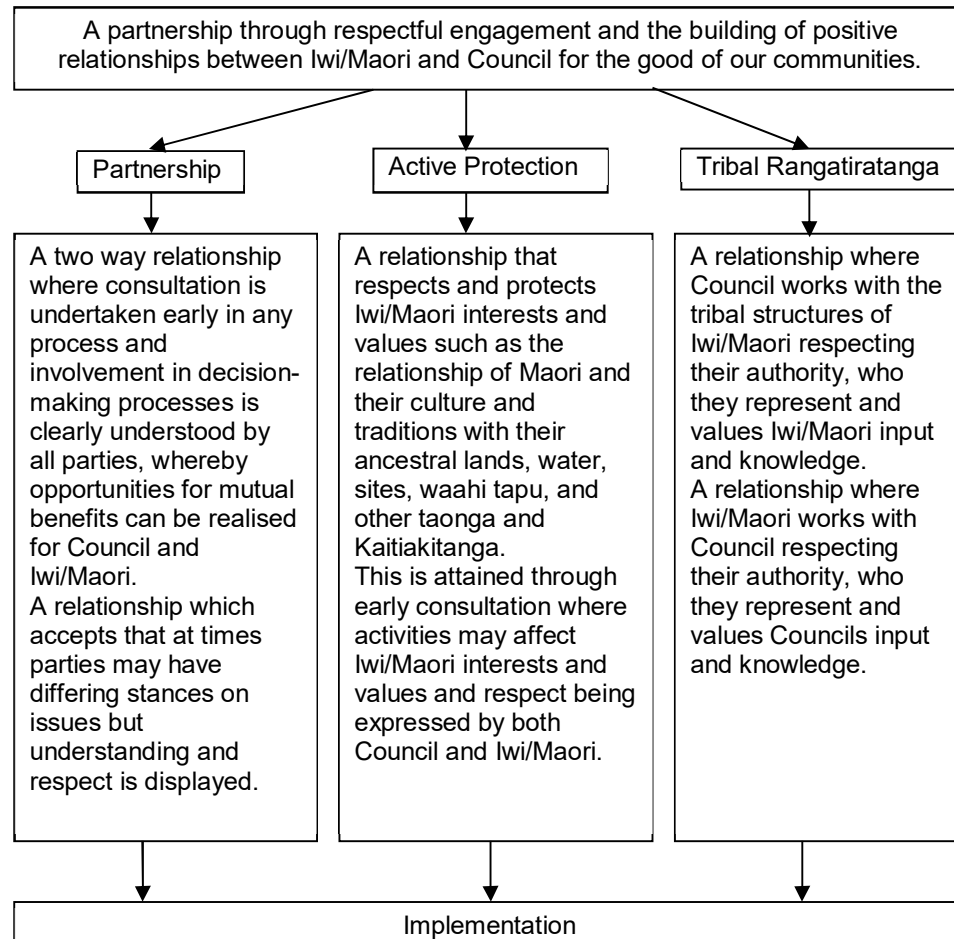
In recognising the primary relationship of the Treaty of Waitangi, the legislative directive to the Principles of the Treaty of Waitangi and guidance from the Parliamentary Commissioner for the Environment (1988). Council has defined its commitment to and interpretation of the Principles of the Treaty 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) 863 5475
Councillors:	Paul McConnell	(07) 873 6264
	Katrina Christison	(07) 873 7779
	Annette Williams	(07) 873 7715
	Roy Johnson	(07) 873 0909
	Ken Phillips	(07) 873 2789
	Robyn Klos	(07) 872 4594

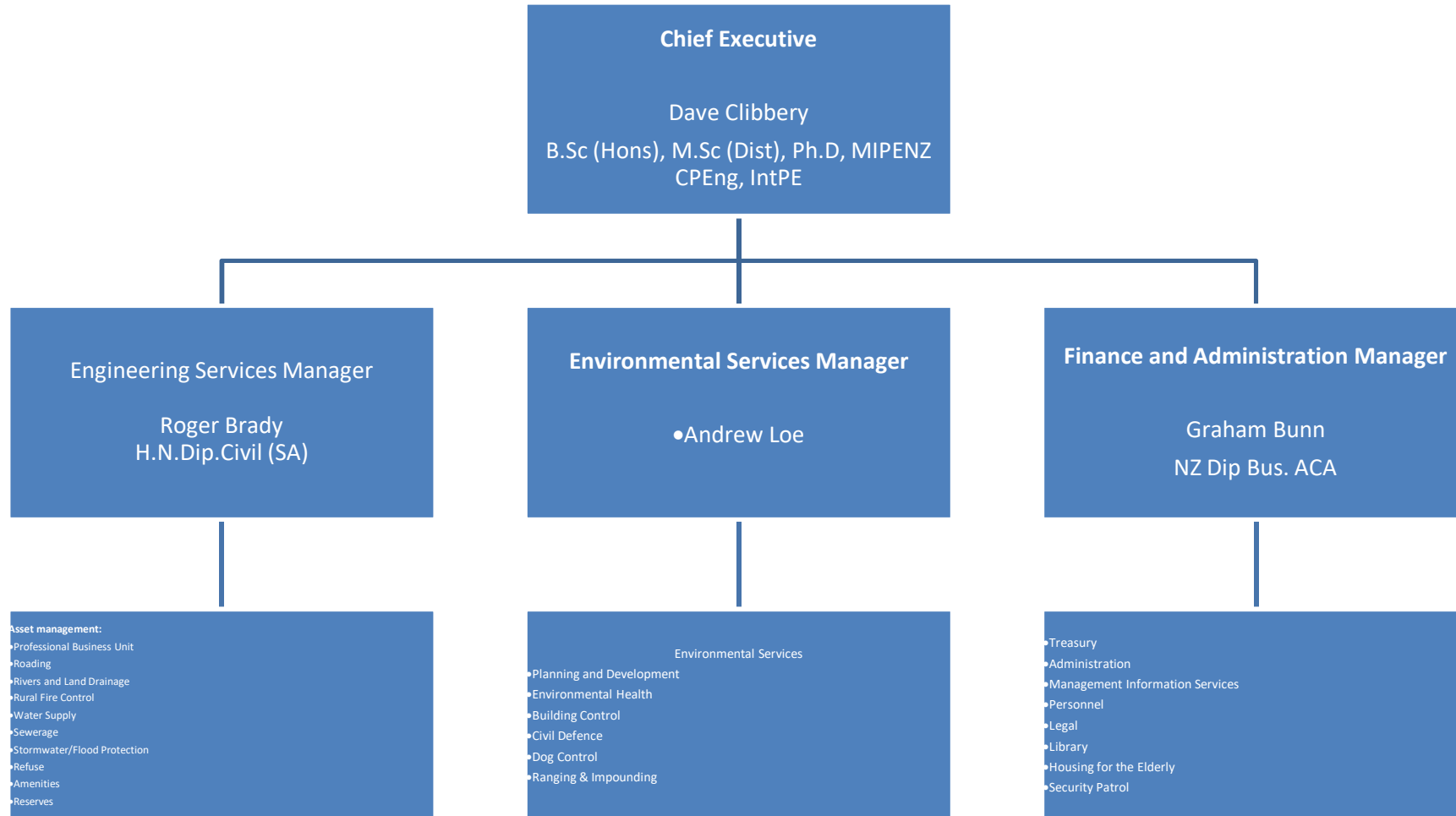
OTOROHANGA COMMUNITY BOARD

Chairperson:	Paul McConnell	(07) 873 6264
Members:	Peter Coventry	(07) 873 8982
	Alan Buckman	(07) 873 6535
	Liz Cowan	(07) 873 0849
	Neville Gadd	(021) 192 4933
	Katrina Christison	(07) 873 7779

KAWHIA COMMUNITY BOARD

Chairperson:	Kit Jeffries	(07) 871 0891
Members:	Deborah Pilkington	(07) 863 5475
	Alan Rutherford	(07) 871 0533
	Dave Walsh	(07) 871 0552
	George Fletcher	(07) 846 2228

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.

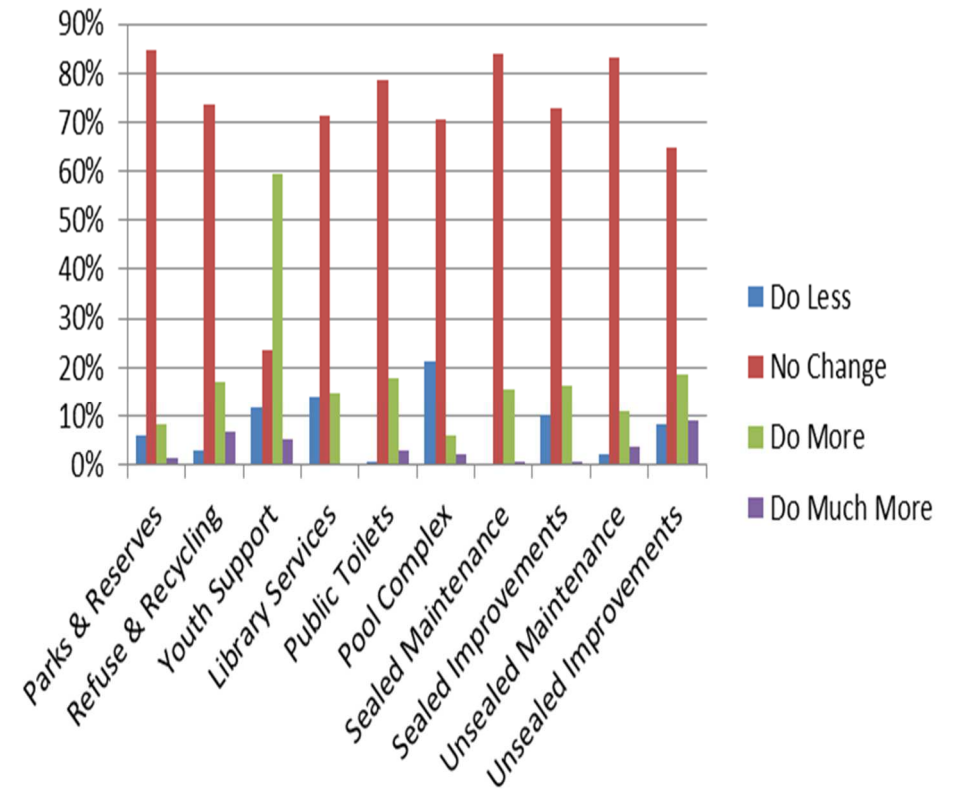


Figure 58 - Rural Responses - Level of Service Survey

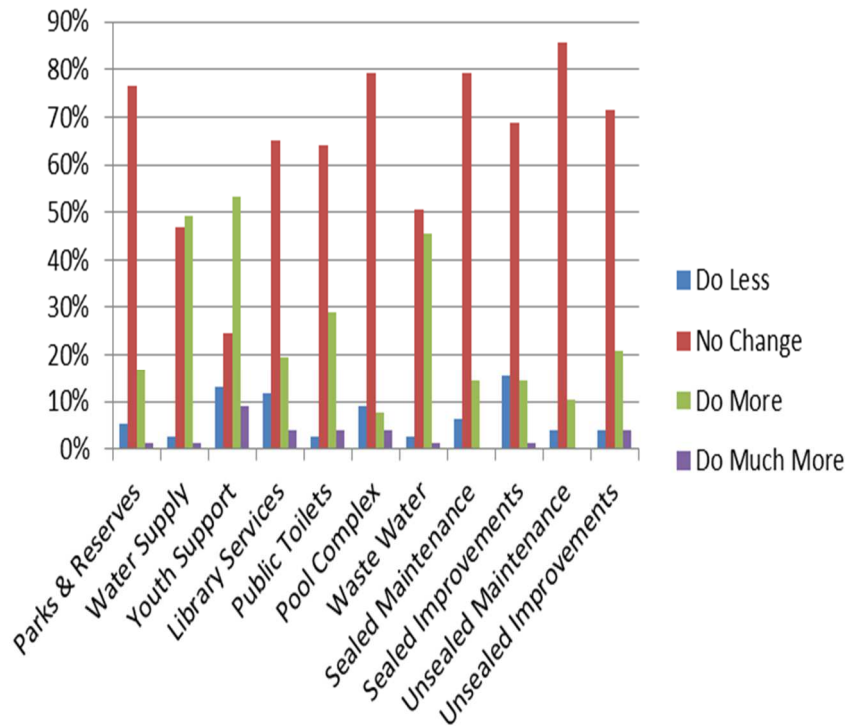


Figure 59 - Otorohanga Community Responses - Level of Service Survey

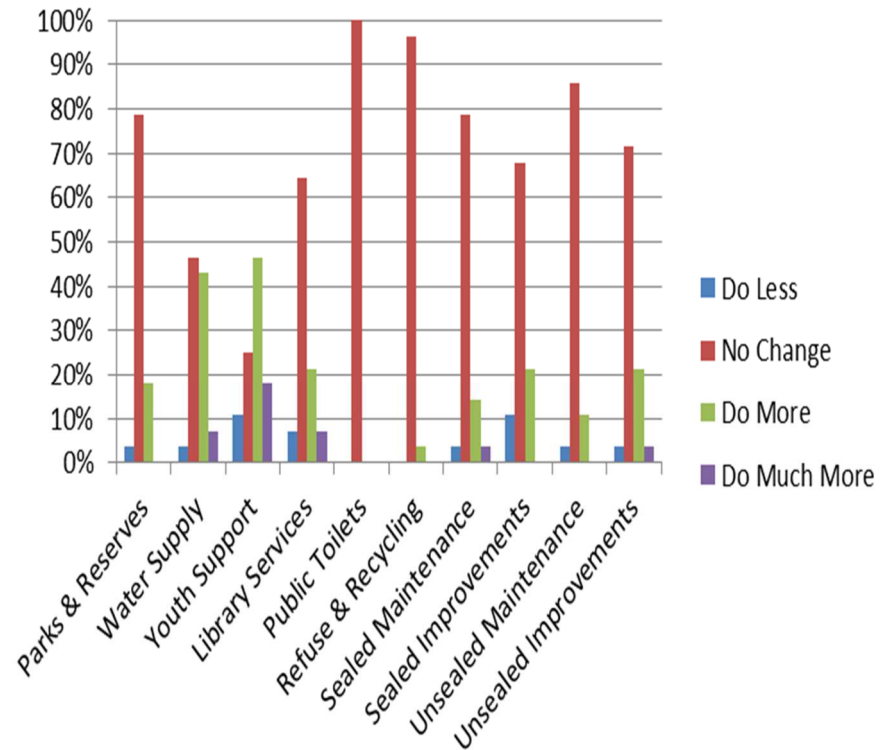


Figure 60 - Kawhia Community Responses - Level of Service Survey

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*)