

# Ōtorohanga District

Dynamic, Inclusive and Unique

Ōtorohanga District Council  
Long Term Plan 2021 – 2031



**Ōtorohanga**  
District Council  
Where kiwi can fly



Corin Walker Bain

www.otorohangadistrict.govt.nz



## 2021-31 Long Term Plan

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## OUR VISION – WHAT MAKES US BUZZ

### ŌTOROHANGA DISTRICT

#### WHERE KIWI CAN FLY

#### A DYNAMIC, INCLUSIVE AND UNIQUE DISTRICT

We strive to be recognised as a place where kiwi can fly.

We value our **DYNAMIC** and innovative district, contributing to our thriving and growing economy.

We value our **INCLUSIVE** and welcoming district, embracing diversity and celebrating our history.

We value our **UNIQUE**, culturally rich communities and stunning environments.



## Introduction/Overview

### Message from the Mayor and Chief Executive

Tēnā koutou katoa

We are pleased to bring you this Long Term Plan (LTP), covering the 10-year period from 1 July 2021 to 30 June 2031.

We've set out our direction and priorities for the next 10-years, including the activities, projects and services we plan to undertake to support the wellbeing of our residents and communities. Our LTP is reviewed every 3 years, and we have considered community views and made significant changes to the draft Plan we released in April for community feedback.

A big thanks to everyone who took the time to come along to our community consultation sessions to find out about what Council was proposing over the coming 10 years. Thanks also to those who made submissions – we received 60. We were very pleased with the level of engagement.

The context for developing this Plan is very different from past LTPs. Our district has moved into a period of growth and development, after several decades of static or declining population and business activity. This brings both opportunities and challenges.

Previously, the Council took a 'do the minimum' approach to maintaining its infrastructure. This has put the Council in a very strong financial position, but we have a sizeable long-term infrastructure upgrade programme which we need to address.

As a country, we continue to deal with the effects of COVID-19. Pleasingly, overall indications point to our district weathering the economic and social impacts better than most, but we know parts of our communities have been affected. Last year we put in place financial support to assist with recovery. We stand ready to re-establish that support, should it be necessary – we hope not. COVID-19 has had little impact on our operations, other than to slow some

of our capital works programme. We've been working to catch up, but some projects will be completed later than planned.

We launched Ōtorohanga 2050 in mid-2020 as an early engagement phase for our LTP project. The community feedback indicated that it was time for the Council to invest for the future, and move from an austerity focus to one of vibrancy. This means investing in community places and spaces, as well as building resilience into Council's three waters infrastructure. Council's vision: Ōtorohanga – 'Where kiwi can fly', a Dynamic, Inclusive and Unique District - underpins this shift in focus. This new focus is the cornerstone of this Plan.

**Council has confirmed its position on the five key proposals we sought community feedback on. The decisions are:**

1. Confirming an Accelerated \$8.8 million Three Waters Programme over the next 3 years. This is necessary to meet compliance requirements, improve infrastructure performance and resilience, and support growth. This includes additional funding for water storage for the Waipā Rural Water Scheme.
2. Delaying consideration of a Food Waste Collection Service in Kāwhia and Ōtorohanga until the next review of the Waste Management and Minimisation Plan in 2023/24. This is when the overall waste reduction plan for the District will be updated, and we will engage with our communities at that time. In the meantime, we've confirmed a waste minimisation education budget of \$50,000 per year, and \$75,000 in 2023/24 to undertake a feasibility study for a local Resource Recovery Centre.
3. Confirming the development of urban centre plans for Ōtorohanga and Kāwhia to make our towns more vibrant for residents and visitors, encourage investment and improve community facilities. We'll also be reviewing/updating the Rural Community Plan. The Ōtorohanga Plan will be developed in 2021/22 (\$300,000 budget) and the Kāwhia and



Rural Community Plans in 2022/23 (\$200,000 budget). The implementation of these plans is supported by a budget of \$2.1 million, spread over three years (2022-2024).

4. Undertaking, in conjunction with Iwi, the Kāwhia community and stakeholders, a needs analysis to determine the need for a Community Wastewater Scheme for Kāwhia. This work will start this year, with a budget of \$100,000. A decision on whether or not to proceed with design and consenting work on a wastewater scheme will only be made after the needs analysis has been completed and assessed. Further consultation with the community will be undertaken after this step. Budget provision for design and construction has been retained should a decision be made to proceed with the project. Council remains firm in its view that a community wastewater scheme for Kāwhia will be unaffordable without substantial Government funding support. Further information about this is in the assumptions section of this LTP.
5. Adopting the recommendations from the Rural Water Scheme Committees and Ōtorohanga Community Board on increasing user charges to repay Water Scheme account deficits. Charges for all schemes will be increasing. However, with one exception (Ranginui), the deficits will not be significantly reduced. The Council accepted the concerns about the status of water schemes given uncertainty about the outcome of the Three Waters Reform process. Despite this uncertainty, the Council reiterates that these deficits will still need to be repaid at some point. That means future charges may be significantly higher than those Council has adopted in the LTP.

There is more information in the next section about these and other decisions made by Council, and the consequential changes made to finalise this Plan.

We will maintain our focus on the local roading network, with continued support for a small seal extension programme, increased safety works and improving stormwater management capacity in response to climate change. We have covered a shortfall in funding of \$288,000 from Waka Kotahi/NZTA, as we don't want to further reduce our road safety and maintenance budgets. Overall reduced funding from Waka Kotahi/NZTA means we are not able to undertake \$2 million of our roading programme over the next three years. As a result, we've not been able to increase our safety or seal extension programmes.

The investment needed to create a better future for residents and businesses means taking on debt, but this will be managed within prudent levels. We will seek further Government funding to support our infrastructure development and service delivery programmes, particularly in lifting compliance and network resilience across all water services, and providing an effective, sustainable solution to meeting Kāwhia's long term wastewater needs. Any Government funding received will mean reduced rating levels on those proposed in this LTP.

In addition to investing in this infrastructure, we will lift Council's capability and capacity to deliver the services our communities want and need, undertake a much bigger programme of work and continue to improve performance. An independent assessment of Council (undertaken through the CouncilMARK programme) indicated resourcing/staff levels were too low, and needed to increase. This Plan makes provision for that.

Rates, and user fees and charges, have been kept at very low levels for many years, and residents and ratepayers have benefited from that. Increases to some fees and charges are necessary to more fairly reflect the costs of those services. In addition, larger rate increases are now necessary to do what is needed, and help build the vibrant District, and prosperous and thriving communities that residents can be proud of.

The forecast average rates increase for 2021/22 is 4.12%, significantly lower than the 7.88% signalled in the draft Plan. The average annual increase over the next 10 years is 4.25%; lower than the 5.04% signalled in the draft LTP. The actual increase for each property will vary according to the services available and property value. We've provided some examples to give an indication of the rating levels based on this final Plan, and we have a rates calculator on our website so that people can see the effect of the rates increase on their property.

We are readying ourselves to build on the growth and development our district is now experiencing. We will be working with Iwi, local groups, organisations and stakeholders to help make our district an even better place for all residents. As we look to the future, we will be inviting community participation from across the district to help finalise our plans and projects. We appreciate the input from people across our district to get this Plan across the line, and we look forward to your continued involvement.

Ngā mihi nui,



Max Baxter  
Mayor

Tanya Winter  
Chief Executive





## **Our Mayor, Councillors and Community Board Members**

Mayor: Max Baxter - (07) 8734000 Mobile: (027) 2291430

Deputy Mayor: Roy Johnson – Waipā Ward (027) 271 9282

### **Councillors:**

Christopher (Kit) Jeffries – Kāwhia/Tihiroa Ward (021) 226 4904

Bryan Ferguson – Kiokio/Korakonui Ward (027) 551 1621

Rodney Dow – Ōtorohanga Ward (027) 471 3406

Katrina Christison – Ōtorohanga Ward (021) 153 0774

Annette Williams – Kāwhia/Tihiroa Ward (027) 224 1502

Robyn Klos – Wharepuhunga Ward (021) 408 254

### **Ōtorohanga Community Board:**

Neville Gadd – Chair (021) 192 4933

Katrina Christison – Deputy - Council Representative (021) 153 0774

Peter Coventry (027) 493 0117

Alan Buckman (07) 873 6535

Kat Brown-Merrin (021) 139 3676

Rodney Dow - Council Representative (027) 471 3406

### **Kāwhia Community Board:**

Dave Walsh - Chair (021) 293 0392

Ken Briggs – Deputy (021) 085 33285

Hinga Whiu (021) 181 1009

Geoff Good (022) 678 6053

Christopher (Kit) Jeffries – Council Representative (021) 226 4904

## What is the Long Term Plan (LTP)?

The LTP is the Council's key strategic document – it sets out our proposed direction and priorities for the next 10-years, and includes the activities, projects and services we plan to undertake to support the wellbeing of our residents and communities. In short, it signals what we expect to do, when we'll do it, how much it's likely cost and how we'll fund it.

We review our LTP every 3 years to make sure it's still relevant and accurate. In the intervening years, we produce an annual plan to reflect any changes from the LTP for the coming year. We always seek and consider community views before adopting our plans.





## What our Auditors say

### Deloitte.

To the reader:

#### INDEPENDENT AUDITOR'S REPORT ON ŌTOROHANGA DISTRICT COUNCIL'S 2021-31 LONG-TERM PLAN

I am the Auditor-General's appointed auditor for Ōtorohanga District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Deloitte Limited. We completed our report on 29 June 2021.

#### Opinion

In our 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 203 to 205 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.

#### Emphasis of Matter – Uncertainty over three waters reforms

Without modifying our opinion, we draw attention to the disclosure on page 15 outlining the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made.

The plan was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the plan has been based.

#### 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;

### Deloitte.

- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- 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.

We are 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. We do not express an opinion on the merits of the plan's policy content.

#### Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

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



Melissa Youngson  
Deloitte Limited  
On behalf of the Auditor-General  
Hamilton, New Zealand



## Summary of Submissions Received and Council Decisions

On 20 April 2021, the Council adopted the Consultation Document for the draft 2021-31 Long Term Plan (LTP), along with a range of supporting plans, strategies and policies. This information supported a community consultation process, which ran from 23 April to 24 May. All of the information supporting the consultation was available on the Council website, with the Consultation Document also available in hard-copy form.

During the consultation period a number of community engagement sessions were held across the District, and a week-day drop-in service was established at a local Ōtorohanga café. These sessions were generally well attended, particularly in Kāwhia.

The Council was particularly interested in community views on 5 key proposals:

- An Accelerated Three Waters Programme;
- Introducing a Food Waste Collection in Kāwhia and Ōtorohanga;
- Developing Urban Centre Plans for Kāwhia and Ōtorohanga;
- Developing the Design for a New Community Wastewater Scheme for Kāwhia; and,
- Repaying Water Scheme Account Deficits by Increasing User Charges.

The Council also encouraged feedback on other important matters, and community members and the general public were free to make submissions on any matter they wished.

Submissions were able to be made via a number of channels – on-line, email and in hard-copy via post or drop-off.

At the close of the consultation period 60 submissions had been received, with 21 submitters requesting to speak in support of their submission. The following tables summarise submission responses on the 5 key proposals:

Accelerated Three Waters			Food Waste Collection - Ōtorohanga/Kāwhia			
Option 1 - 3 years	Option 2 - 10 years	No Three Waters Spend	Option 1 - 2023	Option 2 - 2021	Option 3 - 2024	No Food Waste Collection
11	11	9	6	1	7	17

Urban Centre Plans - Ōtorohanga/Kāwhia		Kāwhia Wastewater Design		Repay Water Scheme Deficits		
Option 1 - Proceed	Option 2 - Status Quo	Option 1 - Proceed	Option 2 - No Scheme	Option 1 - 3 year payback	Option 2 - 5 year payback	Option 3 - 10 year payback
11	22	12	23	3	5	5

Submissions covered a number of other themes:

- Seeking funding or other support from Council;
- Establishing/maintaining/building partnerships with Council;
- Promoting biodiversity and greater pest management on Council land;
- Developing/improving Council reserves;
- The nature and extent of proposed rates increases, and their fairness and affordability; and,
- Road safety improvement/seal extension requests.

The hearing of submissions occurred on 31 May, and during that day Council members ensured they were familiar with all submissions received and understood the requests of each submitter.

On 1 and 2 June the Council deliberated on the submissions received and made decisions on the matters raised by submitters. Those decisions reflect the changes Council has made to the draft LTP and supporting plans, strategies and policies.

Having regard to the submissions received, the Council made the following decisions on the 5 key proposals:

- Accelerated Three Waters Programme: Confirmed option 1 to complete the programme over the next 3 years;
- Food Waste Collection: Confirmed option 3 to consider a food waste collection as part of the next review of the Waste Management and Minimisation Plan in 2023/24. Increased the annual waste minimisation education budget to \$50,000. Confirmed \$75,000 in 2023/24 for a Feasibility Study to establish a new Community Resource Recovery Centre. Given the submissions on this were relatively evenly split between those for and against the proposal, it was decided that moving this to the next Waste Management and Minimisation Plan review would allow for a more considered submission process to be undertaken with the community;
- Urban Centre Plans: Confirmed an amended option 1 - Proceed with the Ōtorohanga Plan development in 2021/22 (\$300,000), and undertake the Kāwhia Plan development/ Rural Community Plan review in 2022/23 (\$200,000). Funding for the implementation of these plans will be spread over 3 years (2022-2024), with a combined budget of \$700,000 for each year;
- Kāwhia Community Wastewater Scheme: In 2021/22 Council will undertake a needs analysis, in conjunction with Iwi, the Kāwhia community and stakeholders, to determine the need for a community wastewater scheme. A decision on whether or not to proceed with work on a wastewater scheme will only be made after the needs analysis has been completed and



assessed. A budget of \$100,000 has been set aside for this work. While a large number of submitters were against the proposal, many commented that they were against it as the need for it was not clearly defined. By undertaking the needs analysis, this will help define that for those submitters, and the community will have another chance to have their say as part of that process.

- Repaying Water Scheme Deficits: The Council endorsed the recommendations from the Rural Water Scheme Committees and Ōtorohanga Community Board on this matter. Charges for all schemes will be increasing. However, with one exception (Ranginui), the deficits will not be significantly reduced. The Council accepted that the uncertain outcome of the Three Waters Reform means the future status of water schemes remains uncertain. Notwithstanding this uncertainty, the Council reiterated that the deficits would still need to be repaid at some point.

Other decisions made by the Council were:

- Reducing the funding of depreciation on subsidised roading work to 75%, with a consequential reduction in the proposed level of rates. All things being equal, this will extend the period over which external debt is repaid;
- Covering a further shortfall of \$288,000 (over 3 years) in Waka Kotahi/NZTA funding by reallocating some of the roading depreciation funding. In committing this extra funding, the Council believed it was not in a position to increase the seal extension budget, having already budgeted for a \$2 million reduction in the roading programme due to reduced funding from Waka Kotahi;
- Approving an additional \$600,000 in 2022/23 for increased water storage for the Waipā Rural Water Scheme, following completion of a water loss management programme;

- Commitment to work/continue to work with community groups/organisations to help progress their goals/objectives, where these align with the Council's community outcomes/priorities. This includes directing groups seeking funding to Council's enhanced community grants programme, where appropriate
- Commitment to work with the community/key stakeholders on the development of two key district-wide strategies: arts, culture and heritage; and promotion and events;
- Acceptance of a reduction in funding request from Te Waka, the regional economic development agency.
- Commitment to develop/review reserve management plans.

There were multiple changes to the commentary and financial information in the draft LTP as a result of the decisions on submissions, all of which are reflected in this final version of the LTP. Some changes have also been made to reflect progress since the draft LTP was prepared.

The following table reflects the proposed average rate increase levels for the next 3 years and the average over the next 10 years. These are compared with the levels signalled in the Consultation Document/Draft LTP.

Proposed average rate increases (%)	2021/22		2022/23		2023/24		Average annual increase – next 10 years	
	Draft LTP	Final LTP	Draft LTP	Final LTP	Draft LTP	Final LTP	Draft LTP	Final LTP
Rural	7.07	<b>2.69</b>	6.91	<b>4.57</b>	5.80	<b>5.37</b>	4.02	<b>3.18</b>
Ōtorohanga	9.77	<b>6.83</b>	9.78	<b>7.00</b>	7.31	<b>5.52</b>	4.78	<b>4.00</b>
Kāwhia	10.34	<b>6.66</b>	8.24	<b>7.51</b>	14.80	<b>7.87</b>	10.68	<b>10.02</b>
District	8.08	<b>4.12</b>	7.77	<b>5.50</b>	7.16	<b>5.68</b>	5.05	<b>4.25</b>

## Government Three Waters Reform

Council signed a memorandum of understanding (MOU) with Central Government to explore future service delivery options and have secured \$2.5 million in funding. The Government expects to make substantive decisions in June/July 2021. It is expected that Councils will be asked to consult with their communities in late 2021 whether they should join one of the new water service delivery entities. We intend to consult on this decision, once Central Government has made their decision in June/July and more facts are available, separately to the consultation on the Long Term Plan. For councils that participate in the reforms, transfer of responsibilities, assets, etc. is likely to occur from 2023/24 onwards.

Our community needs three waters services regardless of what happens. As such, we have included three waters in our financial and infrastructure strategies, and a key opportunities in our LTP. This has been considered as a potential change in our key assumption, as per page 82.

## Our District

### About us

Located within the Waikato Region, Ōtorohanga District encompasses 1,976 square kilometres (197,600 hectares) of predominantly rural land on the west coast of the Central North Island. The western boundary is the Tasman Sea, and the eastern boundary is the Waikato River. It is adjacent to Waipā District to the north, South Waikato District to the east and Waitomo District to the south.

Ōtorohanga is the principal administrative and main trading centre, with approximately 30% of the District population residing in the town. There are a number of smaller settlements located throughout the District, the largest of which is the popular beach settlement of Kāwhia.

### Population and Employment

- Population (2018 Census): 10,105 (0.2% of the national total). Population estimates undertaken in mid-2020 show the District's population at 10,680<sup>1</sup>
- Population levels declined in the 1990's, but the growth rate has since increased an average 1.2% per year over the last 12 years (to 2018), and this growth is expected to continue. Based on current estimates, the population growth is sitting closer to 2% per annum.
- Stats NZ has produced population projections based on the 2018 Census. Three growth scenarios – high, medium and low – all indicate population increases, at least for the next 10 years (see Figure 1).

<sup>1</sup> Stats New Zealand

- The low growth scenario indicates a decline in population from 2033. The 2018 scenarios are significantly different from the 2013 projections, as the District's population has grown beyond what was forecast in 2013. Under the new high and medium growth scenarios, the District's population is projected to reach 13,850 or 12,000 respectively. Current growth levels are expected to continue for the immediate future, with more immigrants and returning citizens expected as a result of COVID-19.
- 30% (3,027) of the District's population lives in Ōtorohanga.
- Approximately 34% of the working population are employed in professional/management roles.
- Prior to COVID-19, approximately 3.6% of the District's population was unemployed, compared to 4.0% for New Zealand. While the District unemployment rate has increased as a result of COVID-19, it remains below the national rate.

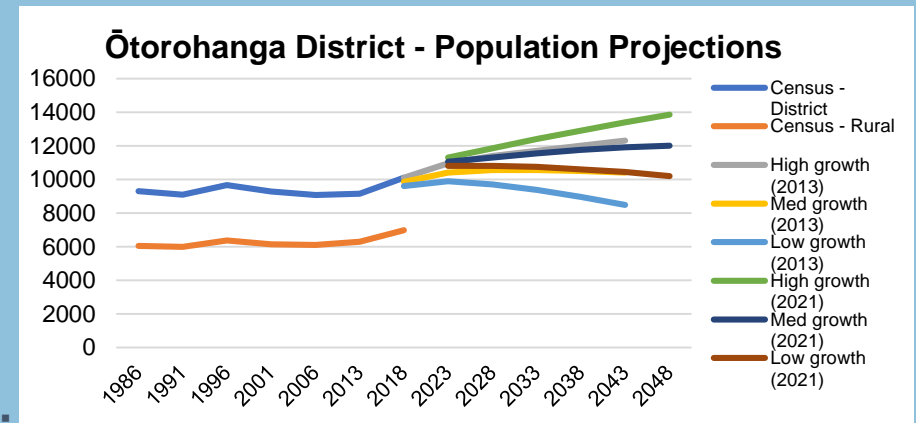


Figure 1 – Ōtorohanga District Population: Census Numbers and Projection Scenarios (Source data: Stats NZ)



## Age<sup>2</sup>

- Median age (2018) is 36.3 years
- The proportion of people aged 65+ is forecast to increase from 15% in 2018 to 23% by 2048, which is a lower rate of change than previously forecast.
- Under 15s are expected to decrease from 22.4% in 2018 to 19.2% in 2048, which is a similar rate of change previously forecast.

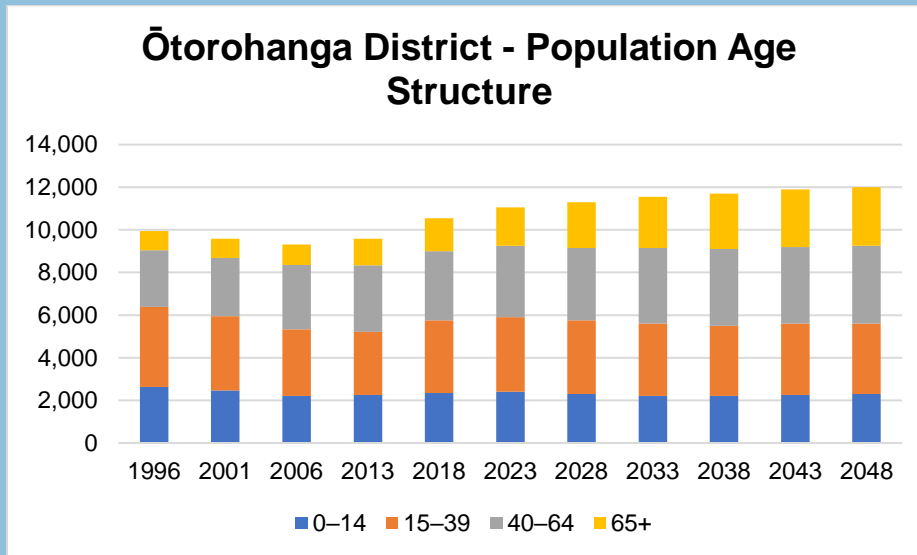


Figure 2 – Ōtorohanga District Population Age Structure: Census Numbers and Projections (Source data: Stats NZ)

## Cultural Diversity

- Māori population living in Ōtorohanga District: 26.1% (3030) at 2018

<sup>2</sup> Population age projections are based on a medium growth scenario using 2018 data as provided by Stats NZ.

- Ngāti Maniapoto are the principle Iwi in the District
- European is the largest ethnic group at 67.3%
- The third largest ethnic group are Asian at 3.5%

## Migrants and religion

- In 2018, 11.3% of the district’s residents were born overseas.
- 55.5% of residents had no religious affiliation, while 30.7% are Christian.

## Income and deprivation

- Median incomes at 2018: Personal \$30,200 (NZ \$31,800). Average household income for 2019 was \$101,101 (NZ \$111,472). Average (mean) earnings in 2019 for Ōtorohanga residents in employment was \$56,189 (NZ \$62,774).
- The number of beneficiaries in the District in 2019 has remained relatively static over the last 10 years: 518 in 2010 and 539 in 2019. However, an effect of COVID-19 has been a rise in job seeker (unemployed) numbers to 279 (February 2021), an increase of 75 from February 2020.

## Homes and Connectedness

- The home ownership rate in the District is 47%, compared to 51.3% for New Zealand.
- The average house value (2019) in the District: \$280,850 (NZ \$687,099). Local house value growth has exceeded that of NZ since 2016/17.
- The housing affordability index at 2019: 2.78, compared to 6.16 nationally (the higher the number, the more unaffordable). In 2017 the local housing affordability index was 2.38 (NZ 6.71).



something more encompassing and inclusive – something that reflects our vision. Some innovative and passionate thinking led us to the following:

**Our Community Outcomes describe what we strive to be - as people, communities and a District.**

How do these work in practice? Staff/report writers can pick up to five words from the below list of ‘power words’. The contribution we make as a Council towards the achievement of these outcomes is described in the Activities and Services section of this LTP.

<b>DYNAMIC</b>	<b>INCLUSIVE</b>	<b>UNIQUE</b>
Diverse	Thriving	Responsible
Knowledgeable	Enduring	Vibrant
Prosperous	Passionate	Innovative
Sustainable	Resilient	Supportive
Empowered	United	Welcoming
Liveable	Engaged	Aspirational
Proud	Progressive	Connected



## Our Direction

### Our Focus, Priorities and Major Projects

Over the last 10-15 years, we've taken a 'do the minimum' approach to our services and maintaining the infrastructure supporting those services. That low-spend approach meant very low rates and a lean Council organisation, and we're in a strong financial position as a result. When we last reviewed our long term plan in 2017/2018, the issues, challenges and opportunities in front of us were quite different to what they are now.

Over the next 10 years we are facing some significant increases in the cost of delivering our services, including needing more staff to do the things we need and want to. A lot of the costs we are now facing are for things we must do – like keeping our infrastructure working or to upgrade our services to meet government standards. To add to that, we're now in a strong growth phase – since 2018 our population has increased by more than 500 – and this growth is expected to continue. We've currently got some spare capacity in our infrastructure, but we need to plan for and deliver upgrades that can cater for more people and increased business activity.

While we're facing some major increases in costs, community feedback indicates we need to invest in projects that lift the vibrancy of our communities – that's things like main street upgrades and improving community places and spaces. We want to do these things as well, and it's also more efficient to coordinate this with the normal infrastructure maintenance/upgrade work we plan to do in our town centres

We've considered what we must deliver and what we'd like to deliver, so this plan is a bit of a balancing act. Unfortunately, we just can't give everything the green light right now. We've prioritised the essential items, but also propose investing in the 'discretionary' projects that help make our communities great places to be. We'll

also be looking seriously at what climate change forecasts mean for our communities and our services.

**So, to summarise our focus, priorities and major projects, we intend to...**

- take a greater role in leading in, for and on behalf of our communities
- build and maintain stronger, more productive relationships with our partners and stakeholders, particularly local iwi, and work collectively to improve the wellbeing of our communities
- maintain existing services and levels of services, with our road network continuing to be our largest spend area
- invest in our water supplies to meet national standards and assure continuity of supply
- work with Iwi, the Kāwhia community and stakeholders to establish the need for a new community wastewater scheme in Kāwhia
- optimise the performance of the Ōtorohanga wastewater scheme
- prepare, with our communities, future development plans for Kāwhia and Ōtorohanga, and update the rural community plan
- understand the likely impacts of climate change on our stormwater networks, and other activity areas, and reflect that in our ongoing work programmes
- ensure we have the right staff resources in place to deliver on our plans
- increase some of our fees and charges to reflect that a fairer share of the costs should sit with users
- get the funding of our water schemes on a more sustainable footing by reducing some of the long-standing budget deficits
- plan for new areas of growth – residential, commercial and industrial - and make sure our infrastructure is ready for it

- do more to limit our collective environmental impacts, including reducing the amount of recyclables and food waste going to landfill
- better reflect arts, culture and heritage as an important part of our community and district identity
- partner with local development agencies to better promote our district and build vibrancy by having more events.



## Infrastructure Strategy 2021-51

### Executive Summary

Since 2006, Ōtorohanga District has moved into a period of growth, after several decades of static or declining population. Previously, the Council took a 'do the minimum' approach to maintaining its infrastructure. While this austerity approach has put the Council in a very strong financial position, the aged infrastructure needs a long-term upgrade programme.

Early engagement as part of the Long Term Plan (LTP) project (Ōtorohanga 2050) resulted in community feedback indicating that it was time for the Council to invest for the future, and move from an austerity focus to one of vibrancy. This will involve investing in community places and spaces, as well as lifting the performance of Council's three waters infrastructure. Council's vision for the District: Ōtorohanga – 'Where kiwi can fly', underpins this shift in focus.

A national funding shortfall has resulted in a reduction in subsidy from Waka Kotahi/NZTA for roading work over the next three years. While Council has agreed to fully fund some of the affected work, the net effect of this is a reduction in total funding of \$2M across the roading programme.

In late 2020, Council embarked on an external assessment process called CouncilMARK. Independent assessors described Council's water services infrastructure as a key risk, recommending significant investment over the next ten to fifteen years to meet regulatory thresholds and service level expectations of the community. The priority is to create resilience and place the district in the best possible position for future challenges around water security, climate change and Central Government reforms.

The Government has signalled a reform of the current arrangements for the delivery of water, wastewater and stormwater services, which means Council's future role in these activities is currently uncertain. Notwithstanding this uncertainty, it is unlikely that any major changes

will occur in the next three years, meaning that any changes and their implications can be considered as part of developing the 2024-34 LTP. In the meantime, Council will be adopting a 'sound asset management approach' to its infrastructure and associated service delivery. That means making the best decisions in the long-term interests of our communities.

This strategy signals an initial \$2.5 million (Government funded) in 2021/22 to upgrade key water and wastewater assets, including progressing the upgrade of Rural Water Schemes to meet drinking water standards. A further \$8.8million is proposed across the first three years of the LTP as an accelerated programme across water, wastewater and stormwater services, focusing on compliance, resilience, network optimisation and growth. In addition, this strategy signals that the likely long term sustainable option for wastewater management in Kāwhia is building a new community wastewater scheme. Such a scheme would support community health and wellbeing, address environmental degradation concerns and allow for future growth. The estimated cost of such a scheme is \$12.5 million, comprising scoping, design, consenting, and construction. However, before any decision is made to undertake design and consenting work for a new scheme, Council will work with Iwi, the Kāwhia community and stakeholders in 2021/22 on a wastewater needs analysis, including data collection. Funding for a new reticulated scheme is retained should Council decide to proceed, acknowledging that significant Government financial support will be required to ensure its affordability for the community.

While the overall investment programme signals the taking on of debt, this will be managed within prudent levels. While Council's financial strategy has this infrastructure programme being funded across the district, Council anticipates securing further Government funding to support its infrastructure development programmes, particularly in lifting service compliance and network resilience across all water services, and providing an effective, sustainable solution to meeting Kāwhia's long term wastewater needs. In doing



<b>Our Asset Issues</b>	<p><b>Water</b></p> <ul style="list-style-type: none"> <li>• Treatment requires extra risk barriers</li> <li>• Shortage of bulk storage for resilience</li> <li>• Understanding Kāwhia demand and catering for growth</li> <li>• Three Waters Reform timing</li> <li>• Affordability of upgrades</li> <li>• Renewal of consents</li> </ul>	<p><b>Wastewater</b></p> <ul style="list-style-type: none"> <li>• Upgrading land based disposal in Ōtorohanga, expiring 2037.</li> <li>• Piped networks need CCTV assessments</li> <li>• Potential wastewater system for Kāwhia</li> <li>• Monitoring of trade waste discharges</li> </ul>	<p><b>Stormwater</b></p> <ul style="list-style-type: none"> <li>• Increased frequency of major weather events</li> <li>• Stormwater management plans in place as part of discharge consents which expire in 2022 and 2023</li> <li>• Modelling required to determine upgrades</li> </ul>	<p><b>Transportation</b></p> <ul style="list-style-type: none"> <li>• Increasing sealed road defects due to maintenance, heavy trucks and limited width affecting safety &amp; maintenance</li> <li>• 132km of reseals to be completed in 5 years</li> <li>• Bridge renewals starting in 20 years</li> <li>• Speed limit review required</li> <li>• Field validation for sealed road modelling</li> </ul>
<b>Objectives</b>	<p><b>Water</b></p> <ul style="list-style-type: none"> <li>• Upgrade plants and pipes or defer to new entity</li> <li>• Assess district wide rating options</li> </ul>	<p><b>Wastewater</b></p> <ul style="list-style-type: none"> <li>• Understand pipe restrictions for growth</li> <li>• Increased land for disposal</li> </ul>	<p><b>Stormwater</b></p> <ul style="list-style-type: none"> <li>• Create model to influence future pipe size and location for climate change</li> </ul>	<p><b>Transportation</b></p> <ul style="list-style-type: none"> <li>• Maintain current widths; or</li> <li>• Widen and maintain pavements and footpaths</li> </ul>
<b>Proposed Solutions</b>	<p><b>Water</b></p> <ul style="list-style-type: none"> <li>• Treatment Plant upgrades in next four years with pilot for rural scheme in partnership with water safety regulator.</li> <li>• Increased use of technology to monitor water usage and enable high users to reduce demand.</li> <li>• Move to consistent 72-hour storage.</li> <li>• Increased capacity of reticulation assets for growth.</li> <li>• Improved demand management.</li> </ul>	<p><b>Wastewater</b></p> <ul style="list-style-type: none"> <li>• Obtain CCTV and modelling capability for assessment and prioritisation of wastewater pipe renewals.</li> <li>• Treatment Plant upgrades.</li> <li>• Further expansion or enhancement to land discharge to enable growth.</li> <li>• Commence consultation for renewal of consents at end of 2021-31 LTP.</li> </ul>	<p><b>Stormwater</b></p> <ul style="list-style-type: none"> <li>• Renewal of point source stormwater discharge consents for Ōtorohanga and Kāwhia in 2022 and 2023 respectively.</li> <li>• Upsize pipe diameter to at least 375mm as renewed for climate change.</li> <li>• CCTV any critical systems to improve quality of asset information and influence renewals.</li> </ul>	<p><b>Transportation</b></p> <ul style="list-style-type: none"> <li>• Progressively widen rural roads aligned with development and land-use.</li> <li>• Continued upgrade of rural tourist routes including Raglan Road.</li> <li>• Prioritise new widened footpaths to areas of high mobility users.</li> </ul>

so, Council is taking a 30-year view, so that its management of, and investment in, community infrastructure remains in-step with changing community needs, current and emerging issues, including climate change, and evolving compliance requirements.

**Introduction**

This strategy sets out Ōtorohanga District Council’s strategic direction for provision of water supply, wastewater, stormwater, road and footpath assets over the next 30 years.

Council views infrastructure as an enabler of growth and, in order to achieve its vision of the District continuing to grow, wishes to partner with Central Government initiatives through:

- Accelerating upgrades of treatment plants in collaboration with the new water regulator and other Rural Councils, using a combination of debt and Central Government funding through the three waters reform. This acknowledges discussions with the community will be required including the potential divesting of assets and delivery responsibilities into new multi-regional stand-alone companies.
- Working with suppliers to efficiently use the roading corridor for the rollout of ultra-fast fibre for Broadband that will lead to increasing household and business connectivity.
- Utilising post COVID-19 economic stimulus packages that includes \$2.5 million as Council’s share of Tranche 1 of the Three Waters Reform and using this to increase technical competencies on water within local suppliers.
- Regional collaboration creating consistent engineering standards for developments, helping give surety to requirements for new housing stock; and

- Working collaboratively through the Waikato Local Authority Shared Services (WLASS) Company to improve procurement and communicate programme of work for suppliers.
- Engaging in conversations about climate change, building climate change resilience into our infrastructure and working with the Energy Efficiency & Conservation Authority (EECA) to assist in additional Electric Vehicle (EV) charging stations for motorists.
- Assessing ways to reducing waste generated from its activities, and emissions as part of the zero carbon legislation.

Council’s proposed schedule of capital works for the next 10 years as part of the LTP aligns with these initiatives. For the capital works related to renewals, level of service and growth over the remaining 20 years of this strategy, Council proposes to smooth the forecasted ‘bow-wave’ across waters and roading.

For each financial year, Council may prioritise these projects based on funding available and the needs of the community. The projects identified will be discussed in more detail in the respective Asset Management Plans.

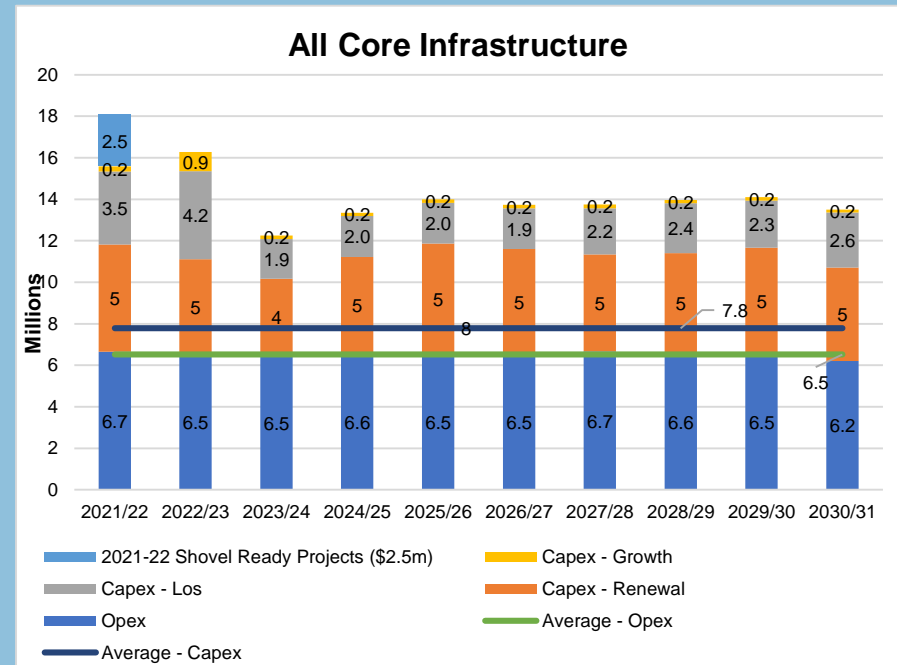


Figure 4 - Proposed 10 year Investment in Core Infrastructure

### Purpose of the Infrastructure Strategy

This Infrastructure Strategy has been prepared to meet the requirements of section 101B of the Local Government Act 2002 (LGA) identifying:

- Significant infrastructure issues facing the Ōtorohanga District over the next 30 years.
- The principal options for managing these issues and the implications of these options.

Three ‘problem statements’ and relative ranking were noted following workshops with stakeholders as per Figure 5 below. The investment and actions proposed in this strategy describe how Council intends

to solve these problems, including through the use of technology advances, prudent use of debt and leveraging external funding.

35%	50%	15%
The central location and attractiveness of the district is increasing growth placing additional demand on infrastructure and resources.	Increasing pressure from climate and environmental impacts coupled with a lack of courageous leadership is leading to increased risk for communities.	The current state of our infrastructure and how people use it is unable to meet the speed and uncertainty of technology change.

Figure 5 - Stakeholder Description of Problems and Relative Weighting

### Scope of the Infrastructure Strategy

Section 101B of the LGA requires Council’s Infrastructure Strategy to cover infrastructure assets used to provide services by or on behalf of Council in relation to the following activities:

- Water supply.
- Sewage and the treatment and disposal of sewage (wastewater).
- Stormwater drainage.
- Roads and footpaths.
- Flood protection and control works.

This strategy does not cover:

- State highways, as these are the responsibility of Waka Kotahi NZ Transport Agency (NZTA).
- Flood protection and control assets, as these are the responsibility of the Waikato Regional Council trading as Environment Waikato.

### Structure of the Infrastructure Strategy

The layout of this document and the corresponding LGA sections are shown in Table 1:

Section	Summary	LGA 2002 as amended (Section 101B)
<b>Executive Summary</b>	Provides a summary of the key issues addressed within the document.	(1) and 2(a)
<b>1 Introduction</b>	Identifies the purpose of the Strategy and illustrating the linkage between strategic documents.	
<b>2 Strategic Context</b>	Provides context by describing the District and the Council.	6(a) and 6(b)
<b>3 Infrastructure Summary</b>	Describes the core infrastructure provided by the Council, strategic issues and priorities, how identified risks are managed, and proposed levels of expenditure for renewals and capital works.	3(a) to 3(e), 6(a) and 6(b)
<b>4 Key Issues &amp; Challenges</b>	Identifies the external factors influencing Council including demographic changes, changing government priorities and legislation, community expectations, natural hazards and climate change and sustainability.	3(b) to 3(e)
<b>5 Our Response</b>	Describes the Council’s 30-year management strategy. Identifies significant issues and the response options to these, and documents benefits, assumptions, cost, timing and funding source.	3(a) to 3(c) and 4(b) 2(a) and 2(b), 4(b) and 4(c)

Table 1 - Infrastructure Strategy Layout

### Relationship to Other Documents

This strategy provides a link between several important Council documents such as the District Plan, Financial Strategy, and Asset Management Plans. Figure 6 shows the relationship between the Infrastructure Strategy with other Council Plans and Policies interlinking with this document.



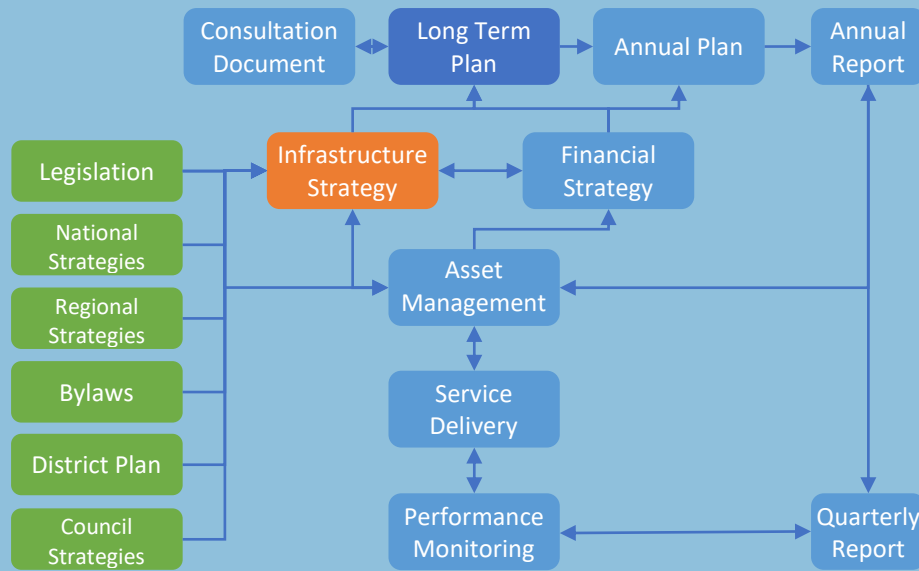


Figure 6 - Infrastructure Strategy - Relationship to Other Documents

### Asset Management Plans

The key documents underpinning the Infrastructure Strategy are the Asset Management Plans (AMPs) covering Transportation and the three waters – water supply, wastewater and stormwater. These AMPs integrate management, financial, engineering and technical practices to ensure that the level of service required by customers is provided effectively and efficiently. This requires taking a whole-of-life approach to asset investment planning, procurement and delivery. Capital works identified in the Water Safety Plans for Kāwhia and Ōtorohanga townships are reflected in the Water Supply AMP, and the Water Safety Plans are the living document that staff use on a day-day basis to manage operational risks.

Managing our assets over their full life requires us to take an integrated long-term approach based on good underlying data about our assets and to:

- Optimise the way in which we operate, maintain, renew or replace our assets.
- Ensure our infrastructure meets the needs of current and future generations in an affordable way.
- Ensure that future generations are not disadvantaged by decisions made by Council in the short term.
- Ensure that risks to service levels and public safety are acceptable.

Council has updated the Asset Management Plans as part of preparing the 2021-2031 LTP. Areas of specific focus for the updates included; ensuring relevant levels of service and service performance measures, assessing performance, identifying new key risks and significant issues. This work has led to the identification of the current and future asset requirements, and the financial forecast for capital (renewals and new capital projects), and operational expenditure for each asset group.

The intention of the summary pages within the AMPs and this Infrastructure Strategy is to enable residents and stakeholders to see at glance what work is proposed, and why. This aligns with Councils Significance and Engagement Policy. Once these documents have been approved as part of the LTP cycle, contractors and the Infrastructure Commission should be able to refer to the forecast works as part of preparing their pipeline of work.

## Strategic Context

### District Overview

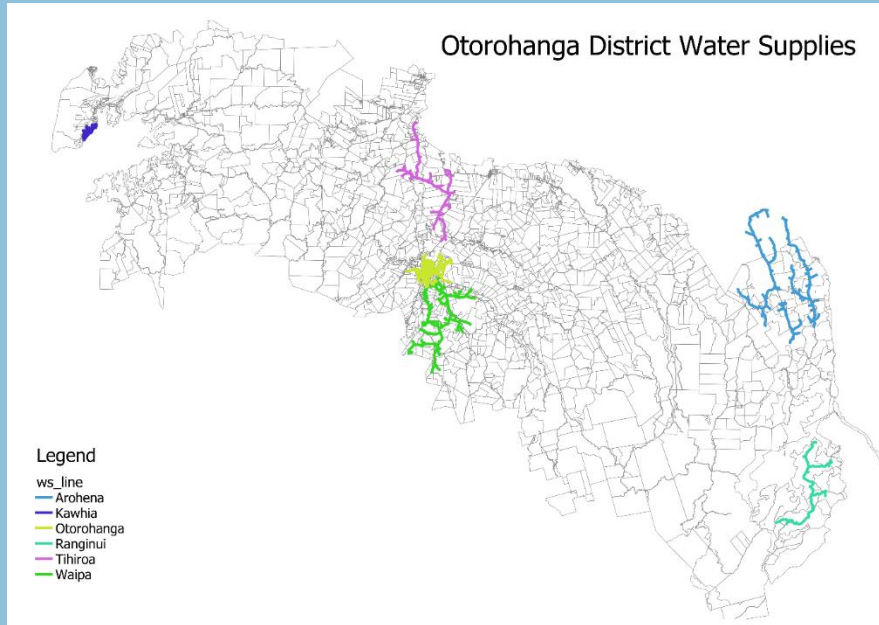


Figure 7 - Ōtorohanga District Water Supplies

Located in the southern half of the Waikato Region, Ōtorohanga District spans 197,600 hectares - from Kāwhia Harbour in the West, through to the Waikato River in the East.

The topography of the district is diverse – including highly productive dairy and finishing farmland, extensive hill country, ocean beaches, native bush, river valleys and protected harbours.

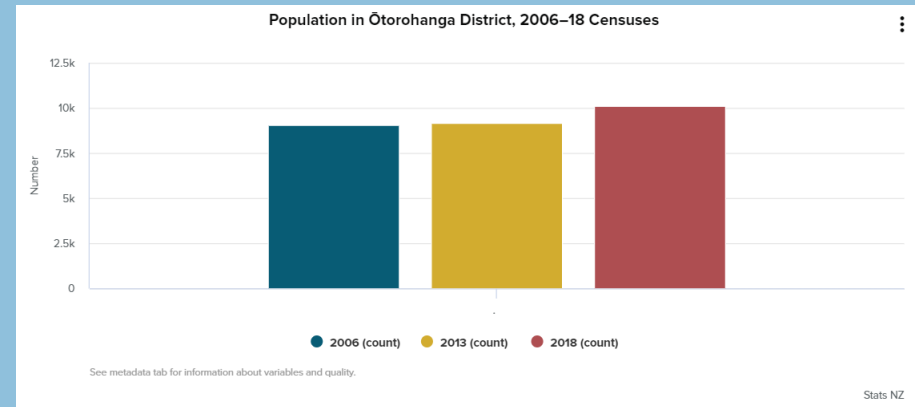


Figure 8 - Population in Ōtorohanga District, 2006-18 Censuses

Since 2006, the District population has been steadily increasing, relatively evenly split between rural and urban. Based on the 2018 census, 10,104 are usually resident in the District, of which 3027 (30%) are in Ōtorohanga town.

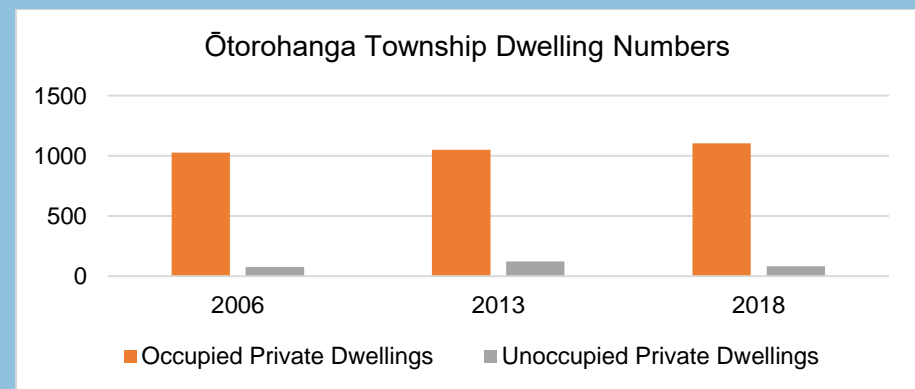


Figure 9 - Ōtorohanga Township Dwelling Numbers

In the period 2013-2018, the total number of occupied dwellings in the Ōtorohanga Township grew by 5.1%.

According to the 2018 Census, only 78.4% of the District’s population have access to the internet, which is significantly less than the New Zealand figure of 86.1%. Increasing internet coverage is an opportunity to increase economic productivity.

The dominant industry is agriculture along with relevant service industries. Central Government is also a significant contributor to the District and Regional economy mainly through the Waikeria Prison facility.

The top four industries by GDP in the District are:

1. Dairying \$160.6 million (27.6%)
2. Central Government \$52.8 million (9.1%)
3. Sheep, Beef and Grain \$32.2 million (5.5%)
4. Property/Real Estate \$24.9 million (4.3%)

There is scope for these figures to increase with:

- Construction of the Waikeria Prison expansion to provide a new 500-bed unit, on track for completion in 2022. This facility is to the north of Ōtorohanga and the Districts comparably low land values (against neighbouring Waipā District), would have appeal to the new permanent workforce.
- Happy Valley Nutrition Dairy Factory proposed opening in August 2023.
- Nova Energy’s proposed Power Plant on Kāwhia Road with the required Resource Consents issued by Commissioners for both District and Regional Council.

Agriculture, retail trade, manufacturing, farm servicing, health and education services make up the bulk of employment. Cottage industries and home occupations are common.

Prior to COVID-19, tourism equated to about 3% of the district’s economy, and was expected to increase as improvements occur to

Raglan Road, (as part of the region’s Wild West Coast Discovery itineraries), for use by tourist buses, rental cars and campervans, along with the internationally known Waitomo Caves facilities. Whilst international tourism is expected again, once the COVID-19 vaccinations are in place with new border protocols, any growth from this sector is not a driver for projects within the next 10 years.

### Council Overview

Ōtorohanga District Council is the local territorial authority for the District with the purpose:

- a) *To enable democratic local decision-making and action by, and on behalf of, communities; and*
- b) *To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.*

Maintenance of core infrastructure (such as local roads, water supply, wastewater and stormwater) that is fit for purpose and resilient, is a statutory function of Council. These activities account for the largest portion of Ōtorohanga’s annual operating and capital expenditure which is funded through a combination of co-investment by Government, rates and charges on developments. These services and associated infrastructure provided by the Council protects public health by providing clean drinking water and treating and disposing of wastewater appropriately. It enables goods and people to move around the district, contributing to the economy and facilitating social interaction. It ensures that homes and businesses have reduced risk of flooding, and it is at the heart of the recovery following a natural disaster.

Planning and delivering infrastructure is a balance between providing for growth and levels of service sought by ratepayers and visitors, meeting changing regulatory environments, whilst ensuring financial prudence for ratepayers. Once in place, these assets incur operating, maintenance and renewal costs that communities are



committed to fund for many years to come. Planning for future infrastructure needs to be considered with a long-term view in mind.

**Vision and Objectives**

The district vision for the 2021–2031 LTP is:

**Ōtorohanga - Where kiwi can fly**

**A Dynamic, Inclusive and Unique District**

Early engagement as part of the LTP project (Ōtorohanga 2050) resulted in community feedback indicating that it was time for the Council to invest for the future, and move from an austerity focus to one of vibrancy. This will involve investing in community places and spaces, as well as lifting the performance of Council’s three waters infrastructure.

Council identified the following outcomes that will guide activities to promote the wellbeing of our community, and the function and performance of our assets and infrastructure:

Diverse	Thriving	Responsible
Knowledgeable	Enduring	Vibrant
Prosperous	Passionate	Innovative
Sustainable	Resilient	Supportive
Empowered	United	Welcoming
Liveable	Engaged	Aspirational
Proud	Progressive	Connected



**Community Wellbeing**

Whilst much of Council’s focus and investment will remain on managing and delivering core infrastructure services effectively and efficiently, increased emphasis will be placed on the wellbeing outcomes resulting from the services, as well as other services previously less prioritised where they contribute highly to social, environmental, cultural, and/or economic wellbeing of our community.

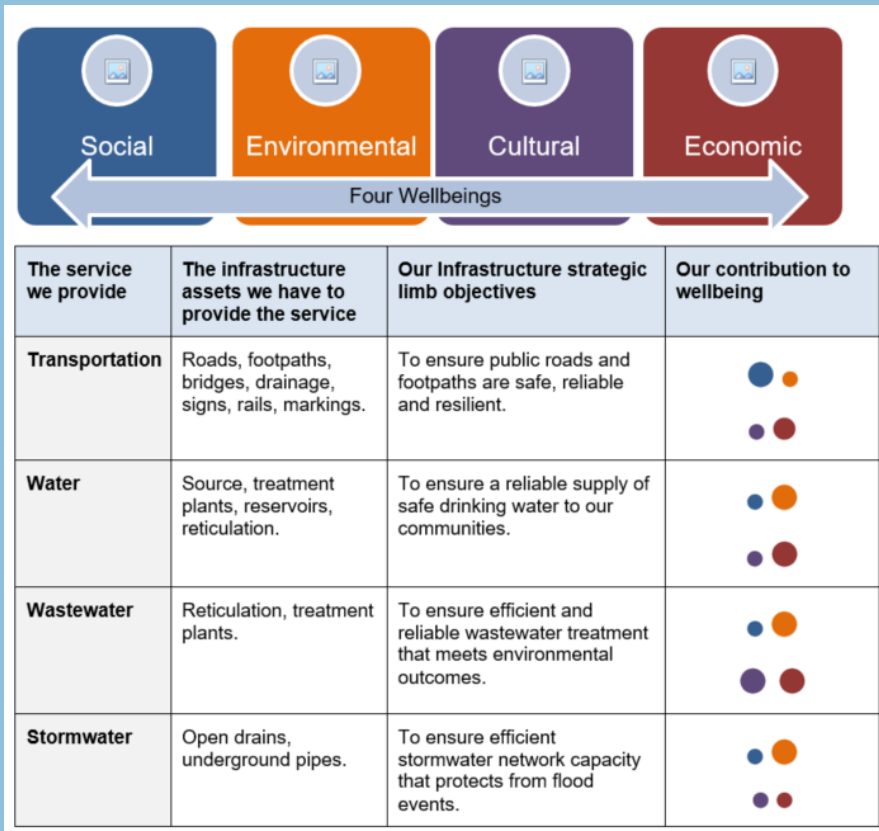

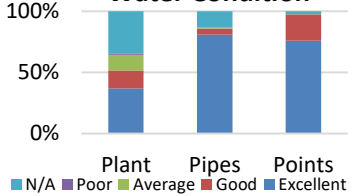


Figure 10 - Four Wellbeing Outcomes Resulting from Services

## Infrastructure Summary

### Water

<b>Aim</b>	<b>To provide a reliable, compliant and cost-effective supply of safe, potable water in reticulated communities.</b>						
<b>Goals</b>	Council provides a reliable water supply.	Council provides water at a consistent volume.	Water looks and tastes good.	Interruptions to supply are minimised.	Water provided is safe to drink.	Council is responsive to issues relating to water supplies.	Wastage of water is minimised.
<p><b>Schemes:</b></p> <ul style="list-style-type: none"> <li>• Ōtorohanga / Waipā</li> <li>• Tihiroa</li> <li>• Kāwhia</li> <li>• Kahorekau</li> <li>• Huirimu</li> <li>• Taupaki</li> <li>• Ranginui (stock only)</li> </ul>	<p><b>Replacement Value: ~\$31M</b></p>  <p>■ Plant ■ Pipes and Points</p>			<p><b>Condition:</b></p> <p style="text-align: center;"><b>Water Condition</b></p>  <p style="text-align: center;">■ N/A ■ Poor ■ Average ■ Good ■ Excellent</p>			
<p><b>Service Level Performance:</b> Require upgrades to meeting Drinking Water Standards and 24-hours monitoring requirements. Fees per unit of water supplied vary significantly between schemes and limited number of connections per scheme limit affordability for level of service improvements.</p>			<p><b>Customer Requests:</b> During the LTP early engagement, residents of Ōtorohanga requested improvements to taste and odour. This links with the activated carbon and coagulation improvements included within budgets.</p>		<p><b>Compliance:</b> 2019-20 Annual Drinking Water Assessment report compliments Council on improved compliance, seeks further work on Protozoa monitoring across schemes and additional risk barriers for Rural Water Schemes. Council has funding in first three years of 2021-31 LTP to address this.</p>		
<p><b>Context:</b> With respect to the Three Waters reforms, Council has resolved to proactively upgrade water treatment plants to meet the new standards, and the Kahorekau Rural Water Scheme will be upgraded as a pilot for similar rural supplier networks in partnership with the new national Water Regulator - Taumata Arowai. Whether the costs for service should be through district-wide rating, rather than the current scheme by scheme, may be considered in the future depending on the Three Waters reform timing, to reflect the need for affordability, as the investment is close to \$3m. More storage is proposed, (Ōtorohanga has 1.3 days currently), as part of building resilience and adapting to climate change where more droughts are likely to impact stream takes. Through 2020-21, Council is assessing whether it is more cost effective to increase storage of harvested raw water, or treated, recognising that further automation and analytical equipment is needed to deal with variability in raw water currently.</p>							

*Figure 11 - Water Infrastructure Summary*



### Wastewater


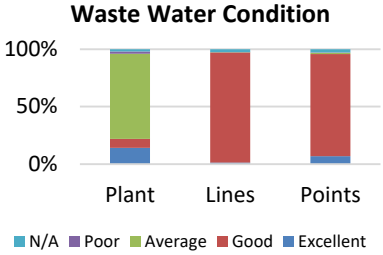

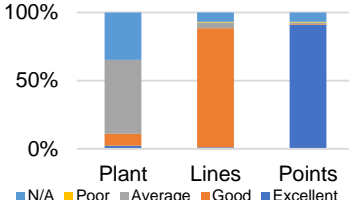
<b>Aim</b>	<b>To provide compliant and reliable wastewater system that protects people’s health and our environment for the urban area of Ōtorohanga (and potentially Kāwhia).</b>																											
<b>Goals</b>	A reliable wastewater service.	Risks to public health and environment are minimised.	Council responds quickly to customer complaints.	Council services meet customer expectations.																								
<b>One scheme:</b> <ul style="list-style-type: none"> <li>• Ōtorohanga</li> </ul>	<p><b>Replacement Value: ~\$16M</b></p>  <p>■ Plant ■ Pipes and Points</p>		<p><b>Condition:</b></p>  <table border="1"> <caption>Waste Water Condition Data</caption> <thead> <tr> <th>Category</th> <th>N/A</th> <th>Poor</th> <th>Average</th> <th>Good</th> <th>Excellent</th> </tr> </thead> <tbody> <tr> <td>Plant</td> <td>0%</td> <td>0%</td> <td>~70%</td> <td>~10%</td> <td>~10%</td> </tr> <tr> <td>Lines</td> <td>0%</td> <td>0%</td> <td>0%</td> <td>100%</td> <td>0%</td> </tr> <tr> <td>Points</td> <td>0%</td> <td>0%</td> <td>~10%</td> <td>~80%</td> <td>~10%</td> </tr> </tbody> </table>		Category	N/A	Poor	Average	Good	Excellent	Plant	0%	0%	~70%	~10%	~10%	Lines	0%	0%	0%	100%	0%	Points	0%	0%	~10%	~80%	~10%
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Lines	0%	0%	0%	100%	0%																							
Points	0%	0%	~10%	~80%	~10%																							
<p><b>Service Level Performance:</b> No abatement or infringement notices received. Work to improve environmental compliance included within 2021-2022 budgets. In the 2019/20 year three dry weather sewer overflows took place as a result of equipment failure and an external contractor drilling into a sewer main.</p>		<p><b>Customer Requests:</b> During the LTP early engagement, residents did not request any improvements to the wastewater system. There is adequate capacity for residential growth enabling subdivisions to proceed, however, additional monitoring recommended for Trade Waste.</p>		<p><b>Customer Satisfaction:</b> General customer satisfaction with the wastewater system in Ōtorohanga is high with very low numbers of complaints received. Total complaints received in 2019/20 were:</p> <ul style="list-style-type: none"> <li>• 4x Sewer Odour.</li> <li>• 3x Sewerage System Faults.</li> <li>• 9x Sewerage System Blockages.</li> </ul>																								
<p><b>Context:</b> Ōtorohanga has a discharge permit to water expiring in 2037. Renewal of the consent covering disposal to land is underway, prior to expiry on 30/11/2021. There is limited knowledge of the in-pipe condition of our wastewater reticulation and it is proposed to CCTV key pipes across the network in the 1<sup>st</sup> three years of the LTP. This data will feed into the refinement of the flow model, to predict where pipe capacities should be increased to cater for growth in Ōtorohanga as part of a renewal programme. Towards the end of the 2021-31 LTP, Council will set up a project for renewal of the Discharge Consents that will include assessment of land areas needed for future growth. As part of the Tranche 1 of the Three Waters reform funding, Council will investigate the design of a reticulated wastewater system in Kāwhia to replace aging septic tanks and reduce E. coli risk to the valuable coastal environment. Standby generation capability for pump stations is expected to be complete in 2021, and over the next 10 years, Council will consider adding solar panels systems to partially offset the carbon footprint of this activity.</p>																												

Figure 12 - Wastewater Infrastructure Summary

## Stormwater

<b>Aim</b>	<b>To provide protection of the community's property from flooding by providing systems that enable stormwater to dissipate as quickly as practicable.</b>		
<b>Goals</b>	Affordable protection for urban community assets, commercial properties and habitable dwellings from flood events.	A reliable stormwater network.	Council ensures quality and efficiency of the stormwater network.
<b>Schemes:</b>	<p><b>Replacement Value: ~\$13M</b></p>  <p>■ Plant ■ Pipes and Points</p>	<p><b>Condition:</b></p> <p style="text-align: center;"><b>Stormwater Condition</b></p>  <p>■ N/A ■ Poor ■ Average ■ Good ■ Excellent</p>	
<b>Service Level Performance:</b>	<b>Customer Requests:</b>	<b>Customer Satisfaction:</b>	
<p>Annual assessment against resource conditions shows high level of compliance.</p> <p>No flooding events occurred in the which either property or habitable floors were affected.</p>	<p>During the LTP early engagement, residents did not request any improvements to the stormwater system.</p> <p>As in-fill housing and 'upstream' development occurs, residents expect Council to ensure these developments 'attenuate' stormwater flows to that of pre-development.</p>	<p>Three complaints about stormwater were received in 2019/20.</p>	
<p><b>Context:</b></p> <p>Significant flooding of Ōtorohanga Township last occurred in 1958 during a one in 100-year rainstorm, with flood banks built following that event. Localised heavy rainfall events have impacted the rural network causing washouts, slumps, and occasionally impacting bridging which forms part of the transportation assets. Currently there are no recorded issues with stormwater entering houses, and there are infrequent service requests relating to ponding in backyards, streets and some commercial areas. Inlet grills at Environment Waikato-owned Pump stations avoid the need for gross pollutant traps on point source discharges into the Waipā River, and these pump stations have connections for standby generators following lessons learnt from the South Dunedin flooding. Council has a practice of upgrading culverts in the urban area by one size as they are renewed, to increase flow capacity. Catchment modelling is planned to understand the combined impact of climate change, including sea level rise in the coastal urban areas coinciding with a significant rain storm event, and enable informed decisions on network priorities. This is proposed within the 2021-31 LTP. There are stormwater management plans in place for Ōtorohanga and Kāwhia, in accordance with discharge consents that expire in 2022 and 2023 respectively, and Council intends to renew these.</p>			

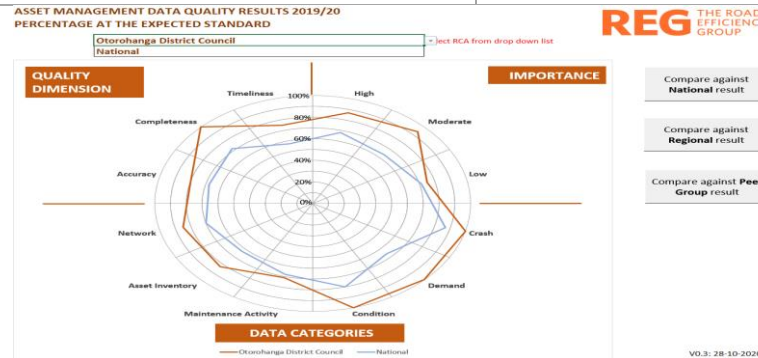
*Figure 13 - Stormwater Infrastructure Summary*

### Transportation

Council co-funds in partnership with the NZTA, the maintenance and upgrading of 804km of local roads, of which 526km are sealed.

These roads have low volumes of traffic ranging from 3,150 to 10 vehicles per day.

Aim	<b>To provide a safe and efficient road network that meets the short and long-term needs of the District at the lowest overall whole of life cost.</b>			
Goals	Council ensures roads are safe for all users.	Requests are responded to in a timely manner.	Council ensures quality of roads and safety of users.	Council ensures that all roads remain available to users.
<b>Asset Summary:</b>		<b>Replacement Value:</b>		
Sealed Roads	526 km	Formation	\$102,125,940	
Unsealed Roads	268 km	Sealed Road Surfaces	\$50,380,182	
Bridges and Underpasses	215 total	Sealed Pavement Layers	\$16,601,044	
Culverts	70 km	Unsealed Pavement Layers	\$23,297,119	
Kerb and Channels	42 km	Bridges	\$47,634,367	
Surface Water Channels	820 km	Drainage	\$35,733,062	
Footpath	35 km	Footpath	\$5,914,576	
		Railings	\$1,190,848	
		Marking	\$332,058	
		Signs	\$868,153	
		Street Lighting	\$755,784	
		Land	\$45,044,378	
		<b>TOTAL</b>	<b>\$329,877,511</b>	



**Context:**

Rural roads are showing an increase in defects such as shoulder shoves, edge break and flushing, created by low strength pavements, lack of shoulder to support opposing vehicles especially trucks, and potentially some maintenance practices. To improve safety, Council intends to review speed limits and progressively widen roads as part of renewals where subsidy is obtained.



## Key Infrastructure Risks & Assumptions

### Overarching Risks

There are numerous risks that could impact the Ōtorohanga District’s infrastructure. A summary of our risks and assumptions that will be reviewed on an annual basis, as part of the Annual Plan process is shown below:

#### Affordability

<b><u>Risk:</u> Upgrading and maintaining core infrastructure dependent on co-investment from Central Government</b>			
<p>Subsidies and grant funding received from Central Government departments are crucial to Council delivering expected service levels. A reduction in this funding would have significant financial impacts. This could result in increased rates and/or loan funding, on the feasibility and/or timing of works, and/or a reduction of service levels.</p> <p>The Ōtorohanga District is geographically large but has a small and dispersed population. This lack of scale creates challenges in terms of delivering the service levels expected by our communities and wider stakeholders whilst maintaining affordable rates. Our population is also ageing and, over the next 30 years, we will have more residents with fixed incomes who may be less able to absorb the costs of requested level of service upgrades, such as providing wider and more footpaths in urban areas.</p> <p>Whilst Council is efficient in maintaining the significant lengths of rural roads critical to farm productivity, the new three-year allocation by NZTA is less than sought, to enable NZTA to increase co-investment into Councils with deteriorating networks. This “sweating of the assets” on rural networks is high risk as the roads have little resilience to major damage from heavy trucks once core maintenance is reduced. Council will continue advocating for a higher co-investment rate to enable road shoulder improvement works and road strengthening.</p> <p>Council has signed up to Tranche 1 of the Central Government Three Waters reform package, and will use this co-funding to advance upgrading of treatment plants and reduce risks to supply networks.</p>			
<b>Level of Uncertainty</b>	Low	<b>Level of Impact</b>	High
<b><u>Risk:</u> Depreciation based on predicted life and valuations</b>			
<p>Replacement of roading and three waters infrastructure after the Christchurch earthquakes, Kaikoura earthquake, and other civil defence emergencies, has shown the cost to reinstate is often significantly higher than the values used for depreciation.</p> <p>Presently, the depreciation of assets is largely based on the estimated asset replacement cost for their expected remaining useful life. There is a risk that asset replacement costs are underestimated due to variability in ground conditions or asset location, and/or if assets deteriorate faster than expected.</p> <p>Meeting new compliance standards for replacement assets also adds to this future cost.</p> <p>For Council to avoid a significant renewal funding shortfall, it will use the programmed CCTV of pipes and lessons from the three waters national asset information exercise in 2020 to reassess values. These figures will also be communicated to Council insurance brokers. In the interim, if loan funding is required to top-up programmed renewal project budgets to reflect actual costs, Council could handle this within the scope of the 2021-31 LTP.</p>			
<b>Level of Uncertainty</b>	Low	<b>Level of Impact</b>	Medium

### Asset form, age and condition

<b>Risk: Asset Renewal programme needs “smoothing” to remain prudent</b>			
<p>The CouncilMARK review highlighted Council’s infrastructure is aging, and significant renewal investment will be required over the next 30 years, to prevent impacts on service levels. “Smoothing” of the long-term capital programme has been used within this Infrastructure Strategy to limit variability in rating increases and provide consistent work volumes to the contracting sector.</p> <p>Whilst we have good knowledge on roading and water assets, the wastewater and stormwater networks, along with Council-owned buildings, have scarce up-to-date information on critical weaknesses. Additional work to CCTV these assets and identify critical weaknesses is included in the LTP budgets. However, if financial modelling assumptions over the next 30 years are incorrect, there may be a shortfall in depreciation reserves resulting in increases to rates and/or loan funding, and reduced service levels.</p> <p>Council is confident its low debt levels would allow it to loan fund critical work if needed, and still leave headroom in its financial policies.</p>			
<b>Level of Uncertainty</b>	Medium	<b>Level of Impact</b>	High
<b>Risk: Lack of resilience in network layout</b>			
<p>The relatively simple layout and designed capacity of our core infrastructure networks has vulnerabilities. Risks in layout includes reliance on single major pipes where failure would have a wide and prolonged impact on the town being served. CCTV inspections have been programmed in the LTP to assess the condition of these aging pipes and prioritise replacement, which is expected to drive significant capital investment needs to bring the infrastructure in line with modern day standards</p> <p>For areas such as Kāwhia, loss of the single State Highway servicing the community would create major costs and disruption. With increasing storm impacts, and some areas of the local roading network being ‘retreated’ from under-slips, Council is reliant on the maintenance contractors keeping drainage assets such as culverts and drainage channels clear of obstructions.</p>			
<b>Level of Uncertainty</b>	Low	<b>Level of Impact</b>	Medium

## Environmental impacts

<b><u>Risk: Compliance with Resource Consents for abstraction or point discharges</u></b>			
<p>Council holds discharge consents for their three waters activity issued by Waikato Regional Council. These consents require up to date management plans and reporting on an annual basis. There is limited resource to actively monitor and report on the conditions of these consents – and any consent renewals for water abstraction or discharges are expected to be granted with increased conditions and restrictions.</p> <p>An additional staffing resource is budgeted in the LTP to proactively monitor then report on consent compliance.</p>			
<b>Level of Uncertainty</b>	Medium	<b>Level of Impact</b>	High
<b><u>Risk: Climate Change</u></b>			
<p>Our district is vulnerable to natural disasters, primarily weather related such as storm events and flooding. These events can cause significant damage to infrastructure and disruption of service. Due to the number and severity of these events in New Zealand over the last decade, insurance is becoming increasingly difficult to obtain at an affordable level.</p> <p>The work to CCTV more of the piped assets, identify critical weaknesses, and develop a programme over the life of the 2021-31 LTP is intended to help Council and insurers agree on the level of risk and cover required.</p> <p>We expect that our district will be affected by long-term climate change, as per predictions advised by Central Government agencies. While the long-term trend of rising temperatures and more frequent intense weather events is reasonably certain, the short to medium term impacts are less certain. With our GDP reliant on the primary sector doing well, the recent NZ wide 2020 drought and localised flooding events have a lasting impact on the level of spend in this sector. More frequent severe weather events cause significant damage to infrastructure and service disruption, placing additional pressure on resources and funding.</p>			
<b>Level of Uncertainty</b>	Medium	<b>Level of Impact</b>	High

## District growth

<b>Risk: Catering for growth</b>			
<p>Growth impacts include how additional lots will be serviced and managing the levels of service to existing units, the types of assets vested to Council that are built by third parties, and forecasting when significant additional capacity is required in headworks or arterials.</p> <p>Statistics NZ show from 2006, there has been sustained growth, reversing the impacts of decades of decline or minimal growth. Councils growth since 2018 has been 2% per year, and this is expected to continue for the first ten years of the LTP. The 2013 LTP high growth forecast projected a population of 12,300 by 2043, and the 2020 population estimates support this scenario. If Ōtorohanga grew by approximately 160 extra households based on current subdivision activity over the next five-six years, this level of growth can be sustained without significant upgrading of assets.</p> <p>For example, water meter installation reduced daily demand, such that Ōtorohanga now consumes 25% less water today than it did in 2001. This gives confidence there is adequate capacity for expected growth in the next 10 years. The issue is the capability of the treatment plants to meet current and proposed regulatory standards. For years 1-3 of the LTP, Council proposes accelerating its Capital Programme by \$8 million per year, and the bulk of capital funding for level of service improvements such as water treatment plants or design of increased storage is via Tranche 1 of the Central Government Three Waters reform.</p> <p>Council has very low debt levels enabling it to manage this predicted demand in the next 10-year window. The financial impact of growth after this initial 10-year period is dependent on decisions such as the Government’s Three Waters reform, accepting the local government rating model does not generate sufficient funding in rural Councils with low ratepayer numbers to sustainably achieve the level of service sought by Central Government across all reticulated water supplies.</p> <p>Continued co-investment by the NZTA at the same or similar levels of subsidy is required to enable Council to cater for expected growth on its roading network. The national request to review and lower speed limits on rural roads would mostly offset any travel time delays caused by increasing numbers of heavy or slower vehicles.</p> <p>Changing technology to reduce emissions, such as less reliance on internal combustion engines, is likely to generate requests for additional facilities such as charging stations in urban areas, and associated streetscapes to accommodate this. Council intends to work with the Energy Efficiency and Conservation Authority (EECA) to subsidise installation of Electric Vehicle charging stations.</p> <p>Development assets to be vested in Council post construction are covered under the regionally consistent engineering documents:</p> <p><a href="https://waikatolass.co.nz/shared-services/regional-infrastructure-technical-specifications/documents/">https://waikatolass.co.nz/shared-services/regional-infrastructure-technical-specifications/documents/</a></p>			
<b>Level of Uncertainty</b>	Low	<b>Level of Impact</b>	Medium
<b>Risk: Changing rural land use</b>			
<p>Increasing land use change will lead to requests for level of service improvements to roading, stormwater and water.</p> <p>Nationally led productivity improvements for freight trucks, have resulted in Fonterra and many of the national trucking companies in other sectors using 50 max (50 tonne maximum weight rather than 44 tonne), High Productivity Motor Vehicles (HPMV). It is expected that increased light traffic growth on rural roads will lead to more conflicts between these '50 max' trucks and light vehicles due to narrow sealed road widths, resulting in more requests for shoulder widening and/or better sight lines. On rural roads, the data for road defects such as shoulder shoving, edge break and flushing, are beginning to trend upwards. This increased deterioration of roading, will require more maintenance investment needs and advancing renewal timeframes.</p> <p>The proposed Water Services Bill has introduced clear duties on drinking water suppliers, and without substantive upgrades, the current Rural Water Schemes are non-compliant for lifestyle block owners to connect to for drinking water.</p>			
<b>Level of Uncertainty</b>	Low	<b>Level of Impact</b>	Medium



### Legislative change

<b>Risk: Legislative Change</b>			
<p>Legislative changes are increasing required standards and compliance, especially with regard to fresh water. The National Policy Statement for Freshwater Management and Environment Waikato's Regional Plan are expected to create financial and infrastructure impacts on Councils consents for water take and wastewater discharges.</p> <p>Renewed consents are expected to have more stringent and expanded conditions resulting in major investments to meet conditions. The length of consent renewals could be reduced to 10 years or less. This would result in the need to budget for many more renewal processes.</p> <p>Changing regulations and compliance as part of improving fresh water quality may limit some forms of intensive farming, with a general reduction in farming income. This could have a major impact on the district economy, and the ability to pay rates over time.</p> <p>Planned reform of the Resource Management Act is also likely to have impacts in terms of planning and consenting of core infrastructure activities, however this is currently unknown.</p> <p>Initiatives such as the Carbon Neutral Bill are likely to require Council to proactively reduce its emissions. There are limited options to significantly reduce this carbon footprint, for example adding solar panels and LED lighting to Council buildings to offset energy demands. Council is well advanced on converting street lighting to LED.</p>			
<b>Level of Uncertainty</b>	Medium	<b>Level of Impact</b>	High
<b>Risk: Potential review of who provides core services such as roading, three waters and District Planning</b>			
<p>Local government management of core infrastructure is the subject of ongoing reviews by Central Government. The One Network Framework project led by NZTA and Local Government New Zealand, and the Department of Internal Affairs led Three Waters reform project, are examples of industry change that will impact the way our services are delivered. It is uncertain how, and to what extent, the proposed Three Waters reforms will take effect. This is not expected to be resolved by 30 June 2021.</p>			
<b>Level of Uncertainty</b>	Medium	<b>Level of Impact</b>	High

### Regional projects

<b>Risk – Attracting the appropriate contract resource against regional demand</b>			
<p>With the government allocating \$761 million across NZ as part of Tranche 1 Three Waters reform, and \$3 billion investment into Shovel Ready projects post COVID-19, all Councils are aware of potential delivery constraints created by limited skilled project delivery partners and ambitious project deadlines. This is expected to place increased demand on our supply chain partners and associated construction resources such as staff, materials (e.g. aggregate and concrete), and machinery, resulting in increased costs and possibly, the inability to complete projects within expected timeframes.</p>			
<b>Level of Uncertainty</b>	Low	<b>Level of Impact</b>	Medium

## Activity Level Risks

The following tables set out the significant issues for each type of infrastructure. A high-level summary on the implications of the issues and Council’s suggested response is included against each issue.

### Water

	<b>Compliance</b>
<b>Significant Risk</b>	<p>Our District includes multiple small towns and communities each with their own water schemes. The low number of ratepayers relative to the number of schemes creates challenges in terms of delivering a safe and reliable service that is affordable to our ratepayers. The proposed Drinking Water Services Bill creates significant new penalties on water suppliers such as Council, along with clarifying duties to ensure safe drinking water on any schemes, (regardless of ownership), within the district.</p> <p>Our water supply schemes require additional treatment barriers to comply with Drinking Water Standards NZ (DWSNZ) 2005 (revised 2018).</p>
<b>Proposed Mitigation</b>	<ul style="list-style-type: none"> <li>Review of the towns and villages and assessment of possible addition, disposal and/or amalgamation of schemes reflecting the proposed Central Government Three Waters reform that any reticulated drinking water complies with NZ Drinking Water Standards.</li> <li>Clarify ownership of Rural Water Schemes (RWS) with RWS Committees’ to ensure appropriate monitoring and risk barriers are in place for these schemes acknowledging Council holds the water abstraction consents.</li> <li>Over the next four years, Council intends to upgrade treatment plants to meet the new Drinking Water Standards to enable a seamless transition to any new service delivery agency established by Central Government.</li> </ul>
<b>Implications</b>	<p>Increasing compliance requirements are also resulting in additional operational cost and, in some networks, capital investment.</p> <p>Upgrading of the rural schemes to comply with the NZ Drinking Water Standards will create large differences in cost per cubic metre of water supplied. If users sought equitable charging, this would require Council to implement district wide charging, rather than by scheme.</p> <p>Rural Water Schemes do not have approved Water Safety Plans in place, which will be required to demonstrate appropriate risk management is in place to meet the NZ Drinking Water Standards.</p> <p>Increasing plant complexity will require more trained staff to competently optimise plant and equipment.</p> <p>The DWSNZ 2005 (revised 2018), were put in place to improve the quality of drinking water and public health. If we do not undertake this programme of work, our communities will not benefit from improved quality of drinking water or enhanced public health. However, whilst we can control the quality of water at the point of supply, how residents supplement that source means the risk of becoming ill from waterborne illnesses is not completely eliminated.</p>
	<b>Ability of network to function</b>
<b>Significant Risk</b>	<p>The majority of our water supply schemes are serviced by a single supply main pipeline in the road corridor. This means that these water supply schemes are vulnerable to asset failure or damage resulting from the work undertaken in the road corridor.</p>
<b>Proposed Mitigation</b>	<ul style="list-style-type: none"> <li>Regular maintenance, renewal and replacement of our water supply assets to ensure that they continue to deliver service.</li> </ul>

	<ul style="list-style-type: none"> <li>We are taking resilience into account in our discussions about how we develop and replace our infrastructure to ensure ring-fed supplies and reduce risk of sustained water outages.</li> <li>An additional management option for the conservation of the water resource that Council will need to consider is the use of on-site storage tank attached to new or existing dwellings where these tanks are dedicated to, either treated water provision, or non-potable supply for gardens and ancillary usage.</li> <li>Renewals consider the need for additional hydrants or valves to enable us to service residential and business growth, along with enabling ring-fed mains where practical.</li> </ul>
<b>Implications</b>	<p>There is a risk of communities being without water services, which are an essential service for drinking water, firefighting capability, as well as stock water. This may result in health, safety and welfare risks if there are major water outages.</p> <p>Adding hydrants and additional valves increases resilience, yet adds costs to overall projects. This means renewal projects may require capital funding as 'level of service' improvements, as well as using depreciation reserves.</p>
	<b>Ability of network to function #2</b>
<b>Significant Risk</b>	The impact of infrastructure failure due to natural hazards has been highlighted by the Canterbury earthquakes. Our water supply and wastewater networks are the most vulnerable of all our infrastructural assets to seismic risk.
<b>Proposed Mitigation</b>	<ul style="list-style-type: none"> <li>We use modern (more flexible) materials when renewing water pipelines so that there is less likelihood of brittle failure.</li> <li>Bulk mains from water reservoirs will be assessed for feasibility of installing auto-shut valves. These valves are designed to close on high flow, and may be triggered by earthquake triggers, and/or high flow from pipe breaks resulting from ground movement or contractors striking the mains.</li> <li>We provide robust asset information through WLASS to insurers to ensure adequate cover in case of widespread seismic damage.</li> </ul>
<b>Implications</b>	In the event of a natural disaster, our communities may be without water services for a significant period. This may result in health and safety risks with limited or no drinking water, as well as firefighting capability. Regionally, we support the Civil Defence message that residents should ensure they have three days drinking water safely stored.
	<b>Environmental Impacts</b>
<b>Significant Risk</b>	<p>Increases in long dry periods will put significant pressure on our already stretched summer water supplies, especially where increased treatment processes will require more frequent backwashing.</p> <p>It is expected that minimum flow restrictions on surface water takes will require more bulk suppliers, such as Council, to install bulk raw water storage in the future.</p> <p>With water meters already installed on urban supplies, this has provided capacity for growth in the next 10 years without the need for increased abstraction limits.</p>
<b>Proposed Mitigation</b>	<p>Our key actions include:</p> <ul style="list-style-type: none"> <li>Sound leakage management practices are in place to ensure water loss is minimised between fault occurring and being located.</li> <li>We will investigate moving to more 'internet of things' water meters to provide users with real time information on their usage, especially large volume users on the rural schemes that are approaching abstraction consent limits.</li> <li>We will explore options for additional / alternative water storage to reduce our impact on fresh water sources when stream levels drop.</li> </ul>

<b>Implications</b>	Water restrictions in the summer period may be required. We have sufficient capacity in our water take consents to attract development into our District.
	<b>District Growth</b>
<b>Significant Risk</b>	Increasing urban, (and fringe urban), development is expected to place increased pressure on the capacity of our existing water supply networks. This can also result in pressure on Council to extend existing networks so that these developments can connect to town water supply.
<b>Proposed Mitigation</b>	To ensure the continued affordability of our water supply networks, our current approach is: <ul style="list-style-type: none"> <li>• To encourage utilisation of existing infrastructure where existing capacity allows.</li> <li>• Limit extending existing networks beyond our existing supply boundaries (e.g. encourage onsite collection and treatment as the first option).</li> <li>• Conduct assessments as per LGA 2002, before committing to installing new services in areas which are currently un-serviced.</li> <li>• We are currently developing our District Growth Strategy and plan to review our District Plan, for which these approaches will be reviewed.</li> </ul>
<b>Implications</b>	Extending our reticulated systems could have major cost implications, and the priority for limited funding is increasing compliance with mandatory standards, then capacity, then connections. However, increasing the number of users connected would help aggregate these costs. Whilst there is capacity for residential growth and some business, a new major wet industry may mean we need additional water sources to meet demand.

## Wastewater

	<b>New Schemes need funding</b>
<b>Significant Risk</b>	Whilst Ōtorohanga has a land-based wastewater treatment system, there is a need to proactively consider Kāwhia Harbour, which is reliant on individual septic tanks. More demanding treatment requirements will over time, impact on communities' ability to pay for wastewater, and consent renewals are expected to be required more often (shorter consent periods).
<b>Proposed Mitigation</b>	<ul style="list-style-type: none"> <li>• Obtain preliminary design and cost for Kāwhia Harbour urban area as part of Council's Tranche 1 funding agreement with Department of Internal Affairs.</li> <li>• As part of community consultation, note the need for Central Government support to deliver the social, economic, environmental, and cultural outcomes in a sustainable development approach.</li> <li>• Consider purchasing more land area for Ōtorohanga wastewater treatment disposal to enable growth.</li> </ul>
<b>Implications</b>	The process to renew the land-based discharge consent for Ōtorohanga will begin at the end of the first 10-year period of the 2021-31 LTP. The process, including engagement, expert advice, hearings and implementation, is expected to be up to \$1 million capitalised over the possible 30-year term of these consents. Kāwhia wastewater options will be discussed within the 2021-31 LTP process. The \$12.5 million forecast for the infrastructure is based on a 2020 initial options report by BPO consultants.
	<b>Asset form, age and condition</b>



<b>Significant Risk</b>	Our wastewater network assets are ageing. Over the next 30 years, much will reach the end of its effective useful life, and will need renewal to maintain existing levels of service. To compound this, the lack of robust age and condition information makes it difficult to plan effectively and manage medium-long term risks.
<b>Proposed Mitigation</b>	<ul style="list-style-type: none"> <li>We have a focus on asset management activities, such as investigations, data gathering, break analysis, renewal candidate assessments, field verification, and improved asset records and information about asset condition.</li> <li>We actively seek and utilize various pipe renewal methodologies, including traditional open trenching, as well as pipe relining and trenchless pipe bursting.</li> </ul>
<b>Implications</b>	<p>As our assets age, they are more likely to be subject to service interruptions or to fail, and this may impact on levels of service and on the resilience of our wastewater networks.</p> <p>Assets which are ageing or in poor condition, are more likely to have a negative impact on the quality of our environment and on public health. This can also contribute to increased stormwater inflow and infiltration.</p> <p>There are significant periods in the near future when large portions of our networks will require replacing or upgrading to maintain current service levels. The cost of this work could be beyond Council's ability to fund projects.</p>
<b>Asset form, age and condition #2</b>	
<b>Significant Risk</b>	Our wastewater reticulation networks are vulnerable to damage from earthquakes, which can cause anything from minor displacement to full asset failure.
<b>Proposed Mitigation</b>	<ul style="list-style-type: none"> <li>Proactive CCTV inspections to monitor the condition of pipe assets and identify faults and confirm maintenance and renewal needs.</li> <li>We ensure that adequate insurance is in place, in case of widespread seismic damage.</li> </ul>
<b>Implications</b>	<p>Damage resulting from earthquakes can cause anything from minor displacement to full asset failure.</p> <p>This will have differing negative impacts in terms of service delivery, public health, environmental and disruption to communities.</p>
<b>Climate and Environmental impacts</b>	
<b>Significant Risk</b>	<p>Climate change could have an impact on some of our wastewater networks. For example, in the future, our District could experience more intense periods of storm activity resulting in:</p> <ul style="list-style-type: none"> <li>Stormwater volumes from infiltration and flooding overloading our wastewater ponds, which may result in bypassing of the consented treatment process.</li> <li>Our wastewater assets being damaged, for example, by flooding.</li> </ul> <p>Longer periods of drought may result in increasing damage to piped networks and underground services as the moisture content reduces and the soils dry and contract.</p>
<b>Proposed Mitigation</b>	To manage the impact of natural hazards on our assets we monitor and assess the risk that climate change poses to our existing assets. Where new infrastructure is planned, the potential risk from climate change, e.g. rising sea levels, or increased flooding, is considered when determining location and design. For example, if there is an increased risk of flooding in some parts of our district, we could ensure that new critical structures, such as control cabinets for pump stations, are in locations where the risk of flooding is low, or these are built above expected flood levels. In terms of these events flooding the underground network, Council is reducing the points of entry and thus reducing the impact on the normal flows.

<p><b>Implications</b></p>	<p>Some options for mitigating the impact of climate change, such as raising critical assets like control cabinets, would be relatively affordable. However, it may sometimes be costly to minimise the impacts of climate change on our assets. If our wastewater networks are subject to more intense or frequent storm events, it could result in our networks being unable to treat the volume of wastewater and this could result in discharges to our natural environment. If this occurred:</p> <ul style="list-style-type: none"> <li>• Council could breach the discharge limits allowed under our resource consents.</li> <li>• It could have a negative impact on our natural environment and water quality.</li> <li>• It could have a negative impact on public health.</li> <li>• It would be of significant concern to Iwi.</li> </ul>
<p><b>Climate and Environmental impacts #2</b></p>	
<p><b>Significant Risk</b></p>	<p>Network failure – Maintaining the quality and continuity of sewerage systems, which are particularly susceptible to severe damage in seismic events and inundation in high rainfall events.</p>
<p><b>Proposed Mitigation</b></p>	<p>Household connections to the public wastewater network are expected to have a greater risk of pipe failure from age or tree root intrusion, than Councils network. Council preferred mitigation is for developers or owners to install new connections when infill or new housing is built. This means the historical clay pipes are replaced with modern materials, reducing infiltration and leakage due to high water tables, and also ensuring there is no cross connection of stormwater and wastewater systems.</p>
<p><b>Implications</b></p>	<p>For developers and householders to be aware that as housing is built or renewed, they need to install new connections, it is expected a combination of ensuring building information packages note this, and then assessing as part of Building Consent process would be needed. Similar to renewing private vehicle crossings, the financial impact will lie with the site owner, however it is often a cost that was not budgeted for.</p>
<p><b>District growth</b></p>	
<p><b>Significant Risk</b></p>	<p>Increasing development is expected to result in pressure on Council to extend existing networks so that these developments can connect to town wastewater networks. We also expect to continue to see more intense development within our existing towns. This type of development can place pressure on the capacity of our existing wastewater networks. However, we need to ensure that our wastewater supply networks remain affordable and sustainable for current and future generations.</p>
<p><b>Proposed Mitigation</b></p>	<p>To ensure the continued affordability of our water supply networks, our current approach is:</p> <ul style="list-style-type: none"> <li>• To encourage utilisation of existing infrastructure where existing capacity allows.</li> <li>• Limit extending existing networks beyond our existing supply boundaries (e.g. encourage infill development and growth).</li> <li>• Limit provision of new services in areas which are currently un-serviced, until long-term costs and sustainability options have been considered.</li> </ul>
<p><b>Implications</b></p>	<p>Failure to extend and increase the capacity of the system is contrary to Council’s goal of supporting and enabling growth, as this is needed for sustainability of the District. However, extending our wastewater networks would increase demand for water, and may mean we need additional water sources to meet demand.</p>

## Stormwater

	<b>Affordability</b>
<b>Significant Risk</b>	Significant investment would be required to improve the infrastructure to a level of service that provides a consistent one in 10-year or one in 20-year event capacity.
<b>Proposed Mitigation</b>	In the first three years of the LTP, complete catchment modelling and determine upgrades as part of this work. Provide funding within the first 10-years of this strategy to implement minor upgrades where prudent.
<b>Implications</b>	Unless the community expressly support a greater level of service through reducing short-term flooding impacts, there is little financial impact.
	<b>Affordability #2</b>
<b>Significant Risk</b>	Increasing demand for sections that can be built on is expected to drive requests by developers for changing open drains to piped networks.
<b>Proposed Mitigation</b>	Councils approach is to review the developers proposed stormwater mitigation, and where appropriate, pipe sizing as part of the building and land use consenting process.
<b>Implications</b>	Low financial impact as stormwater networks installed on public land in accordance with Councils Engineering Standards will be vested in Council but low levels of new depreciation funding required.
	<b>Asset form, age and condition</b>
<b>Significant Risk</b>	The high cost of maintaining open-water courses. Spraying of open drains is becoming less socially acceptable in urban areas, and there is nationally a movement asking Councils to reduce the use of glyphosate. Increasing number of lifestyle blocks leading to more conflicts with heavy vehicles causing increased safety risk and deterioration of road shoulders and edges of seal.
<b>Proposed Mitigation</b>	Council intends to continue the current practice of a combination of spraying and mechanical control of weeds in the open drains.
<b>Implications</b>	No impact. A financial impact will occur if Regional Council requires consents to use common sprays for controlling weeds in the open drains.
	<b>Asset form, age and condition #2</b>
<b>Significant Risk</b>	Potential public health and safety issues associated with open drains in urban areas.
<b>Proposed Mitigation</b>	The level of water retained/sitting in the open drains is controlled by the operation of pumping stations on the outlets. As areas are developed, low impact 'stormwater' solutions, such as swales rather than open drains, are being encouraged.
<b>Implications</b>	No new financial impact.
	<b>Asset form, age and condition #3</b>

<b>Significant Risk</b>	Lack of understanding of hydraulic performance of the system. Further modelling is required to understand where the networks need to be upgraded to meet service standards.  Inconsistent standards for the design of parts of Council’s stormwater networks.
<b>Proposed Mitigation</b>	Modelling of the main urban stormwater networks is included within the first three years of the LTP.
<b>Implications</b>	N/A.

## Transportation

	<b>Affordability</b>
<b>Significant Risk</b>	Due to our small local rate payer base relative to the size of our large road network, Council are reliant on National Land Transport Fund subsidies to fund the transportation activity. This is currently set at 58% and will increase to 61% from 01/07/21.
<b>Proposed Mitigation</b>	Council has a high confidence in the underlying asset information that underpins the 2021-31 Transportation Asset Management Plan. The Group Manager Engineering is part of the national Roding Efficiency Group (REG), that through collaboration between Local Government NZ and the NZTA, identifies and showcases optimal asset management and maintenance practices. By being part of the REG group, and our comparatively constrained resources, we expect the financial assistance rate to remain close to 61% in the next three-year review from 2024.
<b>Implications</b>	Reduced support from Central Government via co-investment, would require Council to lower the maintenance and renewal programmes across the district roads. This would have a direct negative impact on safety and freight productivity.
	<b>Asset form, age and condition</b>
<b>Significant Risk</b>	Narrow road shoulders and lack of clear area to recover often result in serious injuries from crashes.  Increasing number of lifestyle blocks leading to more conflicts with heavy vehicles causing increased safety risk and deterioration of road shoulders and edges of seal.
<b>Proposed Mitigation</b>	Funding has been included in the LTP for: <ul style="list-style-type: none"> <li>• Resilience design and improvements.</li> <li>• Safety deficiency database progression and speed management.</li> <li>• Road widening associated with pavement rehabilitation.</li> <li>• Road widening associated with reseal.</li> </ul>
<b>Implications</b>	No impact.
	<b>Asset form, age and condition #2</b>



<b>Significant Risk</b>	The length of low volume rural roads that are effectively long driveways – servicing only one or two farms and associated households.
<b>Proposed Mitigation</b>	As part of the resilience design and improvements funding noted above, Council will identify such road segments that potentially could be divested as public roads back to the affected land owner. This will also reflect the wider benefits and costs of that roading link in terms of freight productivity for the land impacted, whether that road link provides access to recreational assets such as streams or reserves, and the views of the ratepayers directly on that roading link.
<b>Implications</b>	Significant staff resource to liaise with affected landowners to understand and consider their input prior to recommendations to Council.
	<b>Environmental Impacts</b>
<b>Significant Risk</b>	Changing climate conditions highlight that our road network is vulnerable to significant environmental events affecting reliability and resilience.
<b>Proposed Mitigation</b>	Our key action is to ensure that road drainage is adequate and well-maintained to decrease the likelihood of landslides or land movement for roads built on unstable land. We also take a proactive approach to inspecting roads during and before known storm events, particularly those segments straddling unstable land. If roads are damaged, but do not need to be completely closed, we may need to put restrictions in place to ensure the safety of road users, for example, reducing sections of road to one lane or putting speed reductions in place.
<b>Implications</b>	Continue working with maintenance contractor to ensure proactive inspections of culverts and water table outlets.
	<b>Environmental Impacts #2</b>
<b>Significant Risk</b>	Stormwater systems beside roads in the urban area are generally high in contaminants from brake linings, and oils from engine fuels, or resealing cut-backs.
<b>Proposed Mitigation</b>	Stormwater has been left out of the governments Three Waters reform package. If there is a move to review the way roading is delivered nationally, it is expected this will include mitigation for such contaminants from roading activities.
<b>Implications</b>	N/A.
	<b>District Growth</b>
<b>Significant Risk</b>	Additional residential growth is creating increasing demand for urban transport infrastructure, such as footpaths, and other walking and cycling facilities.
<b>Proposed Mitigation</b>	Increasing numbers of elderly residents using mobility scooters rather than personal cars will lead to more conflicts on footpaths. Whilst the previous footpath width of 1.4m was adequate for pedestrians and push chairs, 2m and above is required to enable two mobility scooters to safely pass in opposing directions, especially when the berms are wet through winter.  Council can utilise some of the development contributions received towards these upgrades.
<b>Implications</b>	Identification of pinch points to be completed as part of the deficiency database work funded in the first three years of the LTP.

## Council’s Proposed Response

### Significant Decisions On Core Infrastructure Include:

#### 1. Accelerated investment to address non-compliance with Drinking Water Standards; Risk of water/wastewater system failure; Insufficient water/wastewater infrastructure capacity to support growth.

External reviews have shown there is a sizeable long-term infrastructure upgrade programme which needs to be progressed to ensure the ongoing delivery of safe and effective Three Waters services.

The Government is providing an initial \$2.5 million in 2021/22 to upgrade key water and wastewater assets, including starting the upgrade of Rural Water Schemes to meet national drinking water standards. To augment that funding, Council proposes investing a further \$8.8 million over the next three years, on an accelerated programme across water, wastewater and stormwater services, focusing on meeting compliance requirements, network optimisation and resilience, and catering for growth.

The projects that make up this programme are listed in Table 2 and relate to compliance, resilience and growth and represent a prudent and responsible capital works programme:

<b>\$8.8 Million Accelerated Capital Programme</b>	<b>Total</b>
Non Specific Sewer Plant Renewals	295,500
Non Specific Sewer Lines & Points Renewals	450,000
Sewer Lines Camera To Condition Rate Pipes	117,000
Kakamutu to Wagon Line Rd New Sewer Line	720,000
Harpers Ave New Sewer Line	500,000
Rangitahi Street Sewer Renewal and LOS Improvement	570,000
Main North Road Sewer Realignment	280,000
Ōtorohanga Water Reticulation Rising Main	1,160,000
Hillcrest & Rangipare St Ōtorohanga Water Main Renewal	370,000
Water Meter Renewals Ōtorohanga	60,000
Water Meter Installation Kāwhia	215,000
Kāwhia Water Treatment Plant Sand Filter Renewal	150,000
Ōtorohanga Water Treatment Plant Valve Automation	60,000
Kāwhia Water Treatment Plant PLC Upgrade	60,000
Kāwhia Water Treatment Plant Minor Renewals	96,000
Non Specific Ōtorohanga Water Reticulation Renewals	30,000
Ōtorohanga Water Treatment Plant Activated Carbon Treatment	175,000
Ōtorohanga Water Treatment Plant Sand Filter Nozzles	232,000
Ōtorohanga Water Treatment Plant Coagulation Process Upgrade	75,000
Ōtorohanga Water Treatment Plant Minor Renewals	120,000
Kāwhia Watermain Renewal Waiwera Street	311,000
Kāwhia Watermain Renewal Kaora Street	167,000
Waipā Rural Water Scheme Reticulation Renewals	15,000
Arohena Rural Water Scheme Huirimu and Taupaki Plants Upgrades	1,100,000
Arohena Rural Water Scheme Reticulation Renewals	90,000
Tihiroa Rural Water Scheme Plant Upgrade	800,000
Tihiroa Rural Water Scheme Reticulation Renewals	39,000
Waipā Rural Water Scheme Increased Storage Capacity	600,000
<b>Total</b>	<b>8,857,500</b>

Table 2 - \$8.8 Million Accelerated Capital Programme Projects

**2. Continue with road shoulder widening and maintaining resilient network through first three years of reduced co-investment by NZTA/Waka Kotahi.**

NZTA has significant financial pressure and has requested Councils’ maintain their roading networks with reduced co-investment over three years from 1 July 2021. Whilst the co-investment subsidy will be 61% from 1 July, the total that they provide Council over three years is \$2 million less than required or sought. The consequence of this will be a delay to the scheduled rehabilitation of one or two local roads, and this has a direct impact on the level of shoulder widening on rural roads that we will achieve.

Council is hopeful that additional Government funding will be available in future years, so that our road maintenance programme returns to normal. In the meantime, we will look at options for additional funding for our other roading programmes, such as road safety works.

We will continue high levels of maintenance on road drainage assets, such as water tables and culverts, to keep these operational and reduce premature failures from storm events. Our current monitoring shows under 13% of culverts, (760 out of 5,687), are graded as poor or very poor.

**3. Consider feasibility of reticulated wastewater system for Kāwhia.**

The Kāwhia community uses individual septic tanks systems for treatment and disposal. As more tank systems reach the end of their design lives, they have reduced ability to cope with variable inflows, such as the increasing peaks in water usage over summer. It is likely these septic tanks are gradually contributing to the degradation of groundwater and pollution of Kāwhia harbour. This presents an undesirable and unnecessary environmental and public health risk. A community wastewater scheme for Kāwhia is considered the best long term option for addressing these risks. The added benefit of a

community scheme is it can be designed to accommodate growth, as Kāwhia develops.

The estimated cost of a community wastewater scheme is \$12.5 million, with design, consenting and construction covering a four-year period (2022-2026). However, prior to any decision to progress work on a new scheme, the Council will:

- Undertake consultation with Iwi, the Kāwhia community and stakeholders in 2021/22 on a wastewater needs analysis, including data collection and options assessment. Funding of \$100,000 is allocated for this initial phase.
- Retain funding for design, consenting and construction should a decision be made to proceed. The funding allocation is \$700,000 over 2022-2024 for design and consenting; and the increased risk associated with the impact of rising sea level will also be taken into account. Construction, if it is to proceed, is signalled over 2024-2026.
- Consider how to make the scheme affordable for the Kāwhia community. It is likely that such a scheme will only be affordable if significant Government funding is available. The following table illustrates the estimated annual cost, (on an individual property basis), for a range of funding scenarios:

Based on an estimated cost of construction of \$12.5 million	100% funded by Kāwhia Community only^ (414 properties)	100% funded as a single District wastewater rate (Kāwhia and Ōtorohanga urban areas – 1,823 properties)	10% funded as a single District wastewater rate (Kāwhia and Ōtorohanga urban areas) and 90% external funding
Estimated annual cost per property*	Loan repayment and interest cost/year = \$1,989 Operating cost/year = \$1,205	Loan repayment and interest cost/year = \$452 Operating cost/year = \$274	Loan repayment and interest cost/year = \$45 Operating cost/year = \$274
Ōtorohanga Sewerage Cost	N/A	\$444	\$444
Total cost	\$3,194	\$1,170	\$763
Affordability level	Unaffordable	Unaffordable	

Table 3 - Kāwhia Wastewater Scheme Funding Scenarios

\* Based on the local share of the construction cost being loan funded over a 25-year term, with interest rate of 2.0%/annum.

^ Applying the Council’s current wastewater funding policy.

#### 4. Develop town centre plans for Kāwhia and Ōtorohanga.

There is a need for a clear, co-ordinated plan identifying areas for future development or investment in community places/spaces in both the urban areas of Kāwhia and Ōtorohanga. Through the Ōtorohanga 2050 project, aimed at encouraging locals to share their views/ideas about the sort of future they’d like to see and the actions/projects needed to achieve it, the following key themes emerged:

- Building on the community plans already in place.
- Identifying areas for future residential and commercial/industrial development.
- Reinvigorating/beautifying main streets/town centres.
- Celebrating/promoting the unique history of the District and attracting visitors.

- Developing local parks/reserves, and promoting cycling and walking connections.
- Investing in community spaces/places/facilities, such as a new community meeting space in Ōtorohanga and developing the Kāwhia heritage story.
- Having the right resourcing and infrastructure in place to progress/support these opportunities.

Council’s preferred option is set out below:

YEAR	PLANNING	IMPLEMENTATION
2021 - 2021	Ōtorohanga \$300K	-
2022 - 2023	Kāwhia & Rural \$200K	Ōtorohanga \$700K
2023 - 2024	-	Ōtorohanga, Kāwhia and Rural \$700K
2024 - 2025	-	Ōtorohanga, Kāwhia and Rural \$700K

Note: Aotea is included in the area covered by the Kāwhia plan.

The timing of any implementation such as new streetscaping, will impact the renewals programme for three waters infrastructure. In terms of climate change, some of the streetscaping may include ducting for future services, soft stormwater retention gardens and similar.



## 5. Build resilience for Climate Change in capacity and operation of reticulated networks.

Climate change forecasts are based on extensive modelling and a series of assumptions, with Central government acknowledging the need for resilience and mitigation. Council is budgeting for the following direct impacts:

- Prolonged summer dry periods are expected, which could lead to water shortages, and potentially more algal blooms in waterways. Council’s mitigation includes moving to 72-hours’ storage, (based on mean daily use), for the urban water drinking supplies. This may be a combination of raw and treated storage, to account for variability in raw water quality.
- Storms – some increase in the intensity of storms, local wind extremes and thunderstorms is likely. The frequency of ex-tropical cyclones is unlikely to increase, but they are likely to be stronger (heavier rain and stronger winds). Council’s mitigation includes assessing and modelling the capacity of our reticulated networks in 2021/22 to better understand the likely effects of climate change, and use that information to develop a renewals programme that increases the capacity of our networks. In the meantime, we’ll automatically increase the size of any pipes we need to replace. We will work with the Waikato Regional Council to determine what enhancements, if any, may need to be made to the Ōtorohanga Flood Control System as a consequence of climate change. Our funding arrangement with NZTA means any damage from a major weather event will attract reinstatement funding of at least 81% of the total cost. In addition, we will retain capacity in our budgets to borrow money should that prove necessary, having first looked at reprioritising our work programmes.
- Sea-level rise – an increase of up 1.0 metre for Kāwhia and Aotea harbours is projected, resulting in increased frequency of inundation and risk of salt water intrusion. Council’s mitigation includes consideration of the likely impacts of climate change e.g. rainfall intensity/flooding for Ōtorohanga and sea level

rise/inundation for Kāwhia. By considering the effects of climate change, future development/investment in our towns can be made with greater confidence that our assets and infrastructure will be more resilient as a consequence.

- Carbon Neutral Bill requires consideration of energy demands. As Council upgrades core infrastructure, such as water treatment plants, it will ensure the design enables renewable energy sources to be fitted and used. This may be solar panels on the roof to offset power demands, providing ducting under footpath renewals in the central business district to enable electric vehicle charging stations to be installed, and greater use of ‘internet of things’ (IOT) water meters to reduce the need to travel to site for reading.

### Lifecycle Management

On a network basis, Council has not identified any significant gaps between the levels of service people expect from core infrastructure and the levels of service Council is able to deliver, now and over the next thirty years. This does assume continued external funding for transportation, at least at the current levels, to continue for the long term. Where levels of service gaps exist currently, projects and changes in management techniques have been identified or are underway to address these, as detailed in the asset management plans.

Initial asset renewal/replacement strategies are largely age based; depending on when the existing asset was constructed and what its expected useful life is. This is especially relevant for underground water reticulation infrastructure, where very minimal condition information exists due to the cost and complexity to collect.

Predictive pavement deterioration modelling via a software package called dTIMS is utilized for roads, enabling network level assessment and prioritization. Similar tools are being assessed for reticulation infrastructure. The current iteration process of dTIMS is such that its accuracy as a predictive tool for optimal pavement rehabilitation time frames, methodology and specification is becoming more and more accurate.

When renewing assets, Council will take the opportunity to achieve increased environmental standards, public health and provide greater asset resilience, where this can be achieved as an augmentation to the asset renewal programme.

### Investment Summary

	Water Project	Wastewater Project	Stormwater Project	Transportation Project
2021-22 Shovel Ready Projects (\$2.5m)	2021-2023	2024-2031	2032-2051	
Te Raumauku Water Dam design and costing \$75,000	Arohena water supply plant upgrade – Taupaki/Huirimu consolidation and upgrade \$1,100,000	Ōtorohanga water mains renewals – physical works \$1,766,000	Ōtorohanga land disposal consent renewal - investigate expanding site for sludge and enable growth \$1,000,000	
Ōtorohanga 400m3 storage at Mountain View \$250,000	Tihiroa water supply – plant upgrade to comply with drinking water standards \$900,000	Kāwhia water mains renewals – physical works \$1,766,000		
Gradara Ave (Ōtorohanga) water mains renewal continuation \$700,000	Ōtorohanga water mains renewals – physical works \$1,665,000	Kāwhia reservoir renewals \$236,720		
Tihiroa Rural Water Scheme 120m3 storage \$125,000	Ōtorohanga water treatment plant Sand Filter renewals \$232,000	Sundry MIECA \$98,500/year, \$774,309 with inflation		
Kahorekau Rural Water Scheme pilot to NZDWS \$750,000	Ōtorohanga water treatment plant – activated carbon treatment and upgrade coagulation process \$250,000	Ōtorohanga sewerage renewals \$150,000/year, \$1,179,150 with inflation		
Ōtorohanga additional water storage design \$75,000	Sundry MEICA (Mechanical, Electrical, Instrumentation, Controls, Automation) \$98,500/year, \$298,160 with inflation	Ōtorohanga desludging ponds to increase capacity \$500,000		

2021-22 Shovel Ready Projects (\$2.5m)	2021-2023	2024-2031	2032-2051
Treatment plant upgrade design for DWSNZ Tihiroa and Arohena \$75,000	Ōtorohanga sewerage renewals \$150,000/yr, \$454,050 with inflation	Ōtorohanga flood pump rebuilds (1 pump per station) \$336,600 with inflation	
Ōtorohanga wastewater pond sludge removal \$100,000	CCTV of Ōtorohanga wastewater piped network \$117,000	Bridge replacements \$659,088	
Ōtorohanga wastewater line renewal \$150,000	Ōtorohanga Sewerage upgrades \$2,064,630	Resilience design and improvements \$1,379,492	
Regional Collaboration on Three Waters reform \$100,000	Ōtorohanga stormwater – application for discharge consents \$200,000	Safety deficiency database progression and speed management \$1,969,275	
Kāwhia wastewater reticulation design and costing \$100,000	Kāwhia water mains renewals - physical works \$482,306	Roading stormwater management \$394,275	
	Kāwhia water supply – sand filter renewals \$150,000	Road widening associated with pavement reseal \$2,723,722	
	Kāwhia water meter installation \$214,800	Arohena sundry MEICA \$136,263	
	Kāwhia stormwater - application for discharge consent \$100,000	Ranginui sundry MEICA \$10,000/year, \$78,610	
	Resilience design and improvements \$590,782	Tihiroa sundry MEICA \$209,994	
	Safety Deficiency database progression and	Ōtorohanga water meter renewals \$220,588	

2021-22 Shovel Ready Projects (\$2.5m)	2021-2023	2024-2031	2032-2051
	speed management \$843,975		
	Roading stormwater management \$168,795	Ōtorohanga water treatment plant MEICA \$469,916	
	Road widening associated with pavement rehabilitation \$1,817,263	Kāwhia water treatment plant MEICA \$442,651	
	Road widening associated with pavement reseal \$969,148	Construct Kāwhia wastewater system \$12,462,612	
	Arohena sundry MEICA \$30,000/year, \$90,810 with inflation	Kāwhia wastewater treatment plant MEICA \$240,000 over five years	
	Ranginui Resource Consent improvements required \$60,000	Ōtorohanga flood protection MEICA \$235,830 over seven years	
	Ranginui sundry MIECA \$10,000/year, \$30,270	Ōtorohanga stormwater MEICA \$196,525 over seven years	
	Tihiroa sundry MIECA \$54,351 over three years	Kāwhia stormwater MEICA \$43,236 over seven years	
	Ōtorohanga water meter renewals \$20,000/year, \$60,540 with inflation		

2021-22 Shovel Ready Projects (\$2.5m)	2021-2023	2024-2031	2032-2051
	Otorohanga water treatment plant safety improvements \$30,270		
	Otorohanga water treatment plant MIECA \$198,350 over three years		
	Kāwhia water treatment MIECA \$264,404 over three years		
	Design and tender professional services - Kāwhia wastewater system \$787,450		
	Otorohanga flood protection MEICA \$90,810 over three years		
	Otorohanga stormwater modelling \$20,000		
	Otorohanga stormwater MIECA \$75,675 over three years		
	Kāwhia stormwater modelling \$10,000		
	Kāwhia stormwater MEICA \$16,649 over three years		

Table 4 - Proposed Programme to Deliver the Community's Goals for Growth and Vibrancy

### Water

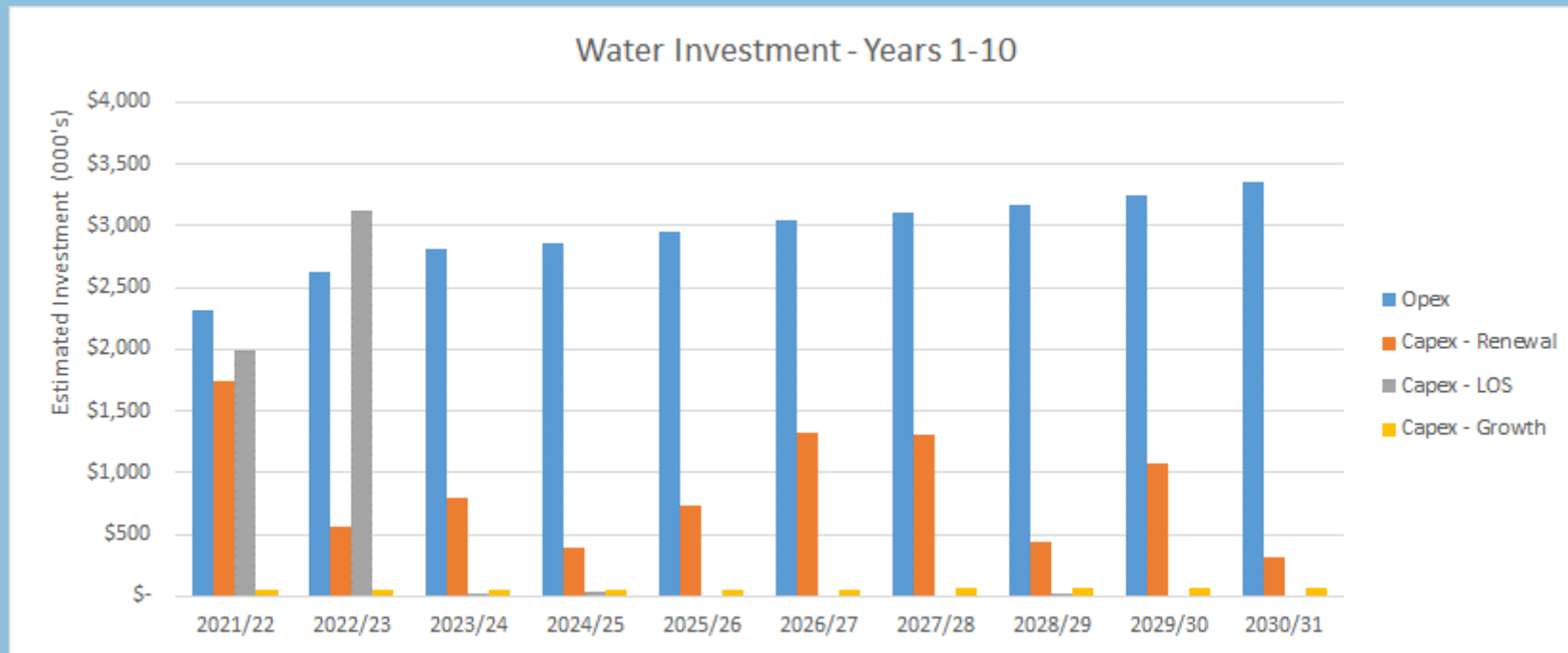


Figure 14 - Water Investment - Years 1-10

	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Opex</b>	2,321	2,627	2,809	2,859	2,949	3,049	3,109	3,168	3,251	3,361
<b>Capex - Renewal</b>	1,744	565	803	400	734	1,321	1,313	442	1,080	310
<b>Capex - Los</b>	1,990	3,120	11	39	-	-	-	3	-	-
<b>Capex - Growth</b>	50	52	53	55	57	58	60	62	64	65
<b>TOTAL</b>	<b>6,105</b>	<b>6,364</b>	<b>3,676</b>	<b>3,353</b>	<b>3,740</b>	<b>4,428</b>	<b>4,482</b>	<b>3,675</b>	<b>4,395</b>	<b>3,736</b>

Table 5 - Water Investment - Years 1-10



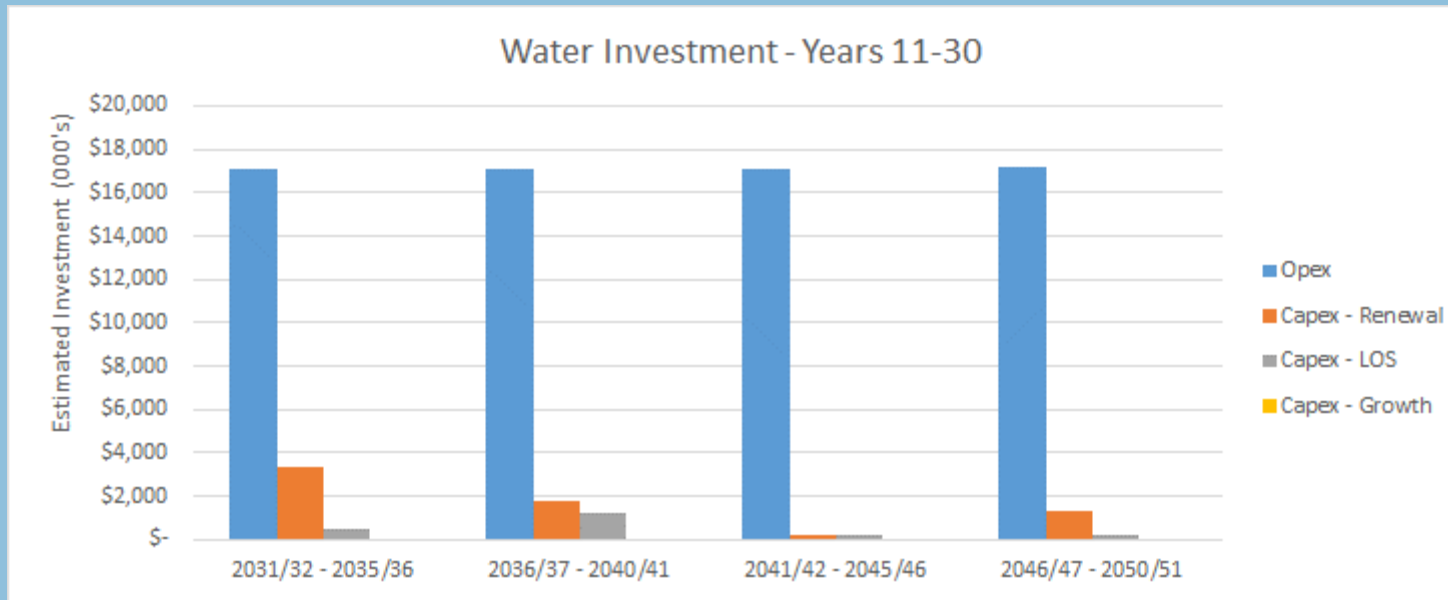


Figure 15 - Water Investment - Years 11-30

	2031/32 – 2035/36 (000's)	2036/37 – 2040/41 (000's)	2041/42 – 2045/46 (000's)	2046/47 – 2050/51 (000's)
<b>Opex</b>	17,095	17,043	17,058	17,200
<b>Capex - Renewal</b>	3,333	1,748	172	1,332
<b>Capex - Los</b>	497	1,179	172	199
<b>Capex - Growth</b>	-	-	-	-
<b>TOTAL</b>	<b>20,925</b>	<b>19,970</b>	<b>17,402</b>	<b>18,731</b>

Table 6 - Water Investment - Years 11-30

### Wastewater

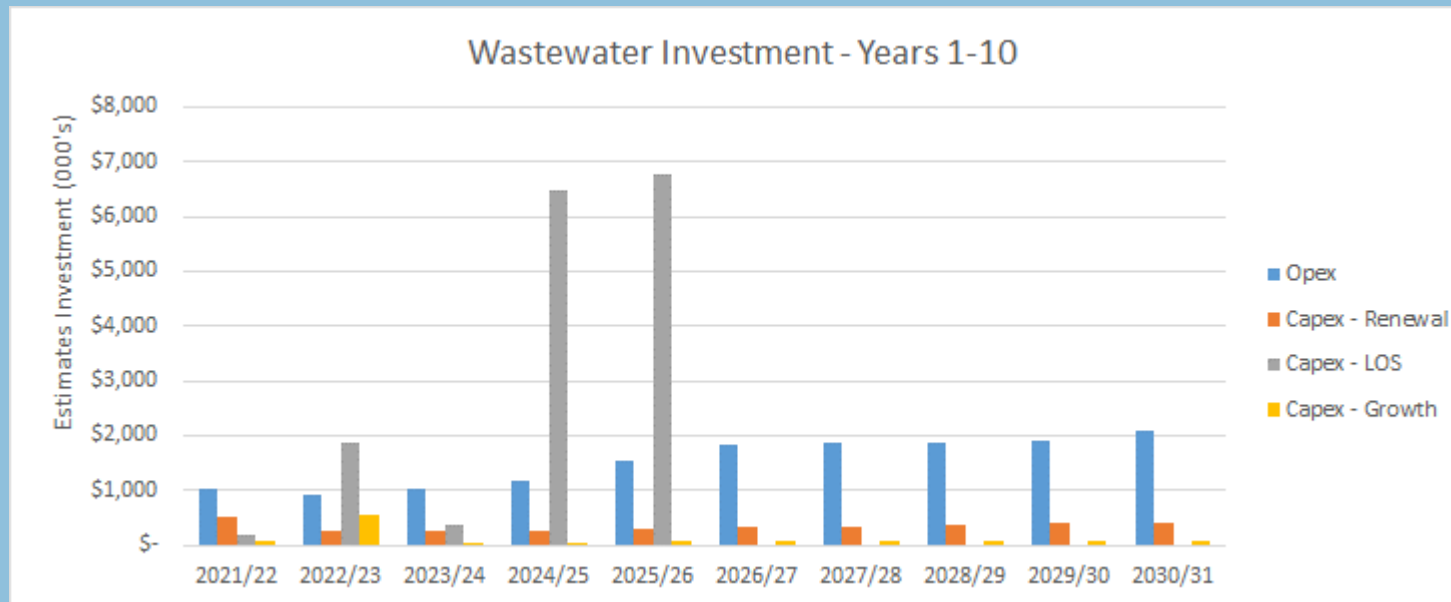


Figure 16 - Wastewater Investment - Years 1-10

	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Opex</b>	1,039	932	1,023	1,189	1,531	1,824	1,861	1,861	1,901	2,093
<b>Capex - Renewal</b>	516	257	265	274	283	314	347	381	392	401
<b>Capex - Los</b>	175	1,883	374	6,466	6,771	-	-	3	-	-
<b>Capex - Growth</b>	75	545	53	55	57	58	60	62	64	65
<b>TOTALS</b>	<b>1,805</b>	<b>3,617</b>	<b>1,715</b>	<b>7,984</b>	<b>8,642</b>	<b>2,196</b>	<b>2,268</b>	<b>2,307</b>	<b>2,357</b>	<b>2,559</b>

Table 7 - Wastewater Investment - Years 1-10

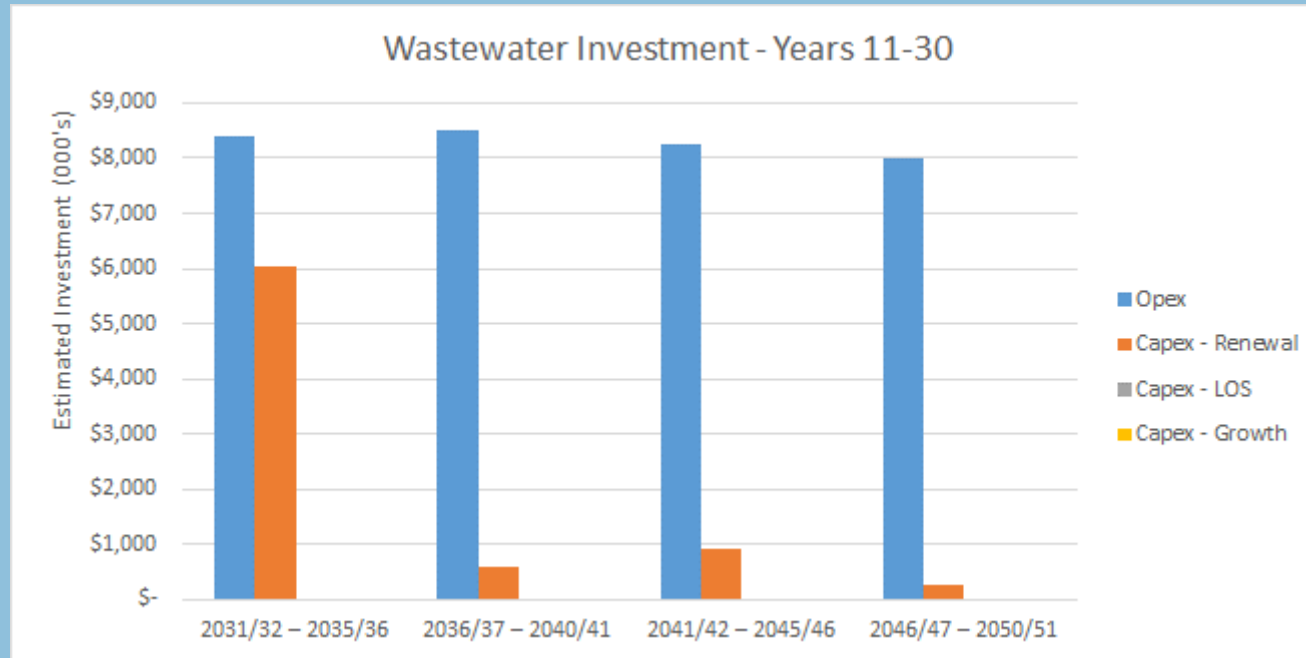


Figure 17 - Wastewater Investment - Years 11-30

	2031/32 – 2035/36 (000's)	2036/37 – 2040/41 (000's)	2041/42 – 2045/46 (000's)	2046/47 – 2050/51 (000's)
<b>Opex</b>	8,415	8,504	8,264	8,009
<b>Capex - Renewal</b>	6,029	579	920	266
<b>Capex - Los</b>	-	-	-	-
<b>Capex - Growth</b>	-	-	-	-
<b>TOTALS</b>	<b>14,444</b>	<b>9,083</b>	<b>9,184</b>	<b>8,275</b>

Table 8 - Wastewater Investment - Years 11-30

### Stormwater

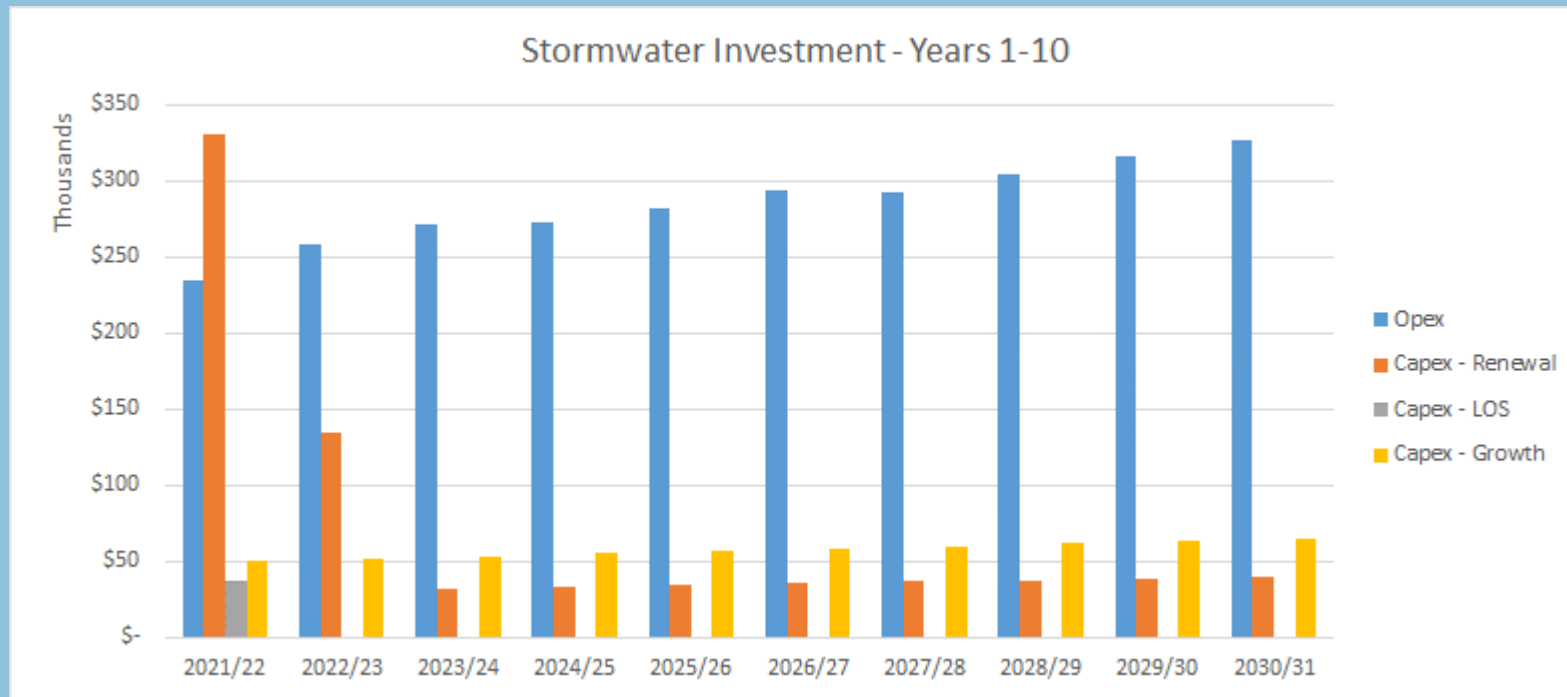


Figure 18 - Stormwater Investment - Years 1-10

	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Opex</b>	234	258	271	274	282	293	293	304	316	327
<b>Capex - Renewal</b>	331	135	33	34	35	36	37	38	39	40
<b>Capex - Los</b>	37	-	-	-	-	-	-	-	-	-
<b>Capex - Growth</b>	50	52	53	55	57	58	60	62	64	65
<b>TOTALS</b>	<b>652</b>	<b>445</b>	<b>357</b>	<b>363</b>	<b>374</b>	<b>387</b>	<b>390</b>	<b>404</b>	<b>419</b>	<b>432</b>

Table 9 - Stormwater Investment - Years 1-10

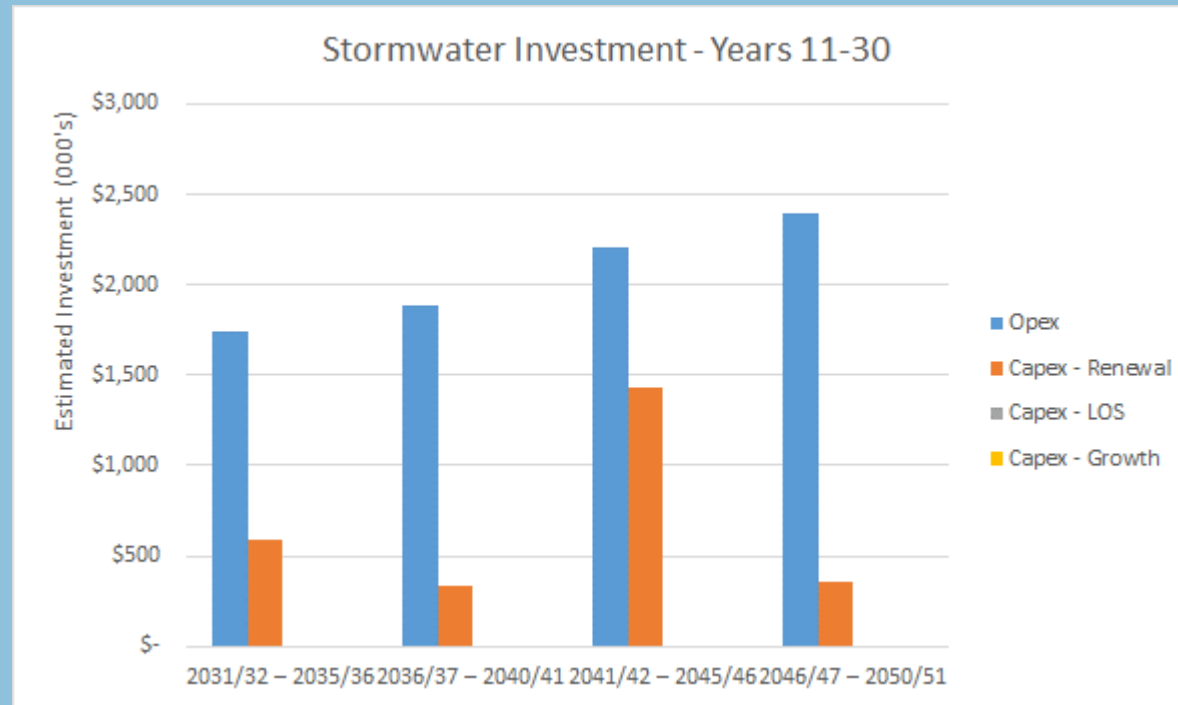


Figure 19 - Stormwater Investment - Years 11-30

	2031/32 – 2035/36 (000's)	2036/37 – 2040/41 (000's)	2041/42 – 2045/46 (000's)	2046/47 – 2050/51 (000's)
<b>Opex</b>	1,740	1,885	2,208	2,395
<b>Capex - Renewal</b>	591	332	1,427	358
<b>Capex - Los</b>	-	-	-	-
<b>Capex - Growth</b>	-	-	-	-
<b>TOTALS</b>	<b>2,331</b>	<b>2,217</b>	<b>3,635</b>	<b>2,753</b>

Table 10 - Stormwater Investment - Years 11-30



### Transportation

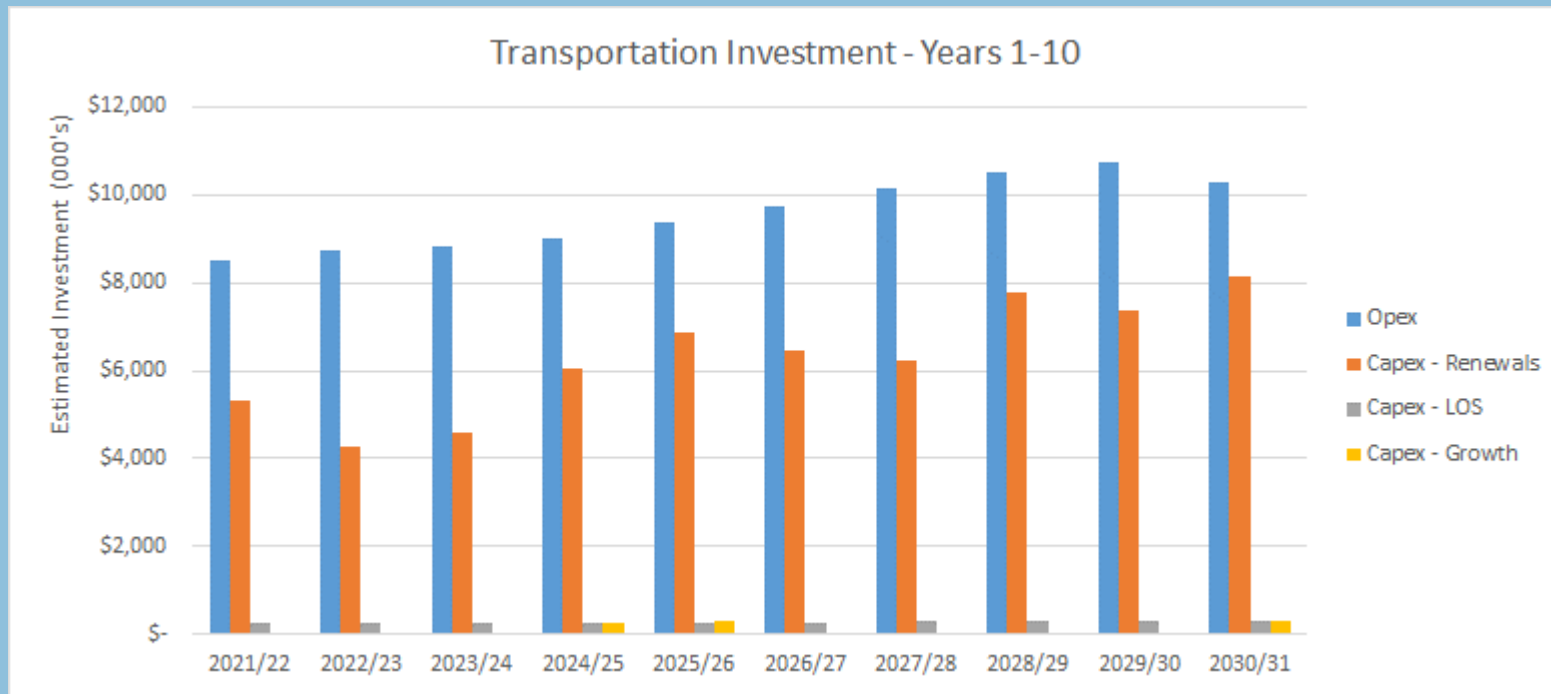


Figure 20 - Transport Investment - Years 1-10

	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Opex</b>	8,504	8,722	8,809	9,002	9,398	9,719	10,159	10,532	10,735	10,288
<b>Capex - Renewal</b>	5,302	4,284	4,597	6,044	6,882	6,453	6,218	7,763	7,367	8,164
<b>Capex - Los</b>	236	244	251	259	266	273	281	288	295	302
<b>Capex - Growth</b>	-	-	-	274	282	-	-	-	-	320
<b>TOTALS</b>	<b>14,042</b>	<b>13,250</b>	<b>13,657</b>	<b>15,579</b>	<b>16,828</b>	<b>16,445</b>	<b>16,658</b>	<b>18,583</b>	<b>18,397</b>	<b>19,074</b>

Table 11 - Transport Investment - Years 1-10

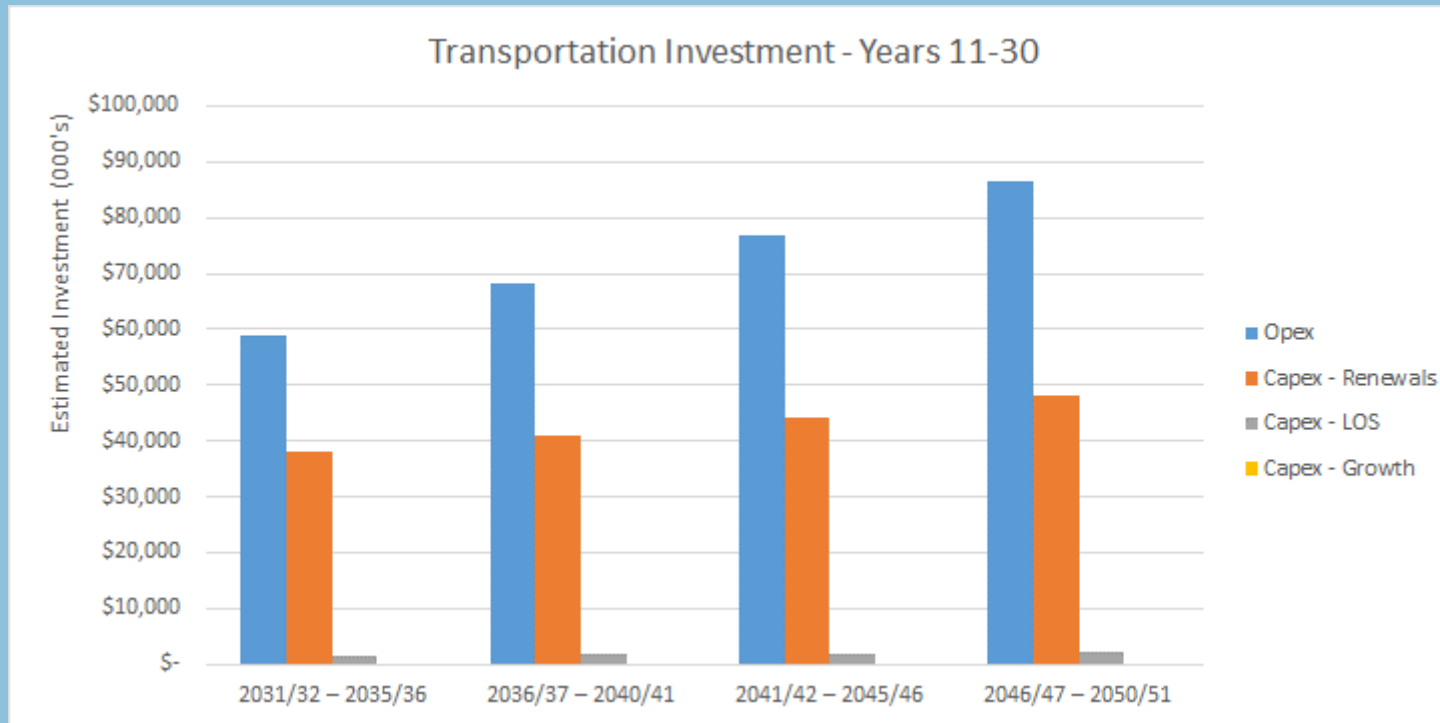


Figure 21 - Transport Investment - Years 11-30

	2031/32 – 2035/36 (000's)	2036/37 – 2040/41 (000's)	2041/42 – 2045/46 (000's)	2046/47 – 2050/51 (000's)
<b>Opex</b>	58,909	68,170	76,981	86,513
<b>Capex - Renewal</b>	37,930	40,814	44,239	47,966
<b>Capex - Los</b>	1,604	1,757	1,910	2,064
<b>Capex - Growth</b>	-	-	-	-
<b>TOTALS</b>	<b>98,443</b>	<b>110,741</b>	<b>123,130</b>	<b>136,543</b>

Table 12 - Transport Investment - Years 11-30

### All Core Infrastructure

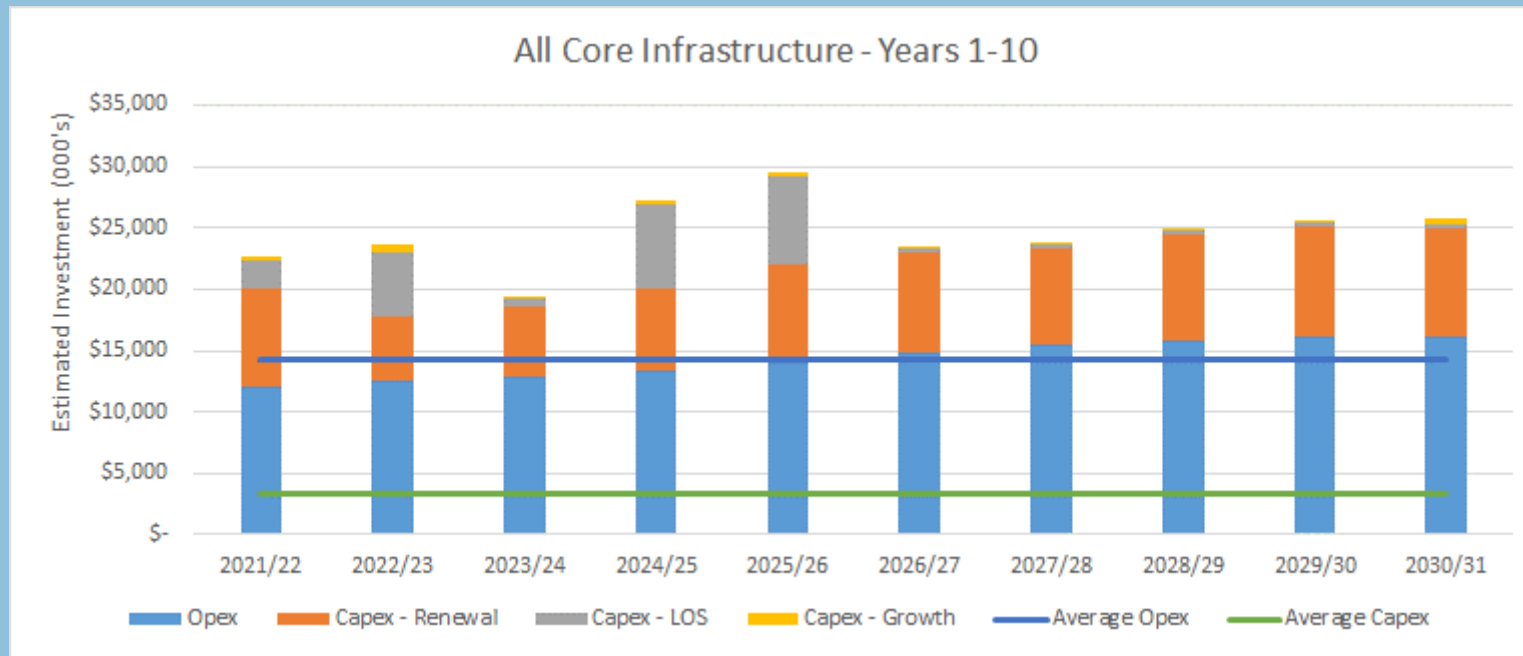


Figure 22 - All Core Infrastructure - Years 1-10

	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Opex</b>	12,098	12,538	12,912	13,324	14,160	14,887	15,422	15,566	16,202	16,069
<b>Capex - Renewal</b>	7,891	5,241	5,698	6,751	7,933	8,124	7,914	8,624	8,877	8,914
<b>Capex - Los</b>	2,438	5,247	636	6,763	7,037	273	281	291	295	302
<b>Capex - Growth</b>	175	649	160	439	452	175	180	185	191	515
<b>Average - Opex</b>	14,348	14,348	14,348	14,348	14,348	14,348	14,348	14,348	14,348	14,348
<b>Average - Capex</b>	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422	3,422
<b>TOTALS</b>	<b>22,602</b>	<b>23,675</b>	<b>19,406</b>	<b>27,277</b>	<b>29,582</b>	<b>23,459</b>	<b>23,797</b>	<b>24,666</b>	<b>25,565</b>	<b>25,800</b>

Table 13 - All Core Infrastructure - Years 1-10

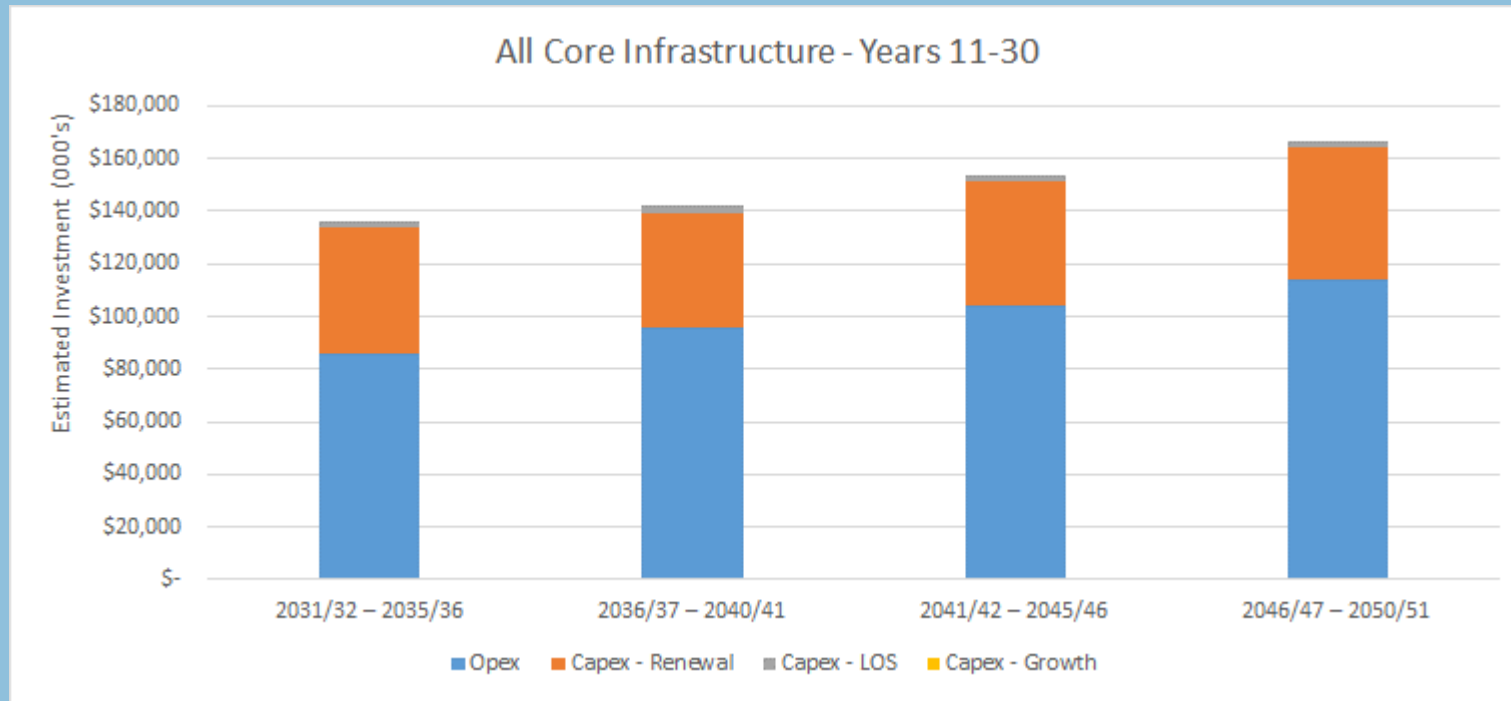


Figure 23 - All Core Infrastructure - Years 11-30

	2031/32 – 2035/36 (000's)	2036/37 – 2040/41 (000's)	2041/42 – 2045/46 (000's)	2046/47 – 2050/51 (000's)
<b>Opex</b>	86,160	95,601	104,510	114,117
<b>Capex - Renewal</b>	47,883	43,474	46,758	49,918
<b>Capex - Los</b>	2,101	2,936	2,082	2,263
<b>Capex - Growth</b>	-	-	-	-
<b>TOTAL</b>	136,144	142,011	153,350	166,298

Table 14 - All Core Infrastructure - Years 11-30

### Assumptions

Type	Assumption	Level of Certainty	Potential Effects
Lifecycle	That asset replacement costs and useful lives are as stated in, (or close to), the Asset Valuation, and that the depreciation reserves will adequately fund the renewal of assets. Valuation figures are based on good industry practice and are peer reviewed by an external expert in infrastructure asset valuation.	Medium	In upgrading treatment plants utilising Central Government funding, this will incur future depreciation, a major driver of rate increases. Council is also proactively accelerating the capital programme through raising debt over the first three years of the LTP.
	That the three-yearly Financial Assistance Rate (FAR) from NZTA through the National Land Transport Fund will remain, for the foreseeable future, for investment in transportation infrastructure.  That additional external funding, through grants and/or subsidies, will be periodically available from Central Government agencies for investment in core infrastructure projects such as treatment plant upgrades.	High	If either the FAR Council receives is reduced at the end of the new three-year period, or the total allocation provided by NZTA to Council is reduced, this will lead to deterioration in the local roads. The cost to return the roads to similar or improved residual life, will be significantly higher in the future than now, based on construction price indices.
	That current assumptions of asset condition are accurate and forecast budgets will be adequate to fund required asset renewals.  Improvements to asset management processes and planning will improve our ability to predict, prioritise and plan the asset investment required to intervene at the right time.	High	If the CCTV of the piped networks shows the residual life is significantly shorter than predicted, this will leave a shortfall in the depreciation reserves for renewals. Council's low debt would enable it to continue renewals however some capital through loan funding would be required.
Demand	That district growth aligns with current projections and that the District Growth Management Strategy, currently being developed, will identify key infrastructure deficiencies and enable prioritization and delivery of infrastructure growth/improvement within forecast capital budgets.	Medium	The growth has been steady since 2006, and if it increased or decreased, it would not have a material impact on the programme in the first three years of the LTP. This will be reviewed every three years.
	That forecast budgets will be sufficient to deliver expected service levels despite the supply chain impacts as a result of increased infrastructure investment in the region, or there is some level of flexibility with regards to project timeframes to ensure value for money.	High	With the significant levels of post-COVID-19 and PGF funding granted nationally along with significant growth pressures across the larger township within the Waikato, Council hopes crown agencies such as DIA acknowledge accelerating delivery to meet deadlines causing premium pricing by suppliers is not an optimal use of funding.



Type	Assumption	Level of Certainty	Potential Effects
Levels of Service	<p>That planned investment will slowly improve the form of our infrastructure networks to align with modern day standards and expectations.</p> <p>That the District Growth Management Strategy, currently being developed, will identify deficiencies and enable a prioritised and planned approach to improving this.</p> <p>That Asset Management Plans identify key vulnerabilities, especially for critical assets, and there are mitigation strategies to reduce risks to Council and impacts on customers.</p>	Medium	The programme of work in the LTP aligns with the Asset Management Plans. If additional work was required, that would require higher staff resourcing above that currently budgeted for.
	<p>It is assumed that natural disasters will not be catastrophic in scale, such as experienced by Christchurch and Kaikoura, and that Council will be prepared to respond to any natural hazards including floods, storms, earthquakes and volcanic activity that occur.</p> <p>It is assumed that Council will be able to obtain insurance cover as required from private insurance companies.</p>	Medium	Council obtains insurance through a collective involving multiple Councils across NZ, and the insurers annually assess the maximum probable loss and communicate that back to the clients for consideration.
	<p>It is assumed that the District will be affected by long-term climate change in parallel with predicted changes as advised by government agencies, and that any impacts will be managed within forecast budgets.</p>	Low	Forecasts will be reviewed every three years as part of the LTP cycle and will take into account the latest agree scientific evidence of mitigation and minimisation.

Type	Assumption	Level of Certainty	Potential Effects
	<p>Conditions of existing resource consents held by Council will not be altered significantly from that budgeted. Any resource consents due for renewal during the 10-year period will be renewed accordingly. Resource consents issued for new / upgraded infrastructure will not contain significantly different conditions / standards to those anticipated in the project.</p> <p>Forecast investment will be sufficient to meet more stringent service standards for drinking water, and resource consent requirements for wastewater consent renewals.</p> <p>That urban stormwater discharges will not require additional resource consents.</p> <p>That legislated minimum levels of service / standards, (such as drinking water quality), will not be changed.</p>	<p>Medium</p>	<p>Central Government support will be required to enable Council to meet the increasing standards due to low rating base.</p>
	<p>That Council will retain the current boundaries and will continue to provide water, wastewater and stormwater services.</p>	<p>Medium</p>	<p>This is dependent on the Three Waters reform and Government review of the Resource Management Act.</p>

## Financial Strategy

### What is the Financial Strategy?

The Financial Strategy provides a financial framework for making decisions, and outlines how Council intends to manage its finances prudently for the next 10 years, and the impacts on rates, debt, levels of service, and investments.

### Our Financial Strategy

Our Financial Strategy supports Council to achieve our vision of being a place 'Where Kiwi can fly, a Diverse, Inclusive and Unique District', and aids Council's move from austerity to vibrancy.

Our District has moved into a period of growth and development, after several decades of static or declining population and business activity. This brings both opportunities and challenges. Our Financial Strategy outlines the challenges facing the district, and Council's responses to those challenges. It also sets out its financial limits that have been used to guide decision making in the Long Term Plan 2021-2031.

We aim to create a better future, together. It is about living within our means by keeping our services and investments affordable and sustainable, while creating vibrant and liveable communities.

### What are its principles?

Council will be guided by the following principles in achieving its Financial Strategy:

- **Financial sustainability:**  
Council will manage its finances maintaining financial prudence to ensure long-term financial viability and resilience.
- **Financial resources:**  
Council must have the financial resources to provide services to the standard agreed without compromising the needs of future ratepayers and customers.
- **Affordability:**  
The cost of services will broadly reflect the capacity of people to pay.
- **Risk aversion:**  
Council will assess and minimise business and financial risks.
- **Cost control:**  
Outputs and processes must be cost effective.

### Where are we now?

Over the last decade Council has concentrated on maintaining core services and reducing debt while maintaining rates increases at low levels.

Council has maintained a very healthy balance sheet, with low debt levels. This has left Council strongly placed to be able to respond to the future needs of the community and to the challenges set out below.

A major reason for being in a strong financial position can be credited to decisions made by previous Councils to fund depreciation. This resulted in a strong net debt position and has ensured that Council has the ability to replace its assets as required.

Council has also kept rate increases at low levels since the last Long Term Plan, while maintaining and in some areas increasing the levels of service provided to the Community.

## What are the issues and our response?

### COVID-19

The impacts of COVID-19 will continue to be relatively minor, with continued strong local economic performance and low impact on Council’s operating revenues.

The characteristics of the Ōtorohanga District’s economy (when considered in the context of the wider Waikato region economy) indicate a strong recovery – as referenced by Business and Economic Research Limited’s (BERL’s) ‘Faster Rebuild Scenario’.

#### Our Response:

Council has addressed the issues by updating its rates remission and postponement policy to enable relief to be provided on a ‘needs’ basis. There is not a major reliance on community facility fees/charges should those sites be closed. There are effective ‘work from home’ arrangements in place should staff not be able to attend the workplace.

### Service Delivery Changes

Council’s range and nature of services will remain relatively unchanged from what was included in the 2018 Long Term Plan. However, in response to early engagement feedback Council will be increasing its focus on community development and community amenity.

Council has assumed that the Government’s Three Waters reform will not affect service delivery until at least 2024/25.

#### Our Response:

In preparation for water reform Council is proposing to accelerate its Three Waters capital programme. This was one of the main items for consultation on the draft 2021-31 Long Term Plan (LTP).

In order to deliver on the vision for the district and to support the move from austerity to vibrancy, Council will be undertaking a number of projects and increasing emphasis in the community development and community facility activities. The upgrades of both Ōtorohanga and Kāwhia town centres is a major item confirmed following consultation.

### Impact of Changing Regulations

The current legislative reforms, such as the Resource Management Act and Freshwater reform, are expected to have only a minor effect on Council’s governance, levels of services and finances in the term of this Long Term Plan.

#### Our Response:

There could be time and cost implications associated with responding to proposed legislative change, but these are unknown at this time. Once any changes have been confirmed, Council will evaluate their implications and factor those into future annual/long term plans.

## Change in population and dwellings

### 1. Population Change

The delay in the availability of the 2018 Census data means our population projections have yet to be updated from 2013. However, the 2018 Census results and subsequent estimates indicate our population is growing in line with the 'High Growth' projection from 2013. The 2018 Census projection for the District was 10,105. The current (September 2020) population estimate is 10,600 (being an annual growth rate of 2% since 2018). The 2013 'High Growth' projection estimated a population of almost 12,300 for the District in 2043. This equates to an annual growth rate of just under 1%.

The number of households is projected to grow at an annual rate of 1%.

#### Our Response:

Current infrastructure and services can accommodate the projected growth for the duration of this Plan. However, significantly higher growth rates than those projected, particularly in urban (serviced) areas, will likely require infrastructure upgrades being brought forward. The funding of these growth-related upgrades will be by way of development/ financial contributions, meaning limited overall impact on existing ratepayers. Council's Development Contributions Policy has been amended and is being consulted on as part of this Long Term Plan.

### 2. Population forecasts – by household

There are currently 5,475 rating units in the District. The number of rating units is expected to increase in line with population growth.

#### Our Response:

Current infrastructure and services can accommodate the projected growth for the duration of this Plan. However, significantly higher rating unit growth rates than those projected, particularly in urban (serviced) areas, will likely require infrastructure upgrades being brought forward. The funding of these growth-related upgrades will be by way of development/ financial contributions, meaning limited overall impact on existing ratepayers. General rating unit growth has the added benefit of increasing the ratepayer base, and spreading Council's costs over a larger number of properties.

### 3. Changes in Land Use

The backbone of the local economy is agriculture, and the District contains some of the best agricultural land in New Zealand.

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 unlikely that there will be any significant changes in land use within the District during the early part of the LTP. During the latter part of the LTP if demand for urban land continues, there is potential for subdivision of rural land to accommodate the growth.

While there is currently sufficient zoned land to allow for growth, when there is additional pressure for more residential and commercial land, this will be addressed in upcoming District Plan reviews.



## Funding Challenges

Over the first three years of the 2018-2028 Long Term Plan, ratepayers have enjoyed an extended period of low rates increases below 3%.

The level of investment required to address the strategic issues and opportunities above, has resulted in a need for sustained rates increases between 4.12% and 6.17% during the first four years of this Long Term Plan.

There are two significant infrastructure issues facing our community;

- The first overarching issue is maintaining affordability whilst upgrading ageing infrastructure and improving resilience.
- The second is meeting increasing environmental and health standards, especially in the areas of water supply (drinking water standards) and wastewater (resource consent renewals).

To address these infrastructure issues, the Council has significantly increased its capital investment and renewal programme from what was planned in the 2018-2028 Long Term Plan. This will result in a significant increase in external debt.

Council has also responded to the feedback from the community through its early engagement process in mid-2020. The community told us they wanted Council to take a greater leadership role and move the district into a period of growth and vibrancy. There are changes to some operational budgets to support this, and there are also some capital projects included in the LTP, the most significant being the upgrades to the two townships.

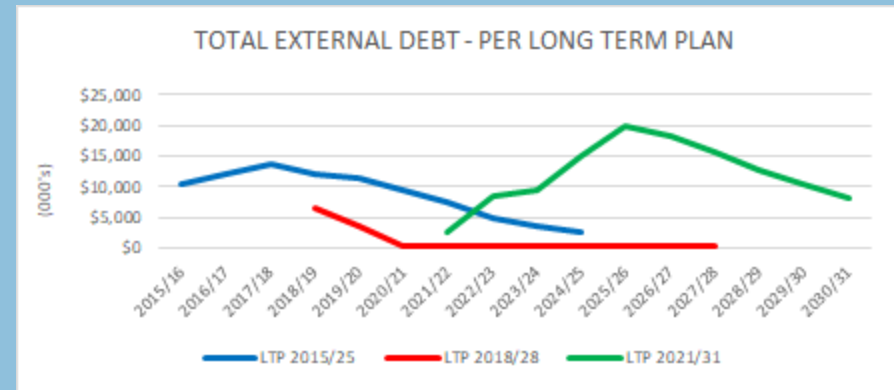


Figure 24 - Financial Strategy - Total External Debt per LTP

To support the increased capital programme, Council reviewed the limits set in the Liability Management Policy, resulting in the measures aligning with the limits specified by the Local Government Funding Agency (LGFA).

Council’s Asset Management Plans and Infrastructure Strategy have identified significant capital expenditure in both water and wastewater to meet the demands of our aging infrastructure. We are proposing to advance our three waters renewal programme with additional funding of \$2.5M being Council’s share of the Government’s post-Covid funding assistance package.

The increased investment in infrastructure, along with additional staffing requirements has meant increasing costs.

Aside from rates, Council receives significant subsidies from Waka Kotahi (the NZ Transport Agency). The financial assistance rate Council receives from Waka Kotahi has been increasing and will increase further from the current 58% rate to 61% for the life of the Plan, and will be extended to include footpaths. It is assumed that no other capital subsidies will be available, however, if capital subsidies become available, Council will actively pursue these. This will reduce the debt servicing cost resulting in a positive outcome for Council.

The following chart shows the distribution of sources of funds for the proposed Long Term Plan and previous Long Term Plans:

	Rates	Subsidies	Fees & Charges	Other Revenue
2015-25 LTP Year 1	72%	14%	4%	10%
2018-28 LTP Year 1	61%	25%	5%	9%
2021-31 LTP Year 1	58%	33%	6%	3%

Table 15 - Financial Strategy - Distribution of Sources of Funds

### Our Future State - Where we expect to be at year 10

In response to challenges and opportunities facing the district, Council is planning on investing heavily to upgrade assets and improve levels of service, as well as significantly increasing the renewal programme to replace ageing infrastructure. In achieving Council’s Vision, by 2031 we would have:

- Completed significant capital investments and begun to repay external debt;
- Significantly improved the safety and resilience of the roading network;
- Made significant progress in building a connected community (digital and physical infrastructure);
- Completed our water and wastewater infrastructure upgrades to be fully compliant with relevant regulations;
- Created more opportunities for current and future residents to live, play, and work in the Ōtorohanga District;
- Undertaken town centre upgrades in Ōtorohanga and Kāwhia;

- Undertaken significant renewals on our aging reticulation networks, significantly reducing the risk of network failures;
- Increased our focus on waste minimisation and addressing climate change challenges.

### Our Financial Response: What is the impact of our decisions?

#### 1. Rates

The Council is required to set limits on rates and rates increases. The Council has resolved to keep the current rates limit of the BERL Local Government Cost Index Inflation (LGCI) plus 5%.

This will enable Council to continue with the plan to deliver our infrastructure upgrades and economic development projects, while also considering the affordability of ratepayers to pay for these upgrades. For this limit, the definition of rates excludes metered water rates.

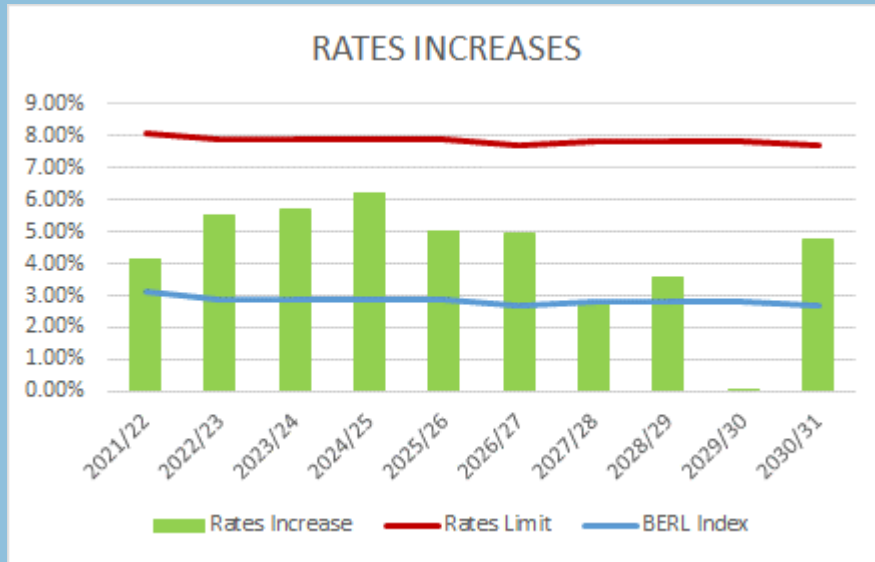


Figure 25 - Financial Strategy - Rates Increase

	LGCI as a %	Plus 5%	Proposed Rates Increase	Rates Increase limit as % of previous years rates income
2021/22	3.1	5.00	4.12	8.1
2022/23	2.9	5.00	5.50	7.9
2023/24	2.9	5.00	5.68	7.9
2024/25	2.9	5.00	6.17	7.9
2025/26	2.9	5.00	4.97	7.9
2026/27	2.7	5.00	4.96	7.7
2027/28	2.8	5.00	2.75	7.8
2028/29	2.8	5.00	3.53	7.8
2029/30	2.8	5.00	0.07	7.8
2030/31	2.7	5.00	4.72	7.7

Table 16 - Financial Strategy - Rates Increase

The average rates increase for the 10 years of the plan is 4.25%, compared to 1.78% in the 2018-2028 Long Term Plan. This represents a significant increase in funding required in the 2021-2031 Long Term Plan. The increase is driven from Council’s response to the strategic issues discussed in Section 4.

## 2. Uses and Sources of Funds

Figure 26 shows the total operating expenditure over the 10-year period for each of the groups of activities the Council provides, while Figure 27 shows the total capital expenditure over the same period and groupings.

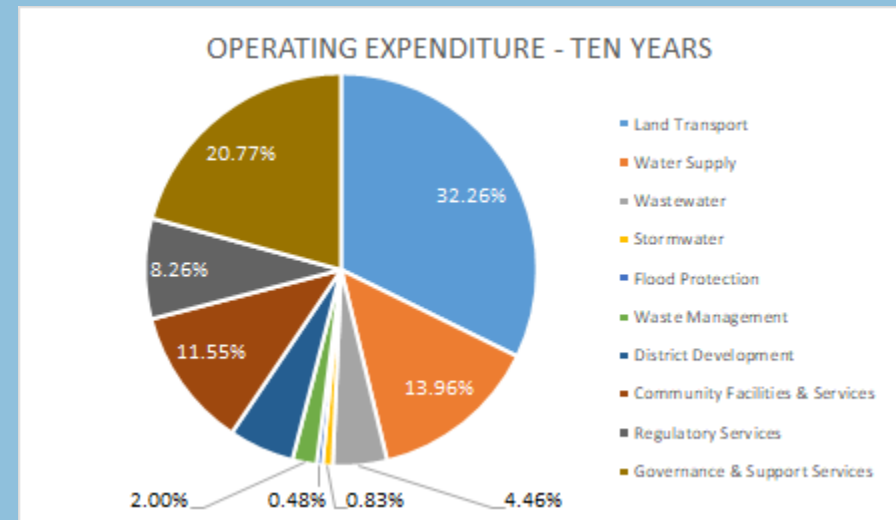


Figure 26 - Financial Strategy - Operating Expenditure 10 years

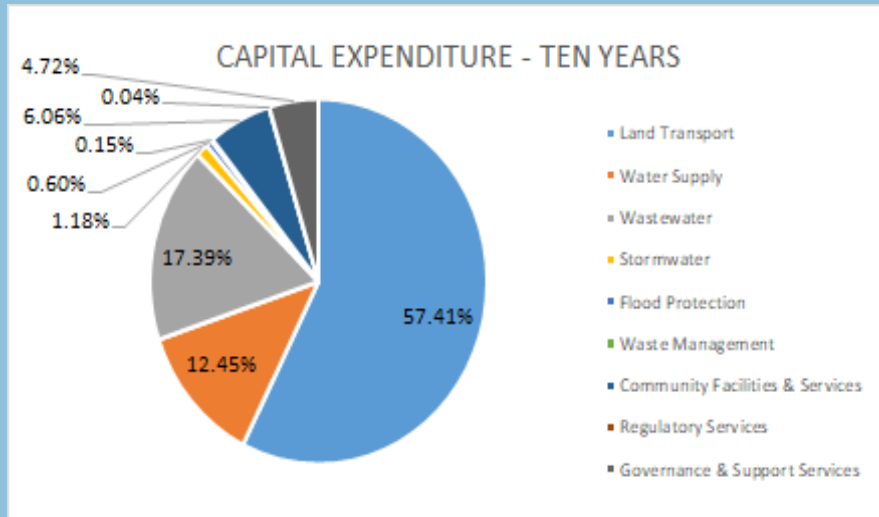


Figure 27 - Financial Strategy - Capital Expenditure 10 years

The cost of maintaining activities to continue providing existing services is \$335 million over the 2021-31 period. The expected capital expenditure on roads, water, wastewater, stormwater and flood protection over this period is \$103.4 million as reflected in the 30-year Infrastructure Strategy.

Figure 28 shows the trend for rates, borrowings and capital expenditure. Inflation is assumed to total 28.5% over the 10 years, which is included in all figures in the plan.

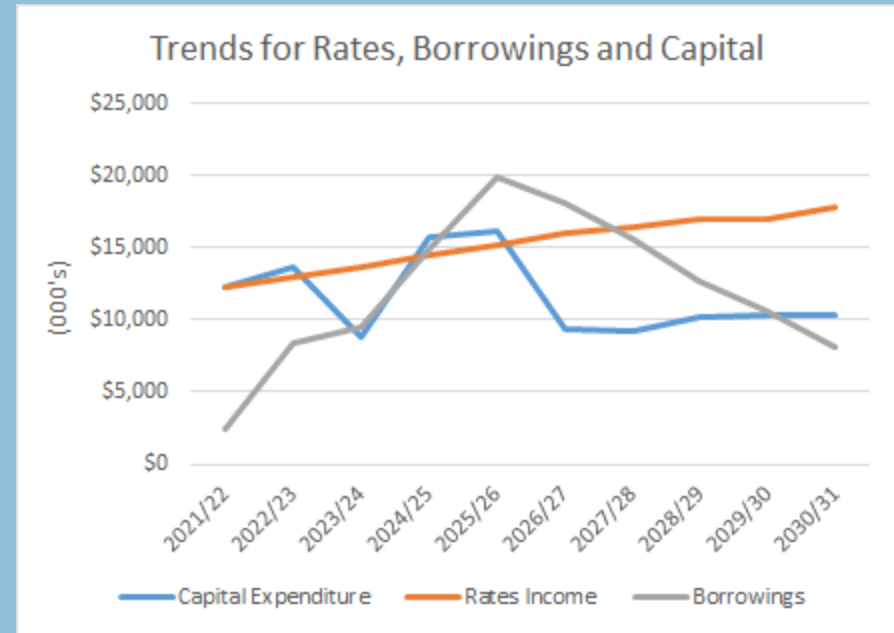


Figure 28 - Financial Strategy - Trends of Rates, Borrowings and Capital Expenditure

The Council is forecasting that its operating expenditure will increase from \$20.6 million to \$27.0 million between 2021 and June 2031. 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.
- Increased staffing levels – for many years Council has been under resourced in a number of areas and this plan includes provision to include staff numbers that enables us to deliver a high quality service to our ratepayers.

Public consultation has been undertaken on the Long Term Plan in the knowledge that projected rates increases, while still kept under control, are higher than previous Long Term Plans. Overall debt is projected to increase but maintained within the 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 29 shows how the Council's activities are funded.

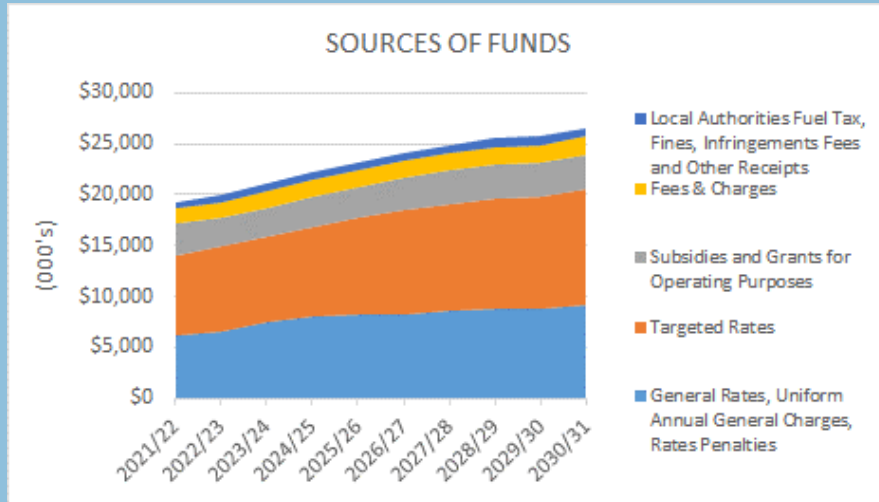


Figure 29 - Financial Strategy - Sources of Funds

The income sourced from rates is allocated across the various groups of activities as per Figure 30:

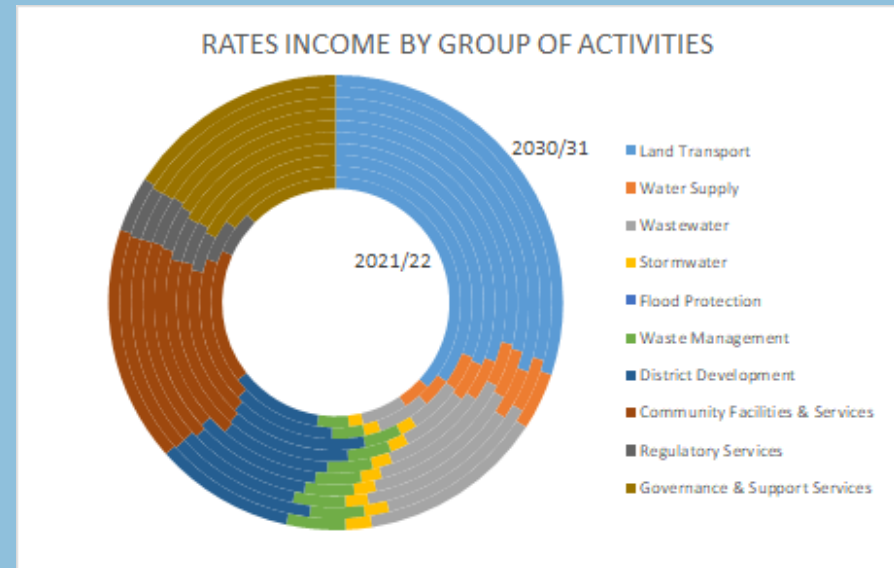


Figure 30 - Financial Strategy - Rates Income by Group of Activities

### 3. Depreciation funding

Most assets lose their value over time as they wear out (in other words, they depreciate), and must be replaced once the end of their useful life is reached. Depreciation is a method of allocating the cost of an asset over its useful life. Depreciation represents the charge to the current ratepayers for the use of the asset during each year. This means that today's generation does not pay for future generations' use of Council's assets.

The objective of depreciation funding is to ensure that those who receive the benefit of Council's assets pay a fair share towards the eventual replacement cost of the asset. The Council will review the amount of funded depreciation in each Long Term Plan to ensure that we are funding for our future renewals in a sustainable and prudent

manner. The assumptions that are made when undertaking the depreciation modelling are conservative, and are reviewed every three years.

Internal debt repayment is currently funded from the depreciation reserve fund, where sufficient reserves are available. For those without sufficient reserves, funding from rates or other sources is used. Depreciation modelling shows that for the 10 years of the Long Term Plan we will continue to have sufficient depreciation reserves.

Figure 31 shows the impact of Council’s decisions in relation to the funding of depreciation in relation to renewal expenditure for the next 2021-31 period.

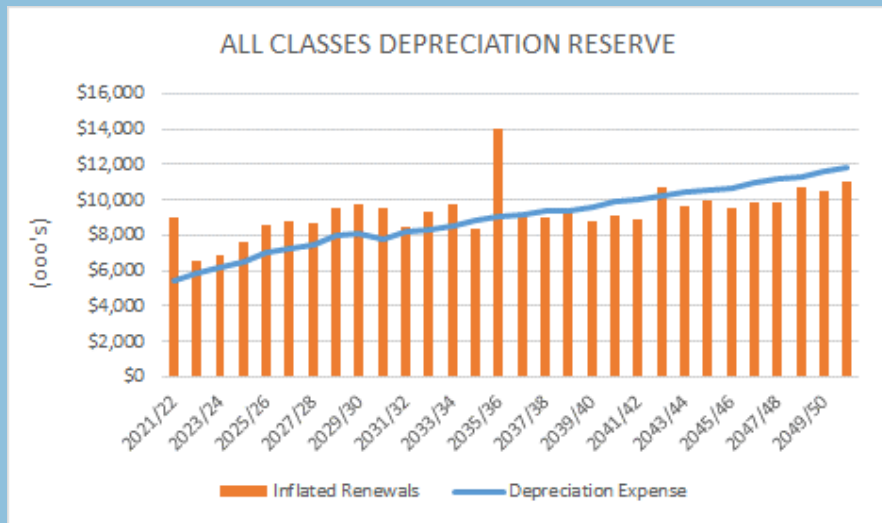


Figure 31 - Financial Strategy - All Classes Depreciation Reserve

#### 4. Balanced budget

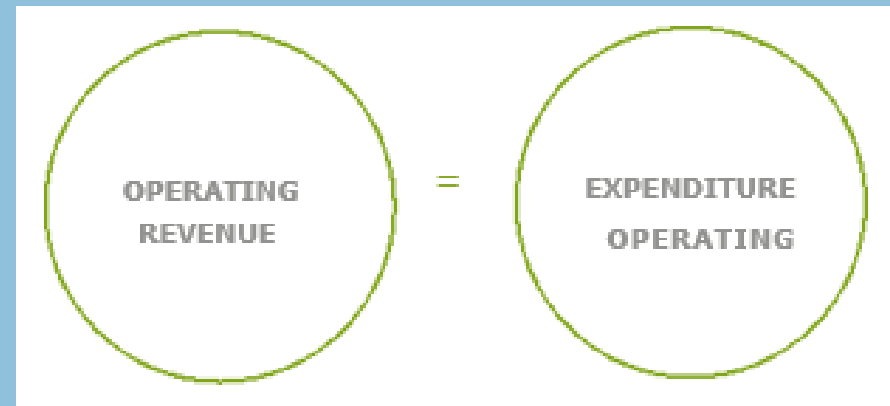


Figure 32 - Financial Strategy - Balanced Budget

The Council is required under the Local Government Act 2002 to ensure that each year’s projected operating revenues are set at a level sufficient to meet that year’s projected operating expenses.

The Council may set projected operating revenues at a different level from that required, if the Council resolves that it is financially prudent to do so.

In addition to ensuring Council meets the balanced budget requirement, it has to consider the resulting financial position for future years. In particular, that it has maintained the level of borrowings and investments at a sustainable level to leave capacity for future generations.

For the 10 years in the Long Term Plan, Council has resolved not to balance the budgets mainly due to the non-funding of depreciation in the following areas:



- 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 not to fund depreciation on the base course and subbase for sealed and unsealed roads for the Waka Kotahi portion of funding (assumed to be 61%). Council has also decided to fund depreciation on the seal coat portion of roads only to 75% of the value of the depreciation. Given the nature of these assets, their replacement is expected to be funded at the prevailing funding assistance rate by Waka Kotahi, so funding this is not deemed necessary by Council.
- Waipā 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.

## **Policies Governing Borrowing Limits and Financial Investments**

### **Council Appetite for Risk**

The Council is largely funded from collecting rates in return for the provision of services for the benefit of the district. Therefore, the Council is risk adverse and has strict limitations on what investments it can make. These limitations are contained in the Investment and Liability Management Policies.

### **Borrowing**

Council uses both external and internal borrowing to fund the acquisition of assets. Council’s Liability Management Policy governs the borrowing mechanisms and current limits.

The term of borrowings is to be the lesser of the estimated useful life of the asset or twenty years. Loan principal is repaid over the life of the loan by regular repayments throughout the life of the loan.

### **Limits for Borrowing**

In previous Long Term Plans, Council has projected to significantly reduce debt and is in a strong financial position as a result.

However, in the 2021-2031 Long Term Plan Council is planning to undertake an extensive capital investment programme, focusing on Water, Wastewater and Stormwater. As a result, Council’s debt is projected to increase significantly from \$0.5 million to a peak of \$19.8 million during the course of the Plan.

Council complies with all of the debt limits for the 10 years of the Long Term Plan as per the Liability Management Policy. However, due to the increase in borrowings, the available headroom has significantly reduced.

Figure 33 highlights the measure where the debt headroom is the lowest. This measure, Net Debt: Total Revenue, must be less than 175% and is a Local Government Funding Agency (LGFA) covenant.

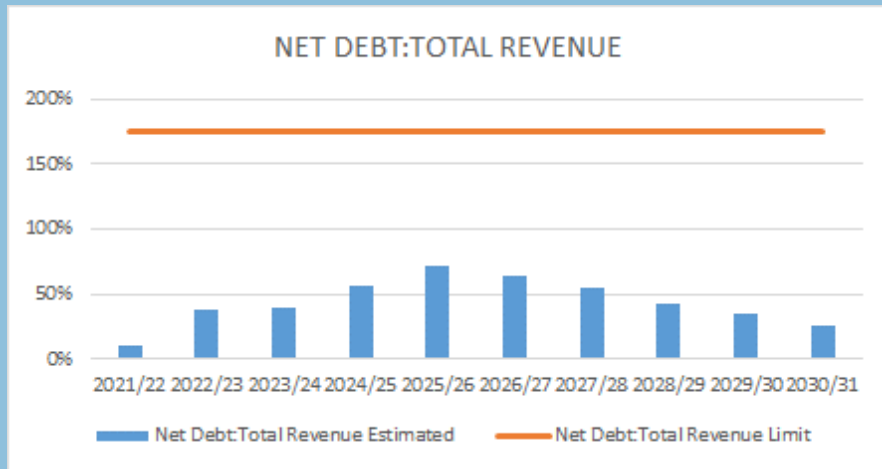


Figure 33 - Financial Strategy - Net Debt : Total Revenue

Council still has sufficient available headroom if required. For example, if an unplanned future event occurred (such as a major earthquake) that required additional borrowings, Council could re-prioritise planned projects to remain within the debt limits.

### Internal Borrowing

Internal borrowing is a mechanism available to manage both the level of funds available and external debt.

This facility enables an activity to borrow from the Council treasury function as opposed to borrowing externally, with an appropriate interest rate charged.

Utilising internal borrowing enables Council to manage its cash/investment portfolio to take advantage of the moving margins between interest rate receivable and interest rate payable.

Internal borrowing is used when external borrowing costs are higher than investment returns.

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.

### Equity Investments

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity.

Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council.

Council equity investments are in Civic Financial Services Limited, Waikato Regional Airport Ltd, Balance Agrinutrients, Local Government Funding Agency and the Waikato LASS.

### Security for Borrowing

Many of Council’s assets are not readily saleable so are less attractive as security items. Council will secure borrowings by a charge over our rating revenue either directly or through a debenture trust deed. Council will not secure other assets unless circumstances show it to be appropriate.

## Financial Investments

The Council holds financial investments as part of its day to day working capital management, cash backed special funds, and as required by the Local Government Funding Agency (Borrower Notes).

The Council may invest in approved financial instruments as set out in their Treasury Management Policies.

## Sensitivity

The Long Term Plan is sensitive to many risks and events.

The effects are set out in the assumptions sections of the Long Term Plan.

Some general examples of sensitivity to change include:

- For every 1% increase in external debt interest rates, interest costs may increase by up to \$199,000 in 2025/26 when debt is at its peak.
- A \$100,000 increase in operating cost in Year 1 results in a 0.85% increase in rates.

## Consequences for not following the plan

The consequences of not following the plan vary across a continuum from unnoticed to catastrophic. The contingencies include having sufficient cash reserves, access to credit, and a community able to afford unexpected events. Council has insurance and access to Government funding for emergencies.

## Forecasting Assumptions

The table below provides a full assessment and analysis of the assumptions that underpin the development of this long term plan

Topic	Assumption	Risk	Level of Uncertainty	Impact	Financial effect of uncertainty
1. Population Change	The delay in the availability of 2018 Census data means our population projections have yet to be updated from 2013. However, the 2018 Census results and subsequent estimates indicate our population is growing in line with the 'High Growth' projection from 2013. The 2018 Census projection for the District was 10,105. The current (September 2020) population estimate is 10,600 (being an annual growth rate of 2% since 2018). The 2013 'High Growth' projection estimated a population of almost 12,300 for the District in 2043. This equates to an annual growth rate of just under 1%. The number of households is projected to growth at an annual rate of 1%.	Population and household numbers are significantly different to that assumed. While significant numbers of NZ citizens domiciled overseas have been returning due to COVID-19 and increased internal migration, there is currently no international immigration occurring. This may change once COVID restrictions are eased.	Medium	Low	Current infrastructure and services can accommodate the projected growth for the duration of this Plan. However, significantly higher growth rates than those projected, particularly in urban (serviced) areas, will likely require infrastructure upgrades being brought forward. The funding of these growth-related upgrades will be by way of development/financial contributions, meaning limited overall impact on existing ratepayers.
2. Ageing Population	The median age of District residents will increase steadily over the long term (currently 36.3 years). The proportion of residents 65+ is forecast to increase from 15% (2018) to 26% by 2043.	The population could age significantly faster than forecast and/or Council services do not sufficiently meet the needs of older residents.	Low-Medium	Low	A major shift to older people will likely change the nature/type of services demanded from Council, and ability to pay for services remains a significant issue for older people who are typically on fixed incomes. While Council may be required to alter service delivery arrangement, those changes are unlikely to have a major impact on costs. In addition, population projections signal growth across all age groups, including those of working age.
3. Rating unit Growth	There are currently 5,475 rating units in the District. The number of rating units is expected to increase in line with population growth.	Rating unit growth is driven by economic factors and population growth, with the majority of growth expected in residential and lifestyle properties.	Medium	Low	Current infrastructure and services can accommodate the projected growth for the duration of this Plan. However, significantly higher rating unit growth rates than those projected, particularly in urban (serviced) areas, will likely require infrastructure upgrades being brought forward. The funding of these growth-related upgrades will be by way of development/financial contributions, meaning limited overall impact on existing

Topic	Assumption	Risk	Level of Uncertainty	Impact	Financial effect of uncertainty
					ratepayers. General rating unit growth has the added benefit of increasing the ratepayer base, and spreading Council's costs over a larger number of properties.
4. Infrastructure capacity	That forecast population, household and business growth can be accommodated through current and planned capacity of assets.	A major increase in household/business growth in urban areas would place pressure on water-related infrastructure. This is unlikely during the life of this Plan given existing capacity.	Low	Low	Existing capacity provides for short-medium term mitigation. Any growth-related demand for infrastructure upgrades can be programmed and funded through development/financial contributions. Any increase in hard-surface development (stormwater run-off) can be mitigated through the application of development standards (stormwater detention).
5. COVID-19	The impacts of COVID-19 will continue to be relatively minor, with continued strong local economic performance and low impact on Council's operating revenues. Note: The characteristics of the Ōtorohanga District's economy (when considered in the context of the wider Waikato region economy) indicate a strong recovery – as referenced by Business and Economic Research Limited's (BERL's) 'Faster Rebuild Scenario'.	There is a major local COVID-19 resurgence, resulting in significant economic impact (ability to pay rates) and staff infection.	Low-Medium	Low	Council has updated its rates remission & postponement policy to enable relief to be provided on a 'needs' basis. There is not a major reliance on community facility fees/charges should those sites be closed. There are effective 'work from home' arrangements in place should staff not be able to attend the workplace.
6. Climate Change/ Water Security	Climate Change will affect our District over the medium to long-term in line with projections from central and regional government agencies. The projections indicate: - An increase in the frequency and intensity of storm events - Higher temperatures - Rising sea level – assumed 1.0 metre rise for Kāwhia/Aotea over the next 100 years. - A change in rainfall patterns, with a 5% increase in rainfall intensity, producing more extreme weather events and increased drought events. These forecasts need to be factored into Council decision-making	The predicted changes in climate are over or under estimated. If underestimated, the costs of reinstatement/replacement of Council's infrastructure cannot be funded from normal operating budgets.	Low-Medium	Medium-High	An immediate decision taken is to increase stormwater/culvert pipe renewal sizes by a factor of 2. The cost of this is nominal as part of programmed work. Costs of storm/weather damage to Council assets could be significant. Maintaining adequate insurance cover and continued Government recovery funding will help mitigate those costs to ratepayers. Planned work to assess and reduce stormwater infiltration into sewers will continue, and additional water storage is programmed to increase water security resilience. The response measures and associated costs in adapting to climate change will be updated in future plans as our knowledge and understanding of the impacts increases.

Topic	Assumption	Risk	Level of Uncertainty	Impact	Financial effect of uncertainty
7. Inflation	The financial forecasts contained in this Plan have been adjusted for inflation, using the forecasts of price level changes prepared for the local government sector by Business and Economic Research Limited (BERL). The BERL forecast inflation rates applied are those specific to the Local Government Cost Index (LGCI), as issued in October 2020. As referenced in the COVID-19 assumption (above), the LGCI rates applied are those relating to the 'Faster Rebuild Scenario'. The inflation rates used for years 11-30 in the Infrastructure Strategy is the average of rate used in this Plan for the corresponding activity over the next 10 years.	The actual inflation rate will be significantly different from the assumed inflation rate, as the cost of materials is driven by international economic conditions.	Medium	Medium	Our costs and the income required to meet them will change by the difference between the actual rate of inflation and the rate used in the forecasts. A 1% increase in inflation will increase annual operating expenditure by \$206,000, and capital expenditure in 2020/21 by \$123,000. Note: For the 10-year period to 2031, the difference in the cumulative cost increases (LGCI) between the BERL Medium and Faster Rebuild Scenarios is 3.3% (being an annual average of 0.3%). By applying the higher LGCI rates, there is a much higher probability that if there is any difference in actual versus forecast inflation (LGCI), the actual rates will be lower than those forecast (rather than higher).
8. Managing & Funding Significant Assets	The useful lives of assets are accurately reflected in our asset management plans/registers, having regard to national standards (International Infrastructure Management Manual) or as per appropriate professional advice. Sources of funds will be as specified in our Revenue and Financing Policy. The Policy includes provision for borrowing from the Local Government Funding agency (LGFA) for new/replacement assets. It is assumed that the LGF will continue to be able to borrow from capital markets and offer us loan funding on favourable terms.	Assets wear out earlier or later than estimated.  There will be a shortfall in available funds to replace assets.	Low-Medium	Medium	The overall financial effect of uncertainty is likely to be limited, unless a major asset or group of assets had a significantly shorter or longer life – in which case depreciation and interest costs could be affected. For short-life assets, these impacts could be mitigated by reprioritising capital expenditure. Not having access to LGFA funding would mean Council having to borrow through trading banks at less favourable rates. Based on projected borrowing levels, a 1% increase in the prevailing interest rate otherwise available through the LGFA will increase interest costs by between \$25,000 and \$199,000 per annum.
9. Asset Valuations	Assets will be valued in accordance with Generally Accepted Accounting Practice/Accounting Policies. Major assets were re-valued in 2020.	The actual value of assets is significantly different to the valuations.	Medium	Medium	The cost of replacing assets is significantly higher than forecast by the valuations and/or the level of depreciation charged is significantly higher due to over-valued assets. Regular valuations, ensuring asset registers are current and peer reviews of valuation methodologies help ensure valuations are as accurate as they can be.
10. Service Delivery Changes	Our current range and nature of services will remain unchanged from those signalled in this Plan.	The Government allocate new/additional functions/responsibilities without sufficient support funding	Medium	Medium-High	Un/under-funded significant new activities or responsibilities imposed on Council mean additional costs will need to be met by ratepayers. Despite the potential outcome of the 3-Waters, Council is taking a 'good asset management'



Topic	Assumption	Risk	Level of Uncertainty	Impact	Financial effect of uncertainty
	The Government's 3-Waters reform will not affect service delivery change until at least 2024/25.				approach to its 3-Waters service delivery. The outcome of the review, along with any consequential changes signalled by the Government, will be evaluated prior to the development of the 2024-2034 LTP.
11. Interest Rates	Interest on loans is calculated at an annual average of 2% for the 10 years covered by this Plan. This is our expected cost of borrowing, and applies to both internal and external borrowing.	Prevailing interest rates differ significantly from the forecast rates used.	Medium	Low-Medium	Interest rates are influenced by global economic factors. Council is a member of the Local Government Funding Agency (LGFA), which affords Council a discounted borrowing rate. Maximising the use of internal reserves will mitigate any risks associated with increases in the market rates. Based on projected borrowing levels, a 1% change in the prevailing interest rate will increase/decrease interest costs by between \$35,000 and \$185,000 per annum.
12. Resource Consents for activities	Resource consents for infrastructure (new/renewals) will have conditions imposing higher standards than is currently the case.	That complying with proposed new conditions makes the management/operation of the infrastructure unaffordable and/or only shorter duration consents are issued.	Medium	High	The financial effect of any changes to resource consent conditions will depend on the nature of the changes. Based on recent wastewater consents issued in other districts, the costs of securing new consents and achieving compliance are high. This raises the prospect of the Otorohanga wastewater scheme becoming unaffordable. No major consent renewals are anticipated before the Government completes the 3-Waters reform.
13. Changes to legislation	The current legislative reforms, such as the review of the Resource Management Act and Freshwater reform, are expected to have only a minor effect on Council's governance, levels of service and finances.	Legislative reforms have a major impact on Council's governance arrangements, functions, levels of service and finances.	Medium	Medium	There could be time and cost implications associated with legislative change, but these are unknown at this time. Once any changes have been confirmed, Council will evaluate their implications and factor those into future annual/long term plans.
14. Unplanned disruptive events	There are no significant unplanned disruptive events, such as natural disasters (floods, earthquakes, droughts, etc.); the Government will maintain its 60% damage cost cover for local infrastructure; NZTA will retain its current emergency repairs subsidy (FAR + 20%); and Council will continue to obtain affordable insurance cover for key assets/infrastructure.	A significant unplanned event, such as a natural disaster, can cause major disruption to services and significant damage to infrastructure.	Low	High	It is likely that any significant event will have an impact on Council delivering the planned programmes and expenditure set out in this Plan. Should this happen, the Council will reprioritise its programme/ spend based on need, risk mitigation and available funding.

Topic	Assumption	Risk	Level of Uncertainty	Impact	Financial effect of uncertainty
15. Waka Kotahi/NZ Transport Agency Funding (NZTA)	<p>The NZTA has approved an increase in the local Funding Assistance Rate (FAR) subsidy to 61% for the first 3 years of this Plan. Council has assumed this rate will continue to apply for the balance of the 10 years covered by this Plan.</p> <p>NZTA has reduced the total amount of subsidy funding available for the 2021-2024 programme by \$1.51 million. This is the result of national revenue reductions due to COVID-19. Council has assumed that funding levels will return to normal from 2024 for the balances of the 10 years covered by this Plan.</p>	<p>The FAR is reduced below forecast levels as a result of a future review by the NZTA.</p> <p>NZTA funding levels do not return to pre-COVID levels</p>	<p>Low</p> <p>Medium</p>	<p>Low</p> <p>Medium</p>	<p>Variations to the FAR rate will increase/decrease Council's subsidy revenue by up to \$62,000 for every 1% change.</p> <p>The reduction in funding represents 6% of the roading programme, and Council has reprioritised the programme accordingly. Should a lower total subsidy level continue beyond 2023/24, then Council will review its programme accordingly, including considering the option to increase the 'local share' of funding in order to maintain levels of service.</p>
16. Capital Expenditure	<p>On average, the costs of major capital works will not vary significantly from the costs estimated at the scoping/ design stage, other than applying standard inflation rates.</p>	<p>That some capital project costs are significantly greater/lower than estimated</p>	<p>Medium-High</p>	<p>Medium-High</p>	<p>There is a higher level of certainty about costs in the first 3 years of the plan, which diminishes over time. This may result in debt levels being higher or lower than forecast.</p>
17. Funding Sources	<p>Sources of funds will be available as signalled in our Revenue and Financing Policy, and that Council will be able to borrow at the required level.</p>	<p>That the planned work programme cannot be fully funded</p>	<p>Low</p>	<p>Medium-High</p>	<p>There is little risk of not being able to fund services/projects given Council's ability to levy rates and access to debt through the Local Government Funding Agency (LGFA)</p>
18. Individual Iwi Treaty settlements	<p>Council's role as a result of local Treaty Settlements will be consistent with earlier settlements elsewhere, and that no significant new responsibilities/costs will eventuate.</p>	<p>Major new responsibilities will be placed on the Council through local Treaty Settlements</p>	<p>Low</p>	<p>Low-Medium</p>	<p>Council will advocate that the Government funds any significant financial impacts associated with local Treaty Settlements.</p>
19. Development & Financial Contributions	<p>Our Development or Financial Contributions Policies accurately forecast growth and the funding of growth-related infrastructure costs.</p>	<p>Growth is higher than forecast and the required infrastructure has not been accounted for in our Policies or this Plan.</p>	<p>Low</p>	<p>Low-Medium</p>	<p>There is sufficient infrastructure capacity to cover forecast growth. Any increase in growth and associated infrastructure needs can be reviewed as part of the development of the 2024-2034 LTP.</p>
20. Subsidies for water and wastewater upgrades	<p>There will be no Government subsidies for water and wastewater improvement projects, other than those signalled in this Plan</p>	<p>Additional subsidies are available, resulting in a change to forecast debt levels.</p>	<p>Medium</p>	<p>Medium</p>	<p>Any additional funding for planned projects will likely reduce debts levels, to the benefit of ratepayer.</p>
21. Contracts	<p>There will be no significant variations in prices from the re-tendering of major contracts, other than those variations recognised in this Plan.</p>	<p>There is a significant variation in contract prices.</p>	<p>Low-Medium</p>	<p>Medium</p>	<p>Contract price changes driven by inflation and/or levels of service change have been factored into the financial forecasts contained in this Plan.</p>

## Assumptions regarding Kāwhia Community Wastewater Scheme

Council included funding in the draft 2021-2031 Long Term Plan (LTP) for a new community wastewater scheme in Kāwhia. This proposal was a key matter for consultation with the community, and highlighted as such in the Consultation Document released for public feedback in April 2021.

Provision of a community wastewater scheme is intended as a replacement for septic tanks serving individual properties. The decision to include the project in the draft LTP was based on several factors:

- A high proportion of older septic tanks, where maintenance and performance is variable;
- A high water table, particularly in the town centre area, where septic systems do not function well;
- Periodic failure of septic tanks, with some properties relying on off-site disposal arrangements;
- A high summer/holiday population, placing additional loading on septic systems;
- Likely contamination of Kāwhia Harbour and associated Iwi/community concern;
- Government policy/legislative direction focusing on the need to improve the quality of natural waters (harbours, lakes, rivers, streams), and the provision of significant funding across New Zealand to reduce contamination levels.

Council believes a reticulated community wastewater scheme (of some sort) is the only sustainable long term solution for Kāwhia. However, Council acknowledges strong community concerns about the likely costs, and remains firm in its view that such a scheme will be unaffordable without substantial Government funding support - as has been the case with other communities across New Zealand.

In order to secure Government funding support for a community scheme, and be ready to make progress, Council believes it must demonstrate the need, cost (unaffordability) and achievability of the project. To achieve this the following work will be undertaken:

Stage 1: 2021/22 (working with Iwi & the community)	An assessment to quantify the nature/scope of the performance of septic tanks in Kāwhia, and their likely environmental health impact  An options analysis to identify the optimal scheme configuration(s), effluent disposal arrangements and estimated costs
Council Decision Point – Need/Affordability/Achievability established?	
Stage 2: 2022-24	A detailed design and consenting process to finalise scope, costs and operational requirements for a new scheme  Finalising a funding/rating model
Council Decision Point – Proceed to Construction?	

For the reasons outlined above, Council has retained funding in this LTP to provide scope to progress a new community wastewater scheme in Kāwhia. At this stage no Government funding has been included, because no such commitment has been given. However, Council is concerned that if the full extent of the project is not included in the LTP, then there will be no opportunity to secure Government funding. Completing the project, as currently outlined, will rest on it being affordable for the Kāwhia community and the Ōtorohanga District.

## Our Activities and Services

### Introduction

We provide the residents and ratepayers of our District with a wide range of services – some essential and some nice to have. Some services are provided because it is a legal requirement to do so, and the remaining services are provided because our communities expect us to.

#### Our activities, facilities and services are:

- Governance and Support Services - including democracy, Iwi liaison and support services;
- Land Transport - including roads, footpaths, street lighting and road safety education;
- Water Supply - including rural water schemes;
- Wastewater Treatment and Disposal;
- Stormwater and land drainage;
- Flood Protection;
- Waste Management - including rubbish collection, recycling and waste minimisation education;
- Community Facilities and Services - including cemeteries, civil defence, housing for the elderly, libraries, parks and reserves, swimming pools and maintenance of the Aotea sea wall;
- Regulatory Services - including animal control (dog control/stock control) building control, environmental health/liquor licensing (community protection, food safety) and planning development;
- District Development - including community support, community initiatives, economic development, policy development, and district promotion.

### Section Overview

For each of the key services we provide, we explain what the service is and its main activities, how we will deliver it, and what it will cost.

Each service has its own section, and is split out into sub-sections to make this document easy to read. Here's what you can expect to see in each section.

*Overview* - A summary of what the service is, what sub-services are also provided, and why we deliver it. We've also identified the outcomes that we want to achieve by providing this service.

*Our plans for this service* - An explanation of the key issues we've identified for this activity, if and how we intend to change any service levels we provide, the challenges ahead, major changes to the cost of providing this service, and our plans for addressing these matters over the next ten years. This part also details the projects that are planned for this service over the next ten years, when the project is scheduled to occur and how much it will cost.

*What you can expect from us* - sets out what level of service our customers can expect to receive and our annual targets. Our performance against these targets will be monitored throughout the year and we'll report on them in our annual report. This is our way of reporting back to the community on how we are performing against our targets. The performance statements include measures we have to include by law as well as our own level of service statements.

*How much it costs* - the projected expenditure for the service over the next ten years. For some services this will include operating costs and different types of capital costs, and for others it will only include operating costs.

*Where the money will come from* - a graph shows the source of funding for the service - rates, user fees, subsidies or other external funds (grants/donations, investment funds), or a combination of these sources.

### Prospective Combined Cost of Service Statement for 10 Years commencing July 2021

Combined - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	7,484	10,242	7,791	8,189	9,221	9,966	9,723	9,796	10,844	10,681	11,153
Targeted Rates	7,548	7,805	8,269	8,401	8,770	9,420	10,153	10,306	10,918	10,918	11,378
Development Contributions	65	-	-	-	269	275	-	-	-	-	306
General Rates	5,847	6,227	6,628	7,439	8,029	8,233	8,312	8,666	8,702	8,785	9,187
Other General Sources	6,608	8,224	8,719	9,009	9,174	9,595	9,749	9,842	10,092	10,183	10,437
<i>Total Operating Revenue</i>	27,552	32,498	31,407	33,038	35,463	37,489	37,937	38,610	40,556	40,567	42,461
<b>Operating Expenditure</b>											
Land Transport	9,409	9,778	10,075	10,183	10,380	10,835	11,165	11,601	12,053	12,266	11,900
Water Supply	2,925	3,900	4,332	4,549	4,613	4,774	4,910	4,982	5,083	5,180	5,375
Wastewater	746	1,039	932	1,023	1,189	1,531	1,824	1,861	1,861	1,901	2,093
Stormwater	194	234	258	271	274	282	293	293	304	316	327
Flood Protection	131	135	138	144	151	165	172	173	180	194	205
Waste Management	421	551	592	637	668	689	704	718	744	760	783
District Development	1,872	1,824	1,720	2,293	1,909	1,625	1,888	1,692	1,728	2,008	1,796
Community Facilities & Services	3,095	3,315	3,510	3,657	3,866	4,003	4,064	4,171	4,298	4,229	4,340
Regulatory Services	2,026	2,706	2,765	2,810	2,687	2,728	2,801	2,828	2,922	2,947	3,031
Governance	4,885	5,477	6,207	6,897	7,017	7,338	7,455	7,432	7,637	7,749	7,773
<i>Total Operating Expenditure</i>	25,704	28,959	30,529	32,464	32,754	33,970	35,276	35,751	36,810	37,550	37,623
includes:											
Salaries and Wages	4,329	5,257	5,706	6,172	6,319	6,467	6,613	6,761	6,902	7,044	7,185
Depreciation & Amortisation	5,237	5,422	5,891	6,198	6,509	6,988	7,272	7,485	7,981	8,056	7,817
Interest	55	55	175	196	304	405	370	330	273	229	179
<b>Operating Surplus (Deficit)</b>	1,848	3,539	878	574	2,709	3,519	2,661	2,859	3,746	3,017	4,838
Operating Surplus transferred to Reserves; or Operating Deficit funded from Reserves	1,848	3,539	878	574	2,709	3,519	2,661	2,859	3,746	3,017	4,838
	-	-	-	-	-	-	-	-	-	-	-

<b>Combined - Capital and Reserves Funding Statement</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>
	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>	<b>(000's)</b>
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	8,173	9,052	6,526	6,913	7,628	8,604	8,749	8,691	9,525	9,721	9,510
Capital Growth	-	175	649	160	439	452	175	180	185	191	515
Capital Level of Service	861	3,021	6,482	1,796	7,619	7,117	475	354	436	389	361
Loans Repaid	799	848	975	1,239	1,259	1,478	1,675	1,676	1,683	1,671	1,653
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
<b>Total Funding Required</b>	<b>9,833</b>	<b>13,096</b>	<b>14,632</b>	<b>10,108</b>	<b>16,945</b>	<b>17,651</b>	<b>11,074</b>	<b>10,901</b>	<b>11,829</b>	<b>11,972</b>	<b>12,039</b>
<b>Funded by:</b>											
Funding from Non-Cash Expenses	4,357	4,470	3,955	4,501	4,843	5,320	5,146	5,259	5,417	5,323	4,997
Loans Raised	1,801	3,386	7,591	2,633	7,925	7,443	1,379	1,287	557	1,091	39
Transfer from General and Special Reserves	1,760	1,567	2,115	2,265	1,354	1,281	1,809	1,319	2,000	2,456	2,092
Capital Income	67	134	93	135	114	88	79	177	109	85	73
Operating Surplus (via reserve)	1,848	3,539	878	574	2,709	3,519	2,661	2,859	3,746	3,017	4,838
<b>Total Funding Applied</b>	<b>9,833</b>	<b>13,096</b>	<b>14,632</b>	<b>10,108</b>	<b>16,945</b>	<b>17,651</b>	<b>11,074</b>	<b>10,901</b>	<b>11,829</b>	<b>11,972</b>	<b>12,039</b>

Table 17 - Prospective Combined Cost of Service Statement for 10 Years commencing July 2021



## Governance and Support Services

What this group includes:

- Democracy
- Iwi Liaison
- Communications and Engagement
- Support Services

The governance and support services group primarily contributes to the following community outcomes:

**Connected Engaged Empowered**

Our governance and support services group includes our local democratic system which represents the residents of our District, our relationships with Iwi/Māori, and the internal activities/functions that collectively support the services we provide.

## How much it costs



Figure 34 - Governance and Support Services - How much it costs

## Where the money will come from

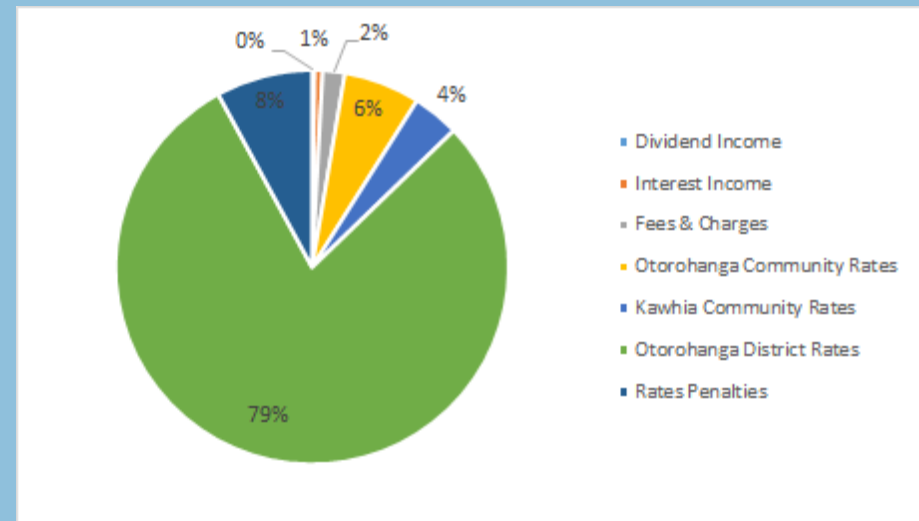


Figure 35 - Governance and Support Services - Where the money will come from

## Governance & Support Services Cost of Service Statement - Operating

Governance & Support Services - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	56	48	49	104	99	93	87	80	73	66	58
Targeted Rates	21	-	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-	-	-
General Rates	1,452	1,241	1,379	1,581	2,411	2,733	2,477	2,935	2,844	2,564	3,072
Other General Sources	3,599	4,036	4,264	4,467	4,594	4,834	4,934	4,998	5,067	5,119	5,154
<i>Total Operating Revenue</i>	5,128	5,325	5,692	6,152	7,104	7,660	7,498	8,013	7,984	7,749	8,284
<b>Operating Expenditure</b>											
Ōtorohanga District Council	834	918	981	1,088	997	1,054	1,106	1,043	1,149	1,176	1,152
Ōtorohanga Community Board	133	140	158	171	156	169	180	159	179	193	196
Kāwhia Community Board	72	85	93	97	93	98	102	98	104	109	111
Support Services	3,845	4,333	4,976	5,541	5,770	6,016	6,066	6,132	6,205	6,272	6,313
<i>Total Operating Expenditure</i>	4,884	5,476	6,208	6,897	7,016	7,337	7,454	7,432	7,637	7,750	7,772
includes:											
Salaries and Wages	2,053	2,434	2,816	3,210	3,287	3,363	3,439	3,516	3,589	3,662	3,736
Depreciation & Amortisation	296	263	337	435	518	542	518	524	538	528	519
Interest	165	55	175	196	304	405	370	330	273	229	179
Operating Surplus (Deficit)	244	- 151	- 516	- 745	88	323	44	581	347	- 1	512
Operating Surplus transferred to Reserves; or Operating Deficit funded from Reserves	244	-	-	-	88	323	44	581	347	-	512
	-	- 151	- 516	- 745	-	-	-	-	-	- 1	-

## Governance & Support Services Cost of Service Statement – Capital and Reserves

Governance & Support Services - Capital and Reserves Funding Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)								
<b>Capital and Reserves Funding Requirements</b>																			
Capital Renewals	619	718	868	928	393	358	361	447	479	309	303								
Capital Growth	-	-	-	-	-	-	-	-	-	-	-								
Capital Level of Service	35	30	103	105	11	11	11	12	12	12	12								
Loans Repaid	-	-	4	25	46	46	46	46	46	46	46								
Operating Deficit	-	151	516	745	-	-	-	-	-	1	-								
<i>Total Funding Required</i>	654	899	1,491	1,803	450	415	418	505	537	368	361								
<b>Funded by:</b>																			
Funding from Non-Cash Expenses	415	481	342	481	449	415	418	504	536	367	361								
Loans Raised	-	100	514	528	-	-	-	-	-	-	-								
Transfer from General and Special Reserves	-	72	184	542	659	-	201	-	411	-	123	-	757	-	455	-	84	-	585
Capital Income	67	134	93	135	114	88	79	177	109	85	73								
Operating Surplus (via reserve)	244	-	-	-	88	323	44	581	347	-	512								
<i>Total Funding Applied</i>	654	899	1,491	1,803	450	415	418	505	537	368	361								

Table 18 - Governance & Support Services Cost of Service Statement

## Governance and Support Services Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Governance & Support Services	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	590	1,241	1,379	1,581	2,411	2,733	2,477	2,935	2,844	2,564	3,072
Targeted rates	21	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	31	30	31	32	32	33	34	35	35	36	37
Internal charges and overheads recovered	3,582	3,858	3,995	4,123	4,174	4,285	4,327	4,398	4,481	4,549	4,604
Local authorities fuel tax, fines, infringement fees, and other receipts	113	18	18	73	66	60	53	46	38	30	21
<b>Total operating funding</b>	<b>4,337</b>	<b>5,147</b>	<b>5,423</b>	<b>5,809</b>	<b>6,683</b>	<b>7,111</b>	<b>6,891</b>	<b>7,414</b>	<b>7,398</b>	<b>7,179</b>	<b>7,734</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	3,361	3,691	4,133	4,682	4,659	4,779	4,964	4,984	5,141	5,286	5,296
Finance costs	- 99	- 122	- 87	- 137	- 105	- 133	- 226	- 261	- 305	- 332	- 362
Internal charges and overheads applied	1,169	1,261	1,348	1,372	1,367	1,439	1,420	1,408	1,487	1,498	1,570
Other operating funding applications	108	135	139	142	113	116	119	121	124	126	129
<b>Total applications of operating funding</b>	<b>4,539</b>	<b>4,965</b>	<b>5,533</b>	<b>6,059</b>	<b>6,034</b>	<b>6,201</b>	<b>6,277</b>	<b>6,252</b>	<b>6,447</b>	<b>6,578</b>	<b>6,633</b>
<b>Surplus (deficit) of operating funding</b>	<b>- 202</b>	<b>182</b>	<b>- 110</b>	<b>- 250</b>	<b>649</b>	<b>910</b>	<b>614</b>	<b>1,162</b>	<b>951</b>	<b>601</b>	<b>1,101</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	100	510	503	- 46	- 46	- 46	- 46	- 46	- 46	- 46
Gross proceeds from sale of assets	107	134	93	135	114	88	79	177	109	85	73
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>107</b>	<b>234</b>	<b>603</b>	<b>638</b>	<b>68</b>	<b>42</b>	<b>33</b>	<b>131</b>	<b>63</b>	<b>39</b>	<b>27</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	40	30	103	105	11	11	11	12	12	12	12
- to replace existing assets	542	718	868	928	393	358	361	447	479	309	303
Increase (decrease) in reserves	- 677	- 333	- 479	- 647	313	583	275	833	523	319	814
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>- 95</b>	<b>415</b>	<b>492</b>	<b>386</b>	<b>717</b>	<b>952</b>	<b>647</b>	<b>1,292</b>	<b>1,014</b>	<b>640</b>	<b>1,129</b>
<b>Surplus (deficit) of capital funding</b>	<b>202</b>	<b>- 181</b>	<b>111</b>	<b>252</b>	<b>- 649</b>	<b>- 910</b>	<b>- 614</b>	<b>- 1,161</b>	<b>- 951</b>	<b>- 601</b>	<b>- 1,102</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 19 - Governance and Support Services Funding Impact Statement

## Democracy

- Local governance system
- Representation
- Decision-making structures
- Oversight of Council-controlled organisations
- Communications and Engagement

### Overview

Local government in New Zealand receives its mandate from the Government through legislation. Local democratic representation is the best way for our local communities’ voices to be heard. The majority of our democracy services are set in law; the Local Government Act 2002 and the Local Electoral Act 2001 determine the processes that ensure each community is fairly represented.

### Our plans for democracy services

In April 2021 Council decided to introduce a Māori Ward, which then triggered the requirement for a representation review. This review will be completed in time for the 2022 local elections. We’ve recently funded a communications resource to improve our communication and engagement with our communities, and have funding proposed for a major upgrade of our website to enable better customer/ resident interaction, including on-line transactions. A reconfiguration of the Council building is also proposed.

### Planned projects

Here’s an overview of some projects we’ve got planned for the next ten years for democracy services.

Programme	When
Local elections	2022, 2025, 2028, 2031
Triennial agreement development election	Three yearly, following each election
Representation review	2021/22

Table 20 - Democracy Programme

### What you can expect from us

We’ve included some measures below to show what you can expect from us and the services we provide. We’ll report on our progress to meeting these in our annual reports.

## How we will measure our performance

### You can expect:

The Council to conduct all its business in an open and transparent manner.

Measuring performance:	our	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Regular 'meet the Council' sessions are scheduled for Ōtorohanga and Kāwhia		New measure	≥ 11 public sessions scheduled in each of Kāwhia and Ōtorohanga	≥ 11 public sessions scheduled in each of Kāwhia and Ōtorohanga	≥ 11 public sessions scheduled in each of Kāwhia and Ōtorohanga	≥ 11 public sessions scheduled in each of Kāwhia and Ōtorohanga
Residents satisfied with Council communication, as measured by an annual survey		New measure	≥ 50% rate council communication as acceptable or better	≥ 55% rate council communication as acceptable or better	≥ 60% rate council communication as acceptable or better	≥ 65% rate council communication as acceptable or better



## Iwi Liaison

- Relationship building with Tangata Whenua
- Providing opportunity for Māori to contribute to decision-making
- Co-governance relationship structures

## Overview

Our Iwi liaison function is provided to facilitate input from Māori and Iwi into Council decision-making processes. The creation of a Māori Ward will assist with this. We recognise Māori and Iwi as an important group within the community and we also have some responsibilities specified in law regarding our relationships with Māori and Iwi. We acknowledge the cultural and spiritual relationships that Māori and Iwi have with ancestral lands and taonga.

## Our plans for Iwi liaison

We are planning to increase our capacity to engage with iwi through the creation of a new role – Kaitakawaenga (Iwi Relations Advisor). This role will be in place in 2021/22. While the Crown and various local Iwi continue to work to finalise Te Tiriti o Waitangi (the Treaty of Waitangi) settlements, we've included an additional \$50,000 in our operational budgets from 2021/22 to ensure we are in a position to fully engage with local Iwi/Māori and fulfil Council's obligations as specified in signed settlement agreements. The details of any post-settlement obligations, including co-governance, are not yet known.

## Developing Māori capacity to contribute to our decision-making processes

The Maniapoto tribal boundaries are covered by seven Regional Management Committees (RMC). The Mayor and Chief Executive often attend meetings of the Nehenehenui RMC. As a result of the Treaty of Waitangi settlement negotiations, Iwi holding mana whenua status in our District have established or are establishing post-settlement governance entities. We will be actively seeking to develop new partnership agreements to progress our relationships and any statutory obligations we may have.

## What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress towards meeting these in our annual reports.

## You can expect

The Council to establish formal relationships with Iwi holding mana whenua status in the District.

## How we will measure our performance

<b>Measuring our performance:</b>	<b>Baseline Performance 2019/20</b>	<b>Target 2021/22</b>	<b>Target 2022/23</b>	<b>Target 2023/24</b>	<b>Target 2024/31</b>
We will work with Iwi Leaders, representing mana whenua in the District, to build/maintain strong, productive relationships	New measure	Iwi Leaders rate their relationship with Council as good or better	Iwi Leaders rate their relationship with Council as good or better	Iwi Leaders rate their relationship with Council as good or better	Iwi Leaders rate their relationship with Council as good or better

## Land Transport

What this activity includes:

- Local roads and footpaths
- Streetlights
- Bridges
- Road safety
- Litter Control
- Signage
- Culverts and underpasses
- Cycleways

The land transport activity contributes to the following community outcomes:

**Connected      Liveable      Prosperous      Resilient**

Land Transport is our biggest spend area, and a mandatory activity under the Local Government Act 2002. Our local road network connects to the national state highways network, and the management of our roads is rated highly by Waka Kotahi (NZ Transport Agency). We maintain a range of assets, including 804 kilometres of roads, of which 526 kilometres (65%) is sealed, and 24 kilometres of footpaths; 134 bridges; 81 stock underpasses, 5,686 culverts and 2,805 signs. This activity accounts for more than 80% of the total value of Council's assets. Promoting road safety, kerb & channel management, road-marking, safety barriers/works and roadside vegetation and litter management are part of this activity.

The maintenance of the road network is undertaken by Inframax under contract on Council's behalf. Waka Kotahi provides subsidies for a lot of our road and footpath works. The current subsidy rate is 61%, which applies until at least 2024

### Our plans for land transport services

We're investing a total of \$162.5M to keep our road and footpath network to a standard our communities expect. However, over the next three years we'll receive less in subsidies from Waka Kotahi due to national budget constraints. The net impact of this is a \$2.0 million reduction in the roading programme. However, the effect will be localised, with a delay to rehabilitation work on one or two roads only.

Looking ahead we want to ensure we are resilient to the effects of climate change. We'll work with the Waikato Regional Council to have an updated rainfall model and apply that to our road network to understand the likely impacts, particularly in areas more susceptible to erosion. In the meantime, as our culverts come up for renewal, we'll be replacing those with larger pipes to keep the increased stormwater volumes off our roads. The relative cost of this approach is low.

Clearing and repairing roads after weather-related events can be a big part of our land transport activity. Future storm event forecasts indicate that rainfall intensities will increase which will result in greater/more frequent damage our roads. Waka Kotahi do provide additional funding for these impacts, and we will reprioritise our work programmes to ensure repair works can proceed with minimal delay.

We are keeping an eye on the many technology changes happening that influence the way people travel, such as driverless car technology, and electric vehicles and the location of charging points. We expect this technology to be adopted much quicker in larger urban areas.

### Planned projects

Here's an overview of the major land transport projects we've planned for the next ten years:

- **Road resealing (resurfacing)** Ongoing \$17.1 million over 10 years (capital - renewals)

- **Rebuilding roads (reconstruction/rehabilitation)** Ongoing \$12.5 million over 10 years (capital – renewals)
- **New and replaced footpaths** Ongoing \$1.9 million over 10 years (capital – level of service/renewals)
- **Road safety initiatives** Ongoing \$19.8 million over 10 years (capital – level of service)
- **Other road renewals** Ongoing \$16.0 million (capital – renewals)

### What you can expect from us

We’ve included some measures below to show what you can expect from us and the services we provide. We’ll report on our progress towards meeting these in our Annual Report.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
A safe local transport network provided for users and the community.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number*	5 fatalities/ serious injuries	0 fatalities/ serious injuries	0 fatalities/ serious injuries	0 fatalities/ serious injuries	0 fatalities/ serious injuries
Footpaths to be fit for purpose	The percentage of footpaths within the District that fall within the level of service standard of 3 or better (minor cracking only) for the condition of footpaths*	60%	70%	80%	90%	90%
	The average quality of ride on a sealed local road network, measured by smooth travel exposure value of 150 or better*	96%	97%	97%	97%	97%

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
The preservation of the pavement life of sealed roads.	The percentage of the sealed local road network that is resurfaced annually*	4%	6%	6%	6%	6%
Customer service requests to be dealt with promptly and appropriately.	The percentage of customer service requests relating to roads and footpaths to which Council responds within 10 working days*, as recorded in the request for service system	54%	90%	90%	90%	90%

### How much it costs

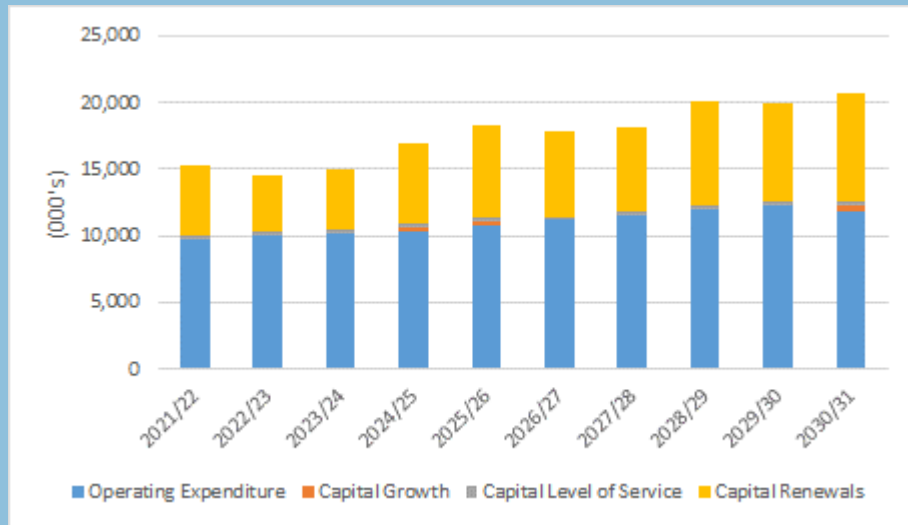


Figure 36 - Land Transport - How much it costs

### Where the money will come from

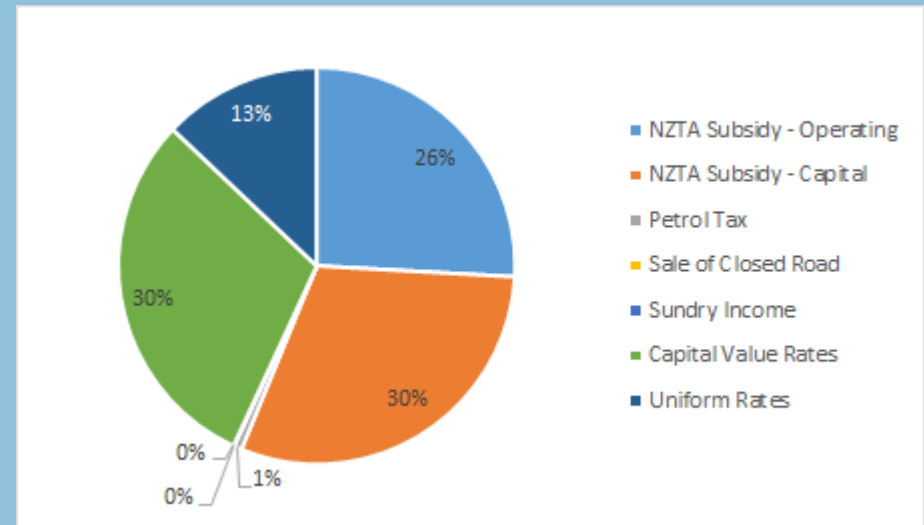


Figure 37 - Land Transport - Where the money will come from

## Land Transport Cost of Service Statement - Operating

Land Transport - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	5,106	6,151	5,477	5,749	6,928	7,525	7,322	7,382	8,349	8,159	8,556
Targeted Rates	4,887	4,657	4,745	4,542	4,568	4,608	4,631	4,666	5,144	5,051	5,283
Development Contributions	-	-	-	-	269	275	-	-	-	-	306
General Rates	-	-	-	-	-	-	-	-	-	-	-
Other General Sources	1,027	1,274	1,353	1,374	1,378	1,437	1,445	1,442	1,520	1,531	1,612
<i>Total Operating Revenue</i>	11,020	12,082	11,575	11,665	13,143	13,845	13,398	13,490	15,013	14,741	15,757
<b>Operating Expenditure</b>											
Land Transport	8,382	8,504	8,722	8,809	9,002	9,398	9,719	10,158	10,532	10,735	10,288
Engineering Business Unit	1,027	1,274	1,353	1,374	1,378	1,437	1,445	1,442	1,520	1,531	1,612
<i>Total Operating Expenditure</i>	9,409	9,778	10,075	10,183	10,380	10,835	11,164	11,600	12,052	12,266	11,900
includes:											
Salaries and Wages	667	712	731	749	766	784	802	820	837	854	871
Depreciation & Amortisation	3,704	3,377	3,523	3,495	3,553	3,866	4,054	4,168	4,613	4,693	4,417
Interest	116	50	41	33	26	20	15	11	8	5	3
<b>Operating Surplus (Deficit)</b>	1,611	2,304	1,500	1,482	2,763	3,010	2,234	1,890	2,961	2,475	3,857
Operating Surplus transferred to Reserves; or Operating Deficit funded from Reserves	1,611	2,304	1,500	1,482	2,763	3,010	2,234	1,890	2,961	2,475	3,857
	-	-	-	-	-	-	-	-	-	-	-



## Land Transport Cost of Service Statement – Capital and Reserves

Land Transport - Capital and Reserves Funding Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	4,798	5,302	4,284	4,597	6,044	6,882	6,453	6,218	7,763	7,367	8,164
Capital Growth	-	-	-	-	274	282	-	-	-	-	320
Capital Level of Service	220	236	244	251	259	266	273	281	288	295	302
Loans Repaid	417	417	417	411	363	301	246	202	164	142	106
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
<b>Total Funding Required</b>	<b>5,435</b>	<b>5,955</b>	<b>4,945</b>	<b>5,259</b>	<b>6,940</b>	<b>7,731</b>	<b>6,972</b>	<b>6,701</b>	<b>8,215</b>	<b>7,804</b>	<b>8,892</b>
<b>Funded by:</b>											
Funding from Non-Cash Expenses	2,200	2,685	2,323	2,444	2,827	3,077	2,875	2,751	2,778	2,621	2,178
Loans Raised	-	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	1,624	966	1,122	1,333	1,350	1,644	1,863	2,060	2,476	2,708	2,857
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	1,611	2,304	1,500	1,482	2,763	3,010	2,234	1,890	2,961	2,475	3,857
<b>Total Funding Applied</b>	<b>5,435</b>	<b>5,955</b>	<b>4,945</b>	<b>5,259</b>	<b>6,940</b>	<b>7,731</b>	<b>6,972</b>	<b>6,701</b>	<b>8,215</b>	<b>7,804</b>	<b>8,892</b>

*Table 21 - Land Transport Cost of Service Statement*

## Land Transport Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Land Transport	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	4,890	4,657	4,745	4,542	4,568	4,608	4,631	4,666	5,144	5,051	5,283
Subsidies and grants for operating purposes	2,166	2,798	2,776	2,849	2,999	3,057	3,127	3,336	3,312	3,373	3,259
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	1,105	1,274	1,353	1,374	1,378	1,437	1,445	1,442	1,520	1,531	1,612
Local authorities fuel tax, fines, infringement fees, and other receipts	92	76	78	81	83	86	88	90	93	95	97
<b>Total operating funding</b>	<b>8,253</b>	<b>8,805</b>	<b>8,952</b>	<b>8,846</b>	<b>9,028</b>	<b>9,188</b>	<b>9,291</b>	<b>9,534</b>	<b>10,069</b>	<b>10,050</b>	<b>10,251</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	3,540	4,362	4,501	4,552	4,725	4,929	4,956	5,157	5,335	5,358	5,379
Finance costs	108	50	41	33	26	20	15	11	8	5	3
Internal charges and overheads applied	1,810	1,975	1,996	2,089	2,064	2,008	2,127	2,252	2,084	2,196	2,087
Other operating funding applications	9	10	10	10	10	11	11	11	11	12	12
<b>Total applications of operating funding</b>	<b>5,467</b>	<b>6,397</b>	<b>6,548</b>	<b>6,684</b>	<b>6,825</b>	<b>6,968</b>	<b>7,109</b>	<b>7,431</b>	<b>7,438</b>	<b>7,571</b>	<b>7,481</b>
<b>Surplus (deficit) of operating funding</b>	<b>2,786</b>	<b>2,408</b>	<b>2,404</b>	<b>2,162</b>	<b>2,203</b>	<b>2,220</b>	<b>2,182</b>	<b>2,103</b>	<b>2,631</b>	<b>2,479</b>	<b>2,770</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	2,474	3,277	2,623	2,819	3,846	4,382	4,107	3,956	4,944	4,690	5,199
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 417	- 417	- 417	- 411	- 363	- 301	- 246	- 202	- 164	- 142	- 106
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>2,057</b>	<b>2,860</b>	<b>2,206</b>	<b>2,408</b>	<b>3,483</b>	<b>4,081</b>	<b>3,861</b>	<b>3,754</b>	<b>4,780</b>	<b>4,548</b>	<b>5,093</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	274	282	-	-	-	-	320
- to improve the level of service	215	236	244	251	259	266	273	281	288	295	302
- to replace existing assets	3,786	5,302	4,284	4,597	6,044	6,882	6,453	6,218	7,763	7,367	8,164
Increase (decrease) in reserves	842	- 269	83	- 278	- 891	- 1,129	- 683	- 640	- 640	- 634	- 923
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>4,843</b>	<b>5,269</b>	<b>4,611</b>	<b>4,570</b>	<b>5,686</b>	<b>6,301</b>	<b>6,043</b>	<b>5,859</b>	<b>7,411</b>	<b>7,028</b>	<b>7,863</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 2,786</b>	<b>- 2,409</b>	<b>- 2,405</b>	<b>- 2,162</b>	<b>- 2,203</b>	<b>- 2,220</b>	<b>- 2,182</b>	<b>- 2,105</b>	<b>- 2,631</b>	<b>- 2,480</b>	<b>- 2,770</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 22 - Land Transport Funding Impact Statement

## Water Supply

What this activity includes:

- An ‘on demand’ reticulated treated drinking water supply covering Kāwhia and Ōtorohanga townships.
- A ‘restricted’ reticulated treated water supply primarily for stock water purposes covering Arohena, Ranginui, Tihiroa and Waipā rural areas.

The water supply activity contributes to the following community outcomes:

**Liveable Prosperous Resilient Responsible**  
**Sustainable**

Water Supply is our second biggest spend area, and a mandatory activity under the Local Government Act 2002. We provide treated water for the health and well-being of residents through the supply of safe drinking water, and to provide for the health and well-being of stock and support the rural economy.

The urban areas of Kāwhia and Ōtorohanga have their own water schemes – around 1500 connections in Ōtorohanga and 470 in Kāwhia – a total of 114.2 km of pipeline and 7 reservoirs (capacity 4,100m<sup>3</sup>). The Ōtorohanga water supply is drawn from the Waipā River and treated. The Kāwhia water supply is drawn from local springs and treated.

The four rural water schemes collectively supply 232 properties, comprise 165 km of pipeline, and 11 reservoirs with a total capacity of 2,993m<sup>3</sup>. As water is supplied on a controlled (‘trickle-feed’) basis, on-farm storage is required by the property owner. The Waipā Scheme is supplied via the Ōtorohanga town supply, with the other schemes drawing water from local rivers/streams. The schemes are managed by

Council on behalf of the owners of properties connected to the schemes, and oversight of each scheme is provided by a local committee.

We have not consistently been able to fully comply with drinking water standards for all supplies. Periodically, ‘boil water’ notices have been issued for our rural supplies due to the presence of bacteria consistent with the risk of water borne diseases. In this regard, we have secured Government funding to begin upgrading our rural supplies

An asset management plan is in place for this activity, and has been reviewed and updated as part of the process for preparing this LTP.

We need to make sure we have the capacity to accommodate growth in Ōtorohanga and Kāwhia, which wasn’t an issue when we last did our assessment of water and sanitary services in 2005. However, at the time, there was an assumption that demand for water would increase irrespective of population change.

The management and delivery of water supply services is of particular interest to Iwi given the potential for adverse impacts on natural waters.

The Government is undertaking a reform of the three waters activities (water, wastewater and stormwater) currently undertaken by city and district councils. Indications are that new regional entities will be established to undertake these activities, although the details and timing are not currently known. We are assuming that we’ll continue to be responsible for these activities until 2024, by which time the outcome of the reform will be known and given effect to. Our 2024-2034 Long Term Plan process will take account of any changes and implications. In the meantime, we’ll be taking a sound asset management approach to the planning, management and delivery of these services.

### Our plans for water supply services

We’re investing a total of \$37.9M to undertake our normal maintenance, operations and renewal works. This includes additional funding to lift the level of compliance for our water supplies, as well as increase the resilience of our networks and improve storage capacity.

To deal with the compliance, resilience and storage issues, we have an \$8.8 million accelerated programme across water, wastewater and stormwater activities. We expect to complete this work in three years, which greatly reduces some water quality issues and supply risks, and sets us up for future growth. The share of that spend on our water supplies is \$5.9M. We also have an additional \$2.5 million in Government funded, which will enhance our upgrade programme across our water and wastewater activities. The share of that spend on our water supplies is around \$2 million.

Looking ahead, we need to renew the consents for water takes, with the Ranginui rural water scheme consent the first of these.

### Planned projects

Here’s an overview of the major water supply projects we’ve planned for the next ten years:

### How we will measure our performance

- **Ōtorohanga Mains Renewals:** On-going - \$3 million over 10 years (capital - renewals)
- **Ōtorohanga Rising Main to Reservoirs:** \$1.2 million over 10 years (level of service)
- **Kāwhia Mains Renewals:** On-going - \$1.6 million over 10 years (capital - renewals)
- **Huirimu/Taupaki Plant Consolidation and Upgrade:** \$1.1 million over 10 years (level of service)

### What you can expect from us

We’ve included some measures below to show what you can expect from us and the services we provide. We’ll report on our progress towards meeting these in our Annual Report.

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Water that is safe to drink	The extent to which the Council’s drinking water supply complies with:					
	a) Part 4: Bacterial Compliance Criteria*	Not achieved	Complies	Complies	Complies	Complies
	b) Part 5: Protozoal Compliance Criteria*	Not achieved	Complies	Complies	Complies	Complies
Losses from the water supply network are minimised.	The percentage of real water loss from the Council’s networked reticulation system* - Ōtorohanga - Kāwhia	27%	<28%	<27%	<26%	<25%
		28%	<28%	<27%	<26%	<25%

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
A potable, reliable and sustainable drinking water supply.	The number of complaints, per 1000 connections, received about water clarity, water taste, water odour, water pressure or flow, continuity of supply, and the Council’s response to any of these issues*, as recorded in the request for service system	20 complaints	≤ 5 complaints	≤ 5 complaints	≤ 5 complaints	≤ 5 complaints
	The average consumption of drinking water per day per resident within the Ōtorohanga District*	377 litres/ person/day	< 300 litres/ person/day	< 300 litres/ person/day	< 300 litres/ person/day	< 300 litres/ person/day
Customer service requests are dealt with promptly and appropriately.	Where the Council attends a call-out in response to a fault or unplanned interruption to its reticulation system, the following median response times are measured*:					
	Urgent Call-outs:					
	• Attendance	30 minutes	< 1.5 hours	< 1.5 hours	< 1.5 hours	< 1.5 hours
	• Resolution	36 minutes	< 18 hours	< 18 hours	< 18 hours	< 18 hours
Non-Urgent Call-outs:						
	• Attendance	12 hrs 48 mins	< 36 hours	< 36 hours	< 36 hours	< 36 hours
• Resolution	30 minutes	< 36 hours	< 36 hours	< 36 hours	< 36 hours	

\* Mandatory performance measure – refer section 261B Local Government Act 2002.

### How much it costs

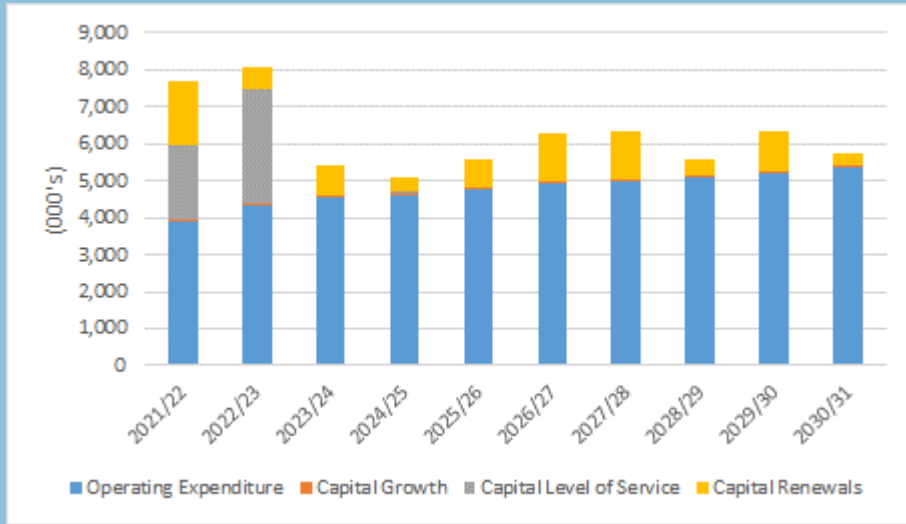


Figure 38 - Water Supply - How much it costs

### Where the money will come from

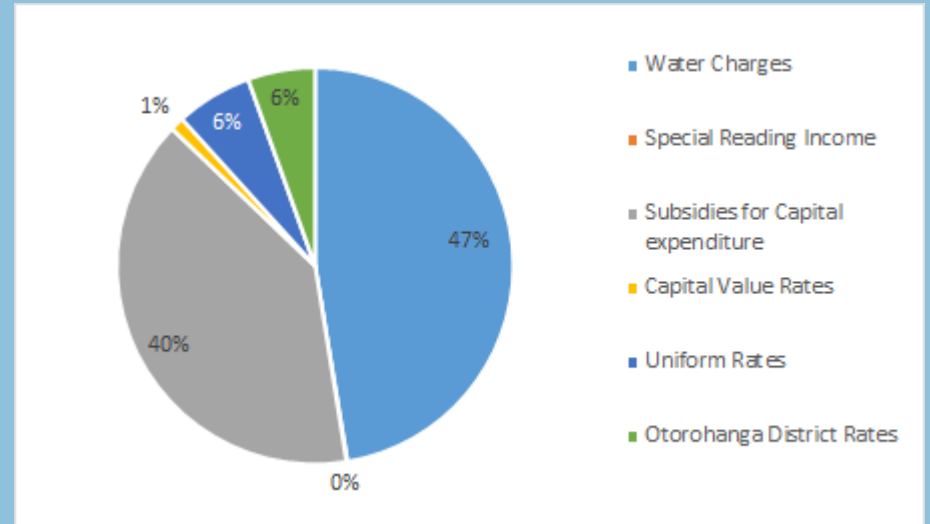


Figure 39 - Water Supply - Where the money will come from



## Water Supply Cost of Service Statement - Operating

Water Supply - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	160	1,458	93	25	25	24	23	22	22	22	22
Targeted Rates	1,743	2,006	2,271	2,578	2,707	2,855	2,950	3,051	3,147	3,230	3,309
Development Contributions	50	-	-	-	-	-	-	-	-	-	-
General Rates	38	201	140	144	142	147	149	149	148	153	157
Other General Sources	952	1,576	1,702	1,736	1,750	1,822	1,857	1,869	1,911	1,926	2,011
<i>Total Operating Revenue</i>	2,943	5,241	4,206	4,483	4,624	4,848	4,979	5,091	5,228	5,331	5,499
<b>Operating Expenditure</b>											
Arohena Rural Water Supply	285	340	424	462	467	477	486	488	501	507	519
Ranginui Rural Water Supply	72	76	80	84	86	89	92	93	99	102	107
Tihiroa Rural Water Supply	210	280	334	362	393	402	378	379	390	393	404
Waipa Rural Water Supply	242	291	331	359	361	372	384	387	382	390	402
Otorohanga Water Supply	949	1,058	1,128	1,180	1,186	1,227	1,243	1,263	1,271	1,320	1,373
Otorohanga Water Treatment Plant	445	531	582	600	605	629	701	711	680	693	719
Otorohanga Water Loan	22	18	29	44	46	48	51	56	60	64	67
Kawhia Water Supply	209	305	347	365	369	380	416	444	465	475	489
Water Services	490	1,000	1,077	1,093	1,102	1,149	1,160	1,162	1,234	1,236	1,296
<i>Total Operating Expenditure</i>	2,924	3,899	4,332	4,549	4,615	4,773	4,911	4,983	5,082	5,180	5,376
includes:											
Salaries and Wages	271	603	619	634	649	664	679	694	709	723	738
Depreciation & Amortisation	454	700	842	959	964	979	1,017	1,050	1,069	1,129	1,153
Interest	31	54	104	137	139	139	147	158	161	161	159
<b>Operating Surplus (Deficit)</b>	19	1,342	- 126	- 66	9	75	68	108	146	151	123
Operating Surplus transferred to Reserves; or	19	1,342	-	-	9	75	68	108	146	151	123
Operating Deficit funded from Reserves	-	-	- 126	- 66	-	-	-	-	-	-	-

### Water Supply Cost of Service Statement – Capital and Reserves

Water Supply - Capital and Reserves Funding Statement	2021/22 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	1,356	1,744	565	803	400	734	1,321	1,313	442	1,080	310
Capital Growth	-	50	52	53	55	57	58	60	62	64	65
Capital Level of Service	368	1,990	3,120	11	39	-	-	-	3	-	-
Loans Repaid	95	129	201	323	335	333	344	380	413	416	438
Operating Deficit	-	-	126	66	-	-	-	-	-	-	-
<b>Total Funding Required</b>	<b>1,819</b>	<b>3,913</b>	<b>4,064</b>	<b>1,256</b>	<b>829</b>	<b>1,124</b>	<b>1,723</b>	<b>1,753</b>	<b>920</b>	<b>1,560</b>	<b>813</b>
<b>Funded by:</b>											
Funding from Non-Cash Expenses	815	485	480	592	625	639	769	837	875	984	913
Loans Raised	1,069	1,942	3,325	573	201	489	940	952	117	648	-
Transfer from General and Special Reserves	- 84	144	259	91	- 6	- 79	- 54	- 144	- 218	- 223	- 223
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	19	1,342	-	-	9	75	68	108	146	151	123
<b>Total Funding Applied</b>	<b>1,819</b>	<b>3,913</b>	<b>4,064</b>	<b>1,256</b>	<b>829</b>	<b>1,124</b>	<b>1,723</b>	<b>1,753</b>	<b>920</b>	<b>1,560</b>	<b>813</b>

Table 23 - Water Supply Cost of Service Statement

## Water Supply Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Water Supply	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	38	201	140	144	142	147	149	149	148	153	157
Targeted rates	1,774	2,006	2,271	2,578	2,707	2,855	2,950	3,051	3,147	3,230	3,309
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	3	5	14	22	21	21	19	19	19	18	18
Internal charges and overheads recovered	974	1,576	1,702	1,736	1,750	1,822	1,857	1,869	1,911	1,926	2,011
Local authorities fuel tax, fines, infringement fees, and other receipts	1	3	3	3	3	3	3	3	4	4	4
<b>Total operating funding</b>	<b>2,790</b>	<b>3,791</b>	<b>4,130</b>	<b>4,483</b>	<b>4,623</b>	<b>4,848</b>	<b>4,978</b>	<b>5,091</b>	<b>5,229</b>	<b>5,331</b>	<b>5,499</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	889	1,346	1,387	1,426	1,494	1,536	1,603	1,644	1,623	1,662	1,698
Finance costs	59	54	104	137	139	139	147	158	161	161	159
Internal charges and overheads applied	1,416	1,762	1,963	1,992	1,980	2,081	2,101	2,082	2,176	2,168	2,297
Other operating funding applications	53	58	60	62	64	66	67	69	71	73	75
<b>Total applications of operating funding</b>	<b>2,417</b>	<b>3,220</b>	<b>3,514</b>	<b>3,617</b>	<b>3,677</b>	<b>3,822</b>	<b>3,918</b>	<b>3,953</b>	<b>4,031</b>	<b>4,064</b>	<b>4,229</b>
<b>Surplus (deficit) of operating funding</b>	<b>373</b>	<b>571</b>	<b>616</b>	<b>866</b>	<b>946</b>	<b>1,026</b>	<b>1,060</b>	<b>1,138</b>	<b>1,198</b>	<b>1,267</b>	<b>1,270</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	1,450	76	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	962	1,813	3,125	250	134	157	597	573	296	232	438
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>962</b>	<b>3,263</b>	<b>3,201</b>	<b>250</b>	<b>134</b>	<b>157</b>	<b>597</b>	<b>573</b>	<b>296</b>	<b>232</b>	<b>438</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	50	52	53	55	57	58	60	62	64	65
- to improve the level of service	468	1,990	3,120	11	39	-	-	-	3	-	-
- to replace existing assets	1,004	1,744	565	803	400	734	1,321	1,313	442	1,080	310
Increase (decrease) in reserves	- 137	50	82	248	319	393	279	336	393	357	457
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>1,335</b>	<b>3,834</b>	<b>3,819</b>	<b>1,115</b>	<b>813</b>	<b>1,184</b>	<b>1,658</b>	<b>1,709</b>	<b>900</b>	<b>1,501</b>	<b>832</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 373</b>	<b>- 571</b>	<b>- 618</b>	<b>- 865</b>	<b>- 947</b>	<b>- 1,027</b>	<b>- 1,061</b>	<b>- 1,136</b>	<b>- 1,196</b>	<b>- 1,269</b>	<b>- 1,270</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 24 - Water Supply Funding Impact Statement

## Wastewater Treatment and Disposal

What this activity includes:

- A reticulated sewerage system and treatment plant serving Ōtorohanga township

The wastewater activity contributes to the following community outcomes:

**Liveable      Resilient      Responsible      Sustainable**

Wastewater treatment and disposal is our third biggest spend area, and a mandatory activity under the Local Government Act 2002. We collect and treat wastewater from residential, business and other properties in the Ōtorohanga urban area for the health and well-being of residents and the environment.

There are about 1400 connected properties serviced by 32km of pipeline and 16 pump stations. Wastewater is piped to the treatment plant (aerated oxidation pond) at the northern end of the town, with the treated water being discharged into the Mangaorongo Stream via a 2-hectare wetland. We have resource consents from the Waikato Regional Council that mean the treated effluent from our wastewater system must not pollute our waterways.

Those commercial and industrial operations that generate much larger and/or concentrated quantities of wastewater are subject to trade waste permits, with specific conditions on their wastewater discharges. There are 53 trade waste permits currently issued. Provision is available at the treatment plant for taking and treating septic tank waste.

An asset management plan is in place for this activity (covering wastewater and stormwater), and has been reviewed and updated as part of the process for developing this LTP.

The management and delivery of wastewater services is of particular interest to Iwi given the potential for adverse impacts on natural waters. Changes to Government standards (national freshwater policy statements) mean we will need to continue to improve the treatment of wastewater in order to keep improving the quality of our natural waterways and environment. We also need to make sure we have the capacity to accommodate growth in Ōtorohanga, which wasn't an issue when we last did our assessment of water and sanitary services in 2005. At that time, capacity constraints were evident, and now need to be addressed.

The Government is undertaking a reform of the three waters activities (water, wastewater and stormwater) currently undertaken by city and district councils. Indications are that new regional entities will be established to undertake these activities, although the details and timing are not currently known. We are assuming that we'll continue to be responsible for these activities until 2024, by which time the outcome of the reform will be known and given effect to. Our 2024-2034 Long Term Plan process will take account of any changes and implications. In the meantime, we'll be taking a sound asset management approach to the planning, management and delivery of these services.

We're investing a total of \$18.7 million to keep our Ōtorohanga wastewater system operational and compliant with resource consents, and provide for further residential and business growth.

To deal with the compliance, resilience and growth issues, we are undertaking an \$8.8 million accelerated programme across water, wastewater and stormwater activities. We want to complete this work in three years, which greatly reduces service risks, and sets us up for future growth. The share of that spend on our wastewater service is \$2.9M. We also have an additional \$2.5 million in Government funded, which will enhance our upgrade programme across our water and wastewater activities. The share of that spend on our wastewater service is around \$0.35 million

We want to do more condition assessments of our pipe network, which will give us greater certainty around when to schedule the replacement of our older pipes. We will also continue our work to reduce groundwater and stormwater entering our sewerage system, which is under pressure during periods of heavy rainfall. This work will be beneficial given what we know about future rainfall patterns as a result of climate change.

Looking ahead we believe a new wastewater system is needed in Kāwhia to prevent the pollution of groundwater and harbour waters from septic tanks, and allow for future growth. Before any final decisions on a new system are made a needs analysis will be undertaken in conjunction with the community, which will involve data collection and review, and options consideration. This work will be completed in 2021/22. Any decision to proceed with design options will be considered after this work has taken place. Consideration of a sewerage system for Kāwhia dates back several decades, however, affordability has been a major limiting factor to progressing this project. We believe the affordability/viability of this project rests with securing substantial Government funding, and we intend working with the Government in this regard. Without securing Government funding, Council will be unable to proceed with the project

### Planned projects

Here’s an overview of the major wastewater projects we’ve planned for the next ten years:

- **Ōtorohanga Mains Renewals:** On-going - \$1.8 million over 10 years (capital – renewals)
- **Ōtorohanga Sundry MEICA:** On-going - \$1.1 million over 10 years (capital – renewals)
- **Kāwhia Sewerage Design and Build Plant/Mains:** \$14 million over 10 years (capital – level of service). This is subject to the outcome of the needs analysis work undertaken in 2021/22,

### What you can expect from us

We’ve included some measures below to show what you can expect from us and the services we provide. We’ll report on our progress towards meeting these in our Annual Report.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Wastewater operations are optimised.	The number of dry weather sewerage overflows from the Ōtorohanga sewerage system, per 1000 connections*	3 overflows	0 overflows	0 overflows	0 overflows	0 overflows
Wastewater operations are managed in	Compliance with the resource consents for discharge from the Ōtorohanga sewerage system measured by the number of: <ul style="list-style-type: none"> <li>• Abatement Notices;</li> <li>• Infringement Notices;</li> </ul>	0 non-compliance actions	0 non-compliance actions	0 non-compliance actions	0 non-compliance actions	0 non-compliance actions

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
accordance with resource consents.	<ul style="list-style-type: none"> <li>Enforcement Orders;</li> <li>Convictions – received by the Council*</li> </ul>					
Customer service requests are dealt with promptly and appropriately	<p>Median response times for Council attending to sewerage overflows resulting from a blockage or other fault in the Ōtorohanga sewerage system, measured as:</p> <p>Attendance time: the time from notification until service personnel arrive on site</p> <p>Resolution time: the time from notification until service personnel confirm resolution of the blockage or fault*</p>	<p>54 minutes</p> <p>1 hour 24 mins</p>	<p>&lt; 50 minutes</p> <p>&lt; 24 hours</p>	<p>&lt; 50 minutes</p> <p>&lt; 24 hours</p>	<p>&lt; 50 minutes</p> <p>&lt; 24 hours</p>	<p>&lt; 50 minutes</p> <p>&lt; 24 hours</p>
Wastewater operations to be managed to minimise complaints.	<p>The number of complaints received by the Council about:</p> <ul style="list-style-type: none"> <li>Sewage odour;</li> <li>Sewerage system faults;</li> <li>Sewerage system blockages;</li> </ul> <p>Response to issues with the sewerage system – expressed per 1000 connections, as recorded in the request for service system*</p>	29 complaints	< 30 complaints	< 25 complaints	< 20 complaints	< 15 complaints

\* Mandatory performance measure – refer section 261B Local Government Act 2002.

### How much it costs

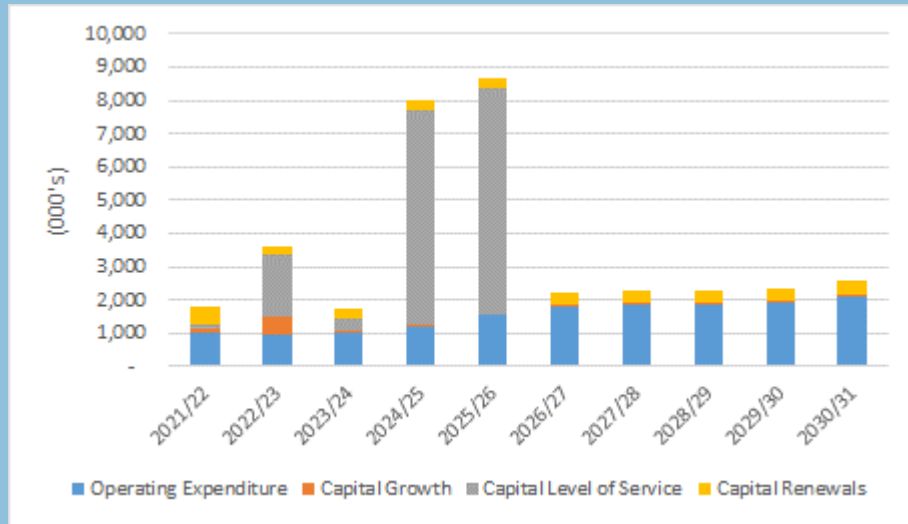


Figure 40 - Wastewater Treatment and Disposal - How much it costs

### Where the money will come from

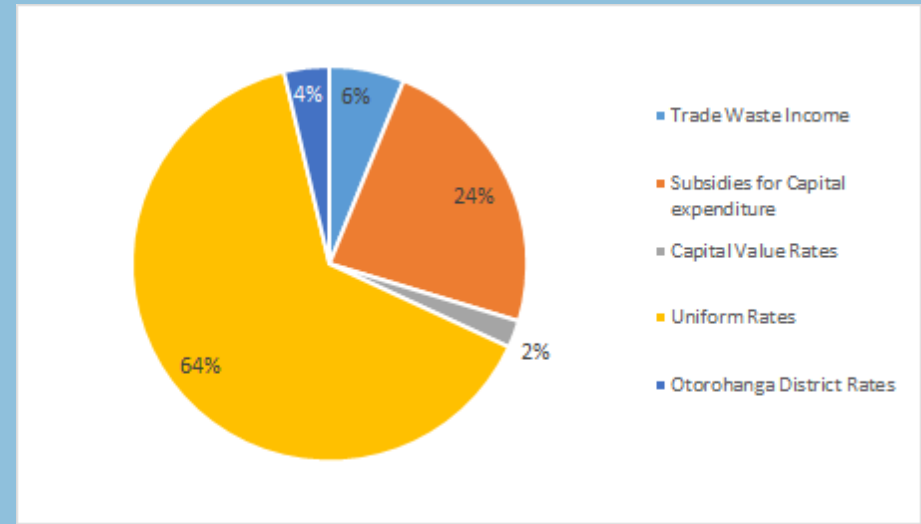


Figure 41 - Wastewater Treatment and Disposal - Where the money will come from



## Wastewater Treatment and Disposal Cost of Service Statement - Operating

Wastewater Treatment & Disposal - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	68	315	67	69	72	188	76	78	80	83	85
Targeted Rates	493	707	815	813	975	1,432	2,039	2,053	2,071	2,074	2,204
Development Contributions	-	-	-	-	-	-	-	-	-	-	-
General Rates	23	39	40	38	47	71	103	103	104	104	111
Other General Sources	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Revenue</i>	584	1,061	922	920	1,094	1,691	2,218	2,234	2,255	2,261	2,400
<b>Operating Expenditure</b>											
Otorohanga Sewerage	695	996	850	894	950	946	969	1,004	1,001	1,038	1,231
Otorohanga Sewerage Loan	51	39	62	83	84	86	87	89	90	92	90
Kawhia Sewerage	-	4	20	45	155	499	768	768	769	771	772
<i>Total Operating Expenditure</i>	746	1,039	932	1,022	1,189	1,531	1,824	1,861	1,860	1,901	2,093
includes:											
Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	267	294	344	396	448	527	574	568	576	609	617
Interest	48	37	66	93	163	292	352	342	332	322	309
Operating Surplus (Deficit)	- 162	22	- 10	- 102	- 95	160	394	373	395	360	307
Operating Surplus transferred to Reserves; or	-	22	-	-	-	160	394	373	395	360	307
Operating Deficit funded from Reserves	- 162	-	- 10	- 102	- 95	-	-	-	-	-	-

## Wastewater Treatment and Disposal Cost of Service Statement – Capital and Reserves

Wastewater Treatment & Disposal - Capital and Reserves Funding Statement	2021/22 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	540	516	257	265	274	283	314	347	381	392	401
Capital Growth	-	75	545	53	55	57	58	60	62	64	65
Capital Level of Service	-	175	1,883	374	6,466	6,771	-	-	-	-	-
Loans Repaid	133	139	162	242	262	522	788	798	812	823	825
Operating Deficit	162	-	10	102	95	-	-	-	-	-	-
<i>Total Funding Required</i>	<b>835</b>	<b>905</b>	<b>2,857</b>	<b>1,036</b>	<b>7,152</b>	<b>7,633</b>	<b>1,160</b>	<b>1,205</b>	<b>1,255</b>	<b>1,279</b>	<b>1,291</b>
<b>Funded by:</b>											
Funding from Non-Cash Expenses	278	284	315	397	384	595	552	547	578	607	951
Loans Raised	465	582	2,532	639	6,773	6,954	290	335	307	316	39
Transfer from General and Special Reserves	92	17	10	-	5	76	76	50	25	4	6
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	-	22	-	-	-	160	394	373	395	360	307
<i>Total Funding Applied</i>	<b>835</b>	<b>905</b>	<b>2,857</b>	<b>1,036</b>	<b>7,152</b>	<b>7,633</b>	<b>1,160</b>	<b>1,205</b>	<b>1,255</b>	<b>1,279</b>	<b>1,291</b>

*Table 25 – Wastewater Treatment and Disposals Cost of Service Statement*

## Wastewater Treatment and Disposal Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Wastewater Disposal and Treatment	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	23	39	40	38	47	71	103	103	104	104	111
Targeted rates	492	707	815	813	975	1,432	2,039	2,053	2,071	2,074	2,204
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	61	65	67	69	72	74	76	78	80	83	85
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding</b>	<b>576</b>	<b>811</b>	<b>922</b>	<b>920</b>	<b>1,094</b>	<b>1,577</b>	<b>2,218</b>	<b>2,234</b>	<b>2,255</b>	<b>2,261</b>	<b>2,400</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	179	507	304	312	357	480	666	719	705	721	904
Finance costs	76	37	66	93	163	292	352	342	332	322	309
Internal charges and overheads applied	169	178	197	199	197	207	207	203	217	217	230
Other operating funding applications	23	26	26	27	28	29	30	31	32	32	33
<b>Total applications of operating funding</b>	<b>447</b>	<b>748</b>	<b>593</b>	<b>631</b>	<b>745</b>	<b>1,008</b>	<b>1,255</b>	<b>1,295</b>	<b>1,286</b>	<b>1,292</b>	<b>1,476</b>
<b>Surplus (deficit) of operating funding</b>	<b>129</b>	<b>63</b>	<b>329</b>	<b>289</b>	<b>349</b>	<b>569</b>	<b>963</b>	<b>939</b>	<b>969</b>	<b>969</b>	<b>924</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	1	250	-	-	-	114	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	434	443	2,370	397	6,511	6,432	498	464	505	508	786
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>435</b>	<b>693</b>	<b>2,370</b>	<b>397</b>	<b>6,511</b>	<b>6,546</b>	<b>498</b>	<b>464</b>	<b>505</b>	<b>508</b>	<b>786</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	75	545	53	55	57	58	60	62	64	65
- to improve the level of service	-	175	1,883	374	6,466	6,771	-	-	-	-	-
- to replace existing assets	697	516	257	265	274	283	314	347	381	392	401
Increase (decrease) in reserves	- 133	- 9	14	- 6	64	3	94	70	22	6	- 329
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>564</b>	<b>757</b>	<b>2,699</b>	<b>686</b>	<b>6,859</b>	<b>7,114</b>	<b>466</b>	<b>477</b>	<b>465</b>	<b>462</b>	<b>137</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 129</b>	<b>- 64</b>	<b>- 329</b>	<b>- 289</b>	<b>- 348</b>	<b>- 568</b>	<b>- 964</b>	<b>- 941</b>	<b>- 970</b>	<b>- 970</b>	<b>- 923</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 26 - Wastewater Treatment and Disposal Funding Impact Statement

## Stormwater Management

What this activity includes:

- The collection and disposal of stormwater in Ōtorohanga and Kāwhia townships

The stormwater activity contributes to the following community outcomes:

<b>Liveable</b>	<b>Resilient</b>	<b>Responsible</b>	<b>Sustainable</b>
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We collect and dispose of stormwater in the Ōtorohanga and Kāwhia urban areas to prevent/minimise flooding from heavy or prolonged rainfall events. Hard surfaces, such as roofs, parking and paved areas, driveways, and roads, all contribute to generating stormwater runoff. Stormwater drainage is a mandatory activity under the Local Government Act 2002.

Our stormwater systems comprise 12.5km of pipes and 4kms of open drains. Stormwater is directed away from properties and roads to local streams and rivers, and the harbour in the case of Kāwhia. Directing stormwater from/under roads is managed under our land transport activity area.

We have resource consents from the Waikato Regional Council covering our stormwater systems and the removal of debris/pollutants before discharge into our natural waterways. These consents expire in 2022 (Ōtorohanga) and 2023 (Kāwhia).

Our networks are limited as to how much stormwater they can handle, so we are requiring new developments to provide for on-site stormwater management, such as storage and ground soakage.

An asset management plan is in place for this activity (covering stormwater and wastewater), and has been reviewed and updated as part of the process for developing this LTP.

The management and delivery of stormwater services is of particular interest to Iwi given the potential for adverse impacts on natural waters. Changes to Government standards (national freshwater policy statements) mean we will need to continue to improve how we manage stormwater in order to keep improving the quality of our natural waterways and environment. We don't yet know what the details are or when they will come into effect.

We also need to make sure we have the capacity to accommodate growth in Ōtorohanga, which wasn't an issue when we last did our assessment of water and sanitary services in 2005.

The Government is undertaking a reform of the three waters activities (water, wastewater and stormwater) currently undertaken by city and district councils. Indications are that new regional entities will be established to undertake these activities, although the details and timing are not currently known. We are assuming that we'll continue to be responsible for these activities until 2024, by which time the outcome of the reform will be known and given effect to. Our 2024-2034 Long Term Plan process will take account of any changes and implications. In the meantime, we'll be taking a sound asset management approach to the planning, management and delivery of these services.

### Our plans for stormwater services

We're investing a total of \$3.6 million to keep our stormwater systems operational and compliant with resource consents, and allow for further residential and business growth in Kāwhia and Ōtorohanga.

We are committing funding to develop a model for our stormwater network. This will help us assess the likely impacts of climate change and assist our pipe replacement programme. In the interim, we are increasing pipe sizes as part of our scheduled pipe replacement programme. This will help future-proof the network by providing a significant increase in system capacity for a small increase in cost.

Within our urban areas, there are a mix of public (Council-administered) and private drains that contribute to community stormwater management. There are questions about that the status of some drains historically deemed as private, and whether some of these should be treated at public drains to ensure they are appropriately maintained and enable the whole network to function more effectively.

### Planned projects

Here’s an overview of the major wastewater projects we’ve planned for the next ten years:

- **Ōtorohanga Renewals:** On-going - \$287,975 over 10 years (capital – renewals)

- **Ōtorohanga Development:** On-going - \$575,950 over 10 years (capital – growth)
- **Kāwhia Resource Consent:** \$203,400 over 10 years (capital – renewals)

### What you can expect from us

We’ve included some measures below to show what you can expect from us and the services we provide. We’ll report on our progress towards meeting these in our Annual Report.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Stormwater operations are optimised	The number of flooding events in the District; and, For each flooding event, the number of habitable rooms affected – expressed per 1000 properties connected to the stormwater system*	0 flooding events	0 flooding events	0 flooding events	0 flooding events	0 flooding events
Stormwater operations are managed in accordance with resource consents	Compliance with the resource consents for discharge from the stormwater system, measured by the number of: <ul style="list-style-type: none"> <li>• Abatement Notices;</li> <li>• Infringement Notices;</li> <li>• Enforcement Orders; and</li> <li>• Convictions – received by the Council*</li> </ul>	0 non-compliance actions	0 non-compliance actions	0 non-compliance actions	0 non-compliance actions	0 non-compliance actions

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Service response times are reasonable	<ul style="list-style-type: none"> <li>The median response time to attend to a flooding event*, measured from the time of notification until service personnel arrive on site</li> </ul>	0 flooding events	< 4 hours 30 minutes	< 4 hours 30 minutes	< 4 hours 30 minutes	< 4 hours 30 minutes
Stormwater operations are managed to minimise complaints	<ul style="list-style-type: none"> <li>The number of complaints received by the Council about the performance of the stormwater system, expressed per 1000 properties connected to the stormwater system*, as recorded in the request for service system</li> </ul>	Not measured	≤ 2 complaints	≤ 2 complaints	≤ 2 complaints	≤ 2 complaints

### How much it costs

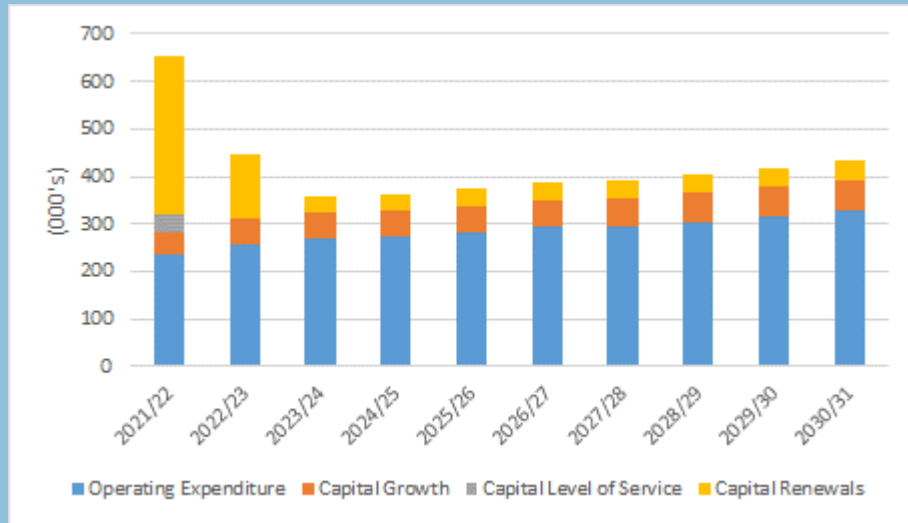


Figure 42 - Stormwater Management - How much it costs

### Where the money will come from

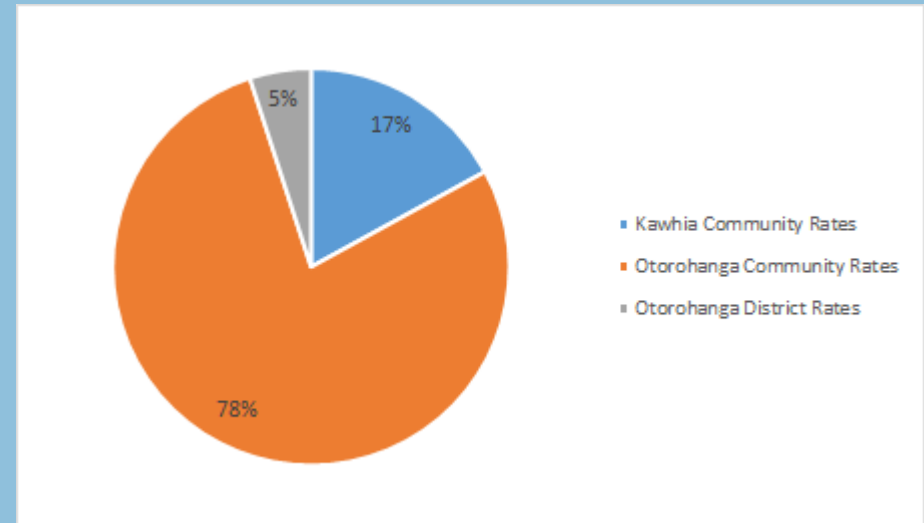


Figure 43 - Stormwater Management - Where the money will come from

### Stormwater Management Cost of Service Statement - Operating

Stormwater Management - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	-	-	-	-	-	-	-	-	-	-	-
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-	-	-
General Rates	193	234	258	271	274	282	293	293	305	317	327
Other General Sources	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Revenue</i>	193	234	258	271	274	282	293	293	305	317	327
<b>Operating Expenditure</b>											
Otorohanga Stormwater	155	192	208	217	220	227	236	236	245	255	263
Kawhia Stormwater	40	42	50	54	54	55	57	57	60	62	64
<i>Total Operating Expenditure</i>	195	234	258	271	274	282	293	293	305	317	327
includes:											
Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	98	127	137	149	152	154	167	169	171	183	185
Interest	20	13	17	17	16	15	14	13	12	11	10
<b>Operating Surplus (Deficit)</b>	- 2	-	-	-	-	-	-	-	-	-	-
Operating Surplus transferred to Reserves; or	-	-	-	-	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	- 2	-	-	-	-	-	-	-	-	-	-



### Stormwater Management Cost of Service Statement – Capital and Reserves

Stormwater Management - Capital and Reserves Funding Statement	2021/22 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	82	331	135	33	34	35	36	37	38	39	40
Capital Growth	-	50	52	53	55	57	58	60	62	64	65
Capital Level of Service	-	1	37	-	-	-	-	-	-	-	-
Loans Repaid	56	55	68	70	67	61	52	50	49	47	47
Operating Deficit	2	-	-	-	-	-	-	-	-	-	-
<i>Total Funding Required</i>	139	473	255	156	156	153	146	147	149	150	152
<b>Funded by:</b>											
Funding from Non-Cash Expenses	139	111	126	129	128	153	146	147	149	150	152
Loans Raised	-	362	129	27	28	-	-	-	-	-	-
Transfer from General and Special Reserves	-	-	-	-	-	-	-	-	-	-	-
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	-	-	-	-	-	-	-	-	-	-	-
<i>Total Funding Applied</i>	139	473	255	156	156	153	146	147	149	150	152

Table 27 - Stormwater Management Cost of Service Statement

## Stormwater Management Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Stormwater Management	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	207	234	258	271	274	282	293	293	304	316	327
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	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding</b>	<b>217</b>	<b>234</b>	<b>258</b>	<b>271</b>	<b>274</b>	<b>282</b>	<b>293</b>	<b>293</b>	<b>304</b>	<b>316</b>	<b>327</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	34	39	40	41	42	44	45	46	48	49	50
Finance costs	24	13	17	17	16	15	14	13	12	11	10
Internal charges and overheads applied	41	34	42	41	40	45	43	39	48	46	54
Other operating funding applications	20	21	22	23	23	24	25	25	26	27	27
<b>Total applications of operating funding</b>	<b>119</b>	<b>107</b>	<b>121</b>	<b>122</b>	<b>121</b>	<b>128</b>	<b>127</b>	<b>123</b>	<b>134</b>	<b>133</b>	<b>141</b>
<b>Surplus (deficit) of operating funding</b>	<b>98</b>	<b>127</b>	<b>137</b>	<b>149</b>	<b>153</b>	<b>154</b>	<b>166</b>	<b>170</b>	<b>170</b>	<b>183</b>	<b>186</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 25	307	62	- 44	- 39	- 61	- 52	- 50	- 49	- 47	- 47
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>- 25</b>	<b>307</b>	<b>62</b>	<b>- 44</b>	<b>- 39</b>	<b>- 61</b>	<b>- 52</b>	<b>- 50</b>	<b>- 49</b>	<b>- 47</b>	<b>- 47</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	50	52	53	55	57	58	60	62	64	65
- to improve the level of service	-	37	-	-	-	-	-	-	-	-	-
- to replace existing assets	71	331	135	33	34	35	36	37	38	39	40
Increase (decrease) in reserves	3	16	12	19	25	1	20	23	21	33	34
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>74</b>	<b>434</b>	<b>199</b>	<b>105</b>	<b>114</b>	<b>93</b>	<b>114</b>	<b>120</b>	<b>121</b>	<b>136</b>	<b>139</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 99</b>	<b>- 127</b>	<b>- 137</b>	<b>- 149</b>	<b>- 153</b>	<b>- 154</b>	<b>- 166</b>	<b>- 170</b>	<b>- 170</b>	<b>- 183</b>	<b>- 186</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 28 - Stormwater Management Funding Impact Statement

## Flood Protection

What this activity includes:

- The maintenance and operation of the Ōtorohanga flood protection works, including the stop-bank network and pumping system

The flood protection activity contributes to the following community outcomes:

**Enduring    Liveable    Resilient    Responsible Sustainable**

### Overview

We maintain and operate the Ōtorohanga flood protection system by agreement with the Waikato Regional Council, who have the overall legal responsibility for this function (as a mandatory activity under the Local Government Act 2002). This arrangement means we can coordinate this activity with our local stormwater drainage activities.

The Ōtorohanga flood protection works are expected to cope with a 1 in 100-year flood event.

The stop-bank areas have been developed as recreation space, and are well used by the community.

### Our plans for flood protection services

We're investing a total of \$2.3 million over 10 years for the maintenance and operation of the Ōtorohanga flood protection assets.

We'll work with the Waikato Regional Council to better understand the impacts of climate change and changing rainfall patterns, and how these might affect the performance of these flood protection systems. Future

enhancement work may be required to maintain the current level of protection.

The Government reform of Three Waters (water, wastewater and stormwater activities) may result in the establishment of new regional entities to undertake those activities. If this change happens, our continued involvement in maintaining/managing the Ōtorohanga flood protection activities may not be effective or possible. We will discuss this with the Regional Council should the change be confirmed.

### Planned projects

Here's an overview of the major wastewater projects we've planned for the next ten years:

- **Ōtorohanga Flood Pump Rebuild:** On-going - \$355,950 over 10 years (capital – renewals)

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress towards meeting these in our Annual Report.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Flood protection and control works to be well managed, maintained and operated.	The major flood protection and control works are maintained, repaired and renewed to approved standards	New measure	Ōtorohanga flood protection system maintained	Ōtorohanga flood protection system maintained	Ōtorohanga flood protection system maintained	Ōtorohanga flood protection system maintained

### How much it costs

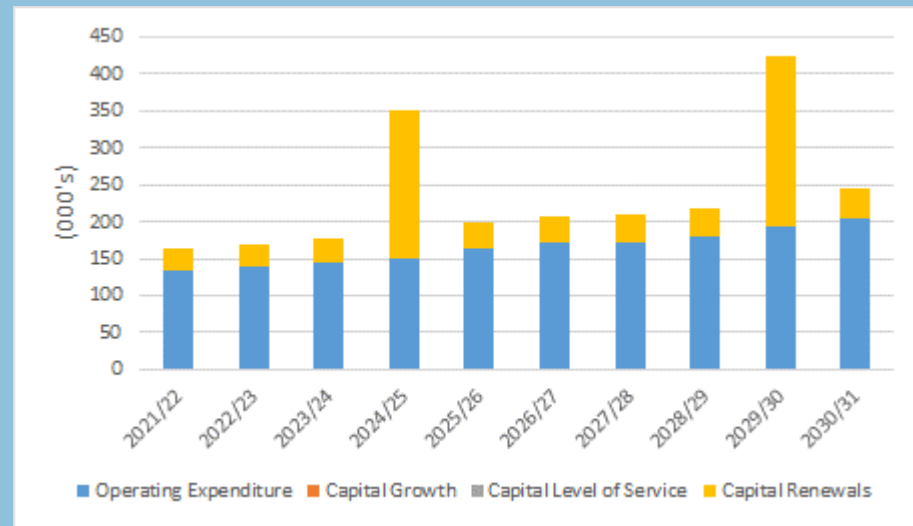


Figure 44 - Flood Protection - How much it costs

### Where the money will come from

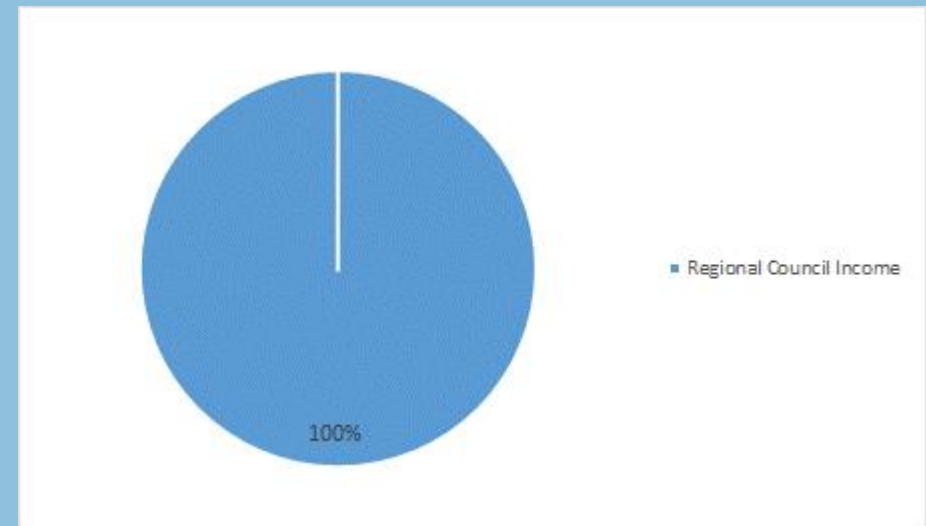


Figure 45 - Flood Protection - Where the money will come from

### Flood Protection Cost of Service Statement - Operating

Flood Protection - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	156	135	138	144	151	165	172	173	180	194	205
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-	-	-
General Rates	-	-	-	-	-	-	-	-	-	-	-
Other General Sources	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Revenue</i>	156	135	138	144	151	165	172	173	180	194	205
<b>Operating Expenditure</b>											
Flood Protection	131	135	138	144	151	165	172	173	180	194	205
<i>Total Operating Expenditure</i>	131	135	138	144	151	165	172	173	180	194	205
includes:											
Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	30	49	47	52	57	66	73	74	75	87	92
Interest	4	7	7	6	7	8	7	7	7	7	8
Operating Surplus (Deficit)	25	-	-	-	-	-	-	-	-	-	-
Operating Surplus transferred to Reserves; or	25	-	-	-	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	-	-	-	-	-	-	-	-	-	-	-

### Flood Protection Cost of Service Statement – Capital and Reserves

Flood Protection - Capital and Reserves Funding Statement	2021/22 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	282	30	31	32	199	34	35	36	37	229	39
Capital Growth	-	-	-	-	-	-	-	-	-	-	-
Capital Level of Service	-	-	-	-	-	-	-	-	-	-	-
Loans Repaid	7	17	17	17	17	21	21	21	21	21	26
Operating Deficit	-	-	-	-	-	-	-	-	-	-	-
<i>Total Funding Required</i>	289	47	48	49	216	55	56	57	58	250	65
<b>Funded by:</b>											
Funding from Non-Cash Expenses	30	47	48	49	105	55	56	57	58	122	65
Loans Raised	259	-	-	-	111	-	-	-	-	128	-
Transfer from General and Special Reserves	- 25	-	-	-	-	-	-	-	-	-	-
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	25	-	-	-	-	-	-	-	-	-	-
<i>Total Funding Applied</i>	289	47	48	49	216	55	56	57	58	250	65

*Table 29 - Flood Protection Cost of Service Statement*

## Flood Protection Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Flood Protection	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
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	138	135	138	144	151	165	172	173	180	194	205
<b>Total operating funding</b>	<b>138</b>	<b>135</b>	<b>138</b>	<b>144</b>	<b>151</b>	<b>165</b>	<b>172</b>	<b>173</b>	<b>180</b>	<b>194</b>	<b>205</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	64	45	47	48	50	51	53	54	56	57	59
Finance costs	4	7	7	6	7	8	7	7	7	7	8
Internal charges and overheads applied	34	29	33	33	32	35	34	33	37	37	40
Other operating funding applications	1	1	1	1	1	1	1	1	1	1	1
<b>Total applications of operating funding</b>	<b>103</b>	<b>82</b>	<b>88</b>	<b>88</b>	<b>90</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>101</b>	<b>102</b>	<b>108</b>
<b>Surplus (deficit) of operating funding</b>	<b>35</b>	<b>53</b>	<b>50</b>	<b>56</b>	<b>61</b>	<b>70</b>	<b>77</b>	<b>78</b>	<b>79</b>	<b>92</b>	<b>97</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	213	- 17	- 17	- 17	94	- 21	- 21	- 21	- 21	107	- 26
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>213</b>	<b>- 17</b>	<b>- 17</b>	<b>- 17</b>	<b>94</b>	<b>- 21</b>	<b>- 21</b>	<b>- 21</b>	<b>- 21</b>	<b>107</b>	<b>- 26</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	241	30	31	32	199	34	35	36	37	229	39
Increase (decrease) in reserves	7	6	2	7	44	15	21	21	21	30	32
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>248</b>	<b>36</b>	<b>33</b>	<b>39</b>	<b>155</b>	<b>49</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>199</b>	<b>71</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 35</b>	<b>- 53</b>	<b>- 50</b>	<b>- 56</b>	<b>- 61</b>	<b>- 70</b>	<b>- 77</b>	<b>- 78</b>	<b>- 79</b>	<b>- 92</b>	<b>- 97</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 30 - Flood Protection Funding Impact Statement



## Waste Management and Minimisation

What this activity includes:

- The provision of kerbside rubbish and recycling services in Kāwhia and Ōtorohanga
- The operation of transfer stations in Kāwhia and Ōtorohanga, and the provision of rural recycling depots
- Management of closed Council landfills
- Support of waste minimisation education

The waste management activity contributes to the following community outcomes:

**Innovative   Liveable   Resilient   Responsible Sustainable**

### Overview

Our urban rubbish and recycling collection services, the operation of our transfer stations and the servicing of rural recycling depots are undertaken under contract by Envirowaste. Our closed landfills have resource consents issued by the Waikato Regional Council, and we monitor and manage those in accordance with the consent requirements.

Our activities in this area are directed by a waste management and minimisation plan, which Council adopted in 2018. We have a focus on reducing waste to landfill, and support a number of education initiatives such as EnviroSchools and Pare Kore. Our waste minimisation activities are funded by a national landfill waste levy, administered by the Ministry for the Environment.

## Our plans for waste management services

We want to continue to reduce waste going to landfill. A waste audit in 2020 indicated up to 40% of domestic rubbish is recyclable. About half of that is food/organic waste.

The current rubbish and recycling contract ends in 2023, and will be reviewed and retendered about 6 months before that.

Our plans for this activity are consistent with our waste management and minimisation plan. That plan will need to be reviewed in 2023/24, which provides an opportunity to review waste minimisation activities and consider new initiatives. Our goal is to maximise the diversion of waste from landfill and limit the production of waste in the first place. To this end we plan to increase our focus on education and undertake a feasibility study for the establishment of a local resource recovery centre. We expect to continue to rely on funding from the national waste level to co-fund our waste minimisation activities.

### Planned projects

Here's an overview of the major wastewater projects we've planned for the next ten years:

- **Ōtorohanga Transfer Station:** On-going - \$20,560 over 10 years (capital – renewals)
- **Waste Minimisation Education:** On-going - \$50,000 over 10 years (operational)
- **Resource Recovery Centre Feasibility Study:** 2023/24 - \$75,000 (operational)

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress towards meeting these in our Annual Report.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
A reliable weekly household kerbside rubbish and recycling collection service in Kāwhia and Otorohanga	The level of satisfaction with the weekly kerbside collection services, as measured by the annual residents survey	New measure	≥ 90% user satisfaction	≥ 90% user satisfaction	≥ 90% user satisfaction	≥ 90% user satisfaction
Waste minimisation to be actively promoted	Increase in recycling volumes over previous year, as measured through the contract report	8.4%	10% increase	10% increase	10% increase	10% increase

### How much it costs



Figure 46 - Waste Management and Minimisation - How much it costs

### Where the money will come from

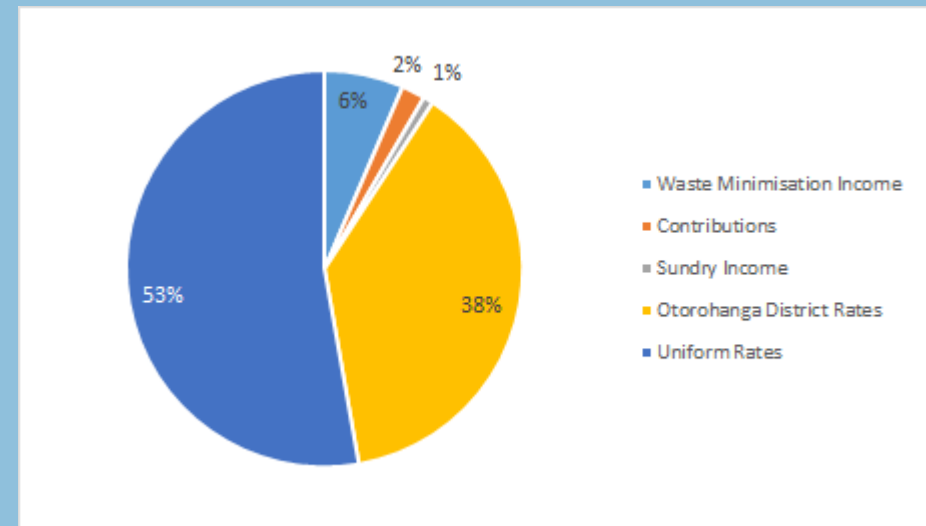


Figure 47 - Waste Management and Minimisation - Where the money will come from

### Waste Management and Minimisation Cost of Service Statement - Operating

Waste Management and Minimisation - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	41	53	43	88	45	46	48	49	50	51	52
Targeted Rates	269	303	286	334	373	375	387	388	405	410	425
Development Contributions	-	-	-	-	-	-	-	-	-	-	-
General Rates	152	218	244	264	267	275	280	282	296	299	311
Other General Sources	-	-	-	-	-	-	-	-	-	-	-
<i>Total Operating Revenue</i>	462	574	573	686	685	696	715	719	751	760	788
<b>Operating Expenditure</b>											
Refuse & Recycling	352	470	507	550	579	598	611	625	645	661	679
Litter Control	68	80	86	87	88	92	93	93	99	99	104
<i>Total Operating Expenditure</i>	420	550	593	637	667	690	704	718	744	760	783
includes:											
Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	5	9	11	15	18	18	19	19	20	21	21
Interest	5	2	2	2	1	1	1	1	1	0	0
Operating Surplus (Deficit)	42	24	- 20	49	18	6	11	1	7	-	5
Operating Surplus transferred to Reserves; or	42	24	-	49	18	6	11	1	7	-	5
Operating Deficit funded from Reserves	-	-	- 20	-	-	-	-	-	-	-	-

### Waste Management and Minimisation Cost of Service Statement – Capital and Reserves

Waste Management and Minimisation - Capital and Reserves Funding Statement	2021/22 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	35	26	1	17	1	1	7	1	7	1	7
Capital Growth	-	-	-	-	-	-	-	-	-	-	-
Capital Level of Service	-	20	-	79	-	-	-	-	-	-	-
Loans Repaid	25	25	26	26	14	14	12	8	8	4	2
Operating Deficit	-	-	20	-	-	-	-	-	-	-	-
<i>Total Funding Required</i>	60	71	47	122	15	15	19	9	15	5	9
<b>Funded by:</b>											
Funding from Non-Cash Expenses	5	1	10	35	3	9	8	8	8	5	4
Loans Raised	-	20	-	11	-	-	-	-	-	-	-
Transfer from General and Special Reserves	13	26	37	27	-	-	-	-	-	-	-
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	42	24	-	49	18	6	11	1	7	-	5
<i>Total Funding Applied</i>	60	71	47	122	15	15	19	9	15	5	9

Table 31 - Waste Management and Minimisation Cost of Service Statement

## Waste Management and Minimisation Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Waste Management and Minimisation	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	150	218	244	264	267	275	280	282	296	299	311
Targeted rates	269	303	286	334	373	375	387	388	405	410	425
Subsidies and grants for operating purposes	35	37	38	39	40	41	42	43	44	45	46
Fees and charges	5	5	5	5	5	5	5	6	6	6	6
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	11	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding</b>	<b>470</b>	<b>563</b>	<b>573</b>	<b>642</b>	<b>685</b>	<b>696</b>	<b>714</b>	<b>719</b>	<b>751</b>	<b>760</b>	<b>788</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	390	410	440	480	506	522	535	550	564	579	592
Finance costs	5	2	2	2	1	1	1	1	1	-	-
Internal charges and overheads applied	45	124	134	137	138	145	146	145	156	155	165
Other operating funding applications	2	1	1	1	1	2	2	2	2	2	2
<b>Total applications of operating funding</b>	<b>442</b>	<b>537</b>	<b>577</b>	<b>620</b>	<b>646</b>	<b>670</b>	<b>684</b>	<b>698</b>	<b>723</b>	<b>736</b>	<b>759</b>
<b>Surplus (deficit) of operating funding</b>	<b>28</b>	<b>26</b>	<b>- 4</b>	<b>22</b>	<b>39</b>	<b>26</b>	<b>30</b>	<b>21</b>	<b>28</b>	<b>24</b>	<b>29</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	11	-	44	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 27	- 5	- 26	- 15	- 14	- 14	- 12	- 8	- 8	- 4	- 2
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>- 27</b>	<b>6</b>	<b>- 26</b>	<b>29</b>	<b>- 14</b>	<b>- 14</b>	<b>- 12</b>	<b>- 8</b>	<b>- 8</b>	<b>- 4</b>	<b>- 2</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	20	-	79	-	-	-	-	-	-	-
- to replace existing assets	20	26	1	17	1	1	7	1	7	1	7
Increase (decrease) in reserves	- 20	- 15	- 31	- 45	22	12	13	13	14	18	21
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>-</b>	<b>31</b>	<b>- 30</b>	<b>51</b>	<b>23</b>	<b>13</b>	<b>20</b>	<b>14</b>	<b>21</b>	<b>19</b>	<b>28</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 27</b>	<b>- 25</b>	<b>4</b>	<b>- 22</b>	<b>- 37</b>	<b>- 27</b>	<b>- 32</b>	<b>- 22</b>	<b>- 29</b>	<b>- 23</b>	<b>- 30</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 32 - Waste Management and Minimisation Funding Impact Statement

## Community Facilities & Services

What this group includes:

- Cemeteries
- Civil Defence (Emergency Management)
- Housing for the Elderly
- Libraries
- Parks and Reserves
- Swimming Pools
- The maintenance of the Aotea sea wall

The Community Facilities & Services group primarily contributes to the following community outcomes:

**Connected    Diverse    Enduring    Engaged**  
**Knowledgeable    Liveable    Resilient    Responsible**  
**Sustainable    Vibrant    Welcoming**

We're involved in protecting and promoting public safety and wellbeing, and we do this through being prepared for emergency events and providing for a range of recreational needs. Our focus areas include supporting:

- local capacity and capability to deal with emergencies
- active and passive recreation
- the housing of some of our vulnerable residents
- the bereaved with quality interment facilities

Some of our community services are provided so that we can meet our legal responsibilities to ensure the protection of people and support of communities.

We maintain the Aotea sea wall on behalf of the Aotea community.

### How much it costs



Figure 48 - Community Facilities & Services - How much it costs

### Where the money will come from

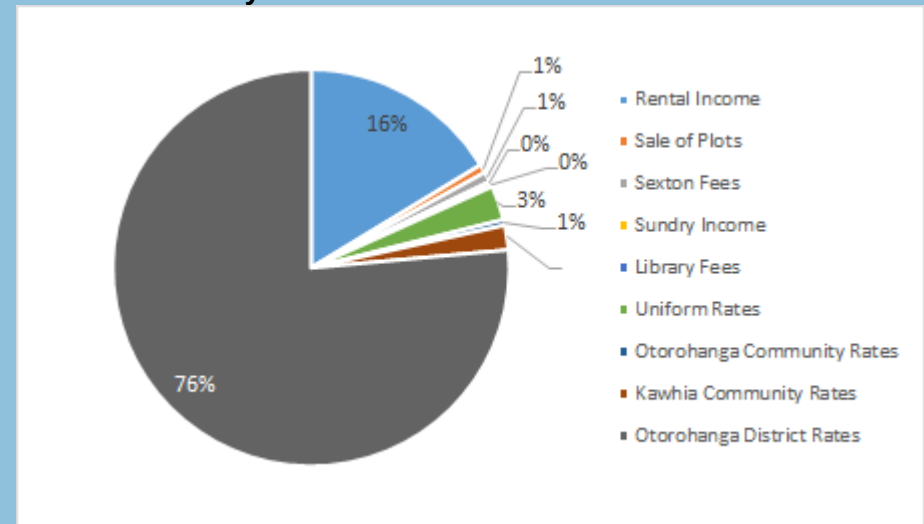


Figure 49 - Community Facilities & Services - Where the money will come from

## Community Facilities & Services Cost of Service Statement - Operating

Community Facilities & Services - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	377	493	507	520	534	548	561	575	589	602	615
Targeted Rates	62	76	78	69	69	70	64	64	66	66	68
Development Contributions	15	-	-	-	-	-	-	-	-	-	-
General Rates	1,994	2,127	2,292	2,344	2,491	2,602	2,615	2,699	2,755	2,809	2,868
Other General Sources	736	649	692	705	712	743	748	751	796	797	837
<i>Total Operating Revenue</i>	<b>3,184</b>	<b>3,345</b>	<b>3,569</b>	<b>3,638</b>	<b>3,806</b>	<b>3,963</b>	<b>3,988</b>	<b>4,089</b>	<b>4,206</b>	<b>4,274</b>	<b>4,388</b>
<b>Operating Expenditure</b>											
Parks & Reserves	745	750	782	837	874	898	911	936	965	976	1,000
Public Conveniences	111	136	153	150	165	170	174	178	184	188	186
Aotea Seawall	56	47	49	40	40	41	42	42	44	44	46
Halls	70	85	86	86	91	91	91	96	96	96	79
Harbour Services	61	67	70	72	74	76	77	82	84	86	90
Library	338	398	413	427	442	455	466	483	498	513	531
Swimming Pools	388	394	402	406	443	455	464	478	492	506	521
Pensioner Housing	172	282	294	302	328	341	349	372	383	259	271
Cemeteries	108	115	124	128	135	139	142	145	149	151	152
Engineering Services	736	649	692	705	712	743	748	751	796	797	837
Civil Defence	147	157	162	166	169	173	176	180	184	187	192
Council Property	163	235	283	339	393	421	423	430	423	425	435
<i>Total Operating Expenditure</i>	<b>3,095</b>	<b>3,315</b>	<b>3,510</b>	<b>3,658</b>	<b>3,866</b>	<b>4,003</b>	<b>4,063</b>	<b>4,173</b>	<b>4,298</b>	<b>4,228</b>	<b>4,340</b>
includes:											
Salaries and Wages	622	516	530	543	557	570	583	597	610	623	636
Depreciation & Amortisation	384	601	649	697	799	835	849	912	920	805	811
Interest	21	13	26	44	58	62	61	59	57	54	51
Operating Surplus (Deficit)	89	30	59	- 20	- 60	- 40	- 75	- 84	- 92	46	48
Operating Surplus transferred to Reserves; or	89	30	59	-	-	-	-	-	-	46	48
Operating Deficit funded from Reserves	-	-	-	- 20	- 60	- 40	- 75	- 84	- 92	-	-



### Community Facilities & Services Cost of Services Statement – Capital and Reserves

Community Facilities & Services - Capital and Reserves Funding Statement	2021/22 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	461	387	385	238	285	277	222	293	378	305	246
Capital Growth	-	-	-	-	-	-	-	-	-	-	-
Capital Level of Service	235	531	1,131	974	843	67	188	59	107	79	44
Loans Repaid	66	66	82	125	155	180	166	171	170	172	163
Operating Deficit	-	-	-	20	60	40	75	84	92	-	-
<i>Total Funding Required</i>	762	984	1,598	1,357	1,343	564	651	607	747	556	453
<b>Funded by:</b>											
Funding from Non-Cash Expenses	476	375	312	372	326	379	321	408	430	466	373
Loans Raised	8	380	1,090	855	813	-	148	-	113	-	-
Transfer from General and Special Reserves	189	199	137	130	204	185	182	199	204	44	32
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	89	30	59	-	-	-	-	-	-	46	48
<i>Total Funding Applied</i>	762	984	1,598	1,357	1,343	564	651	607	747	556	453

Table 33 - Community Facilities & Services Cost of Service Statement

## Community Facilities & Services Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Community Facilities & Services	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	2,140	2,127	2,292	2,344	2,491	2,602	2,615	2,699	2,755	2,809	2,868
Targeted rates	60	76	78	69	69	70	64	64	66	66	68
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	75	80	82	84	87	89	91	93	95	98	100
Internal charges and overheads recovered	813	649	692	705	712	743	748	751	796	797	837
Local authorities fuel tax, fines, infringement fees, and other receipts	333	413	425	436	448	459	470	482	493	505	516
<b>Total operating funding</b>	<b>3,421</b>	<b>3,345</b>	<b>3,569</b>	<b>3,638</b>	<b>3,807</b>	<b>3,963</b>	<b>3,988</b>	<b>4,089</b>	<b>4,205</b>	<b>4,275</b>	<b>4,389</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,935	1,713	1,770	1,833	1,926	1,974	2,020	2,068	2,116	2,164	2,209
Finance costs	21	13	26	44	58	62	61	59	57	54	51
Internal charges and overheads applied	848	840	912	925	920	964	962	954	1,022	1,016	1,073
Other operating funding applications	148	151	154	158	161	165	168	171	175	178	182
<b>Total applications of operating funding</b>	<b>2,952</b>	<b>2,717</b>	<b>2,862</b>	<b>2,960</b>	<b>3,065</b>	<b>3,165</b>	<b>3,211</b>	<b>3,252</b>	<b>3,370</b>	<b>3,412</b>	<b>3,515</b>
<b>Surplus (deficit) of operating funding</b>	<b>469</b>	<b>628</b>	<b>707</b>	<b>678</b>	<b>742</b>	<b>798</b>	<b>777</b>	<b>837</b>	<b>835</b>	<b>863</b>	<b>874</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	10	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	- 60	314	1,008	730	658	- 180	- 18	- 171	- 57	- 172	- 163
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>- 50</b>	<b>314</b>	<b>1,008</b>	<b>730</b>	<b>658</b>	<b>- 180</b>	<b>- 18</b>	<b>- 171</b>	<b>- 57</b>	<b>- 172</b>	<b>- 163</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	170	531	1,131	974	843	67	188	59	107	79	44
- to replace existing assets	299	387	385	238	285	277	222	293	378	305	246
Increase (decrease) in reserves	- 51	24	199	198	271	274	349	311	293	306	419
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>418</b>	<b>942</b>	<b>1,715</b>	<b>1,410</b>	<b>1,399</b>	<b>618</b>	<b>759</b>	<b>663</b>	<b>778</b>	<b>690</b>	<b>709</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 468</b>	<b>- 628</b>	<b>- 707</b>	<b>- 680</b>	<b>- 741</b>	<b>- 798</b>	<b>- 777</b>	<b>- 834</b>	<b>- 835</b>	<b>- 862</b>	<b>- 872</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 34 - Community Facilities & Services Funding Impact Statement

## Cemeteries

What this activity includes:

- the provision and maintenance of interment facilities
- providing cemetery records online

### Overview

We provide public cemeteries in Kāwhia and Ōtorohanga, with plots for burials and ash walls.

### Our plans for cemeteries

We're not expecting any significant change to our cemetery services over the next 10 years. We will continue to develop new areas in our cemeteries to ensure we have sufficient capacity for new burials. We will maintain our cemeteries as attractive and respectful places, and we plan to upgrade the access road to the Ōtorohanga cemetery.

The Kāwhia cemetery is now fully developed, but has sufficient capacity for the next 20 years. Within the next 5-10 years we will need to investigate options for the location of a new cemetery.

We have made some changes to our cemetery fees, and these have been included in our fees and charges schedule. This includes establishing a common charging level for Kāwhia and Ōtorohanga cemeteries.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual reports.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Council to provide efficiently serviced and well maintained cemeteries.	Number of justified complaints regarding grounds maintenance at all Council cemeteries, as recorded in the service request system	2 Complaints	< 5 Complaints	< 5 Complaints	< 5 Complaints	< 5 Complaints

## Civil Defence (Emergency Management)

What this activity includes:

- the provision and maintenance of interment facilities
- providing cemetery records online

### Overview

This activity centres on preparing for, responding to and recovering from civil defence emergencies. Civil Defence Emergency Management (CDEM) is a function and responsibility of all regional, city and district councils. Our civil defence role covers community, organisational and business readiness, including public education and awareness, training and exercises, and local response planning.

We are part of the Waikato CDEM Group, which includes the Waikato Regional Council and all 10 district/city councils within the region, as well as emergency services, welfare agencies and utility providers. This group works closely with research institutions, utility operators and central government to reduce risks and improve community resilience.

We are also part of the Western Waikato Emergency Operations Area, comprising Waipā, Ōtorohanga and Waitomo Council areas, which provides Civil Defence services at the local level. This is a shared service arrangement, with Waipā District Council as the lead agency. This ensures that if an emergency happens in our district we know that our neighbouring councils are also well prepared to help us and vice-versa.

The Civil Defence activity focuses on preparedness for emergencies, both internally by having sufficiently trained staff and externally by educating the wider community on the need for being prepared. Our planning is shaped by both the national and regional plans but with a local emphasis on the communities within our district.

### Our plans for civil defence

We're not expecting any significant change to our civil defence services over the next 10 years. We will continue to monitor and respond to changes and new direction from Government.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual reports.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
The Council and the community to be well prepared for a civil defence emergency.	Community Response Plans are in place for Kāwhia and Ōtorohanga and reviewed every 3 years	New measure	Community response plans in place	Community response plans in place	Community response plans in place	Community response plans reviewed 3 yearly
	The evaluation of annual exercises as a measure of effectiveness of training	New Measure	Baseline assessment	Increasing trend	Increasing trend	Greater than 60% (advancing)

## Housing for the Elderly

What this activity includes:

- the provision and maintenance of residential rental units for older persons

### Overview

We have 28 residential units (22 in Ōtorohanga and six in Kāwhia), which are provided on a user pays basis. These are a mix of studio and one-bedroom. We set our rentals at 90% of the market for similar properties, on the basis of covering our costs rather than making a profit.

There is strong demand for these properties, with waiting lists.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
The Council units to be maintained to a comfortable and safe standard, and fully utilised.	Percentage of tenants satisfied with the comfort and safety of the unit, as measured by the annual tenant satisfaction survey	100% satisfaction	> 95% satisfaction	> 95% satisfaction	> 95% satisfaction	> 95% satisfaction
	Percentage occupancy rate, expressed as an annualised monthly average	99% Ōtorohanga 88% Kāwhia	> 95% combined average	> 95% combined average	> 95% combined average	> 95% combined average

## Our plans for housing for the elderly

We are continuing an upgrade of our units to ensure they meet the national Healthy Homes standards. With increasing demand for community housing, we will develop an eligibility policy for our units.

We are aware the Government is looking at community housing and the expanded role councils could play. We await an announcement in this regard.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual reports.

## Libraries

What this activity includes:

- the provision of libraries, access to books and other educational and recreational material, computer and Wi-Fi access, and learning programmes

### Overview

We have libraries in Ōtorohanga and Kāwhia, with combined total of more than 105,000 customer interactions – visits, programme participants, borrowing, computer use, Wi-Fi access and online activity.

These figures reflect the changing nature of libraries, which are much more than places to just borrow books. Libraries are places for connection and learning through multiple channels.

## Our plans for housing for the elderly

With the appointment of a new library manager, we'll be taking the opportunity to look at our current activities and services, and considering how our libraries might continue to develop and deliver value across our communities. This includes looking at how we might overcome space constraints in the Ōtorohanga library.

In respond to COVID-19, the Government has launched the National Libraries Partnership Programme, which will support librarians and library services to be retained in smaller communities. This in turn will enable librarians and library services to play a key role in supporting their communities and people seeking jobs as part of the recovery from COVID-19.

We are looking at accessing some of this funding to help support our local communities.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual reports.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Library facilities, services and activities to meet the needs of the community.	Percentage of Library users satisfied with Library services, as measured by the annual customer survey	New measure	≥ 90% user satisfaction	≥ 90% user satisfaction	≥ 90% user satisfaction	≥ 90% user satisfaction
	The number of participants in Library programmes and activities, and service users is increasing, as measured in the Library reports to Council	New measure	Establish new baseline	10% increase in participants per year	10% increase in participants per year	10% increase in participants per year



## Parks and Reserves

What this activity includes:

- the provision of public areas for active and passive recreation, including playgrounds, for people of all ages and abilities
- the provision of public toilets

### Overview

We have 26 parks, reserves and playgrounds covering a total of 46 hectares. We have agreements with some sporting groups regarding the care and maintenance of playing fields. There are 5 playgrounds spread between Ōtorohanga and Kāwhia/Aotea, and 8 public toilet facilities located across the district. We adhere to specific standards for development and maintenance of park/reserves, including playgrounds and tracks.

Parks and reserves play a key role in health and wellbeing of our communities. While there has been a progressive decline in participation in clubs, high levels of general recreational activity are continuing, with increases in some areas (e.g. cycling and track walking). The development of parks and reserves, and the placement of public toilets has and will continue to be demand-driven.

The public toilets in Kāwhia operate on septic tank systems, and are under pressure during summer months with the influx of visitors during the holiday period.

## Our plans for parks and reserves

We'll continue to maintain what we have, and look to secure external funding for new developments. As our parks and reserves assets continue to grow, we'll look to develop a specific asset management plan for those.

We do not have current reserve management plans for our key reserves, and this will be an area of focus in the next few years. Management plans set out a blueprint for how these reserves are used and developed, and we'll seek community input in their development.

A new National Policy Statement on Indigenous Biodiversity is expected to be introduced in 2021. This may include new obligations for Council and these will be assessed at the time.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual reports.

## How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
The provision of a range of safe parks and reserve spaces and equipment that meet the needs of residents	Percentage of residents satisfied with the variety and quality of parks/reserves, as measured by the annual customer survey	New measure	≥ 90% satisfaction	≥ 90% satisfaction	≥ 90% satisfaction	≥ 90% satisfaction
The provision of clean, well maintained public toilets.	Number of justified complaints received about the state of public toilets, as recorded in the request for service system	13 complaints	< 12 complaints	< 12 complaints	< 12 complaints	< 12 complaints

## Swimming Pools

What this activity includes:

- the provision of an all-weather covered heated pool, and a seasonal (summer) outdoor pool.

### Overview

The Ōtorohanga pool facility includes a 20 metre indoor pool, which operates year-round, a 33.5 metre outdoor pool and separate toddler’s pool. The facility is managed by a contractor on Council’s behalf, although the contract does not require a gym facility – that is provided at the discretion of the contractor. This contract is due to expire in 2023/24.

The provision of a community swimming pool is seen as an important recreational option, and a key public safety initiative through learn to swim.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
The provision of community swimming pool facilities that are safe for users and staff.	Swimming pools maintain PoolSafe Accreditation and compliance with pool water quality standard <sup>3</sup> , as measured by Pool Manager’s monthly reports	92.3% compliance	> 95% compliance	> 95% compliance	> 95% compliance	> 95% compliance

<sup>3</sup> NZ Standard 5862 (Swimming Pools)  
Otorohanga Long Term Plan 2021-2031

## Our plans for swimming pools

We know the pool facility is aging, so we have commissioned a condition assessment to give us clear idea of the future life of the facility and any significant maintenance/renewal work that may be required in the near future. If there are major costs implications, we will engage with the community about the future of the facility. If Council decides to proceed with the proposal to develop a town centre plan for Ōtorohanga, then the future of the swimming pool facility will be considered as part of that.

We will review the current pool contract provisions, and look to have a new contract out for tender at least six months prior to the expiry of the current contract. While the future of the pool facility may be known by then, it’s likely the current facility will continue to operate in the meantime.

### What you can expect from us

We’ve included some measures below to show what you can expect from us and the services we provide. We’ll report on our progress to meeting these in our annual reports.

## Aotea Sea Wall

What this activity includes:

- the maintenance of the Aotea sea wall on behalf of the Aotea community.

### Overview

The Aotea sea wall was constructed to protect the Aotea foreshore and community from coastal erosion, and the ongoing cost of maintenance is funded by the Aotea community. The wall was constructed in accordance with a resource consent issued by the Waikato Regional Council, and that consent expires in March 2023.

### Our plans for the Aotea sea wall

We will continue to maintain the sea wall in accordance with consent requirements, and lodge an application with the Waikato Regional Council for consent renewal by September 2022.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual reports.



## How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Aotea sea wall to be well maintained.	The major flood protection and control works are maintained and repaired to approved standards	New measure	Aotea sea wall maintained	Aotea sea wall maintained	Aotea sea wall maintained	Aotea sea wall maintained

## Regulatory Services

What this group includes:

- Animal Control
- Building Control
- Environmental Health/Alcohol Licensing
- Planning Development

The Regulatory Services group primarily contributes to the following community outcomes:

**Enduring Knowledgeable Liveable Progressive**  
**Resilient Responsible Sustainable Thriving Vibrant**

We're involved in protecting and promoting public health and safety, and we do this through preparing and applying local regulations, and promoting compliance with national legislation. Our focus areas include supporting:

- community health and safety, including food and alcohol safety, and animal control and welfare
- safe building construction and development
- appropriate land-use management

Some of our regulatory services are provided so that we can meet our legal responsibilities to ensure the protection of people and the environment.

### How much it costs



Figure 50 - Regulatory Services - How much it costs

### Where the money will come from

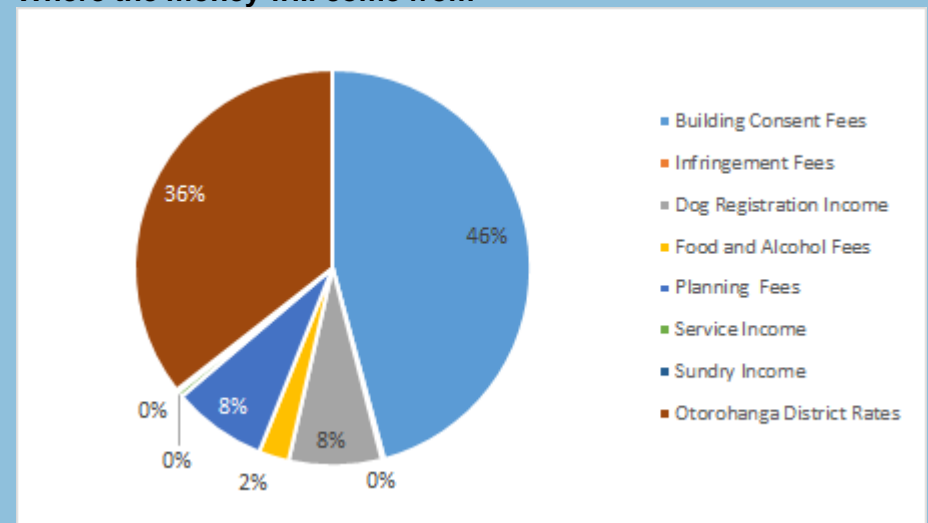


Figure 51 - Regulatory Services – Where the money will come from

### Regulatory Services Cost of Services Statement - Operating

Regulatory Services - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	1,224	1,292	1,367	1,438	1,314	1,324	1,381	1,380	1,444	1,447	1,501
Targeted Rates	-	-	-	-	-	-	-	-	-	-	-
Development Contributions	-	-	-	-	-	-	-	-	-	-	-
General Rates	530	713	678	634	620	631	643	653	667	677	692
Other General Sources	294	689	707	726	740	760	764	782	798	810	824
<i>Total Operating Revenue</i>	2,048	2,694	2,752	2,798	2,674	2,715	2,788	2,815	2,909	2,934	3,017
<b>Operating Expenditure</b>											
Building Control	847	1,145	1,155	1,160	1,012	1,012	1,065	1,055	1,115	1,108	1,159
Planning	281	375	393	402	401	409	417	425	430	438	446
Animal Control	194	240	247	253	259	265	270	276	282	288	293
Environmental Health	143	256	263	269	275	282	285	291	297	303	308
Regulatory Services	561	689	707	726	740	760	764	782	798	810	824
<i>Total Operating Expenditure</i>	2,026	2,705	2,765	2,810	2,687	2,728	2,801	2,829	2,922	2,947	3,030
includes:											
Salaries and Wages	669	992	1,011	1,036	1,060	1,084	1,110	1,134	1,158	1,181	1,205
Depreciation & Amortisation	1	1	1	1	1	1	1	1	1	2	2
Interest	-	-	-	-	-	-	-	-	0	0	0
<b>Operating Surplus (Deficit)</b>	22	- 11	- 13	- 12	- 13	- 13	- 13	- 14	- 13	- 13	- 13
Operating Surplus transferred to Reserves; or	22	-	-	-	-	-	-	-	-	-	-
Operating Deficit funded from Reserves	-	- 11	- 13	- 12	- 13	- 13	- 13	- 14	- 13	- 13	- 13



### Regulatory Services Cost of Services Statement – Capital and Reserves

Regulatory Services - Capital and Reserves Funding Statement	2021/22 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	-	-	-	-	-	-	-	-	-	-	-
Capital Growth	-	-	-	-	-	-	-	-	-	-	-
Capital Level of Service	4	2	2	2	2	2	2	2	26	2	2
Loans Repaid	-	-	-	-	-	-	-	-	-	1	1
Operating Deficit	-	11	13	12	13	13	13	14	13	13	13
<i>Total Funding Required</i>	4	13	15	14	15	15	15	16	39	16	16
<b>Funded by:</b>											
Funding from Non-Cash Expenses	1	1	1	1	1	1	1	1	4	1	1
Loans Raised	-	-	-	-	-	-	-	-	20	-	-
Transfer from General and Special Reserves	-	19	12	14	13	14	14	15	15	15	15
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	22	-	-	-	-	-	-	-	-	-	-
<i>Total Funding Applied</i>	4	13	15	14	15	15	15	16	39	16	16

*Table 35 - Regulatory Services Cost of Service Statement*

## Regulatory Services Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for Regulatory Services	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	1,079	713	678	634	620	631	643	653	667	677	692
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	693	1,279	1,354	1,424	1,300	1,309	1,366	1,365	1,429	1,431	1,485
Internal charges and overheads recovered	258	689	707	726	740	760	764	782	798	810	824
Local authorities fuel tax, fines, infringement fees, and other receipts	18	13	13	14	14	14	15	15	15	16	16
<b>Total operating funding</b>	<b>2,048</b>	<b>2,694</b>	<b>2,752</b>	<b>2,798</b>	<b>2,674</b>	<b>2,714</b>	<b>2,788</b>	<b>2,815</b>	<b>2,909</b>	<b>2,934</b>	<b>3,017</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,385	1,693	1,717	1,731	1,597	1,604	1,671	1,677	1,744	1,747	1,815
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	645	1,004	1,040	1,072	1,082	1,116	1,122	1,143	1,170	1,191	1,208
Other operating funding applications	17	7	8	8	8	8	8	9	9	9	9
<b>Total applications of operating funding</b>	<b>2,047</b>	<b>2,704</b>	<b>2,765</b>	<b>2,811</b>	<b>2,687</b>	<b>2,728</b>	<b>2,801</b>	<b>2,829</b>	<b>2,923</b>	<b>2,947</b>	<b>3,032</b>
<b>Surplus (deficit) of operating funding</b>	<b>1</b>	<b>- 10</b>	<b>- 13</b>	<b>- 13</b>	<b>- 13</b>	<b>- 14</b>	<b>- 13</b>	<b>- 14</b>	<b>- 14</b>	<b>- 13</b>	<b>- 15</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	20	- 1	1
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>- 1</b>	<b>1</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	4	2	2	2	2	2	2	2	26	2	2
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	- 2	- 13	- 14	- 15	- 15	- 16	- 16	- 16	- 20	- 17	- 18
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>2</b>	<b>- 11</b>	<b>- 12</b>	<b>- 13</b>	<b>- 13</b>	<b>- 14</b>	<b>- 14</b>	<b>- 14</b>	<b>6</b>	<b>- 15</b>	<b>- 16</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 2</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>15</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 36 - Regulatory Services Funding Impact Statement

## Animal Control

What this activity includes:

- Dog registration
- Owner education
- Animal control, including the control of wandering dogs and stock

### Overview

We play a role in protecting public safety by dealing with aggressive and wandering animals, as well as promoting animal welfare. We have a funded arrangement with Waka Kotahi/NZ Transport Agency to respond to wandering stock incidents on state highways.

## Our plans for Animal Control

We're not expecting any significant change to our animal control services over the next 10 years. We will continue to monitor the capacity of our Otorohanga dog pound, but we are not proposing any major change.

We have made some increases to dog registration and impounding fees, and this has been included in our fees and charges schedule.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual reports.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Council to protect public safety by ensuring compliance with the Dog Control Act 1996 and bylaw, and the Impounding Act 1956.	Known dogs in the District are registered, as recorded in Council's dog registration database.	New measure	≥ 98% of known dogs registered	≥ 98% of known dogs registered	≥ 98% of known dogs registered	≥ 98% of known dogs registered
	Complaints about dog attacks and stock wandering on public roads are responded to within two hours, as measured by the contractor's monthly report.	New measure	100% compliance with response times	100% compliance with response times	100% compliance with response times	100% compliance with response times

## Building Control

What this activity includes:

- Processing building consent applications
- Assessing, monitoring and enforcement of building activity
- Inspections of private swimming pools

### Overview

We implement building regulations to ensure local buildings are safe for use, and that private swimming pools meet safety regulations. Our ability to process and issue building consent is subject to retaining our accreditation as a Building Consent Authority (BCA).

### Our plans for Building Control

The district is experiencing high levels of building development activity, which is expected to continue for the foreseeable future. We'll need to

ensure our resourcing levels are sufficient to process consents within the required timeframes.

Our next audit for BCA accreditation is due later in 2021, which will be undertaken by International Accreditation New Zealand (IANZ). We anticipate retaining our accredited status.

We'll continue working with other councils in the Waikato Region to get the full building consent process available online. This would mean applying, tracking and receiving consents online, which we intend to have ready in the next three years.

We need to increase our building fees to reflect a fairer share of the cost to consent applicants. Historically, we've used rates to heavily subsidise the building consent activity, but we plan to increase fees progressively over 2 years to ensure fees cover 90% of the costs of the building control activity.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress towards meeting these in our annual reports.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Building consent applications will be processed within the statutory timeframes of the Building Act 2004.	Building consent applications processed within 20 working days, as measured by the Building Consent Tracking Database.	85% compliance	100% compliance	100% compliance	100% compliance	100% compliance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Known privately owned swimming pools comply with the Building Act 2004	All private swimming pools on Council's register will be inspected at least every three years.	88% of pools inspected	> 33% of pools inspected – as an annual average over 3 year period	> 33% of pools inspected – as an annual average over 3 year period	> 33% of pools inspected – as an annual average over 3 year period	> 33% of pools inspected – as an annual average over 3 year period
Council maintains its Building Control Authority (BCA) status	Biennial BCA Accreditation retained	BCA Accreditation retained	BCA Accreditation retained	BCA Accreditation retained	BCA Accreditation retained	BCA Accreditation retained

## Environmental Health/Alcohol Licensing

What this activity includes:

- Food safety
- Alcohol licensing
- Bylaw and public nuisance monitoring/enforcement
- Noise control

### Overview

The activity covers the promotion and protection of public health through the licensing and monitoring of food premises, alcohol sellers, hairdressers and camping grounds, and the control of nuisances by responding to complaints about noise and bylaw breaches. The activity is currently provided by way of a shared service arrangement with Waipā District Council. A contracted 24/7 service is provided for matters relating to public nuisance (noise).

There are around 40 registered food premises, and 20 premises selling alcohol. Typically, we receive around 60-70 noise complaints each year.

## Our plans for Environmental Health/Alcohol Licensing

We will review our shared service arrangement as a matter of course, but the nature of the activity isn't expected to change.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual report.

## How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Public health and safety to be maintained through ensuring compliance with the Food Act 2014 and Sale and Supply of Alcohol Act 2012.	All food premises and venues involved in the sale or supply of alcohol are monitored at least annually for compliance with statutory requirements, as measured by inspection records.	100%	100%	100%	100%	100%
Excessive noise complaints are responded to by the Council	All complaints regarding excessive noise are investigated within two hours of the complaint being received, as measured by contractor's monthly report (from request for service system.	New measure	100%	100%	100%	100%



## Planning Development

What this activity includes:

- District Plan administration
- Resource consents (land-use and subdivision)
- Compliance monitoring and enforcement
- Development advice
- Land Information Memoranda (LIMs)

### Overview

Our planning development activity focuses on administering the District Plan, including processing applications and issuing resource consents, providing development advice and monitoring compliance with planning requirements and consent conditions. We also issue LIM's in relation to property transactions and development proposals.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
Resource consent applications to be processed in accordance with the provisions of the Resource Management Act 1991.	Resource consent application processed and decisions issued within statutory timeframes.	81% compliance	100% compliance	100% compliance	100% compliance	100% compliance

## Our plans for planning development

Our planning development activities are particularly affected by new and proposed planning legislation. The Government has announced that the Resource Management Act 1991 will be replaced by new planning legislation, with those changes expected over the next 12-18 months. Our current District Plan is scheduled to be reviewed shortly, but we won't be progressing that review given the imminent change in legislation. Instead we'll be taking a watching brief, and continue to undertake our planning development function on a 'business as usual' basis.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual report.

## District Development

What this group includes:

- Community development and support
- Economic development and district promotion
- Policy Development

The District Development group primarily contributes to the following community outcomes:

**Connected Empowered Innovative Progressive  
Prosperous Resilient Supportive Sustainable Thriving  
Vibrant**

We're involved in growing and supporting community wellbeing, and building resilience. We also work to attract and grow businesses, and to promote our district as an attractive place to live or visit. Our focus areas include:

- Supporting local groups and organisations working in our communities
- Partnering with local and regional economic development and promotion agencies
- The development of policies – including those required by law and other voluntary local policies
- Flexibility to respond to growth and development opportunities including the acquisition of property

Our focus within this group of activities is centred on enabling, facilitation, and taking a proactive role as opportunities arise. This means helping the relevant local organisations continue their work to help our businesses and communities. The principle behind this approach is leverage – for a relatively small amount of funding, these groups can utilise their own resources, including seeking other funding, to deliver things that are more cost effective for ratepayers than if Council did all of the work itself.

### How much it costs



Figure 52 - District Development - How much it costs

### Where the money will come from

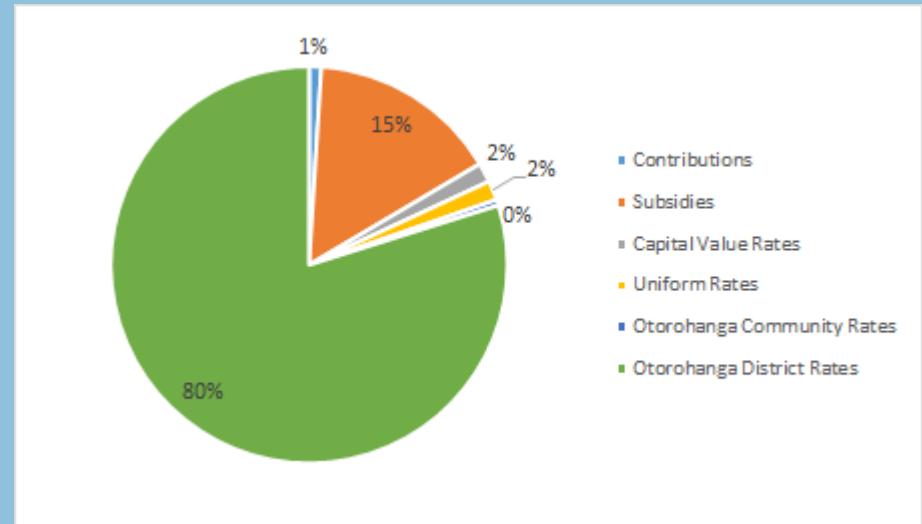


Figure 53 - District Development - Where the money will come from

### District Development Cost of Service Statement - Operating

District Development - Operating Statement	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Operating Revenue</b>											
Activity Revenue	295	299	50	51	52	54	55	56	57	58	59
Targeted Rates	73	57	75	64	78	80	82	84	85	87	89
Development Contributions	-	-	-	-	-	-	-	-	-	-	-
General Rates	1,465	1,453	1,596	2,164	1,778	1,491	1,751	1,552	1,585	1,862	1,648
Other General Sources	-	-	-	-	-	-	-	-	-	-	-
<b>Total Operating Revenue</b>	<b>1,833</b>	<b>1,809</b>	<b>1,721</b>	<b>2,279</b>	<b>1,908</b>	<b>1,625</b>	<b>1,888</b>	<b>1,692</b>	<b>1,727</b>	<b>2,007</b>	<b>1,796</b>
<b>Operating Expenditure</b>											
District Development	550	624	384	393	402	412	420	429	438	447	456
Council Support	228	205	210	215	220	226	231	236	241	245	250
Corporate Planning	967	836	808	1,044	845	866	1,114	900	920	1,184	956
District Plan	28	57	212	532	330	7	7	7	8	8	8
Security Patrol	99	103	106	109	111	114	116	119	121	124	126
<b>Total Operating Expenditure</b>	<b>1,872</b>	<b>1,825</b>	<b>1,720</b>	<b>2,293</b>	<b>1,908</b>	<b>1,625</b>	<b>1,888</b>	<b>1,691</b>	<b>1,728</b>	<b>2,008</b>	<b>1,796</b>
includes:											
Salaries and Wages	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortisation	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
<b>Operating Surplus (Deficit)</b>	<b>- 39</b>	<b>- 16</b>	<b>1</b>	<b>- 14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>- 1</b>	<b>- 1</b>	<b>-</b>
Operating Surplus transferred to Reserves; or	-	-	1	-	-	-	-	1	-	-	-
Operating Deficit funded from Reserves	- 39	- 16	-	- 14	-	-	-	-	- 1	- 1	-

### District Development Cost of Service Statement – Capital and Reserves

District Development - Capital and Reserves Funding Statement	2021/22 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Capital and Reserves Funding Requirements</b>											
Capital Renewals	-	-	-	-	-	-	-	-	-	-	-
Capital Growth	-	-	-	-	-	-	-	-	-	-	-
Capital Level of Service	-	-	-	-	-	-	-	-	-	-	-
Loans Repaid	-	-	-	-	-	-	-	-	-	-	-
Operating Deficit	39	16	-	14	-	-	-	-	1	1	-
<b>Total Funding Required</b>	39	16	-	14	-	-	-	-	1	1	-
<b>Funded by:</b>											
Funding from Non-Cash Expenses	-	-	-	-	-	-	-	-	-	-	-
Loans Raised	-	-	-	-	-	-	-	-	-	-	-
Transfer from General and Special Reserves	39	16	-	14	-	-	-	1	1	1	-
Capital Income	-	-	-	-	-	-	-	-	-	-	-
Operating Surplus (via reserve)	-	-	1	-	-	-	-	1	-	-	-
<b>Total Funding Applied</b>	39	16	-	14	-	-	-	-	1	1	-

Table 37 - District Development Cost of Service Statement

### District Development Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031 for District Development	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	1,574	1,453	1,596	2,164	1,778	1,491	1,751	1,552	1,585	1,862	1,648
Targeted rates	73	57	75	64	78	80	82	84	85	87	89
Subsidies and grants for operating purposes	31	281	31	32	33	34	35	35	36	37	37
Fees and charges	18	18	18	19	19	20	20	21	21	22	22
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding</b>	<b>1,697</b>	<b>1,809</b>	<b>1,720</b>	<b>2,279</b>	<b>1,908</b>	<b>1,625</b>	<b>1,888</b>	<b>1,692</b>	<b>1,727</b>	<b>2,008</b>	<b>1,796</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	769	662	782	1,332	928	619	864	647	661	920	688
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	468	455	470	482	490	503	510	519	531	540	550
Other operating funding applications	968	706	468	479	491	502	514	525	536	547	558
<b>Total applications of operating funding</b>	<b>2,205</b>	<b>1,823</b>	<b>1,720</b>	<b>2,293</b>	<b>1,909</b>	<b>1,624</b>	<b>1,888</b>	<b>1,691</b>	<b>1,728</b>	<b>2,007</b>	<b>1,796</b>
<b>Surplus (deficit) of operating funding</b>	<b>- 508</b>	<b>- 14</b>	<b>-</b>	<b>- 14</b>	<b>- 1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>- 1</b>	<b>1</b>	<b>-</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	- 508	- 14	-	- 14	- 1	1	-	1	- 1	1	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>- 508</b>	<b>- 14</b>	<b>-</b>	<b>- 14</b>	<b>- 1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>- 1</b>	<b>1</b>	<b>-</b>
<b>Surplus (deficit) of capital funding</b>	<b>508</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>1</b>	<b>- 1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>- 1</b>	<b>-</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 38 - District Development Funding Impact Statement

## Community Development

What this activity includes:

- Community grants and support
- Community partnerships

### Overview

We have traditionally provided a range of support to local groups, including funding, leasing community space and facilities, and distributing funding from Government agencies. The total annual funding support is around \$126,000.

Until recently, there hasn't been a clear basis on which Council support has been or is being provided. We are developing a policy to provide clarity as to Council priorities for support and a set of criteria against which funding/ support requests can be assessed. This will be in place for 2021/22.

## Our plans for community development

The community development activity is very broad, and Council intends to establish a strategy to make its role and the level of support clear. We see an overall plan for the community as a useful and important initiative.

We know the Government are looking at this area in conjunction with the water reforms currently underway – under the banner “Future For Local Government”. If councils lose the responsibility for water services, the Government is signalling the potential for a broader role in the community development area for councils. It is too early to speculate what that role might be, but the timing of the water reform process suggests any new community development role for councils will be known ahead of the development of our next long term plan.

From time to time the Government makes funding available for special projects and programmes that will benefit our communities. In the past we haven't always been in a position to capture some of this funding. We intend to change that.

## What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual report.



### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
The Council will maximise external grants/subsidies to support its key priorities, projects, activities and services	Council staff will scope external funding opportunities and lodge applications to secure funding, as determined by Council resolution.	New measure	The number and nature of applications lodged and level of funding secured.	The number and nature of applications lodged and level of funding secured.	The number and nature of applications lodged and level of funding secured.	The number and nature of applications lodged and level of funding secured.
The Council will work towards achieving improved community wellbeing through the provision of financial support to community organisations	Community groups/organisations funded by Council fulfil their funding obligations, as measured by their reporting to Council.	New measure	100% of Funding Obligations Fulfilled	100% of Funding Obligations Fulfilled	100% of Funding Obligations Fulfilled	100% of Funding Obligations Fulfilled

## Economic Development

What this activity includes:

- The development and implementation of a District economic development and promotion strategy
- Funding local/regional partner agencies to deliver improved local economic wellbeing outcomes

### Overview

Our economic development activity focuses on partnership agreements with the Ōtorohanga District Development Board (ODDB), Te Waka (the regional economic development agency), and Hamilton and Waikato Tourism to deliver on our priorities for improving local economic wellbeing. Funding agreements are in place, and collectively these organisations are paid \$282,000 annually.

Our district is growing and our population increasing. Current estimates indicate our population is increasing by 250-300 annually, with the increases spread across most areas of the district. The expansion of Waikeria Prison and the new dairy factory are part of this growth. COVID-19 has not had the impact as projected, so we expect these growth trends to continue for at least the next 3-5 years.

An important base for enabling local economic development is having sufficient land available for new residential and business development. The District Plan provides for the zoning of land to allow this development.

Council will consider the acquisition of property that supports our economic development outcomes.

## Our plans for economic development

Our economic development activities will continue to be based on partnership arrangements with local and regional economic development agencies. An update of our existing economic development strategy is planned to ensure the focus of effort is on the agreed priorities, and that our investment delivers the economic wellbeing outcomes we desire.

We will identify areas for new residential and business/industrial growth, and align these with our future infrastructure plans and programmes. We will review and update our District Plan accordingly.

### What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual report.

### How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
<p>The Council will ensure the district is actively promoted as a place to live and visit, and will work towards achieving improved economic outcomes through the implementation of an economic development strategy.</p>	<p>The economic development agencies funded by Council (Otorohanga District Development Board, Hamilton &amp; Waikato Tourism and Te Waka) fulfil their funding obligations, as measured by their reporting to Council</p>	<p>New measure</p>	<p>Funding Obligations Fulfilled</p>	<p>Funding Obligations Fulfilled</p>	<p>Funding Obligations Fulfilled</p>	<p>Funding Obligations Fulfilled</p>

## Policy Development

- Local policies
- Community plans
- Local bylaws and other regulatory policy
- Resource management policy (our District Plan)

## Overview

Our policy development function involves establishing our strategic direction via policy, strategy, bylaw and planning. While many of our policies are developed to address local issues or to achieve desired outcomes, we also have a statutory responsibility to develop and review some policies, strategies and plans (and to report on these) under legislation.

## Our plans for policy development

Our policy development plans are particularly affected by new and proposed national and regional level policy and legislation. This includes a particular focus on planning to respond to climate change. We don't yet have a comprehensive plan in place to respond to climate change. However, we'll be working with the Ōtorohanga and Kāwhia communities on future development plans and will identify the actions we'll need to take in response to climate change. This includes modelling the likely impact of climate change on our stormwater and flood protection infrastructure, and developing an appropriate upgrade plan.

The need for comprehensive community plans has been identified for Ōtorohanga and Kāwhia. This planning will build on the existing community plans and look at a range of issues/opportunities for these areas, such as main street upgrades, developing community places/spaces, connectivity, infrastructure services, flood protection, and land use planning. A review of the existing rural community plan is also proposed.

We've acknowledged that some changes may need to be made to our District Plan to ensure there is enough land appropriately zoned for future growth and development in Ōtorohanga and Kāwhia. We have allocated funding to ensure this work programme can occur over the next five years. The Government has signalled that the Resource Management Act will be replaced within the next two years with new planning legislation, covering natural and built environments; strategic planning; and climate change adaptation. The timing of our planning programme takes account of these expected changes.

We'll continue to develop and adopt annual plans, annual reports and long term plans and pre-election reports on a 3-yearly basis as required by legislation.

## What you can expect from us

We've included some measures below to show what you can expect from us and the services we provide. We'll report on our progress to meeting these in our annual report.

## How we will measure our performance

You can expect	Measuring our performance	Baseline Performance 2019/20	Target 2021/22	Target 2022/23	Target 2023/24	Target 2024/31
The Council deliver its policy development in accordance with relevant legislative requirements, and engage our communities in the process.	All legislatively required policies, bylaws, plans and strategies are adopted/ reviewed in accordance with statutory requirements, as recorded in the resolution database.	New measure	100% compliance	100% compliance	100% compliance	100% compliance

## Potential significant negative effects of activities

Our activities and services are provided to maintain or improve the wellbeing of our residents and communities. While our activities and services are intended to make positive contributions, sometimes they can also cause negative effects on our communities. The following list provides an outline of the possible negative effects we've identified for our activities:

### All activities

- Ongoing expenditure and increasing costs of service, compliance with national standards and policy initiatives are invariably passed onto our ratepayers.

### Governance and support services

- The difficulty of balancing the needs and wants of differing sectors of the community, and the perception that some sectors benefit at the expense of others.

### Land transport

- There can be conflict between the use of the environment for the construction, maintenance and ongoing use of the roading network and cultural values.
- During construction, physical works will generate dust, noise, vibration and inconvenience through delays, having a negative effect on the community and users.
- Pollutants and sediments can wash off roads into the neighbouring ecosystems, having a negative effect on the receiving environment.
- Light spill from streetlights can have an impact on residential properties.

### Water supply

- The community water supplies draw water from rivers, streams and springs within our district. This reduces the flow in these waterways, which can be perceived to have negative environmental effects on those ecosystems.
- The loss of water from our networks reflects an inefficient use of this resource.
- The loss or service and the risk of damage to property if infrastructure fails due to inadequate maintenance.
- Failure to meet drinking water standards presents a public health risk.
- Key infrastructure on public and private land can restrict the use of that land.

### Wastewater

- There is the potential for conflict between wastewater discharges into the receiving environment and cultural values.
- Adverse effects on the environment, such as from sewage spills, could occur as a result of non-compliance with consent conditions, natural disasters or inadequate maintenance.
- Possible wastewater overflows during rain events can result in contamination of stormwater systems and downstream waterways.
- Key infrastructure on public and private land can restrict the use of that land.

### Flood protection

- Exposure of people and property to floodwaters in the event of mismanagement of the flood protection system

### Stormwater

- Potential conflict between discharge to water and cultural values.
- Water quality could potentially be affected by stormwater runoff from roads and land contains contaminants and sediments which eventually reach waterways.

- Localised flooding due to ineffective management and maintenance of the network.

### **Solid waste**

- There are potential negative effects on the environment as waste is deposited to landfills. The landfill our contractor uses is fully consented and must meet the environmental standards that are set out in those consents.
- Closed landfills can potentially have adverse effects on the environment and public health, so require long term monitoring and control which has ongoing cost implications.

### **Community Facilities & Services**

- Location and design of community facilities can attract anti-social behaviour, such as vandalism, graffiti and bullying, as well as litter, traffic congestion, and noise impacts for nearby residents.

### **District Development**

- Increased visitor numbers, more residents and greater business activity can have a negative impact on the environment.
- Urban expansion consumes productive rural land.
- Some community organisations become overly reliant on Council support, including funding.

### **Regulatory services**

- Most of our regulatory activities are directed by the Government, and can restrict personal and private property rights, and/or result in additional costs, particularly for business operators.
- The requirements of alcohol and food licensing may be cost-restrictive to small businesses



## Our Finances

### Prospective Statement of Comprehensive Revenue and Expenses for 10 years commencing July 2021

	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Income</b>											
Rates revenue	11,865	12,295	12,963	13,691	14,528	15,244	15,992	16,428	17,003	17,015	17,812
Contributions	65	-	-	-	269	275	-	-	-	-	306
Water by volume Rates	1,530	1,737	1,934	2,149	2,271	2,409	2,473	2,545	2,617	2,689	2,752
Subsidies	5,500	8,104	5,544	5,783	6,918	7,628	7,310	7,370	8,337	8,145	8,542
Other income	1,983	2,138	2,247	2,406	2,302	2,338	2,413	2,426	2,508	2,535	2,611
Other gains/(losses) on asset disposal	-	-	-	-	-	-	-	-	-	-	-
<b>Total income</b>	<b>20,943</b>	<b>24,274</b>	<b>22,688</b>	<b>24,029</b>	<b>26,288</b>	<b>27,894</b>	<b>28,188</b>	<b>28,769</b>	<b>30,465</b>	<b>30,384</b>	<b>32,023</b>
<b>Expenditure</b>											
Employee benefit expenses	4,329	5,257	5,706	6,172	6,319	6,467	6,613	6,761	6,902	7,044	7,185
Depreciation and amortisation	5,237	5,422	5,891	6,198	6,509	6,988	7,272	7,485	7,981	8,056	7,817
Other expenses	9,130	9,879	9,921	10,786	10,356	10,421	11,164	11,216	11,424	11,882	11,841
Finance costs	165	55	175	196	304	405	370	330	273	229	179
<b>Total operating expenditure</b>	<b>18,861</b>	<b>20,613</b>	<b>21,693</b>	<b>23,352</b>	<b>23,488</b>	<b>24,281</b>	<b>25,419</b>	<b>25,792</b>	<b>26,580</b>	<b>27,211</b>	<b>27,022</b>
Profit before income tax expenses	2,082	3,661	995	677	2,800	3,613	2,769	2,977	3,885	3,173	5,001
Tax expense											
<b>Profit for the year</b>	<b>2,082</b>	<b>3,661</b>	<b>995</b>	<b>677</b>	<b>2,800</b>	<b>3,613</b>	<b>2,769</b>	<b>2,977</b>	<b>3,885</b>	<b>3,173</b>	<b>5,001</b>
<b>Other Comprehensive Income</b>											
Gain/(loss) on property revaluation	27	11,695	2,751	2,806	24,797	5,309	2,826	27,065	5,614	2,983	30,253
Gain/(loss) on reserve funds	-	-	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	<b>27</b>	<b>11,695</b>	<b>2,751</b>	<b>2,806</b>	<b>24,797</b>	<b>5,309</b>	<b>2,826</b>	<b>27,065</b>	<b>5,614</b>	<b>2,983</b>	<b>30,253</b>
<b>Total Comprehensive Income for the year</b>	<b>2,109</b>	<b>15,356</b>	<b>3,746</b>	<b>3,483</b>	<b>27,597</b>	<b>8,922</b>	<b>5,595</b>	<b>30,042</b>	<b>9,499</b>	<b>6,156</b>	<b>35,254</b>

*Table 39 - Prospective Statement of Comprehensive Revenue and Expenses for 10 Years commencing July 2021*

## Reconciliation of Prospective Statement of Comprehensive Revenue and Expenses and Prospective Combined Cost of Service Statement for 10 years commencing July 2021

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Estimate	Estimate	Estimate	Estimate	Estimate	Est Actual	Estimate	Est Actual	Estimate	Estimate	Estimate
<b>Total Operating Revenue (Income Statement)</b>											
Total income	20,943	24,274	22,688	24,029	26,288	27,894	28,188	28,769	30,465	30,384	32,023
<b>Total Operating Revenue (Cost of Service Statements)</b>											
Activity Revenue	7,484	10,242	7,791	8,189	9,221	9,966	9,723	9,796	10,844	10,681	11,153
Targeted Rates	7,548	7,805	8,269	8,401	8,770	9,420	10,153	10,306	10,918	10,918	11,378
Development Contributions	65	-	-	-	269	275	-	-	-	-	306
General Rates	5,847	6,227	6,628	7,439	8,029	8,233	8,312	8,666	8,702	8,785	9,187
Other General Sources	6,608	8,224	8,719	9,009	9,174	9,595	9,749	9,842	10,092	10,183	10,437
	27,552	32,498	31,407	33,038	35,463	37,489	37,937	38,610	40,556	40,567	42,461
Variance	(6,609)	(8,224)	(8,719)	(9,009)	(9,175)	(9,595)	(9,749)	(9,841)	(10,091)	(10,183)	(10,438)
<i>Reconciling items:</i>											
Internal recoveries	6,609	8,224	8,719	9,009	9,175	9,595	9,749	9,841	10,091	10,183	10,438
	6,609	8,224	8,719	9,009	9,175	9,595	9,749	9,841	10,091	10,183	10,438
<b>Total Operating Expenditure (Income Statement)</b>											
Total operating expenditure	18,861	20,613	21,693	23,352	23,488	24,281	25,419	25,792	26,580	27,211	27,022
<b>Total Operating Expenditure (Cost of Service Statements)</b>											
Land Transport	9,409	9,778	10,075	10,183	10,380	10,835	11,165	11,601	12,053	12,266	11,900
Water Supply	2,925	3,900	4,332	4,549	4,613	4,774	4,910	4,982	5,083	5,180	5,375
Wastewater	746	1,039	932	1,023	1,189	1,531	1,824	1,861	1,861	1,901	2,093
Stormwater	194	234	258	271	274	282	293	293	304	316	327
Flood Protection	131	135	138	144	151	165	172	173	180	194	205
Waste Management	421	551	592	637	668	689	704	718	744	760	783
District Development	1,872	1,824	1,720	2,293	1,909	1,625	1,888	1,692	1,728	2,008	1,796
Community Facilities & Services	3,095	3,315	3,510	3,657	3,866	4,003	4,064	4,171	4,298	4,229	4,340
Regulatory Services	2,026	2,706	2,765	2,810	2,687	2,728	2,801	2,828	2,922	2,947	3,031
Governance & Support Services	4,885	5,477	6,207	6,897	7,017	7,338	7,455	7,432	7,637	7,749	7,773
	25,704	28,959	30,529	32,464	32,754	33,970	35,276	35,751	36,810	37,550	37,623
Variance	(6,843)	(8,346)	(8,836)	(9,112)	(9,266)	(9,689)	(9,857)	(9,959)	(10,230)	(10,339)	(10,601)
<i>Reconciling Items:</i>											
Internal Recoveries	6,609	8,224	8,719	9,009	9,175	9,595	9,749	9,841	10,091	10,183	10,438
Internal Interest on Balance	234	122	117	103	91	94	108	118	139	156	163
	6,843	8,346	8,836	9,112	9,266	9,689	9,857	9,959	10,230	10,339	10,601
Profit before income tax expenses	2,082	3,661	995	677	2,800	3,613	2,769	2,977	3,885	3,173	5,001
Tax expense											
Profit for the year	2,082	3,661	995	677	2,800	3,613	2,769	2,977	3,885	3,173	5,001
<b>Other Comprehensive Income</b>											
Gain/(loss) on property revaluation	27	11,695	2,751	2,806	24,797	5,309	2,826	27,065	5,614	2,983	30,253
Gain/(loss) on available for sale financial assets											
Total other comprehensive income	27	11,695	2,751	2,806	24,797	5,309	2,826	27,065	5,614	2,983	30,253
<b>Total Comprehensive Income for the year</b>	<b>2,109</b>	<b>15,356</b>	<b>3,746</b>	<b>3,483</b>	<b>27,597</b>	<b>8,922</b>	<b>5,595</b>	<b>30,042</b>	<b>9,499</b>	<b>6,156</b>	<b>35,254</b>

Table 40 - Reconciliation of Prospective Statement of Comprehensive Revenue and Expenses and Prospective Combined Cost of Service Statement for 10 Years commencing July 2021

## Prospective Statement of Changes in Equity for 10 years commencing July 2021

	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
Balance at 1 July	325,024	324,100	339,456	343,202	346,685	374,282	383,204	388,799	418,841	428,340	434,496
Surplus/(deficit) for the year	2,109	15,356	3,746	3,483	27,597	8,922	5,595	30,042	9,499	6,156	35,254
Total recognised income/(expense) for the year ended 30 June	2,109	15,356	3,746	3,483	27,597	8,922	5,595	30,042	9,499	6,156	35,254
Balance at 30 June	327,133	339,456	343,202	346,685	374,282	383,204	388,799	418,841	428,340	434,496	469,750
Comprised of:											
Retained Earnings	163,193	167,095	168,710	170,037	172,421	175,236	177,492	179,235	182,124	184,630	188,455
Council Controlled Reserves	3,064	2,758	2,071	1,352	1,698	2,425	2,867	4,026	4,947	5,537	6,635
Reserve Funds	3,306	3,372	3,439	3,507	3,577	3,648	3,720	3,794	3,869	3,946	4,025
Revaluation Reserves	157,570	166,231	168,982	171,789	196,586	201,895	204,720	231,786	237,400	240,383	270,635
	327,133	339,456	343,202	346,685	374,282	383,204	388,799	418,841	428,340	434,496	469,750

*Table 41 - Prospective Statement of Changes in Equity for 10 years commencing July 2021*

## Prospective Balance Sheet for 10 years commencing July 2021

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
<b>Assets</b>											
<b>Current Assets</b>											
Cash and cash equivalents	3,559	2,737	1,385	1,254	996	1,098	1,053	1,043	1,084	1,124	2,120
Trade and other receivables	2,181	2,231	2,339	2,499	2,715	2,983	3,358	3,787	4,270	4,804	5,390
Inventory	30	30	31	32	35	38	41	46	51	57	64
Development property held for sale	-	-	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>	<b>5,770</b>	<b>4,998</b>	<b>3,755</b>	<b>3,785</b>	<b>3,746</b>	<b>4,119</b>	<b>4,452</b>	<b>4,876</b>	<b>5,405</b>	<b>5,985</b>	<b>7,574</b>
<b>Non-current assets</b>											
<b>Trade and other receivables</b>											
Equity investments	1,681	1,681	2,681	2,431	2,181	1,931	1,681	1,431	1,181	931	681
Property plant and equipment	325,648	339,357	349,237	354,178	387,643	401,575	406,004	434,188	441,297	445,918	478,120
Intangible assets	157	508	734	775	720	718	682	667	739	718	697
<b>Total non-current assets</b>	<b>327,486</b>	<b>341,546</b>	<b>352,652</b>	<b>357,384</b>	<b>390,544</b>	<b>404,224</b>	<b>408,367</b>	<b>436,286</b>	<b>443,217</b>	<b>447,567</b>	<b>479,498</b>
<b>Total assets</b>	<b>333,256</b>	<b>346,544</b>	<b>356,407</b>	<b>361,169</b>	<b>394,290</b>	<b>408,343</b>	<b>412,819</b>	<b>441,162</b>	<b>448,622</b>	<b>453,552</b>	<b>487,072</b>
<b>Liabilities</b>											
<b>Current liabilities</b>											
Trade and other payables	2,788	2,788	2,847	2,964	3,138	3,369	3,657	4,003	4,403	4,858	5,368
Income in advance	1,970	895	902	1,002	1,152	1,251	1,499	1,796	2,141	2,533	2,972
Development & financial contributions in adv	465	505	545	585	351	109	149	189	229	269	(11)
Provisions	1	1	1	1	1	1	1	1	1	1	1
Employee benefit liabilities	390	390	400	420	450	489	538	597	665	743	830
Borrowings	-	-	-	-	-	1,750	2,448	2,900	2,200	2,500	2,000
<b>Total current liabilities</b>	<b>5,614</b>	<b>4,579</b>	<b>4,695</b>	<b>4,972</b>	<b>5,092</b>	<b>6,969</b>	<b>8,292</b>	<b>9,486</b>	<b>9,639</b>	<b>10,904</b>	<b>11,160</b>
<b>Non-current liabilities</b>											
Provisions	16	16	16	16	16	16	16	16	16	16	16
Employee benefit liabilities	45	45	46	48	52	56	62	69	77	86	96
Borrowings	448	2,448	8,448	9,448	14,848	18,098	15,650	12,750	10,550	8,050	6,050
<b>Total non-current liabilities</b>	<b>509</b>	<b>2,509</b>	<b>8,510</b>	<b>9,512</b>	<b>14,916</b>	<b>18,170</b>	<b>15,728</b>	<b>12,835</b>	<b>10,643</b>	<b>8,152</b>	<b>6,162</b>
<b>Total liabilities</b>	<b>6,123</b>	<b>7,088</b>	<b>13,205</b>	<b>14,484</b>	<b>20,008</b>	<b>25,139</b>	<b>24,020</b>	<b>22,321</b>	<b>20,282</b>	<b>19,056</b>	<b>17,322</b>
<b>Net assets</b>	<b>327,133</b>	<b>339,456</b>	<b>343,202</b>	<b>346,685</b>	<b>374,282</b>	<b>383,204</b>	<b>388,799</b>	<b>418,841</b>	<b>428,340</b>	<b>434,496</b>	<b>469,750</b>
<b>Equity</b>											
Accumulated Funds	163,193	167,095	168,710	170,037	172,421	175,236	177,492	179,235	182,124	184,630	188,455
Council Controlled Reserves	3,064	2,758	2,071	1,352	1,698	2,425	2,867	4,026	4,947	5,537	6,635
Reserve Funds	3,306	3,372	3,439	3,507	3,577	3,648	3,720	3,794	3,869	3,946	4,025
Revaluation Reserves	157,570	166,231	168,982	171,789	196,586	201,895	204,720	231,786	237,400	240,383	270,635
<b>Total equity attributable to ODC</b>	<b>327,133</b>	<b>339,456</b>	<b>343,202</b>	<b>346,685</b>	<b>374,282</b>	<b>383,204</b>	<b>388,799</b>	<b>418,841</b>	<b>428,340</b>	<b>434,496</b>	<b>469,750</b>

Table 42 - Prospective Balance Sheet for 10 years commencing July 2021

## Prospective Statement of Cash Flow for 10 years commencing July 2021

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Estimate	Estimate	Estimate	Estimate	Estimate	Est Actual	Estimate	Est Actual	Estimate	Estimate	Estimate
<b>Cash flows from operating activities</b>											
Receipts from rates revenue	15,133	12,906	14,823	15,831	16,810	17,584	18,466	18,995	19,661	19,765	20,645
Receipts from other revenue	6,770	10,227	7,748	8,066	9,348	10,081	9,545	9,599	10,631	10,451	11,213
Interest received	10	12	12	67	61	54	47	39	31	23	15
Dividends received	4	4	4	4	4	4	4	4	4	4	4
Payments to suppliers and employee	(12,288)	(15,096)	(15,517)	(16,780)	(16,705)	(16,857)	(17,398)	(17,530)	(17,815)	(18,350)	(18,706)
Interest paid	(165)	(55)	(175)	(196)	(304)	(405)	(370)	(330)	(273)	(229)	(179)
<b>Net cash provided by Operating Activities</b>	<b>9,464</b>	<b>7,998</b>	<b>6,895</b>	<b>6,992</b>	<b>9,214</b>	<b>10,461</b>	<b>10,294</b>	<b>10,777</b>	<b>12,239</b>	<b>11,664</b>	<b>12,992</b>
<b>Cash flows from investing activities</b>											
Proceeds from Sale of Property, Plant and Equipment	67	134	93	135	114	88	79	177	109	85	73
Purchase of property, plant and equipment	(9,494)	(10,577)	(13,061)	(8,363)	(15,162)	(15,588)	(8,873)	(8,715)	(9,517)	(9,710)	(9,769)
Purchase of investments	(1,050)	-	(1,000)	250	250	250	250	250	250	250	250
Purchase of intangible assets	(168)	(377)	(279)	(145)	(74)	(109)	(45)	(51)	(140)	(49)	(50)
<b>Net cash (used in) Investing Activities</b>	<b>(10,645)</b>	<b>(10,820)</b>	<b>(14,247)</b>	<b>(8,123)</b>	<b>(14,872)</b>	<b>(15,359)</b>	<b>(8,589)</b>	<b>(8,339)</b>	<b>(9,298)</b>	<b>(9,424)</b>	<b>(9,496)</b>
<b>Cash flows from financing activities</b>											
Proceeds from borrowings	-	2,000	6,000	1,000	5,400	5,000	-	-	-	-	-
Repayment of borrowings	(3,015)	-	-	-	-	-	(1,750)	(2,448)	(2,900)	(2,200)	(2,500)
<b>Net cash provided by/(used in) Financing Activities</b>	<b>(3,015)</b>	<b>2,000</b>	<b>6,000</b>	<b>1,000</b>	<b>5,400</b>	<b>5,000</b>	<b>(1,750)</b>	<b>(2,448)</b>	<b>(2,900)</b>	<b>(2,200)</b>	<b>(2,500)</b>
<b>Net (decrease)/increase in cash, cash equivalents and bank overdrafts</b>	<b>(4,196)</b>	<b>(822)</b>	<b>(1,352)</b>	<b>(131)</b>	<b>(258)</b>	<b>102</b>	<b>(45)</b>	<b>(10)</b>	<b>41</b>	<b>40</b>	<b>996</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year	7,755	3,559	2,737	1,385	1,254	996	1,098	1,053	1,043	1,084	1,124
<b>Cash and cash equivalents at the end of the year</b>	<b>3,559</b>	<b>2,737</b>	<b>1,385</b>	<b>1,254</b>	<b>996</b>	<b>1,098</b>	<b>1,053</b>	<b>1,043</b>	<b>1,084</b>	<b>1,124</b>	<b>2,120</b>

Table 43 - Prospective Statement of Cash Flow for 10 years commencing July 2021

## Statement of Reserve Funds

	Opening Balance	Transfer to Reserves during the life of the plan	Transfers from Reserves during the life of the plan	Closing Balance
<b>Revaluation Reserves</b>				
Asset Revaluation Reserve	(157,569)	(113,066)	-	(270,634)
Investment Revaluation Reserve	(1)	-	-	(1)
	(157,570)	(113,066)	-	(270,635)
<b>Reserve Funds</b>				
Ōtorohanga General Reserve	(840)	(184)	-	(1,025)
Subdivision Reserve Fund	(261)	(57)	-	(318)
OCB Reserve Fund	(138)	(30)	-	(168)
KCB Reserve Fund	(188)	(41)	-	(229)
OCB Property Development Reserve Fund	(1,852)	(406)	-	(2,258)
Upper Waipa Management	(27)	-	-	(27)
	(3,306)	(718)	-	(4,025)
<b>Council Controlled Reserves</b>				
Roads & Footpaths	(243)	(162,361)	162,511	(93)
Water Supply	1,030	(44,960)	43,953	22
Wastewater	199	(16,688)	16,503	13
Flood Protection	(187)	(2,398)	2,357	(228)
Waste Management	(185)	(6,030)	6,094	(121)
District Development	(35)	(1,123)	1,151	(8)
Community Facilities & Services	88	(5,329)	4,425	(816)
Regulatory Services	2	(2,235)	2,394	161
Governance & Support Services	(416)	(21,145)	18,555	(3,005)
General Rates	(3,317)	(80,657)	81,413	(2,560)
	(3,064)	(342,926)	339,356	(6,635)

*Table 44 - Statement of Reserve Funds*

## Statement of Accounting Policies

### Reporting Entity

Ōtorohanga 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 2021-31.

### 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.

### Standards Issued and not yet effective but early adopted

At adoption of this Long Term Plan 2021-2031 the following standard was on issue but not yet effective, however it includes an option for early adoption.

PBE IPSAS 41 *Financial Instruments* will become effective for reporting periods beginning on or after 1 January 2022 and Council has elected to apply the standard early and will apply it to the financial year ending 30 June 2022, being the first year of the Long Term Plan. The new standard changes the classification terms of financial instruments, but has no impact on the recognition or measurement for the financial instruments currently held or forecast to be held within this plan.

### Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

#### *Revenue from non-exchange transactions*

#### **Rates revenue**

The following policies for rates revenue have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. ODC considers that the effect of



payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

- Rates revenue arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter is recognised when the invoices are raised.
- Rates remissions are recognised as a reduction of rates revenue when ODC has received an application that satisfies its rates remission policy.

### **Waka Kotahi New Zealand Transport Agency roading subsidies**

ODC receives government grants from Waka Kotahi (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 when conditions pertaining to eligible expenditure have been fulfilled.

### **Other grants received**

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

### **Development and Financial Contributions**

Development and financial contributions are recognised as other income 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.

### **Vested or donated physical assets**

Where a physical asset is acquired for nil or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

### **Direct charges – subsidised**

#### **(i) Rendering of services - subsidised**

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as building consents, water connections, dog licencing, etc.) and where the shortfall is subsidised by income from other activities, such as rates. Generally, there are no conditions attached to such revenue.

Revenue from such subsidised services is recognised when the Council issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council has an obligation to refund the cash received for the service (or the extent that the customer has the right to withhold the payment from the Council for the service) if the service is not completed.

#### **(ii) Sale of goods – subsidised**

A sale of goods at a price that is not approximately equal to the value of the goods provided by the Council is considered a non-exchange transaction.

This includes sales of goods where the price does not allow the Council to fully recover the cost of producing the goods and where the shortfall is subsidised by income from other activities such as rates.

Revenue from the sale of such subsidised goods is recognised when the Council issues the invoice or bill for the goods. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the goods.

#### *Revenue from exchange transactions*

#### **Direct charges – full cost recovery**

##### (i) Rendering of services – full cost recovery

Revenue from the rendering of services (such as resource consents, etc.) is recognised by reference to the stage of completion of the service. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

##### (ii) Sale of goods – full cost recovery

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Council.

#### **Interest and dividends**

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.

#### **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### **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. The Council's grants have no substantive conditions attached.

#### **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.

#### **Receivables**

Receivables are recorded at their face value, less any provision for impairment.

#### **Other Financial Assets**

Finance assets are initially recognised at fair value plus transaction costs except for those financial assets classified as fair value through surplus and deficit in which case the transaction costs are recognised in the surplus or deficit. 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 received cash flows from the financial assets have expired or have been transferred and ODC has transferred substantially all the risks and rewards of ownership.

ODC classifies its financial assets into the following categories:

- Financial assets subsequently measured at amortised cost;
- Financial assets subsequently measured at fair value through other comprehensive revenue and expense; and
- Financial assets subsequently measured at fair value through surplus or deficit.

The classification depends on the Council's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its investment at initial recognition.

#### *Financial assets subsequently measured at amortised cost*

Financial assets subsequently measured at amortised cost are financial assets held within a management model whose objective is to hold the financial asset in order to collect contractual cash flows and the cash flows consist solely of payments of principal and interest.

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit. The loans are

subsequently measured at amortised cost using the effective interest method.

Receivables under exchange and non-exchange transactions are classified as financial assets subsequently measured at amortised cost. A provision for impairment of receivables is established when there is objective evidence that the Council 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 asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

#### *Financial assets subsequently measured at fair value through other comprehensive revenue and expense*

Financial assets subsequently measured at fair value through other comprehensive revenue and expense are those that are designated into the category at initial inception.

Financial assets subsequently measured at fair value through other comprehensive revenue and expense comprise equity securities which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the group considers this classification to be more relevant.

The Council's investments in Waikato regional Airport Limited, Civic Financial Services, the Local Government Funding Agency and Balance Agrinutrients are included in this category.

After initial recognition these investments are measured at their fair value.

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 surplus or deficit.

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 the surplus or deficit.

*Financial assets subsequently measured at fair value through surplus or deficit*

This category includes all financial assets not classified as subsequently measured at amortised cost or subsequently measured at fair value through other comprehensive revenue and expense.

### **Impairment of financial assets**

Financial assets are assessed for any evidence of impairment at each balance date. Any impairment losses are recognised in the surplus or deficit.

*Financial assets subsequently measured at amortised cost*

Impairment is established when there is evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying value and the present value of estimated future cash flows, discounted using the original effective interest rate.

*Financial assets subsequently measured at fair value through other comprehensive revenue and expense*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

If impairment evidence exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset already recognised in the

surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

### **Financial Liabilities**

All financial liabilities are classified as financial liabilities as subsequently measured through amortised cost.

Council derecognises financial liabilities, when, and only when, the Council's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in revenue and expense.

### **Assets Held For Sale**

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. 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 surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Assets are not depreciated or amortised while they are classified as held for sale.

### **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 mainly parks and reserves and related buildings 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.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted) and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

### Revaluation

Land and buildings (operational and restricted) and infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenses.

### 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.

Work in progress is recognised at cost less impairment and is not depreciated.

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 reported in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated comprehensive revenue and expenses.

### 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	40-100	1-2.5%
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%
<u>Water Treatment</u>		
Piping	50-80	1.25-2%
Equipment	20-50	2-5%
Other	20	5%
<u>Water Reticulation</u>		
Piping	15-80	1.25-6.66%
Equipment	5-30	3.33-20%
Other	25	4%
<u>Wastewater</u>		
Piping	50-80	1.25-2%
Equipment	10-60	1.66-10%
Other	20-80	1.25-5%
<u>Stormwater</u>		
Piping	20-80	1.25-5%

	Useful Life (Years)	Depreciation Rate
Equipment	10-60	1.66-10%
Other	25	4%
<u>Roading</u>		
<i>Pavement (Basecourse)</i>		
- Sealed	30-60	1.66-3.33%
- Unsealed	5-10	10-20%
	5-15	6.7-20%
Seal	10-80	1.25-10%
Culverts	12-94	1-8.5%
Bridges	45	2.2%
Kerb & Channel/Catchpits	20-55	1.8-5%
Footpaths	5-46	2-20%
Streetlights	5-20	5-20%
Signposting	3-7	14.3 -33.3%
Delineators/ RPMs		

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

### Impairment of property, plant and equipment

Property, plant and equipment subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment subsequently measured at cost 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

## 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.

### Resource Consents

Resource consents required by Council to undertake their functions, such as water take and discharge consents, are capitalised on the basis of the costs incurred to acquire or renew the consents. Costs associated with monitoring and maintaining the consents 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 (finite life)	3 years	33.3%
Resource Consents (finite life)	20 years	5%

### Impairment of Intangible Assets

Intangible assets subsequently measured at cost that have an indefinite useful life, are not subject to amortisation and are tested annually for impairment.

Intangible assets subsequently measured at cost 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use.

### Provisions

A provision is recognised for future expenditure of an uncertain amount or of timing when:

- There is a present obligation (either legal or constructive) as a result of a past event
- It is probable that an outflow of future economic benefits will be required to settle the obligation, and;
- A reliable estimate can be made of the amount of the obligation.

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 and is included in "finance costs".

### Landfill post-closure costs

ODC, as operator of the Ōtorohanga and Kāwhia 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.



### Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires ODC to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contract liabilities are measured initially at their fair value. If a financial guarantee was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is practicable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- The present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee; and
- The amount initially recognised less, when appropriate, cumulative amortisation as revenue.

## Employee benefits

### Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised 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 it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where ODC has a contractual obligation or where there is a past practice that has created a constructive obligation.

### Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, 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

### Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

### Superannuation schemes

Defined contribution plans

Obligations for contributions to Kiwisaver are recognised as defined contribution plans and are recognised as an expense in the surplus or deficit when incurred.

### Development and financial contributions in advance

Development and financial contributions are recognised as a current liability until such time as the project they are collected for is undertaken, at which time they are recognised as non-exchange revenue.

## 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.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

## 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:

- Accumulated comprehensive revenue and expenses
- Restricted reserves
- Asset revaluation reserves
- Available for sale revaluation reserves

### Restricted reserves

Restricted reserves 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 the Council.

Restricted reserves include 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 restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

## Asset revaluation reserve

The asset revaluation reserve arises on the revaluation of land, buildings and infrastructural assets to fair value.

### Available for sale revaluation reserve

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 surplus or deficit.

## 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.

## Payables under exchange transactions

Payables under exchange transactions are recognised when ODC become obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, payables under exchange transactions are recorded at amortised cost.

## 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 (GOA 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 surplus or deficit. 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.

### **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 Long Term Plan. 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.

### **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.

#### **Classification of non-financial assets as cash-generating assets or non-cash-generating assets**

For the purpose of assessing impairment indicators and impairment testing, ODC classifies non-financial assets as either cash-generating or non-cash-generating assets. TODC classifies non-financial assets as cash-generating assets if the primary objective of the asset is to generate

commercial return. All other assets are classified as non-cash-generating assets.

All property, plant and equipment and intangible assets held by ODC are classified as non-cash-generating assets. This includes assets that generate fee revenue or other cash flows for the Council, as the cash flows generated are generally not sufficient to represent commercial return on the assets.

## **Additional Financial Information**

### **Commitments and contingencies in 2021-31 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 Ōtorohanga Sports Club.

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 2020/21 financial year, while the funding impact statements use the budgeted figures from the 2020/21 Annual Plan.

### **LTP Information**

This LTP has been authorised for issue on 29<sup>th</sup> of June 2021, 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 Ōtorohanga 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.

### Rating Policy

#### Introduction

The rating Policy outlines how the rate funding required to fund activities will be set by the Council.

This includes Council's high level rating philosophy, and summarises the rationale for the rating decisions taken. In making these decisions, Council has considered:

- The distribution and timing of benefits;

- Rating efficiency and transparency;
- Community preferences; and
- The overall impact on the economic, cultural, social and environmental well-being of the district.

The policy provides the link between the funding decisions taken at the activity level, with the eventual rates assessment that each ratepayer will receive. The overview of the resulting mix of general and targeted rates, user charges and other funding sources is set out in the Funding Impact Statement for activities or groups of activities. More details for each activity are set out under the significant activities pages.

### Property valuations and rates distribution

The Council sets the total amount of rates required to fund its expenditure based on the budgeted costs included in the 10-year plan. For the majority of its rates, Council uses property valuations as the basis to distribute the total rates requirement proportionately across all properties in the district.

Property revaluations are performed every three years and Council uses these valuations for the purposes of calculating the rates each property has to pay. Council contracts Quotable Value (QV) as its valuation service provider (VSP). The latest revaluation of the district was carried out on 1 October 2019 and these values have been used for rating purposes for the Long Term Plan. The rating valuations are intended to provide relative values only and are based on the market value of a property at a particular point in time. It cannot be taken as market valuation.

### Effect of new valuations on rates

It is important to note that an increase/ decrease in values does not automatically mean that there will be an increase/ decrease in rates. It depends on whether the valuation of a property changes more than the average of the group of property values. Council does not collect extra rates as a result of valuation changes. Council calculates the total rate requirement for the year and then uses capital values as the basis to distribute this total. Therefore, a change in the capital value (value of land and improvements) of a property will only impact the rates bill of the



property to the extent that the change is higher or lower than the average change.

Council rate assessments contain different charges that make up the annual levy:

- General Rates (calculated on capital value with no differentials);
- Uniform Annual General Charge (set charge); and
- Targeted Rates (uniform charge or value based charge).

## How Council Rates

### Explanation of Rates

There are two types of rates – general rates and targeted rates.

These may be charged in two ways:

- On a uniform basis – to all rateable land for which the rate is set; or
- Differentially – on a different basis for different categories of land.

They may be charged on a fixed amount, including as a fixed amount per rating unit, per separately used or inhabited part of a rating unit, or number of services used such as number of water closets, or using a factor – such as land or capital value.

### General Rate

The Council sets a general rate with no differentials, based on the capital value of each rating unit.

### Uniform Annual General Charge

Uniform annual general charge (UAGC) is a specific levy of an equal amount on every rating unit within the district and does not vary with the value of the rating unit.

It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate. Individuals benefit as each has an equal opportunity to access and use the assets and services, and to an

extent, many within the community make similar use of assets and services.

Council considers a range from 25% to 26% of the rates requirement should be recovered by way of a Uniform Rate charged to every rating unit in the district, which reflects the equal opportunity to access and use the assets and services.

### Targeted Rates

Council sets targeted rates for different functions of council where the benefit of having access to particular function(s) or service(s) exist to particular groups of ratepayers.

### Land Transport Rate

This is funded by a District Wide rate in the dollar plus a uniform targeted rate. Roothing needs to be managed as a network and on a district-wide basis, progressively throughout the funding year. This is consistent with the policy approach to funding taken by NZ Transport Agency (Council's primary Roothing funding source) to fund Roothing as a network.

District-Wide rating spreads the cost of roading amongst all ratepayers. An advantage of this is that it makes larger expenditure commitments more affordable than annually uneven cost recoveries targeted to specific ratepayer categories. It therefore provides regularity to funding to appropriately manage the district asset.

### Kāwhia Community Rate

A targeted rate levied across the Kāwhia/ Aotea Community to fund services that directly benefit these communities.

### Hall Targeted Rates

Some Halls have specific areas defined by the hall committees and Council collects a targeted rate from ratepayers within these areas. Funds received are 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 Waipā)**

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.

#### **Refuse Targeted Rate**

All properties situated in the Ōtorohanga and Kāwhia Community that have a building erected thereon are levied a uniform targeted rate for each separately occupied portion of that building.

#### **Ōtorohanga Security Targeted Rate**

A targeted rate in the dollar and a uniform targeted rate for all properties within the “Security Patrol Area” to fund a Security Patrol Service in a defined area of the Ōtorohanga Community.

#### **Ōtorohanga Wastewater**

All properties that are connected to the Ōtorohanga 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 - Ōtorohanga**

Separate rating units in the Ōtorohanga 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.

All separate rating units, either rateable or non-rateable, receiving a supply from the Ōtorohanga Community Water Supply will have a charge for each water meter.

#### **Refuse Targeted Rate**

All properties situated within the Kāwhia and Ōtorohanga Community that have a building erected thereon are levied a uniform targeted rate for each separately occupied portion of that building.

#### **Kāwhia Water Supply**

All properties that are connected to the Kāwhia Water Supply Scheme are levied a uniform targeted rate for each separately occupied portion of any building.

#### **Kāwhia Targeted Water Loan Rate**

Properties in the Kāwhia 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 Kāwhia water scheme.

#### **Water Supplied by Volume Rates - Kāwhia**

Separate rating units in the Kāwhia 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 Kāwhia Community water supply area with water meters that are using water from the Kāwhia 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 a supply from the Kāwhia Community Water Supply will have a charge for each water meter.

#### **Water Supplied by Volume Rates – Kāwhia (Peak Season Metered Water Charge)**

Separate rating units, both rateable and non-rateable, in the Kāwhia Community water supply area that would have been liable for a Development Contribution in respect of the Kāwhia Water Treatment Plant Upgrade after 30 June 2009 (or which has provided water to such a rating unit from the Kāwhia Community Supply) shall be charged for a proportion of metered water used during the period from 20 December



to the following 20 February at a higher rate per cubic metre. The proportion of metered water used to which the Peak Season Metered Water Charge (PSMWC) shall be applicable for a particular rateable or non-rateable unit shall be established based upon the following table:

Water Consuming Unit Category	Proportion of metered water volume to which PSMWC charges applicable for consuming unit
New residential unit	100%
Unit identified as supplying water to another unit liable for PSMWC charges	100%
Addition of Minor Household Unit to existing residential lot to which PSMWC not applicable	33%
Other developments	Case by case assessments based upon the proportion of development contribution applicable Household Equivalent Units (HEUs) <sup>4</sup> as a proportion of the total Household Equivalent Units of the property after development. Example: 2 HEU property developed to 5 HEU Proportion = $(5 - 2)/5 = 60\%$

## Differential Targeted Rates

### Differential Definitions

Properties within the Ōtorohanga 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:

- Ōtorohanga Commercial
- Ōtorohanga Residential

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

The following targeted rates are set using differentials.

### Ōtorohanga Community Rate

The area of the Ōtorohanga Community is defined on a map approved by Council. Valuation numbers begin with either 05540 or 05541.

### Ōtorohanga Targeted Sewerage Loan Rate

Areas of benefit are defined on maps and approved by Council.

### Ōtorohanga Targeted Water Loan Rate

Areas of benefit are defined on maps and approved by Council.

## Setting of Rates

Rates are set by Council by way of resolution for each financial year, referred to as the Rating Year. These rates will remain in effect for the rating year and will not be affected by a change in the rateable value or factors of a rating unit during the financial year in which the rates are set.

### Utility Charges for non-rateable properties

Non-rateable properties are liable for targeted rates and charges for the provision of utility services, such as water, wastewater and refuse collection.

## Instalments

Rates and charges for the year ending on 30 June 2022 will be assessed in two instalments, which will become due and payable on the following dates:

27 August 2021

25 February 2022

Charges for Water Metered Rates for Ōtorohanga Community Supply for the year ending on 30 June 2022 will be assessed in four instalments, which will become due and payable on the following dates:

27 August 2021

26 November 2021

25 February 2022

27 May 2022

Charges for Water Metered Rates for the Kāwhia Community Water Supply and all Rural Water supplies for the year ending on 30 June 2022 will be assessed in two instalments, which will become due and payable on the following dates:

27 August 2021

25 February 2022

## Penalties

In accordance with Section 57 and 58 of the Local Government (Rating) Act 2002.

A penalty of 10% is added to each instalment or part thereof “current rates” which are unpaid after the due date for payment on the following dates:

27 August 2021

25 February 2022

For Water Metered Rates for the Ōtorohanga Community, a penalty of 10% is added to all amounts of rates remaining unpaid a day after the due date, as listed below:

27 August 2021

26 November 2021

25 February 2022

27 May 2022

For Water Metered Rates for the Kāwhia Community Water Supply and all Rural Water supplies, a penalty of 10% is added to all amounts of rates remaining unpaid a day after the due date, as listed below:

27 August 2021

25 February 2022

## Utility Charges for non-rateable properties

A penalty of 10% is added to previous year’s rates “rates in arrears” that remain unpaid on 1 July 2021, and again on 1 January 2022.

## 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.

## All of Council Funding Impact Statement

Otorohanga District Council: Funding impact statement for 2021-2031	2020/21 (000's)	2021/22 (000's)	2022/23 (000's)	2023/24 (000's)	2024/25 (000's)	2025/26 (000's)	2026/27 (000's)	2027/28 (000's)	2028/29 (000's)	2029/30 (000's)	2030/31 (000's)
<b>Source of Operating Funding</b>											
General rates, uniform annual general charges, rates penalties	5,800	6,227	6,628	7,439	8,029	8,233	8,312	8,666	8,702	8,785	9,187
Targeted rates	7,579	7,805	8,269	8,401	8,770	9,420	10,153	10,306	10,918	10,918	11,378
Subsidies and grants for operating purposes	2,232	3,115	2,846	2,920	3,072	3,132	3,203	3,415	3,393	3,455	3,343
Fees and charges	886	1,481	1,571	1,655	1,537	1,551	1,612	1,616	1,685	1,693	1,752
Interest and dividends from investments	111	16	16	71	64	58	51	43	36	27	19
Local authorities fuel tax, fines, infringement fees, and other receipts	605	642	659	680	701	730	751	766	787	815	840
<b>Total operating funding</b>	<b>17,213</b>	<b>19,286</b>	<b>19,989</b>	<b>21,166</b>	<b>22,173</b>	<b>23,124</b>	<b>24,082</b>	<b>24,812</b>	<b>25,521</b>	<b>25,693</b>	<b>26,519</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	12,545	14,468	15,121	16,438	16,286	16,537	17,376	17,547	17,992	18,544	18,690
Finance costs	197	55	175	196	304	405	370	330	273	229	179
Other operating funding applications	1,350	1,116	889	911	902	923	944	966	987	1,008	1,028
<b>Total applications of operating funding</b>	<b>14,092</b>	<b>15,639</b>	<b>16,185</b>	<b>17,545</b>	<b>17,492</b>	<b>17,865</b>	<b>18,690</b>	<b>18,843</b>	<b>19,252</b>	<b>19,781</b>	<b>19,897</b>
<b>Surplus (deficit) of operating funding</b>	<b>3,121</b>	<b>3,647</b>	<b>3,804</b>	<b>3,621</b>	<b>4,681</b>	<b>5,259</b>	<b>5,392</b>	<b>5,969</b>	<b>6,269</b>	<b>5,912</b>	<b>6,622</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	2,475	4,988	2,699	2,863	3,846	4,496	4,107	3,956	4,944	4,690	5,199
Development and financial contributions	10	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	1,080	2,538	6,615	1,394	6,666	5,965	296	389	1,125	580	1,614
Gross proceeds from sale of assets	107	134	93	135	114	88	79	177	109	85	73
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding</b>	<b>3,672</b>	<b>7,660</b>	<b>9,407</b>	<b>4,392</b>	<b>10,626</b>	<b>10,549</b>	<b>3,890</b>	<b>3,744</b>	<b>3,928</b>	<b>4,195</b>	<b>3,658</b>
<b>Application of capital funding</b>											
Capital expenditure											
- to meet additional demand	-	175	649	160	439	452	175	180	185	191	515
- to improve the level of service	897	3,021	6,482	1,796	7,619	7,117	475	354	436	389	361
- to replace existing assets	6,659	9,052	6,526	6,913	7,628	8,604	8,749	8,691	9,525	9,721	9,510
Increase (decrease) in reserves	- 763	- 941	- 447	- 856	- 379	- 366	- 118	- 488	50	- 192	- 107
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total application of capital funding</b>	<b>6,793</b>	<b>11,307</b>	<b>13,210</b>	<b>8,013</b>	<b>15,307</b>	<b>15,807</b>	<b>9,281</b>	<b>9,713</b>	<b>10,196</b>	<b>10,109</b>	<b>10,279</b>
<b>Surplus (deficit) of capital funding</b>	<b>- 3,121</b>	<b>- 3,647</b>	<b>- 3,803</b>	<b>- 3,621</b>	<b>- 4,681</b>	<b>- 5,258</b>	<b>- 5,391</b>	<b>- 5,969</b>	<b>- 6,268</b>	<b>- 5,914</b>	<b>- 6,621</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Table 45 - All of Council Funding Impact Statement

### 2021/22 Rates Information

Total Revenue Required	Rates 2021/22 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
3,960,634	General Rate (partially funds activities as detailed below)	Every rating unit in the district	Rate in the \$ on capital value			4,885,449,200	\$0.0008107
1,697,415	Uniform Annual General Charge (partially funds activities as detailed below)	Every rating unit in the district	Fixed amount for each rating unit			4,142	\$409.81
4,656,693	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			4,885,449,200  4,142	\$0.0006672  \$337.28
315,560	Ōtorohanga Community Targeted Rate (partially funds activities as detailed on page	Every rating unit in the defined Ōtorohanga Community area	Rate in the \$ on capital value  Fixed amount for each rating unit	Commercial Properties  Residential Properties	Ratio 2.5  Ratio 1.0	110,807,326  437,754,200  1,335	\$0.0007726  \$0.0003090  \$70.91
112,077	Kāwhia Community Targeted Rate (partially funds activities as detailed on page	Every rating unit in the defined Kāwhia Community area	Rate in the \$ on capital value  Fixed amount for each rating unit			228,410,324  605	\$0.0003435  \$55.58
181,120	Refuse Collection Targeted Rate Ōtorohanga	Every rating unit in the defined Ōtorohanga Community area	Fixed amount for each separately used or inhabited part of a rating unit			1,403	\$129.09
121,417	Refuse Collection Targeted Rate Kāwhia	Every rating unit in the defined Kāwhia Community area	Fixed amount for each separately used or inhabited part of a rating unit			527	\$230.39
228,246	Water Supply Targeted Rate Kāwhia	Every rating unit in the defined Kāwhia Water Supply area	Fixed amount for each separately used or inhabited part of a rating unit			414	\$551.32
9,664	Water Supply Targeted Loan Rate – Ōtorohanga	Every rating unit in the defined Ōtorohanga Water Supply area	Rate in the \$ on capital value	Commercial Properties Residential Properties	Ratio 2.0  Ratio 1.0	89,876,000  437,754,200	\$0.0000313  \$0.0000157

Total Revenue Required	Rates 2021/22 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
19,338	Water Supply Targeted Loan Rate – Kāwhia	Every rating unit in the defined Kāwhia Water Supply area	Rate in the \$ on capital value			163,676,200	\$0.0001181
11,740	Water Supply Targeted Loan Rate – Arohena Rural Scheme	Every rating unit in the defined Arohena Rural Water Scheme area	Rate in the \$ on capital value	Arohena Rural Water Scheme		156,519,500	\$0.0000750
683,173	Sewerage Treatment Targeted Rate	Every rating unit in the defined Ōtorohanga Sewerage Treatment area	Fixed amount for each separately used or inhabited part of a rating unit	1 unit 2 to 4 5 or more	per urinal	1,374 35	\$496.08 No charge \$44.44
23,734	Sewerage Treatment Targeted Loan Rate	Every rating unit in the defined Ōtorohanga Sewerage Treatment area	Rate in the \$ on capital value	Commercial Properties Residential Properties	Ratio 2.5 Ratio 1.0	88,436,000 421,148,200	\$0.0000924 \$0.0000370
26,279	Rural Halls Targeted Rate	Every rating unit within the defined Rural Hall areas	Rate in the \$ on capital value  Fixed amount for each separately used or inhabited part of a rating unit	Arohena Kio Kio Puketotara/Ngutunui Honikiwi  Arohena Kio Kio Tokanui Crossroads Puketotara/ Ngutunui Otewa		245,178,500 383,792,500 374,429,900 139,914,550  55 194 182 270  124	\$0.000010 \$0.000006 \$0.000009 \$0.000013  \$45.00 \$20.00 \$20.00 \$12.00  \$25.00
41,384	Aotea Erosion Targeted Rate	Every rating unit within the defined Aotea Community area	Fixed amount for each rating unit			171	\$242.01
7,874	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	\$328.08
57,308	Security Patrol Rate	Every commercial property within the defined Ōtorohanga Commercial area	Rate in the \$ on capital value  Fixed amount for each rating unit			56,135,000 96	\$0.0005104 \$298.48
910,375	Water Supplied by Volume – Rural Water Supplies	Every property connected to the defined Rural Water Schemes.	Fixed amount for each cubic metre of water consumed  Fixed amount per meter	Arohena Tihiroa Ranginui Waipā  Arohena Tihiroa		386,315 193,262 132,294 198,750  72 55 5	\$0.72 \$1.41 \$0.51 \$0.90  \$595.18 \$500.00 \$1,800.00

Total Revenue Required	Rates 2021/22 (GST Exclusive)	Categories on which Rate is set	Factor or Factors	Differential Categories	Differential Calculation	Indicative	
						Units of Measure	Rate or Charge
				Ranginui – First meter Additional meter Waipā		11 130	No charge \$250.00
814,650	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  Fixed amount per meter	All connected properties  All connected properties		393,800  1493	\$1.50  \$150.00
10,000	Water Supplied by Volume – Kāwhia Water Supply	Every property connected to the defined Kāwhia Water Supply Scheme	Fixed amount for each cubic metre of water consumed (220 cubic metre free allowance)  Fixed amount per meter	All connected properties  All connected properties  Minimum charge (where applicable)		5,644  15	\$1.50  \$102.22  \$551.32
2,000	Water Supplied by Volume – Kāwhia Water Supply (PSMWC)	Every property connected to the defined Kāwhia 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
<b>13,890,681</b>	<b>TOTAL</b>						

Table 46 - 2021/22 Rates Information

### Examples of Indicative Contributions to Council Services – 2021/22 year

Property Value	250,000	300,000	250,000	500,000	200,000	300,000	1,000,000	1,500,000	4,500,000
	Ōtorohanga Residential	Ōtorohanga Residential	Ōtorohanga Commercial	Ōtorohanga Commercial	Kāwhia		Rural		
Activity	\$	\$	\$	\$	\$	\$	\$	\$	\$
Democratic Process	172.31	186.01	219.53	335.27	164.80	196.28	223.05	297.13	741.61
Council Support	15.39	16.41	15.39	20.48	14.37	16.41	30.66	40.85	101.95
Corporate Planning	97.13	103.56	97.13	129.27	90.70	103.56	193.56	257.84	643.54
District Development	44.61	47.56	44.61	59.37	41.66	47.56	88.89	118.42	295.56
District Plan	6.57	7.00	6.57	8.74	6.13	7.00	13.09	17.43	43.51
Civil Defence	18.24	19.45	18.24	24.28	17.03	19.45	36.35	48.42	120.85
Environmental Health	23.98	25.56	23.98	31.91	22.39	25.56	47.78	63.65	158.85
Animal Control	6.88	7.34	6.88	9.16	6.43	7.34	13.72	18.27	45.60
Waste Management	19.54	20.83	19.54	26.00	18.24	20.83	38.93	51.86	129.44
Sport Waikato	4.85	5.17	4.85	6.45	4.53	5.17	9.66	12.87	32.12
Parks & Reserves	87.71	93.52	87.71	116.74	81.91	93.52	174.79	232.83	581.13
Refuse	148.46	148.46	148.46	148.46	264.95	264.95	-	-	-
Water Supply	23.42	24.97	23.42	31.17	655.89	658.99	46.66	62.16	155.15
Wastewater	574.68	574.96	574.68	576.06	3.90	4.46	8.33	11.09	27.69
Library	46.81	49.91	46.81	62.30	43.71	49.91	93.28	124.26	310.14
Public Conveniences	16.59	17.69	16.59	22.08	15.49	17.69	33.06	44.04	109.92
Kāwhia Medical Centre	1.16	1.23	1.16	1.54	9.86	12.43	2.30	3.07	7.66
Kāwhia Wharf	4.12	4.39	4.12	5.48	14.26	17.68	8.20	10.93	27.28
Aotea Erosion Maintenance	0.53	0.57	0.53	0.71	0.50	0.57	1.06	1.42	3.54
Council Property	15.21	16.47	20.54	32.20	28.68	35.56	16.73	22.28	55.61
Pool	46.65	49.74	46.65	62.09	43.56	49.74	92.96	123.83	309.08
Security Patrol	5.11	5.62	498.72	651.64	0.46	0.53	0.99	1.32	3.29
Halls	0.11	0.12	0.11	0.15	7.52	9.59	0.22	0.29	0.73
Support Services	51.91	55.34	51.91	69.08	48.47	55.34	103.44	137.79	343.91
Planning & Development	25.61	27.30	25.61	34.08	23.91	27.30	51.03	67.97	169.65
Building Control	26.37	28.11	26.37	35.09	24.62	28.11	52.54	69.99	174.69
Cemeteries	9.83	10.48	9.83	13.08	9.18	10.48	19.59	26.10	65.14
Stormwater	99.96	110.33	177.07	306.05	36.45	46.36	2.71	3.61	9.02
Land Transport	579.70	618.06	579.70	771.52	541.33	618.06	1,155.17	1,538.82	3,840.72
Wastewater Loan	10.63	12.75	26.55	53.10	-	-	-	-	-
Water Loan	4.50	5.40	9.00	18.00	27.18	40.77	-	-	-
	\$2,188.57	\$2,294.31	\$2,832.26	\$3,661.55	\$2,268.11	\$2,491.20	\$2,558.75	\$3,408.54	\$8,507.38

Table 47 - Examples of Indicative Contributions to Council Services - 2021/22 year



### Proposed Rates Levies and Funding Mix

#### Ōtorohanga District

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>General Rate</b>											
Ōtorohanga Rural	2,468,269	3,351,925	3,561,912	4,011,757	4,316,660	4,458,757	4,492,009	4,711,991	4,720,486	4,754,150	4,980,558
Ōtorohanga Community	314,029	427,590	454,377	511,762	550,657	568,784	573,026	601,088	602,171	606,466	635,348
Kāwhia Community	133,715	181,119	192,465	216,772	233,247	240,925	242,722	254,609	255,068	256,887	269,121
	2,916,013	3,960,634	4,208,754	4,740,291	5,100,564	5,268,466	5,307,757	5,567,688	5,577,725	5,617,503	5,885,027
<b>Uniform Annual General Charge</b>											
Ōtorohanga Rural	861,371	897,474	953,698	1,074,143	1,155,781	1,193,827	1,202,730	1,261,630	1,263,905	1,272,918	1,333,539
Ōtorohanga Community	533,553	552,008	586,590	660,672	710,884	734,285	739,762	775,989	777,388	782,932	820,218
Kāwhia Community	241,360	247,932	263,465	296,738	319,291	329,802	332,261	348,533	349,161	351,651	368,398
	1,636,284	1,697,414	1,803,753	2,031,553	2,185,956	2,257,914	2,274,753	2,386,152	2,390,454	2,407,501	2,522,155
<b>Separate Roading Rate</b>											
Ōtorohanga Rural	3,021,316	2,758,705	2,810,737	2,691,048	2,706,338	2,729,685	2,743,475	2,764,450	3,047,450	2,992,133	3,129,535
Ōtorohanga Community	384,420	351,916	358,553	343,285	345,235	348,214	349,973	352,649	388,750	381,693	399,221
Kāwhia Community	163,687	149,064	151,876	145,409	146,235	147,496	148,242	149,375	164,667	161,678	169,102
	3,569,423	3,259,685	3,321,166	3,179,742	3,197,808	3,225,395	3,241,690	3,266,474	3,600,867	3,535,504	3,697,858
<b>Separate Roading Uniform Annual Charge</b>											
Ōtorohanga Rural	694,974	738,640	752,572	720,525	724,619	730,870	734,562	740,178	815,951	801,140	837,929
Ōtorohanga Community	430,483	454,314	462,883	443,172	445,690	449,535	451,806	455,260	501,866	492,756	515,384
Kāwhia Community	194,735	204,054	207,902	199,049	200,180	201,907	202,927	204,478	225,411	221,320	231,483
	1,320,192	1,397,008	1,423,357	1,362,746	1,370,489	1,382,312	1,389,295	1,399,916	1,543,228	1,515,216	1,584,796
<b>Total Rate Levy District Wide</b>	<b>9,441,912</b>	<b>10,314,741</b>	<b>10,757,030</b>	<b>11,314,332</b>	<b>11,854,817</b>	<b>12,134,087</b>	<b>12,213,495</b>	<b>12,620,230</b>	<b>13,112,274</b>	<b>13,075,724</b>	<b>13,689,836</b>

Table 48 - Proposed Rates Levies and Funding Mix - Ōtorohanga District

## Ōtorohanga Rural

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rural Separate Rate	139,032	-	-	-	-	-	-	-	-	-	-
Rural Uniform Separate Charge	366,468	-	-	-	-	-	-	-	-	-	-
	505,500	-	-	-	-	-	-	-	-	-	-
<b>Water Supply Rates</b>											
Arohena RWS Loan	8,424	11,740	35,432	53,766	52,693	51,252	47,353	46,686	46,020	45,353	44,686
<b>Halls</b>											
Arohena Hall	1,223	2,452	2,452	2,452	2,452	2,452	2,452	2,452	2,452	2,452	2,452
Arohena Hall	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475
Honikiwi Hall	1,805	1,819	1,819	1,819	1,819	1,819	1,819	1,819	1,819	1,819	1,819
Kio Kio Hall	2,275	2,303	2,303	2,303	2,303	2,303	2,303	2,303	2,303	2,303	2,303
Kio Kio Hall	3,760	3,880	3,880	3,880	3,880	3,880	3,880	3,880	3,880	3,880	3,880
Maihihi Hall	-	-	-	-	-	-	-	-	-	-	-
Otewa Hall	2,196	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100	3,100
Puketotara/Ngutunui Hall	1,096	3,370	3,370	3,370	3,370	3,370	3,370	3,370	3,370	3,370	3,370
Puketotara/Ngutunui Hall	2,376	3,240	3,240	3,240	3,240	3,240	3,240	3,240	3,240	3,240	3,240
Tokenui Crossroads	3,560	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640	3,640
District Wide	7,045,929	7,746,745	8,078,918	8,497,473	8,903,397	9,113,139	9,172,776	9,478,250	9,847,792	9,820,342	10,281,561
<b>Total Rate Levy Ōtorohanga Rural</b>	<b>7,580,619</b>	<b>7,784,764</b>	<b>8,140,629</b>	<b>8,577,518</b>	<b>8,982,369</b>	<b>9,190,670</b>	<b>9,246,408</b>	<b>9,551,215</b>	<b>9,920,091</b>	<b>9,891,974</b>	<b>10,352,526</b>

Table 49 - Proposed Rates Levies and Funding Mix - Ōtorohanga Rural

## Ōtorohanga Community

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
<b>Separate Ōtorohanga Community Rate</b>											
Differential Rating Area No 1	64,785	85,609	96,787	112,269	110,579	101,716	106,440	102,246	105,619	111,158	114,988
Differential Rating Area No 2	102,207	135,283	152,946	177,411	174,741	160,736	168,199	161,573	166,903	175,657	181,708
	166,992	220,892	249,733	289,680	285,320	262,452	274,639	263,819	272,522	286,815	296,696
<b>Separate Ōtorohanga Community Uniform Annual Charge</b>											
Uniform Annual General Charge	274,464	94,668	107,029	124,148	122,280	112,480	117,702	113,065	116,795	122,921	127,155
<b>Sewerage Loan Special Rate</b>											
Differential Rating Area No 1	18,678	8,170	18,026	28,632	29,081	29,592	30,042	30,598	31,133	31,518	30,963
Differential Rating Area No 2	35,154	15,564	34,338	54,539	55,397	56,368	57,226	58,284	59,304	60,038	58,981
	53,832	23,734	52,364	83,171	84,478	85,960	87,268	88,882	90,437	91,556	89,944
<b>Water Loan Special Rate</b>											
Differential Rating Area No 1	1,902	2,813	4,510	12,828	13,293	14,040	14,752	16,198	17,587	18,579	19,515
Differential Rating Area No 2	4,578	6,851	10,982	31,242	32,374	34,192	35,925	39,447	42,829	45,246	47,526
	6,480	9,664	15,492	44,070	45,667	48,232	50,677	55,645	60,416	63,825	67,041
<b>Refuse Rate</b>											
Separate Uniform Refuse Rate	147,852	181,120	164,893	199,676	203,772	200,431	210,929	211,141	222,495	223,117	234,123
<b>Sewerage Rate</b>											
Separate Sewerage Rate	436,505	681,618	742,324	686,007	741,896	799,456	832,429	823,079	815,980	817,961	950,423
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
	438,060	683,173	743,879	687,562	743,451	801,011	833,984	824,634	817,535	819,516	951,978
<b>Security Patrol</b>											
Separate Security Patrol Rate	36,456	28,654	37,252	31,786	39,062	39,976	40,873	41,775	42,645	43,515	44,382
Separate Uniform Annual Charge	36,456	28,654	37,252	31,786	39,062	39,976	40,873	41,775	42,645	43,515	44,382
	72,912	57,308	74,504	63,572	78,124	79,952	81,746	83,550	85,290	87,030	88,764
<b>CBD Development Rate</b>											
Separate CBD Rate	10,500	-	-	-	-	-	-	-	-	-	-
Separate CBD Uniform Annual Charge	27,420	-	-	-	-	-	-	-	-	-	-
	37,920	-	-	-	-	-	-	-	-	-	-
District Wide	1,662,486	1,785,828	1,862,403	1,958,891	2,052,467	2,100,818	2,114,566	2,184,986	2,270,175	2,263,847	2,370,170
<b>Total Rate Levy Ōtorohanga Community</b>	<b>2,860,998</b>	<b>3,056,387</b>	<b>3,270,297</b>	<b>3,450,770</b>	<b>3,615,559</b>	<b>3,691,336</b>	<b>3,771,511</b>	<b>3,825,722</b>	<b>3,935,665</b>	<b>3,958,627</b>	<b>4,225,871</b>

Table 50 - Proposed Rates Levies and Funding Mix - Ōtorohanga Community

### Kāwhia Community

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Separate Kāwhia Community Rate	83,196	78,454	82,511	78,875	135,699	133,470	137,342	135,937	142,365	146,665	150,404
Separate Kāwhia Community Uniform Annual Charge	70,764	33,623	35,362	33,804	58,157	57,201	58,861	58,259	61,014	62,856	64,459
<b>Aotea Erosion Protection Rate</b>											
Aotea Erosion Separate Rate	14,544	41,384	44,069	35,432	35,503	36,768	37,385	37,740	39,363	39,843	41,360
Aotea Erosion Loan Rate	8,820	7,874	7,730	7,586	7,442	7,298	47	48	49	50	51
Separate Water Rate - Debt Servicing	12,984	19,338	34,453	51,762	61,206	67,572	75,933	124,083	133,241	137,193	135,251
Separate Water Rate-Connected Properties	185,268	228,246	251,419	279,108	276,028	279,295	303,388	279,831	290,544	295,515	309,823
Kāwhia Refuse Rate	121,524	121,417	121,205	134,768	169,054	174,178	176,200	176,786	182,350	186,670	191,328
District Wide	733,497	782,169	815,708	857,968	898,953	920,130	926,152	956,995	994,306	991,535	1,038,103
<b>Total Rate Levy Kāwhia Community</b>	<b>1,230,597</b>	<b>1,312,505</b>	<b>1,392,457</b>	<b>1,479,303</b>	<b>1,642,042</b>	<b>1,675,912</b>	<b>1,715,308</b>	<b>1,769,679</b>	<b>1,843,232</b>	<b>1,860,327</b>	<b>1,930,779</b>

Table 51 - Proposed Rates Levies and Funding Mix - Kāwhia Community

### 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 Rolland 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	2021/22		2022/23		2023/24	
	% change	\$ change	% change	\$ change	% change	\$ change
Ötorohanga Residential						
250,000	7.33%	\$ 149.38	5.96%	\$ 130.35	4.69%	\$ 108.66
300,000	7.46%	\$ 159.23	6.08%	\$ 139.42	5.01%	\$ 121.89
Ötorohanga Commercial						
250,000	-6.84%	-\$ 207.83	11.18%	\$ 316.72	2.33%	\$ 73.28
500,000	-5.51%	-\$ 213.53	12.17%	\$ 445.44	4.13%	\$ 169.50
Kāwhia						
200,000	5.18%	\$ 111.61	6.35%	\$ 143.95	7.84%	\$ 189.00
300,000	5.49%	\$ 129.63	6.58%	\$ 163.90	7.85%	\$ 208.51
Rural						
1,000,000	-1.76%	-\$ 45.77	4.29%	\$ 109.72	5.18%	\$ 138.25
1,500,000	0.46%	\$ 15.57	4.29%	\$ 146.16	5.18%	\$ 184.16
4,500,000	4.72%	\$ 383.66	4.29%	\$ 364.79	5.18%	\$ 459.65

Table 28: Examples of Rates Increase

## Long-term plan disclosure statement for the period commencing 1 July 2021

### 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 BERL Local Government Cost Index Inflation (LGCI) plus 5%.

#### Rates (increase) 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 BERL Local Government Cost Index Inflation (LGCI) plus 5%.

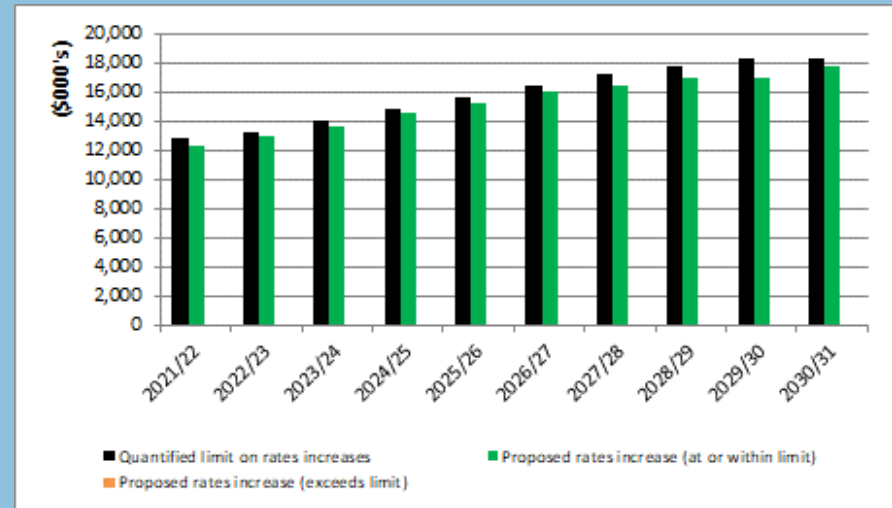


Figure 54 - Rates (increase) affordability (000's)

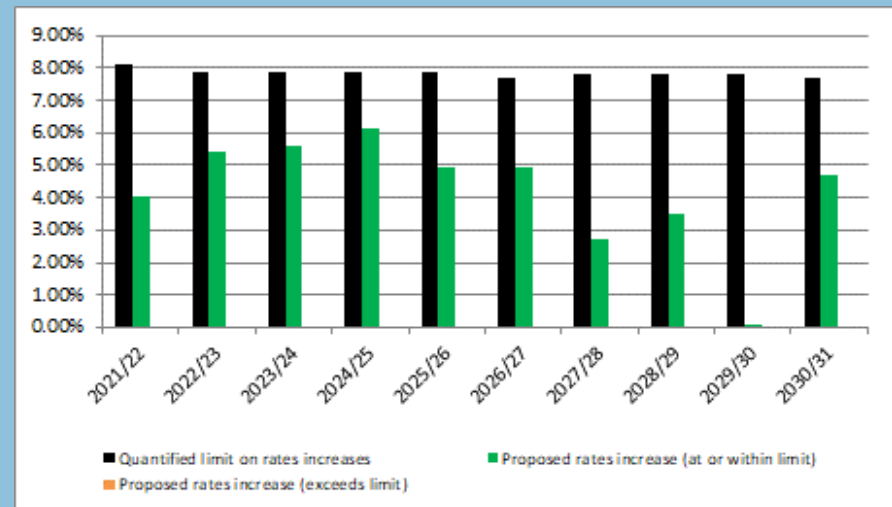


Figure 55 - Rates (increase) affordability %

### 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 175% of total revenue.

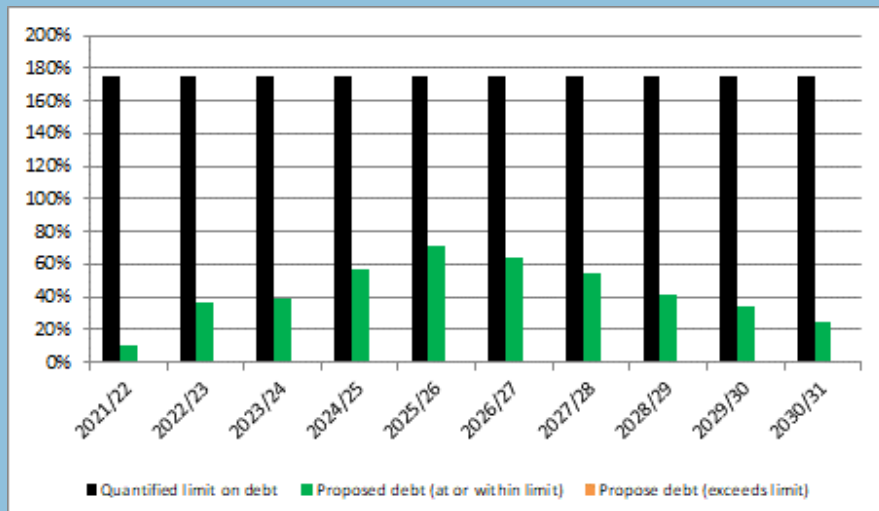


Figure 56 - Debt affordability %

### 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.

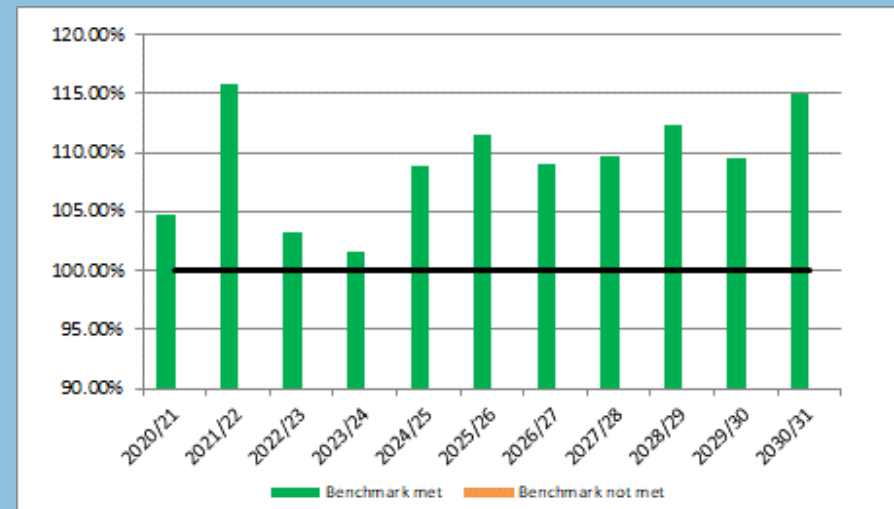


Figure 57 - Balanced Budget %



### 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.

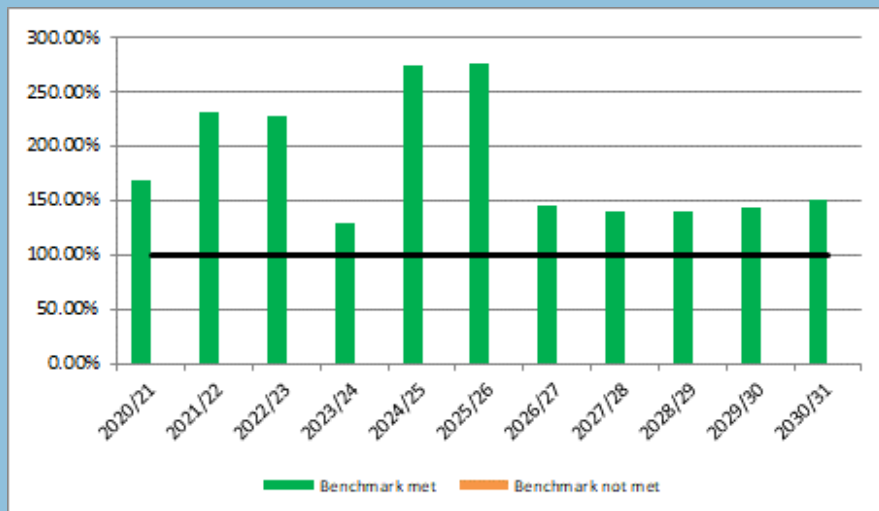


Figure 58 - Essential Services %

### 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 as fast as 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.

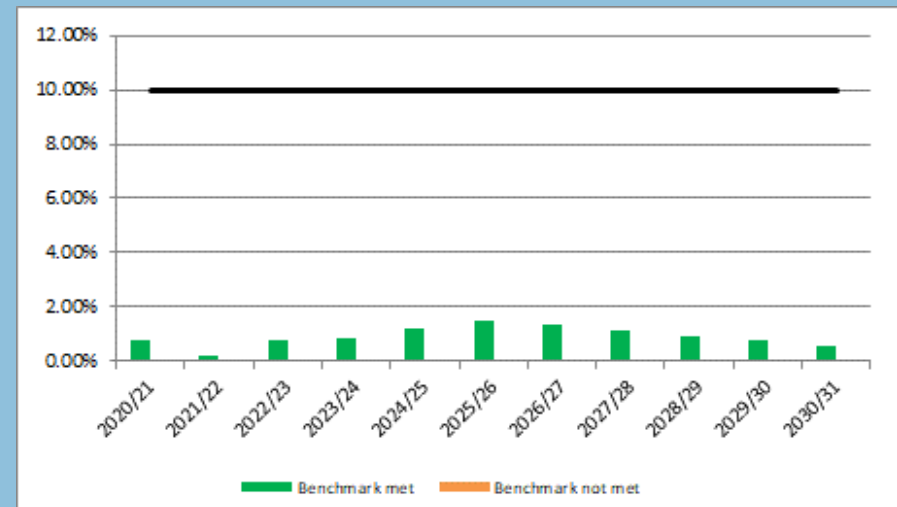


Figure 59 - Debt servicing %

## Our Policies

### Revenue and Financing Policy

#### INTRODUCTION

The Revenue and Financing Policy explains how the Council funds each activity it is involved in and why. Council provides a number of distinct activities and services to its communities. It must undertake these activities and services in a financially prudent and sustainable way. This Policy explains how Council activities are funded. It is not about what Council does, nor is it about what it costs. Revenue sources include rates, fees, charges, debt (loans), subsidies and investments.

The Local Government Act 2002 requires Council to meet its funding needs from the defined list of sources. The Council determines which of these are appropriate for each activity, considering equity between generations, fairness and affordability.

Affordability, and the public's ability to pay rates, is a concern. The Council has to strike a balance between the need to provide a level of service that meets customer and legislative requirements, now and in the future, and the need for these services to be provided in an affordable manner.

Council seeks to maintain an affordable and predictable level of rates in the future, having regard to its priorities and community expectations. The Financial Strategy sets out how Council plans to do this. It sets limits on rates increases and debt levels. This Revenue and Financing Policy keeps within those limits and sets out the broad guidelines for establishing the funding of activities.

The Revenue and Financing Policy is more than rating, as it also sets the policy direction for other revenue policies, including Funding Impact Statements, Development and Financial Contribution, Treasury (liability and investment) and Remission

policies. The Revenue and Financing Policy is reviewed every three years as part of the long-term planning process.

Alongside consideration of new services or increasing current levels of service is the issue of affordability, which some ratepayers face. These affordability issues occur across the urban, rural and commercial / industrial sectors, and are often driven by factors outside Council control or knowledge. These factors include employment, climate, world demand for farm products, family situations and general economic conditions. On average, the urban sector has more of an affordability issue, with lower median household incomes when compared to the rural sector. Many of the infrastructure upgrade costs will be borne by urban residents only. Council is aware of these affordability issues, and is focused on developing infrastructure that balances function, longevity, supporting growth and affordability. Council is also actively working to gain external grant/subsidy funding where possible.

In deciding the most appropriate funding source for each activity, the Council must show:

- the community outcomes to which the activity primarily contributes;
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals;
- the period in or over which those benefits are expected to occur;
- the extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity;

- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the community.

The list of funding sources available to Council are:

- general rates, including –
  - choice of valuation system; and
  - differential rating; and
  - uniform annual general charges:
- targeted rates,
- lump sum contributions,
- fees and charges,
- grants and subsidies,
- interest and dividends from investments,
- borrowing,
- proceeds from asset sales,
- development contributions
- financial contributions under the Resource Management Act 1991.

Council is also required to outline the policies in respect of the funding of operating and capital expenses.

### Description of Council Expenditure

The Council has two types of expenses: operating expenditure and capital expenditure.

**Operating expenditure** funds the on-going day-to-day activities and services of the Council.

**Capital expenditure** is money spent in acquiring or upgrading an asset, such as pipes, equipment and buildings.

Council has three categories of capital expenditure spread across its activities:

- **Renewals** – defined as capital expenditure that increases the life of an existing asset with no increase in service level.
- **Increased level of service** – defined as capital expenditure that improves the service level delivered by the asset.
- **Growth** – defined as capital expenditure that is required to provide additional capacity to cater for future growth in demand.

### Operating expenditure

The Council’s policies and practices for the funding of its operating expenses are set to ensure that these comply with applicable legislation and generally accepted accounting practice.

In general terms, Council will use a mix of revenue sources to meet operating expenses, with major sources being general rates, subsidies, and fees and charges. However, revenue from targeted rates is applied to specific activities. Reserve funds, including savings from previous years, are also used as a revenue source. Operating costs do not normally utilise loans or proceeds from asset sales.

Deviating from this Policy is a Council decision. Occasionally, Council is required (under accounting rules) to write down or treat a cost as an operating expense that had been expected to be funded from loans.

### **Capital expenditure**

Capital developments are funded (in decreasing priority) from subsidies, user contributions, reserves (where appropriate), and loans. In the land transport (roading) activity, some ongoing capital developments are funded from subsidies and rates.

Capital renewals are funded (in decreasing priority) from subsidies, depreciation or other reserves. Loans may also be used where subsidies and reserves are insufficient, and to do so supports the principle of intergenerational equity. Rates may also be used where subsidies and reserves are insufficient.

### **Council created reserves**

Savings and unspent budgets specific to each activity or rates charged for specific projects are placed in reserves. These reserves may be used to fund activities in line with the purpose of the reserves.

The use of reserves will require a specific resolution of Council before expenditure is committed. The exception to this is depreciation reserves used to renew existing assets and for internal loans. The use of the depreciation reserves is approved by Council as part of the Long Term Plan and Annual Plan budgets.

## **FUNDING MECHANISMS**

Different funding sources are used for different types of expenditure. Council funds its expenditure using the following funding mechanisms.

### **Operating Revenue Sources of Funds**

#### **General rate**

This is used to cover public good activities, and includes the use of a Uniform Annual General Charge (UAGC). Council uses capital value for the application of its general rate.

#### **Targeted rates**

These rates include Uniform Annual Charges, differential rates set on value (land or capital value), rates set over an area of benefit and rates for a service or for an activity. Targeted rates can be set on a uniform or differential basis, with a range of different factors of liability. This can be used for both private good and public good services.

#### **Lump sum contributions**

For the recovery of specific capital expenditure, otherwise loan funded (optional for ratepayer). This usually has a high component of private good, though Council has employed district targeting to give ratepayers the choice to reduce debt.

#### **Fees and charges**

These include any fee, recovery fine, or charge made by Council for a service or activity that has a higher component of private good.

#### **Interest and dividends from investments**

Income from an investment, including interest and dividends. This would be generally a public good activity.

**Development contributions under Section 106 Local Government Act 2002**

These are used to recover the growth component of capital expenditure from developments. Council does have a Development Contributions Policy.

**Financial contributions under the Resource Management Act 1991**

These are used to recover costs to mitigate the effects of growth which may not be limited to capital expenditure. They must have a high component of private good.

**Grants and subsidies**

Income from another organisation. These would generally be for a public good activity.

**Council created reserves**

Savings or carry forward budgets specific to each activity are sometimes available to fund operating costs subject to Council approval. Reserves linked to specific activities built up from operational surpluses or grants may also be used. These can be used for both private good and public good activities.

**CAPITAL REVENUE SOURCES OF FUNDS**

**Borrowing**

Borrowings can be both short term and long term. Borrowing is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and also to enable the costs of major developments to be borne by those who ultimately benefit from the expenditure over the life of asset. This is known as the *'intergenerational equity principle'* and means that the costs of any expenditure should be recovered from the community over the period the benefits of that expenditure

accrue. It is not prudent or sustainable for all capital expenditure to be funded from borrowings and Council must balance prudence against equity. The overriding limits on borrowing are set out in the Financial Strategy.

**Proceeds from asset sales**

These would only need to be recognised where an asset was being sold and not replaced with a similar asset. For example, where the proceeds from the sale of a Council investment property are used to fund another activity. Proceeds from property sales will be placed in the General Reserves, unless limited by a specific trust deed, bequest or legislation.

**Council created reserves**

Council created reserves are from rates, surplus revenues (held for a particular purpose), savings for a particular purpose, or the transfer of non-cash expenditure (such as depreciation). The use of reserves will require a specific resolution of Council before expenditure is committed.

**Funding Options**

The following table summarises how sources of revenue are applied to Council's activities. For example, a subsidy (external funding) is the number one source of funds and this may be used first equally for any operating or capital cost.

**Funding Sources Table**

**Key**

- 1st – primary source of funding, if available.
- 2nd – secondary source on a case-by-case basis.

Possible – funding will be considered, if necessary, on a case-by-case basis.

Priority of source (number)	Revenue source	Operating	Renew existing assets	Capital: Develop assets – to improve services	Capital: Develop assets – to cater for growth
1	Subsidies and grants	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
1	Development or Financial Contributions	Not permitted	Not permitted	Not permitted	1 <sup>st</sup>
2	Fees and charges	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>
3	Loans (borrow internally from savings or externally)	Not permitted	Possible	1 <sup>st</sup>	1 <sup>st</sup>
3	Reserves	Possible 2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>
4	Prior year surpluses	Possible 2 <sup>nd</sup>	2 <sup>nd</sup>	Possible 2 <sup>nd</sup>	Possible 2 <sup>nd</sup>
4	Interest and other revenue	1 <sup>st</sup>	1 <sup>st</sup>	Possible 2 <sup>nd</sup>	Possible 2 <sup>nd</sup>
5	General rates	1 <sup>st</sup>	1 <sup>st</sup>	Possible 2 <sup>nd</sup>	Possible 2 <sup>nd</sup>
5	Targeted rates	1 <sup>st</sup>	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>
5	UAGC	1 <sup>st</sup>	1 <sup>st</sup>	Possible	Possible

Table 52 - Revenue and Financing Policy - Funding Sources Table

### Activity funding targets

Council’s funding targets set the level of revenue that is appropriate for users to contribute for each Council activity identified. Council has reviewed these targets as required by the Local Government Act 2002 Section 101 as part of this Revenue and Financing Policy. The targets are shown in the summary tables and more detail is included in each activity section.

The specified funding source proportions are indicative only. They are not intended as an exact proportion, rather as a guideline. It is recognised that within each activity in any given year there may be

justification for variation from those proportions. This could be from changes to market conditions, government policy or the demand for Council services. In order to reflect the uncertainty involved in these targets a range in each activity has been assessed.

### Process for determining funding sources

In determining the appropriate funding sources, the council has adopted a two-stage process in accordance with section 101 (3) of the Local Government Act 2002.

#### Step 1

The first step is to determine the most appropriate source of funding for each activity by considering the following:

- Community outcomes to which the activity primarily contributes.
- Distribution of benefits between the community as a whole, any identifiable part of the community and individuals.
- The period in, or over which, the benefits are expected to occur. Generally, benefits derived from operating costs are received in the year the expenditure is incurred. In contrast, capital expenditures relate to investments in assets that generate benefits over their useful lives that extend beyond the current year.
- The extent of the actions or inaction of individuals or a group contributing to the activity undertaken.
- The costs and benefits, including consequences of transparency and accountability, of funding the activity distinctly from other activities.

## Step 2

Once the most appropriate funding method for each activity is identified, based on the considerations stated above, the Council needs to consider the overall impact of its funding mix on the community.

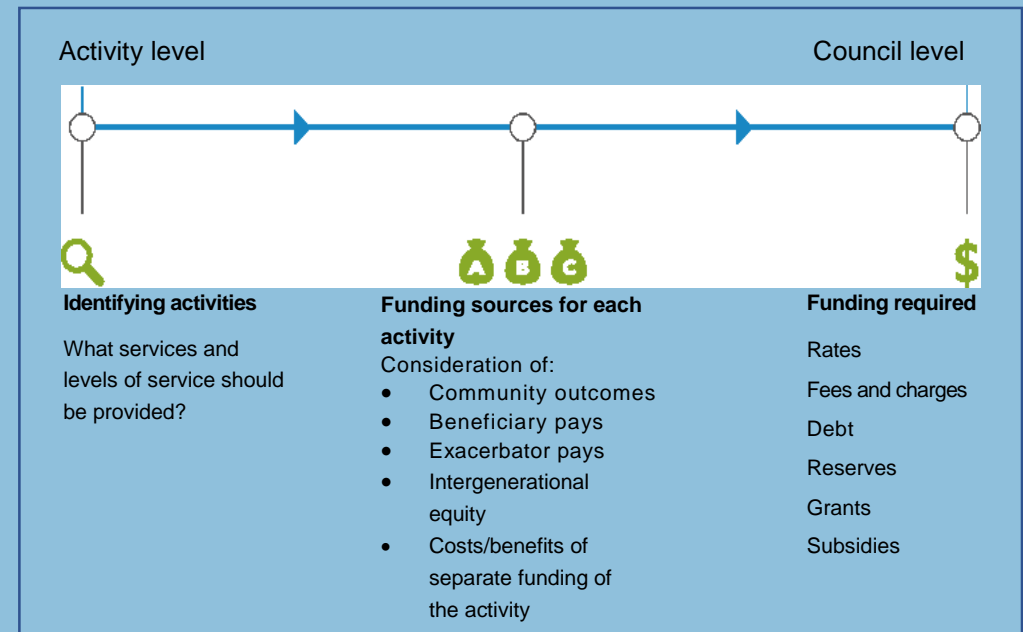
For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability.

### Selecting the appropriate funding source – Council funding principles

The general principles used in the process are:

- The public good theory:
  - The distribution of benefits between the community as a whole;
  - An activity should be collectively funded if those that benefit directly cannot be identified and/or if those that benefit directly cannot be excluded from using the service;
- The user/beneficiary pays principle:
  - An activity should be funded on a user pays basis if an individual or group of individuals directly receive benefits of the activity exclusively and that costs of the activity can easily be attributed to that individual or group of individuals;
  - The service “consumed” is excludable and creates rivalry (i.e. using this service reduces the availability for someone else - e.g. drinking water);

- The merit goods theory:



- The use of private goods and services can also result in benefits to third parties – people who don't directly use them. In these cases, Council considers that the service should be provided on the basis of community need rather than willingness to pay, or identifiable benefits received (e.g. regional sporting facilities);
- The intergenerational equity principle:
  - The period in or over which those benefits are expected to accrue (i.e. inter-generational);
- The exacerbator/polluter pays principle:



- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities:
- This considers the efficiency or ability to identify and separate costs, and then collect revenue, and the impact on demand for services.

The differentiation of private and public goods and the identification of externalities are necessary for the strict apportionment of the costs between private users and the community as a whole. Sometimes such differentiation is not easy, because very few goods and services can be treated as purely private or public; most goods and services have characteristics of both private and public goods.

For each activity the following have been considered:

- Relationship to Council Outcomes.
- Council considerations of:
  - the distribution of benefits from the activity between the community and any identifiable groups or individuals;
  - intergenerational equity;
  - exacerbator pays; and
  - the costs and benefits of distinct funding.
- A percentage range of public versus private benefits providing a rationale for the allocation between rates and targeted recoveries through fees and charges.

- The overall impact of any allocation of liability for revenue needs on the community.

The following policy positions have been set by Council and are used with the principles above:

- Where the benefit accrues to the whole district, general rates will be used (these include UAGC).
- Where benefits accrue to certain groups within the district, user charges, differentials or targeted rates will be used if efficient to do so.
- User pays is also recognised as a tool to achieve Council’s goals (e.g. charging for refuse collection to encourage waste minimisation). Where a fee or charge is not practical, targeted rates may be set in accordance with Council’s rating policies.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this provided there are no legislative constraints on doing this.
- In some cases, (e.g. wastewater), targeted rates are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges.
- Rates are partly a tax. While effort is made to link payment of rates to benefits received or costs generated, it is not possible to do this on an individual ratepayer basis.
- Subsidy from central government recognises that some services (e.g. Roading), form part of a national infrastructure network and only central government can levy user charges.

- Uniform Annual General Charge (UAGC) recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the District.

Very few activities deliver entirely public benefits or private benefits. Most activities contain aspects of both and fall somewhere between the two ends of the continuum. The characteristics of an activity determine what type of funding mechanism is used to fund a particular service.

For example, an activity towards the ‘public good’ end of the continuum may not be a good candidate for user charges as people cannot be prevented from consuming it, or because everyone is provided with access to the service whether they wish to use it or not. Such activities will generally be candidates for funding from some general source, such as a general rate. An activity that delivers benefits towards the ‘private’ end of the spectrum may be a candidate for a targeted rate or a user charge. In the end, it comes down to “reasonable” judgement by the Council having considered the legal factors, funding principles and guiding policies.

In this document the words “public” or “private” reflect who benefits from the services Council provides. When the word “public” is used it means the community at large will receive benefits and generally it is more efficient to charge for those through a rate. When the word “private” is used it means that either an individual or an identifiable group of individuals will receive benefits, and generally this group can be charged either directly through user charges because it is efficient to do so or by using a targeted rate.

### Analysis of each activity within the groups of activities

Group of Activities/ Activity	Community Outcomes	User/ beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification	Benefits		Rationale	Funding Sources	
							Private	Public		Operational	Capital
<b>Governance and Leadership</b>											
	Aspirational, Connected, Empowered, Engaged, Responsible, Supportive, United	Low	Low	Low	Low- Medium	Low	0%	100%	Elected Council members represent the residents of the District. The benefit of representation is available to all residents and ratepayers of the District. Elected community board members represent their respective communities of Otorohanga and Kāwhia.	General rate; Targeted rate	Loans; General rate; Reserves
<b>Community Services</b>											
<b>Cemeteries</b>	Diverse, Enduring Sustainable, Vibrant	High	High	Low	Low	Medium	50%	50%	The private benefit is received by the families of the deceased, and to those researching family history. There is also a public benefit with communities benefiting from being able to have family members buried in their community. The garden maintenance has a component of private and public benefit.	General rate, Fees and charges	Loans; General rate; Grants; Reserves
<b>Community Centre (Kāwhia)</b>	Connected; Diverse; Liveable, Welcoming	Medium	High	Low	Medium	Medium	40-60%	40-60%	The Kāwhia community centre covers social and recreational use. While individuals and local community groups benefit from the use of the facilities there is also a public benefit in having the Centre available to the wider area.	Targeted rate	General rates; Grants; Reserves
<b>Housing for the Elderly</b>	Connected, Diverse, Liveable, Responsible, Supportive, Welcoming	High	High	Low	Medium	Low	90-100%	0-10%	The main beneficiaries are the tenants, who receive housing at rentals below market rates.	General rate; Fees and charges	Loans, Grants, Reserves
<b>Kāwhia Wharf</b>	Connected, Enduring, Prosperous, Resilient, Responsible	High	High	Low-Medium	Medium	Medium	80-90%	10-20%	The provision of a wharf at Kāwhia is historical, but there is a large degree of private benefit. There is a widespread community expectation that Council will continue to maintain the wharf.	General rate; Targeted rate; Fees and charges	Loans

Group of Activities/ Activity	Community Outcomes	User/ beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification	Benefits		Rationale	Funding Sources	
							Private	Public		Operational	Capital
<b>Libraries</b>	Connected, Diverse, Knowledgeable, Liveable, Sustainable, Vibrant	High	Low - Medium	Low	Low	High	80-90%	10-20%	Recreational reading primarily benefits the individual users, as do school holiday programmes, and the availability of reference material and internet access. The acquisition of knowledge does have a high public benefit through contributing value to the community by people having access to knowledge, being well informed and by encouraging literacy.	General rate; Fees and charges	Loans; Reserves
<b>Litter Control</b>	Liveable, Proud, Responsible, Sustainable	Low	Low	High	Low	High	0%	100%	The need for this service is a direct result of illegal dumping and the inappropriate discarding of rubbish. In most case the person(s) responsible is unknown and cannot be charged.	General rate; Fees and charges	N/A
<b>Parks and Reserves</b>	Diverse, Enduring Liveable, Sustainable, Vibrant	Low	High	Low - Medium	Medium	Low	60-80%	20-40%	Parks and Reserves beneficiaries are the users, both local and visitors to the district, and in particular user groups such as sports clubs. It is not feasible to charge for access to reserves and playgrounds as access cannot be readily restricted. All residents have access to reserves, although sports clubs are charged via leases for the exclusive use members enjoy.	General rate, fees and charges	Loans; general rates; grants, reserves
<b>Public Toilets</b>	Liveable, Responsible, Vibrant	Medium	Medium	Medium	Low	Medium	50%	50%	The benefits are the provision of clean and safe toilets for travellers, shoppers, parents and children in commercial areas in particular, and for users of recreational facilities.	General rate	Loans; general rate; reserves
<b>Security Patrol</b>	Liveable; Responsible	High	Low	High	Low	Medium	80-90%	10-20%	The provision of a security service is by way of a grant to Otorohanga Business Association, but funded from the commercial area of Otorohanga, where the majority of benefit accrues. There is also a wider public benefit in having regular security patrols in the town.	General rate; Targeted rate	N/A

Group of Activities/ Activity	Community Outcomes	User/ beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification	Benefits		Rationale	Funding Sources	
							Private	Public		Operational	Capital
<b>Swimming Pool</b>	Diverse, Liveable, Responsible, Sustainable	High	Medium	Low	Medium	Medium	80-100% (Council does not receive the entry fees or manage the facility)	0-20%	Swimming pools are recreational facilities, and provide social benefits such as learn-to-swim, coaching and leisure opportunities for residents with a range of needs. Users of the pool are private beneficiaries and user fees reflect this. The fees are not collected by Council. The Council funds a contract for service.	General rate; Targeted rate;	Loans; General rate; Grants; Reserves
District Development											
<b>Community Development</b>	Connected, Diverse, Thriving, Empowered, Engaged, Proud, Knowledgeable, Resilient, Vibrant, Responsible, Supportive	Medium	Low	Low	Low-Medium	Low	10-20%	80-100%	The primary beneficiaries are the community groups that receive funding from Council, and users or lessees of commercial properties. These properties are considered an investment type of asset and therefore a commercial return is expected.	General rate; Fees and charges; Grants	Loans, Fees and charges; Reserves
<b>Economic Development District Promotion</b>	Connected, Diverse, Enduring, Innovative, Progressive, Prosperous, Resilient, Sustainable, Thriving	Medium	Low	Low	Low-Medium	Low	10-30%	70 -90%	Private beneficiaries are the individuals who gain employment, retailers, tourist operators, motels and other businesses, but the whole District benefits from an increased population, improved economic wellbeing and a larger rating base.	General rate	N/A
Regulatory Services											
<b>Animal Control</b>	Knowledgeable, Liveable, Responsible	Medium	Low	High	Low	Low	80 - 90%	10 -20%	The majority of the costs for this activity should be borne by dog owners, as it the existence of dogs in the community that gives rise to the need to carry out this activity. There is a small public benefit from animal education programmes. The control of stock on public roads has a lower private benefit, due the greater level of public safety.	Fees and charges; General rate	Loans; General rate; Reserves

Group of Activities/ Activity	Community Outcomes	User/ beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification	Benefits		Rationale	Funding Sources	
							Private	Public		Operational	Capital
<b>Building Control</b>	Enduring, Knowledgeable, Liveable, Resilient, Responsible	High	Low	Medium	Medium	Medium	90-100%	0-10%	The building control activity is mainly funded by the beneficiaries of the service, as they can be easily identified. There is some general community benefit because the public can be assured that buildings being erected are safe.	General rate; Fees and charges	N/A
<b>Civil Defence Emergency Management</b>	Connected, Enduring, Engaged, Knowledgeable, Liveable, Resilient, Responsible	Low	Low	Low	Low	Low	0%	100%	The primary purpose of civil defence is emergency preparedness with an initial response capability. This activity cannot be attributed to any individuals and therefore it is the community as a whole that benefits from this activity.	General rate; Subsidies	Loans; General rate; Reserves
<b>Environmental Health</b>	Knowledgeable, Liveable, Responsible, Sustainable, Thriving	Medium	Low	Medium	Medium	Medium	40 -60%	40-60%	For health and liquor licensing there is a moderate level of public good in the general health monitoring and advisory service provided to the community. Direct inspections of premises are user fees, but some fees are set by government legislation and therefore full cost recovery is not always possible. In the general inspection area, it is often impossible to identify offenders or impractical to recover enforcement costs. The whole community benefits from these activities.	Fees & Charges; General rate	N/A
<b>Planning Development</b>	Knowledgeable, Liveable, Progressive, Resilient, Responsible, Sustainable, Vibrant	Medium – High	Low	Low- Medium	Medium	Medium	90-100%	0-10%	There are two distinct beneficiaries of this activity, the primary being the applicant/developer and the second being the whole district through the development and monitoring of the District Plan.	Fees & Charges; General rate A full review of the District Plan may be funded via a loan, which reflects the long-term benefit.	N/A

Group of Activities/ Activity	Community Outcomes	User/ beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification	Benefits		Rationale	Funding Sources	
							Private	Public		Operational	Capital
<b>Land Transport</b>											
<b>Footpaths</b>	Connected; Liveable, Resilient,	Low	Medium – High	Low – Medium	Low	Low	40-60%	40-60%	Occupiers of urban residential and commercial properties that are served by footpaths benefit from easier access and the added value to the properties. While the primary benefit is for the people who use the footpaths, these users generally cannot be individually identified or be restricted from using footpaths from a public safety factor.	General rate; subsidies	General rate; subsidies; reserves; development contributions
<b>Roading</b>	Connected, Liveable, Prosperous, Resilient, Responsible, Sustainable	Medium – High	High	Medium	Medium – High	Low	40-60%	40-60%	The beneficiaries are the users of the roads, the owners of properties served by roads, the local community and the wider public. The private benefit is collected via fuel taxes and road user charges by the government and allocated as a grant through Waka Kotahi/NZ Transport Agency.	General rate; subsidies; fees & charges; reserves	General rate; subsidies; reserves; development contributions
<b>Waste Management (Rubbish &amp; Recycling)</b>											
	Innovative, Liveable, Resilient, Responsible, Sustainable	High	Low - Medium	Low - Medium	Low	Medium	20 – 30%	70 – 80%	Urban households receive a kerbside recycling service and all properties have access to recycling facilities. All properties have access to waste disposal facilities at refuse transfer stations. The whole District benefits from the environmental benefits. Pricing is a tool that can impact on people's behaviour to achieve the reduction, reuse and recycling of solid waste.	Targeted rate; Fees and charges; Grants	Loans; Targeted rate; Grants; Reserves
<b>Stormwater</b>											
	Liveable, Resilient, Responsible, Sustainable	Medium - High	Medium High	Low - Medium	Medium	High	75 - 85%	15 - 25%	Properties within the urban stormwater network areas benefit from collecting and disposing stormwater to limit flood damage. Property owners downstream from these areas also benefit. There is also a public benefit to health and safety to the urban populations generally.	Targeted rate; General rate	Loans; targeted rate; reserves



Group of Activities/ Activity	Community Outcomes	User/ beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification	Benefits		Rationale	Funding Sources	
							Private	Public		Operational	Capital
<b>Flood Protection</b>											
	Liveable, Resilient, Responsible, Sustainable	High	Medium High	Low	Medium	High	75 - 85%	15 - 25%	Properties within the Ōtorohanga flood protection scheme area benefit from limiting flooding and consequential property damage. There is also a public benefit in protecting public areas from flooding.	Targeted rate; General rate	
<b>Aotea Erosion Control</b>											
	Liveable, Resilient, Responsible Sustainable	High	High	Low	Medium	Medium	90 - 100%	0 – 10%	Properties within the Aotea community benefit from limiting sea erosion and consequential property damage. There is also a public benefit in protecting public areas from erosion.	Targeted rate; General rate	Loans; Targeted rate; development contributions
<b>Wastewater</b>											
	Liveable, Resilient, Responsible, Sustainable	Medium - High	High	Low –Medium	Low	Medium	90 – 100%	0 -10%	The direct beneficiaries of this activity are the properties connected to the Ōtorohanga network. There is a public health benefit particularly to people who live in urban areas, and with the downstream effects of clean rivers benefiting the whole district. The provision of public toilets in Ōtorohanga is a district-wide benefit.	Targeted rate; general rate; fees and charges; reserves	Targeted rate; loans; reserves; subsidies; development contributions
<b>Water Supplies (including Rural Water Schemes)</b>											
	Liveable, Resilient, Responsible, Sustainable	High	High	Low	Low – Medium	Medium	90 – 100%	0 -10%	The immediate beneficiaries are the properties that are connected to the water supplies. However, there is a public health benefit in providing potable water supplies. Additional public benefits include fire protection, and public toilets and street cleaning for urban areas.	Targeted rate; fees and charges; reserves	Targeted rate; loans; reserves; subsidies; development contributions

Table 53 - Revenue and Financing Policy - Analysis of each activity within the groups of activities

### Summary of funding targets

	Rates	Fees & Charges	Grants, Subsidies & other revenue
<b>Governance / Leadership</b>	<b>100%</b> General rate		
<b>Community Boards</b>	<b>100%</b> (0-20% General rate; 80-100% Targeted rate)		
<b>Community Services</b>			
Cemeteries	<b>70 – 80%</b> General Rate	<b>20 – 30%</b>	
Community Centre (Kāwhia)	100% Targeted rate		
Housing for the Elderly	<b>0-10%</b> General rate	<b>90-100%</b> (rent)	
Kāwhia Wharf	<b>80 – 90%</b> (65–75% General rate; 15–25% Targeted rate)	<b>10 – 20%</b>	
Libraries	<b>90 – 100% General rate</b>	<b>0 – 10%</b>	
Litter Control	<b>90-100% General rate</b>	<b>0-10%</b>	
Parks and Reserves	<b>80 – 100%</b> General rate	<b>0 – 20%</b> (Leases)	
Public Toilets	<b>100%</b>		
Swimming Pools <sup>5</sup>	<b>100%</b> General rate (net)		
Security Patrol	<b>100%</b> (95-100% Targeted Rate; 0-5% General Rate)		
<b>District Development</b>			
Community Development	<b>100%</b> General rate		
Economic Development	<b>100%</b> General rate		
<b>Regulatory Services</b>			
Animal Control	<b>10 – 20%</b> General rate	<b>80 – 90%</b>	
Building Control	<b>10 – 20%</b> General rate	<b>80 - 90%</b>	
Civil Defence Emergency Management	<b>100%</b> General rate		
Environmental Health/Liquor Control	<b>50 – 70%</b> General rate	<b>30 – 50%</b>	
Planning & Development	<b>50-60%</b> General rate	<b>40-50%</b>	
<b>Land Transport</b>			
Footpaths	<b>40 - 50% Targeted Rate</b> (70% on CV, 30% Uniform)		<b>55 - 65%</b> (NZTA 61% funding assistance rate for subsidised works) <b>0 – 10%</b> Development Contributions
Roading	<b>40 - 50% Targeted Rate</b> (70% on CV, 30% Uniform)	<b>0 – 10%</b>	<b>55 - 65%</b> (NZTA 61% funding assistance rate for subsidised works) <b>0 – 10%</b> Development Contributions

<sup>5</sup> Pool operation is contracted out, with entry fees retained by the Contractor

	Rates	Fees & Charges	Grants, Subsidies & other revenue
<b>Waste Management (Rubbish &amp; Recycling)</b>	<b>100%</b> (Refuse 90% Targeted rate; 10% General Rate. Solid waste 90% Targeted rate; 10% General Rate)		
<b>Stormwater</b>	<b>90 - 100%</b> (90 – 100% Targeted Rate; 0 – 10% General Rate)		<b>0 – 10%</b> Development Contributions
<b>Wastewater</b>	<b>80 – 100%</b> (0-10% General rate; 90-100% Targeted Rate)	<b>0 – 10%</b>	<b>0 – 10%</b> Development Contributions
<b>Water Supply</b>	<b>80 – 100%</b> (0-10% General rate;90 – 100% Targeted Rate)	<b>0 – 20%</b>	<b>0 – 10%</b> Development Contributions
<b>Flood Protection</b>	<b>100% General rate</b> (Collected by WRC)		
<b>Aotea Erosion Control</b>	<b>100%</b> (0-10% General rate; 90-100% Targeted rate)		

Table 54 - Revenue and Financing Policy - Summary of funding target

## Significance and Engagement Policy (Summary)

### Purpose of the policy

Our significance and engagement policy enables us, along with our communities, to identify the level of significance attached to particular issues, proposals, assets, decisions and activities. The policy informs us about whether further requirements will need to be met if a decision is considered significant. The policy also provides clarity about how and when communities can expect to be engaged in the decisions we make.

Engagement 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 be considered in the early stages of a proposal before decision making occurs and, if necessary, reconsidered as a proposal develops. In general, our policy is that the more significant an issue, the greater the need for community engagement.

### What's significant and when you can expect to be engaged

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

- Whether the proposal has an impact on the interests, values and aspirations of Māori in the district.
- The likely impact on Māori cultural values, including their relationship with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.
- Whether there is a legal requirement to engage with the community.

- The degree to which the proposal or decision may impact current and future community well-being.
- The level of financial impact of the proposal or decision.
- Whether the proposal or decision will impact a large portion of the community.
- The level of likely impact on present and future interests of the community.
- 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.
- Whether or not a decision would be reversible.
- The form of engagement used in the past for similar proposals and decisions.

We have also set some thresholds to help us assess the extent that our proposals or decisions are significant. This includes the transfer of ownership or control, or abandonment of a strategic asset (listed below). These thresholds are set out in our full policy.

We'll use the special consultative procedure and consult in accordance with the principles of consultation, as set out in section 82 and 83 of the Local Government Act 2002 (LGA 2002), where we're required to do so by law. For such consultation, we will develop information fulfilling the requirements of the LGA 2002, will make this available to the public, allow for feedback to be received for a period of up to one month, and will consider all feedback prior to making decisions.

If we make a decision that is significantly inconsistent with this policy, we will follow the steps set out in section 80 of the LGA 2002. That includes clearly identifying the inconsistency, the reasons for the

inconsistency, and any intention we have to change the policy to accommodate the decision.

**Our Strategic Assets**

Our strategic assets or groups of assets are those physical assets vital for delivering services to Ōtorohanga district and/or are important to achieve or promote any outcome that is important to the current or future well-being of our communities.

Any decision that transfers ownership or control of a strategic asset to or from Council, can only be taken if explicitly provided for in the Long Term Plan and consulted on in accordance with section 97 of the Local Government Act 2002.

The following is a list of our strategic assets:

- Housing for the elderly stock as a whole
- Equity securities in the Waikato Regional Airport Ltd (Hamilton Airport)
- Water supply network infrastructure as a whole
- Stormwater network infrastructure as a whole
- Wastewater network infrastructure as a whole
- District roading infrastructure as a whole
- District Libraries
- Museums
- Kāwhia Wharf
- Aotea Seawall

**How you can expect to be engaged**

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.

Inform	Consult	Involve	Collaborate	Empower
Providing balanced and objective information to assist the public's understanding about something that is going to happen or has happened	Obtaining public feedback about proposals on rationale and alternative options to inform decision-making	Working directly with members of the public to help identify issues and views throughout the process to ensure that concerns and aspirations are understood and considered prior to decision-making	Partnering with members of the public to develop understanding of all issues and interests, including to develop 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

Level of engagement



For more detailed information, view our full draft significance and engagement policy on our Council website - [otodc.govt.nz](http://otodc.govt.nz)

## Other Important Information

### Supporting Iwi/Māori Participation in Council Decision-making

#### Principles of the Te Tiriti o Waitangi (the Treaty of Waitangi)

Ōtorohanga District Council recognises the importance of Te Tiriti o Waitangi as the founding document of Aotearoa/New Zealand, which establishes a relationship between the Treaty partners, these being Iwi/Māori and the Crown.

We also recognise that not only is there an obligation on Council to engage with Iwi/Māori, but that it makes good sense to do so. By working in partnership with Iwi/Māori we want to ensure that everything we do is aimed at supporting the wellbeing of everyone in our community.

#### Our Commitment

Council has been on a journey in terms of our engagement with Iwi/Māori that has increased in pace over the last two years. Decisions in 2020 on using the tohutō (macron) in our district name – Ōtorohanga – as well as Council agreeing to the request to include two pieces of Council-owned land – Kakamutu and Huiputea – in the Maniapoto Treaty settlement were strong signals to Iwi/Māori that Council are serious about having a meaningful relationship with them. The icing on the cake came in 2021 when, after consultation with Iwi/Māori, Council resolved to establish a Māori Ward for the Ōtorohanga district without going to wider public consultation. Council will undertake a representation review in 2021 with a view to having a Māori Ward(s) in place for the 2022 local government election.

In addition to our commitment to increasing Iwi/Māori representation around the decision-making table, Council have also approved a budget for the recruitment of an Iwi Relations Advisor role to support elected members and staff in our engagement with Iwi/Māori. This

role will be in place in the 2021/22 year and will be recruited in consultation with the Iwi in our rohe (district).

We have made a clear commitment in further developing our work with Iwi/Maori across the Ōtorohanga District by regularly attending hui to discuss our policies/plans and projects and to hear about the aspirations and needs of Iwi/Māori.



## Variations to Water and Sanitary Services Assessment, and Waste Management Plans

The last review of the Water and Sanitary Services Assessment was undertaken in 2005. However, this Long Term Plan (LTP) does not signal any significant variation from that Assessment.

The current Waste Management and Minimisation Plan was adopted in 2018. The option in this draft LTP to consider the introduction of a food waste collection service is a variation from that Plan, which limited food waste reduction to promotion of home composting/worm farming initiatives.

## Council-controlled Organisations

The Local Government Act 2002 requires that we include information on those organisations in which Council is a shareholder – council-controlled organisations (CCOs). 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.

Our significant CCOs are:

Waikato Regional Airport Ltd

Waikato Local Authority Shared Services Ltd

Local Government Funding Agency Ltd

We are also a minor shareholder (0.04%) in Civic Financial Services Ltd.



### Waikato Regional Airport Limited (Hamilton Airport)

Waikato Regional Airport Ltd (WRAL) is jointly owned by five local authorities: Hamilton City, Waikato District, Waipā District, Ōtorohanga District and Matamata-Piako District Councils. Our shareholding is 3.125%, which we intend to retain for the foreseeable future.

Nature and scope of activities to be undertaken by WRAL:

- 1) Operate an efficient and compliant airport: Operate a safe, secure and compliant airport by providing for essential projects, together with any compliance expenditure warranted.
- 2) Enhance the traveller experience: Maximise traveller satisfaction and airport experience.
- 3) Maintain a viable aeronautical business: The COVID-19 pandemic has painted a very different canvas for the aviation sector over the next few years. WRAL will:
  - Assist Air NZ to identify opportunities to recover flight schedules and passenger numbers.
  - Promote the recovery of the general aviation sector.
  - Develop and implement a five-year plan to give effect to, or seek renewal of the runway extension designation.
  - Position and protect the airport as an efficient, cost effective international port of arrival for private, corporate and medical aircraft.
  - Investigate opportunities to open up Hamilton Airport again to international air services, however the emergence of COVID-19 may impact consultation and timing.
  - Remain collaborative with local authorities and government agencies for joint infrastructure and transport initiatives.
- 4) Maximise revenue diversification through non-aeronautical business opportunities:

- Support the development of land within the bounds of a sound strategic approach to long-term planning for the airport precinct by its subsidiary Titanium Park Limited (TPL).
  - TPL will continue marketing for sale, development and optimised investment, all available surplus airport-owned land in a planned and co-ordinated approach.
  - Land sales and property development are always subject to volatility dependent on regional and national economic conditions. Therefore, as demonstrated by the COVID-19 pandemic, this presents a degree of risk for the Group that will be carefully managed through the staged precinct developments of Titanium Park.
  - In conjunction with the hotel manager, maximise the recovery plan and earnings of the recently acquired and upgraded airport hotel business.
- 5) Ensure appropriate internal and external resource to enable a commercially driven and high performing organisation
    - Knowledgeable and capable, high performing and appropriately resourced management team to ensure sound reporting and accountability, and delivery of the strategic plan.

**Performance targets**

Year ending 30 June	2021	2022	2023
Earnings before interest, taxation, depreciation and amortisation	\$0.3M	\$2.9M	\$3.7M
Net profit before tax (no less than)	(\$3.7M)	(\$1.5M)	(\$1.0M)
Net operating cash flow (excl land sales)	(\$1.5M)	\$1.5M	\$2.6M
Total debt - excl funding for design-build properties (no exceeding)	\$30.0M	\$30.0M	\$30.0M
Percentage of non-landing charges revenue (of at least)	60%	60%	60%
Land sales	\$4.0M	\$2.0M	\$3.0M
Interest cover (at least)	-4.0x	3.0x	3.0x

*Table 55 - Waikato Regional Airport Limited (Hamilton Airport) - Performance targets*

**Waikato Local Authority Shared Services Limited (WLASS)**

WLASS is jointly owned by the 12 Waikato region local authorities – Waikato Region, Hamilton City, Hauraki District, Matamata-Piako District, Ōtorohanga District, Rotorua District, South Waikato District, Taupo District, Thames-Coromandel District, Waikato District, Waipā 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.

**Nature and Scope of Activities to be undertaken by WLASS**

1) Shifting landscapes: Refining how and where WLASS can add most value

WLASS needs to understand from Waikato councils what services councils believe they should ensure are delivered to their communities, and what services they believe:

- only the councils should deliver (noting that all councils are not the same);
- could be delivered by service delivery agents (i.e. CCOs like WLASS);
- could be delivered by third parties; and
- central government should deliver.

This project will provide that understanding. In doing so, it will help clarify the future of local government, provide a touchstone for making better decisions on how councils can most effectively deliver

their functions, and provide WLASS with clarity on its part in supporting councils to do so.

2) Digital enablement – creating an omni-channel for our communities

Technology is interwoven to various degrees within each council’s business and operational frameworks. Any changes to technology cannot therefore be considered in isolation. However, to address the expectation gap, councils can work together to:

- Provide consistent customer and community experiences across the region;
- Realise significant cost savings and mitigate risks;
- Leverage existing skills, knowledge and experience for better digital outcomes for all;
- Achieve systems and process efficiencies through standardisation, which could lay the groundwork for potential back office shared services;
- Make better use of vendors and influence the market;
- Leverage total IT spend and cross-council resources; and
- Get recognition from central government for generating sustainable value from technology investment.

3) Establishing a GIS centre of excellence

For most councils, there is limited ability/need for a full-time resource that has expertise in GIS. However, having access to that resource, as and when required, would be useful to meet internal needs and community enquiries in a timelier manner. There could therefore be value in the creation of a GIS centre of excellence (COE) that

provides core data and GIS system management, as well as analytical work, to support the operation of councils.

4) Establishing an Asset Management centre of excellence (COE)

Waikato councils collectively are responsible for significant assets. They are accountable to the public for ensuring these assets are well managed. Some councils have difficulty in attracting and retaining appropriately skilled staff. Others may simply benefit from a lift toward best practice. Regardless, there is an opportunity to consider establishing a COE to support councils in this area.

**Performance targets**

Priority	Performance Measure	Target
Prioritise and develop business cases for opportunities that, if implemented, add value to councils by achieving one or more of our objectives	<ul style="list-style-type: none"> <li>• Business cases will include measurable benefits linked to one or more of the outcomes sought</li> <li>• Businesses cases are supported by councils (evidenced by take up of the opportunity)</li> </ul>	<ul style="list-style-type: none"> <li>• Projected savings/increased revenue to councils of at least \$300k</li> <li>• 75% of councils</li> </ul>
Develop opportunities and deliver projects within agreed budgets and timelines	<ul style="list-style-type: none"> <li>• Opportunities / projects are developed / delivered within agreed timelines</li> <li>• Opportunities / projects are developed / delivered, within approved budget</li> <li>• Overall, Company Management / Support functions will be undertaken within budget, unless additional expenditure has board pre-approval</li> </ul>	<ul style="list-style-type: none"> <li>• 80%</li> <li>• 90%</li> </ul>
Ensure projects realise their expected benefits	<ul style="list-style-type: none"> <li>• Measurable benefits are actively monitored and reported against</li> <li>• Audit &amp; Risk Committee undertake an assessment of projects following implementation (which will include an assessment of whether</li> </ul>	<ul style="list-style-type: none"> <li>• Six-monthly</li> <li>• For \$200k+ Projects (based on cost of opportunity development and</li> </ul>

Priority	Performance Measure	Target
	projected benefits have been realised)	ongoing investment) <ul style="list-style-type: none"> <li>• Within 15 months</li> <li>• 90% of projected quantifiable benefits are realised</li> </ul>
Ensure existing services are meeting the needs of councils	<ul style="list-style-type: none"> <li>• The services we provide (below) are considered by councils who use that service to meet or exceed their expectations (evidenced by an annual survey):</li> <li>• RATA – roading &amp; waters</li> <li>• Waikato Building Cluster</li> <li>• Regional Infrastructure Technical Specifications</li> <li>• Energy &amp; Carbon Management</li> <li>• Professional Services Panel</li> <li>• Health &amp; Safety pre-qualification</li> </ul>	<ul style="list-style-type: none"> <li>• 80% of councils</li> </ul>
Foster and promote cross-council collaboration and networking to share ideas on improving efficiencies and best practice	<ul style="list-style-type: none"> <li>• Across these groups, ideas for future consideration and/or initiatives are identified each year</li> </ul>	<ul style="list-style-type: none"> <li>• Four per annum</li> </ul>

Table 56 - Waikato Local Authority Shared Services Limited (WLASS) - Performance targets

## Local Government Funding Agency Limited

The Local Government Funding Agency (LGFA) Limited is a council controlled trading organisation, 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 LGFA will raise funding either domestically and/or offshore and provide debt funding to New Zealand local authorities. The LGFA 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. We intend remaining a member of the LGFA for the foreseeable future.

### Nature and Scope of Activities

In lending to Participating Borrowers, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform participating local authorities on matters within the scope of LGFA’s operations;
- Provide excellent service to Participating Borrowers;
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders;
- Ensure its products and services are delivered in a cost-effective manner.

### Performance Targets

LGFA has the following performance targets:

- LGFA’s total operating income for the period to:
  - 30 June 2022 will be greater than \$18.7 million.
  - 30 June 2023 will be greater than \$24.2 million.
  - 30 June 2024 will be greater than \$27.6 million.

- LGFA’s annual issuance and operating expenses for the period to:
  - 30 June 2022 will be less than \$7.0 million.
  - 30 June 2023 will be less than \$7.2 million.
  - 30 June 2024 will be less than \$7.4 million.
- Total lending to Participating Borrowers at:
  - 30 June 2022 will be at least \$12,874 million.
  - 30 June 2023 will be at least \$13,291 million.
  - 30 June 2023 will be at least \$13,578 million.
- Conduct an annual survey of Participating Borrowers who borrow from LGFA and achieve at least an 85% satisfaction score as to the value added by LGFA to the borrowing activities
- Meet all lending requests from Participating Borrowers, where those requests meet LGFA operational and covenant requirements.
- Achieve 80% market share of all council borrowing in New Zealand
- Review each Participating Borrower’s financial position, its headroom under LGFA policies and arrange to meet each Participating Borrower at least annually.
- No breaches of Treasury Policy, any regulatory or legislative requirements including the Health and Safety at Work Act 2015.
- Successfully refinance of existing loans to councils and LGFA bond maturities as they fall due.
- Maintain a credit rating equal to the New Zealand Government rating where both entities are rated by the same credit rating agency.

## Council Organisational Structure

