



*Te Kuiti Railway Building*

# Section A: Overview

*This section describes:*

- The purpose, development process and structure of this Long Term Plan.
- The strategic considerations and Council’s focus areas for this planning period.
- The key outcomes as a result of the consultation process.

***Creating a better future with vibrant communities and thriving business.***



# Introduction

## Purpose of the 2015-25 Long Term Plan

All local councils in New Zealand are required to produce a 10 year plan, called the Long Term Plan, for their communities, as per the Local Government Act 2002 (LGA 2002). The Long Term Plan (LTP) is required to outline the activities the Council plans to undertake, the cost of these proposals and how these will be paid for. It needs to be reviewed and updated once every three years.

This Plan is Waitomo District Council's (Council) fifth LTP. It describes the Council's direction over the next 10 years and will guide the activities of the Council in the coming years. It outlines Council's vision for the future and contains plans aimed at achieving that vision over time.

It also highlights the challenges and constraints facing the Council, Council's strategy to meet these and the services that will be provided and the projects that are planned to be undertaken over the next 10 years in each activity area.

## Development Process

This Plan is prepared by the Waitomo District Council and represents a concerted effort on the part of the elected members and Council staff over a period of 12 months to navigate and work through the various issues and challenges, as outlined further in this document. It also ties together the planning carried out in different activity areas and the various work streams to be carried out by Council for the enhanced well-being of the Waitomo District community.

## Community Consultation

As a result of amendments to the LGA 2002 in August 2014, the way Councils consult their communities on their long term plan has changed.

Councils are now required to prepare a Consultation Document (CD) for engaging with the community on proposals intended to be included in the LTP. The purpose of the CD is to provide an effective basis for public participation in local authority decision-making process relating to the content of the long term plan. Council's CD set out our proposed direction and the financial impacts over the next 10 year period.

The CD was open for consultation from 1 April 2015 to 1 May 2015. The feedback received from the consultation has been factored into the preparation of this long term plan document.

## Encouraging Maori contribution to decision making

Council is constantly working on its processes around community engagement and part of this is facilitating Maori participation in Council's decision making.

Council recognises that Maori are a significant stakeholder group within the district and seeks to work closely with Iwi and gain their inputs. Council will continue with its current approach of proactively liaising with Maori through the Regional Management Committees.

The development of Iwi liaison will be included in Council's future work programmes in this LTP period, with a view to reviewing how the liaison process can be further developed and enhanced. Council considers that developing and enhancing the liaison process between Maori and Council will further develop Maori capacity to contribute to the decision making process of Council.

As part of its current processes, Council seeks to identify any issues of particular interest to Maori, gather information on Maori perspectives on any significant work programmes and also perseveres to build on relationships already established through its current work programmes.

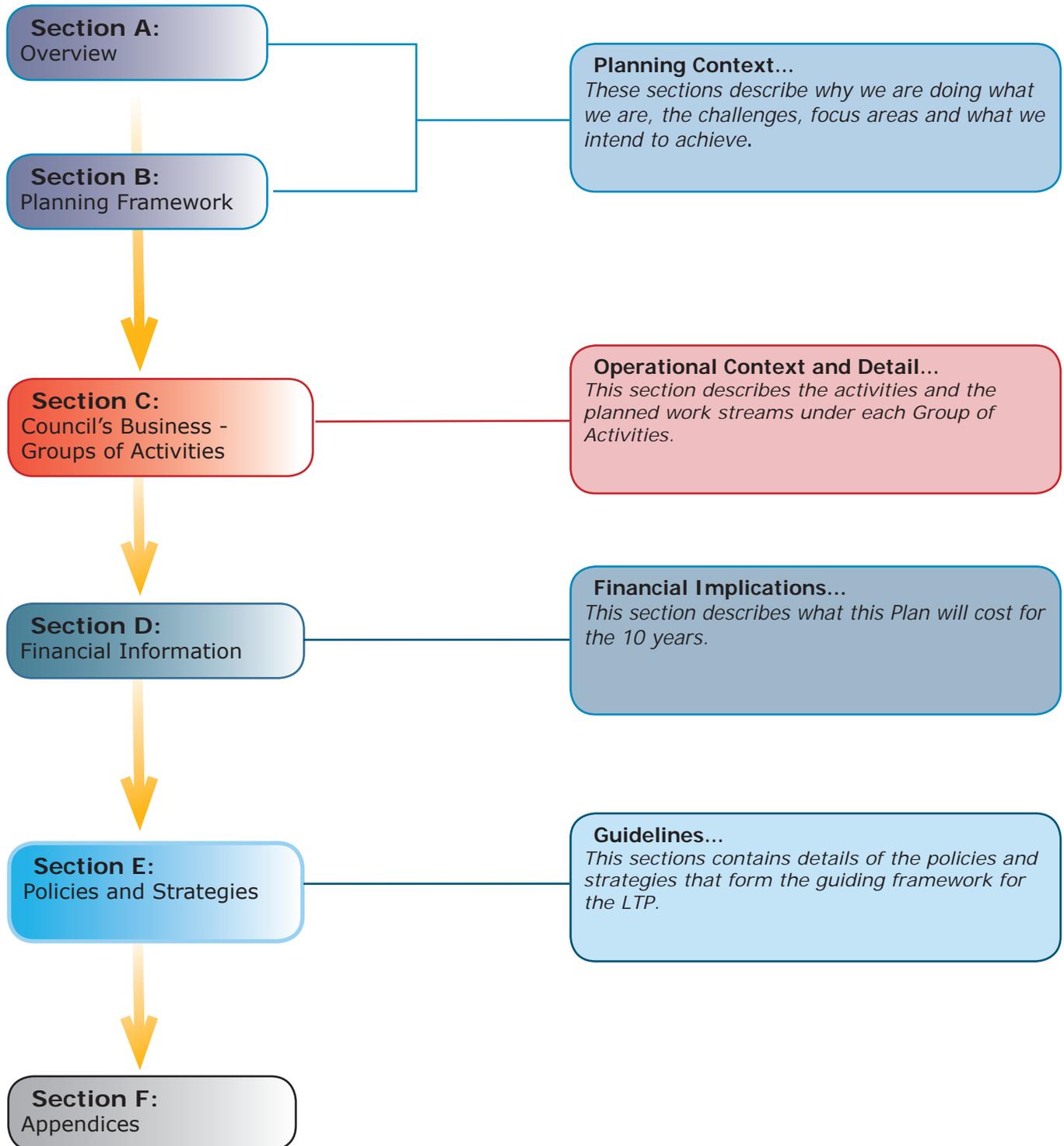
The LGA 2002 and the Resource Management Act place specific requirements on local authorities to take account of Maori values and provide opportunities for Maori to contribute to Council's decision-making processes.

Council intends to continue with its current initiatives to foster the development of Maori capacity in the following ways:

- Co-management of the Waipa River with Tangata Whenua through the Joint Management Agreement.
- Invite Maori representatives to be part of any groups established by Council for the purpose of seeking community feedback or understanding community views, for example, invitation to be part of the Railway Buildings Project Reference Group.
- Maori representation at the Youth Council which provides opportunity for issues particular to Maori to be brought to the attention of Council.
- Iwi and Hapu representatives are consulted to discuss specific proposals which may involve a significant decision in relation to land or a body of water.

# Structure of the 2015-25 Long Term Plan

This Plan contains six sections and the structure is shown below:



# Strategic Considerations

As is prudent in the development of any forward plan, Council has assessed its environment and the key challenges facing us and our District over the coming years. These have influenced Council's thinking on the direction and strategies for the 2015-25 LTP. This section sets out the strategic considerations for the development of this Plan.

It is important to note that our challenges remain similar (although less potent) to what they were three years ago as these factors take concerted effort over time to influence.

## Where we've come from

A summary of Council's journey over the past 7-8 years is presented below to provide background and context to the areas of focus for the next 10 years.

The Long Term Plan 2009-19 adopted by Council was aimed at addressing the inadequacies of the financial policies used in the past, the key ones of which were substantially increasing borrowings to fund road improvements and to fund the routine cost of operating the local roads.

Through that LTP, Council focussed on prudent financial management and carrying out only essential capital works necessary for public health/ community well-being reasons. It was agreed with the community that a consistent effort over the following years would be required, including the inevitable need to increase rates funding to correct the practice of funding operating expenditure through borrowings.

The next LTP for 2012-22 focussed on delivering core services in a financially sustainable manner. It also signalled that financial prudence strategies were starting to show benefits and Council was well on its way to good financial health. Some major infrastructure upgrades were well ahead in implementation stages or fully planned and the strategy was to move the focus to community development.

Council faced many challenges in the intervening years, all of which increased the demand on rates.

- A decline in dividend income from the investment in Inframax Construction Limited, that had previously been used to reduce the annual rates requirement from the ratepayers. The income was used to meet the day to day costs for a wide range of services.
- Council were also faced with significant new compliance costs imposed by the Government on all local authorities (in relation to water and wastewater services). The waste minimisation levy, emissions trading scheme and the costs associated with obtaining building accreditation also placed a demand on rates funding.

- The level of capital investment needed to upgrade the district's water supply, storm water and sewerage assets had become substantial due to past asset management practices, and required considerable investment.

In response to these challenges, Council reduced costs, prominent amongst which was a reduction in service levels for Roading which reduced annual roading costs by \$1.4 million for the 2009-12 period.

Organisational costs were held where possible by re-sequencing the implementation of certain work programmes and initiatives.

Council minimised the rates impact by pursuing revenue from other sources where possible like subsidies and grants for essential infrastructure upgrades.

The residents and ratepayers of our District have shown they are strong and resilient in the face of many challenges and have supported Council in its efforts to build a sustainable District with good infrastructure.

The journey now planned over the next 10 years, is to head further up the road towards a vibrant and thriving District.



TE KUITI WASTEWATER TREATMENT PLANT



TE KUITI WASTEWATER TREATMENT PLANT

## *Population change in rural New Zealand Communities*

New Zealand, like the majority of the Western world, is now facing the end of a period of population growth and is experiencing population shrinkage.

Waitomo District has also experienced a small decline in population in the 2013 census and projections show this trend might continue.

Given this, Council intends to place greater emphasis on improving the community environment and the wellbeing of its residents so that the District can retain or build on its current population.

The effect of population relocation can reveal itself in a number of ways, decline of student numbers in rural (country) schools, labour shortages both in the primary sector (e.g. agriculture) and in the service sector (e.g. health, education, retail) and possibly loss of locally provided services to the community.

The end of population growth is compounded by a strong trend for population relocation where the usually resident population in many of our rural communities is in slow decline, while that of some cities such as Auckland continue to grow rapidly.

Council's focus will be on community and economic development in order to revitalise the District and support the community. Council intends to actively develop action plans to attract more people to live and work here.

Council is constrained in the operational extent of the role it can play but intends to act as a facilitator and coordinator of efforts and programmes.

## *Ageing Population*

New Zealand's population is ageing and our baby boomer generation (born 1946-1965) is now facing retirement.

When compared to other districts in the Waikato region, Waitomo has a higher youthful population.

In 2013, only 14.2 percent of our population were aged 65 years and over. This percentage is projected to increase to 19.4 percent by 2043.

Despite the relatively youthful make up of our community compared to other Districts' in the Region, the portion of the elderly in our community is projected to increase.

There will be a shift over time, in the type of services needed, which Council will closely monitor.

Ageing population in rural areas can also be exacerbated by the migration of the young to the main cities.

The implications of an ageing population on local communities include increase in demand for pensioner housing, pressure on the local health care system and reduced labour supply.

## *Changing Face of Local Government*

The last 5 years have seen the introduction of the Auckland Super City and other proposals for amalgamation across the country.

Waitomo District Council believes that amalgamation is unnecessary and in fact detrimental to local decision making and representation. It can be hugely disruptive with the potential to put planned initiatives into slow motion or even halt them, as experience in certain other regions has shown.

Our Council aims to continue its focus on working collaboratively with other Councils in the Region to ensure we can create the necessary efficiencies in service delivery as it has been doing in the last 2-3 years.

Council intends to maintain a watching brief on this aspect since there is always the possibility that an amalgamation proposal will be put forward kick-starting an extensive and intense process, which Council will need to be prepared for.

## *Accumulated Debt*

For the past few years Council has been working on improving its financial sustainability. Substantial progress in this area has been made over the last 3-4 years whereby Council's debt is starting to reduce despite a substantial capital works programme being carried out.

The progress made in Council's financial management is significant however, Council's accumulated debt from the past is still high which imposes debt servicing costs on its ratepayers.

Reducing debt is still a high priority and challenge for Council. Council's strategy to reduce debt is included in the 'Financial Strategy' part of this LTP.

## At a glance

This 2015-25 LTP document contains the details of Council's strategies, plans, service levels, projects, how these will be funded and how that fits within Council's overall financial strategy and management. This section aims to summarise the key aspects of this 2015-25 LTP and draw them out for the reader.

Council's areas of focus for the 2015-25 LTP are to facilitate economic development, encourage and support community connectivity and development, good stewardship and development of assets and carrying these out in a financially prudent and sustainable manner. It is Council's intention to stay on its marked course – a focus on economic development, to facilitate the development of a vibrant district community, work toward lower indebtedness and a focus on rates affordability.

The essence of this next LTP 2015-2025 is to bring life to Council's proposition to grow and develop the district by commencing the implementation of our plans.

## Economic Development

The importance of enhanced economic development has been an area of focus for Council for the last 3 years. Our district residents and ratepayers, endorsed that intent through the support for the 2012-22 LTP, the subsequent Annual Plans and more lately as measured through the feedback that was sought from the residents on Council's strategic direction and focus areas in October 2014 as part of the 2015-25 LTP development.

Council's aim is to support the growth of our local economy by effectively promoting our district's attractions as well as supporting local business initiatives and projects.

Council is in the process of developing an Action Plan for economic development which will engage inputs from the district community. Implementation of the Action Plan is proposed to start from year 1 of the 2015-2025 LTP.

Examples of the types of initiatives that we are considering:

- Identifying industry gaps and pursuing investment.
- Identifying skill gaps and labour shortages within the district and working with training providers to better align training to business needs.
- Work with Iwi to develop tourism further, especially as Pureora develops as a destination
- Develop a District marketing strategy.
- Enable appropriate and well structured marketing plans to fully develop and satisfy visitor experiences.

- Facilitate or build products to enable the high volume of visitors to the iconic Waitomo Caves to stay in our district for longer, for example:
  - » Promote packages with cycle ways, Hobbit film scene, the abundance of DOC natural attractions, and the natural beauty of our unique district.
  - » Develop and promote Te Kuiti main street as a "hub" or "destination" to the large volume of passing traffic, and tourists alike.
- Increase our focus on visitor experience by promoting these unique tourism opportunities through WDC supported i-SITE's.

## Community Connectivity and Development

Strengthening our connections with our communities and supporting development is another area of focus for the 2015-25 period.

Community connectivity and development will involve continued support of our Youth Council.

The key areas of youth engagement include:

- Waitomo Youth Council,
- Mayor's Task Force for Jobs,
- Tuia Programme,
- Social Sector Youth Trials, and
- Social Sector Youth Mentoring Programme.

Council would like to encourage the development of projects and events to give our youth a sense of contributing something of value to society.

## Good Asset Stewardship and Management

Asset maintenance and upgrades, essential elements of prudent asset management, will continue to form a vital part of Council's future planning.

Council has been investing in core services/ infrastructure over the last 7- 8 years; keeping up with the replacement of old assets at the end of their useful lives and developing assets to meet community needs and increasing environmental and public health standards.

Significant upgrades have been completed for Piopio Sewerage, Mokau Water, Piopio Water, Benneydale Water and Te Kuiti Sewerage.

An Infrastructure Strategy (IS) covering a planning period of 30 years (2015-45) has been developed by Council, which outlines how Council intends to manage its Water supply, Wastewater, Stormwater and Roads and Footpath infrastructure assets.

## Key Aspects of the Infrastructure Strategy

Council's approach in the IS is informed and consistent asset renewal over time (especially for reticulation assets), as the majority of Council's significant infrastructure has been upgraded in the recent past.

The only significant capital improvement planned over the life of the IS is the completion of the upgrade of the Te Kuiti Water Treatment Plant in the 2015/16 and 2016/17 financial years.

Examples of the proposed renewals/upgrades to existing infrastructure include: bridge and stormwater renewals, upgrade to Te Waitere wastewater soakage field and mains replacement programme for water supply.

Some upgrades and investigations have been programmed for reasons of risk mitigation and resilience improving.

Development of new capacity driven infrastructure is not planned as there is currently enough capacity in the infrastructure network to allow for nominal growth.

Operating costs are expected to be relatively stable over the life of the IS with no material changes in service levels planned.

A critical aspect of the IS is updating our asset data (particularly for underground reticulation assets), however this is will be gradual and through establishment of processes for regular updates.

## Roads and Footpaths

The Roads and Footpaths activity is the largest activity area of Council with the maximum spend.

Our roads network provides an important connectivity function within our predominantly rural district. The network also serves a key economic function by providing linkages to primary producers (e.g. farms and quarries). We aim to ensure this network is maintained sustainably over time.

Council receives funding assistance (subsidy) from the NZ Transport Agency (NZTA) for approved categories of work within the Roads and Footpaths activity.

NZTA has been working on the development and introduction of a One Network Roding Classification (ONRC) which might involve a change to current levels of service and Councils will be expected to transition to the new 'fit for purpose' levels.

Any new technical levels set could have financial implications for Council.



At the time of writing this document, the technical levels of service to be set by the ONRC remain unknown.

We will be keeping a watching brief on developments and will communicate with the community regarding these.

## Waitomo Village Water and Wastewater Infrastructure

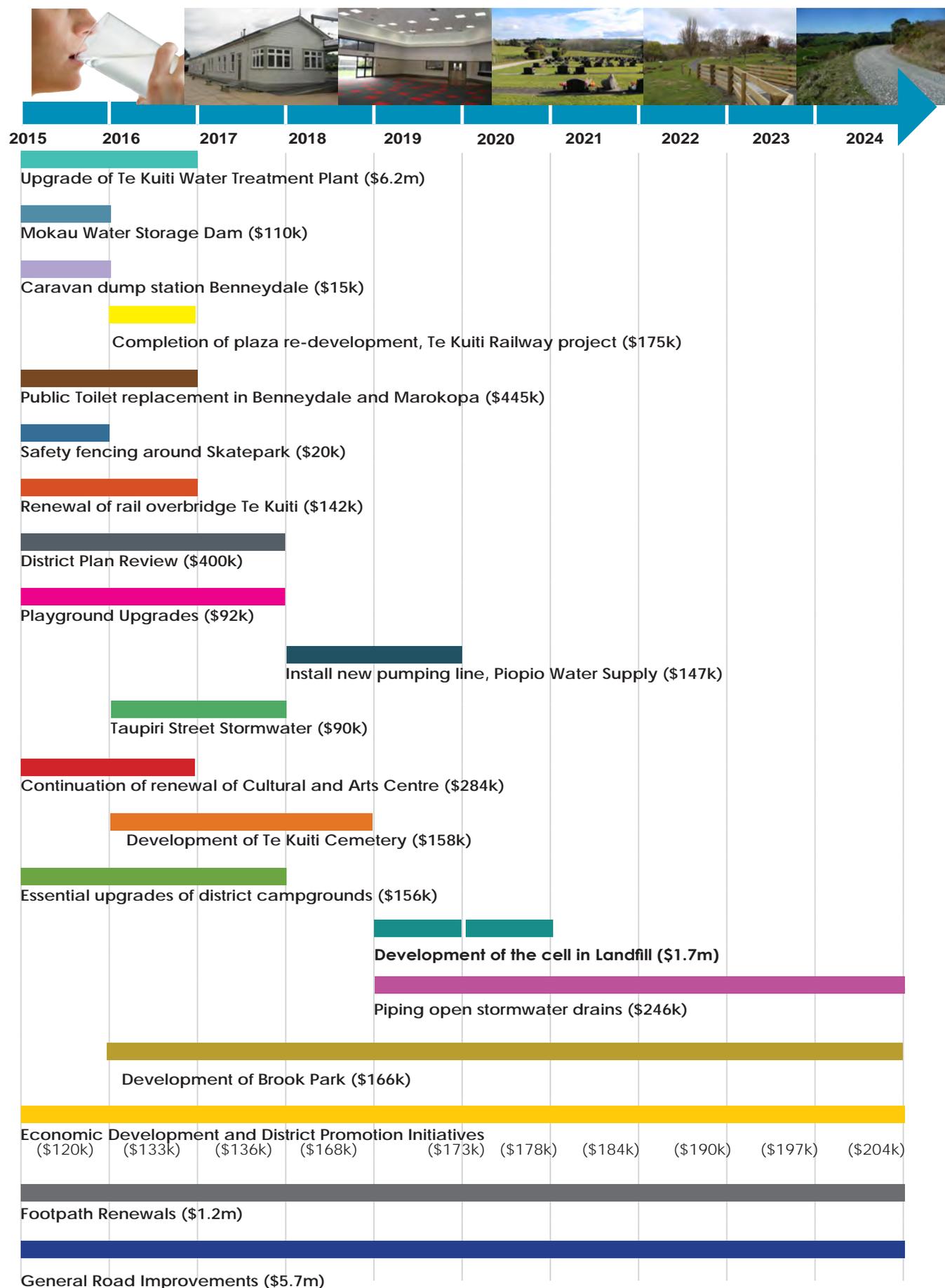
Waitomo Village has its own privately owned and operated Water Supply and Sewerage scheme.

Council has been considering the factors that would be involved in the transfer of these infrastructure assets, into WDC's future ownership and management.

There are still a number of key issues to be worked through, mainly land tenure arrangements, and given the high level of uncertainty around the issues, Council has not included any financial provision for these assets in its financial forecasting for the next 10 years.

# Key projects planned for the next 10 years.

The key projects planned by Council over the next 10 years are shown below which are aimed at developing Waitomo district as a great place to live and do business.



# Financial Sustainability and Prudence

## *Financial Strategy*

Council's Financial Strategy for the 2015-25 period sets out the important financial aspects of Council's proposed direction and how it intends to manage its financial performance. It also provides some financial parameters that will guide Council's journey over the next 10 years.

### **The guiding principles underpinning Council's Financial Strategy are:**

1. Provide amenities, facilities and services to the District community that contribute to and align with Council's Vision.
2. Undertake good asset stewardship and management to ensure all community assets are fit for purpose and available for future generations.
3. Maintain affordable rates increases to deliver the services and facilities required by the community.
4. Ensure Financial sustainability - by ensuring that our revenue is sufficient to cover an efficient operating expense base, all funding sources are being used optimally and financial management is prudent.

### **The key aspects of the Financial Strategy are:**

- Rates revenue will be limited to an average of 75% of total operating expenditure over the 10 years.
- Total rate increases will be limited to a 'cap' of Local Government Cost Index (LGCI) + 2% for any year. LGCI changes annually and therefore the 'cap' will vary, however, indicatively it will be 4.71% based on the LGCI average for the next 10 years.
- External borrowing will be used in a prudent and sustainable manner. Some of the limits set up are - Total borrowings will not exceed 25% of total equity, Total borrowings must not exceed 20% of total assets, Net interest will not exceed 20% of annual rates.
- Council is committed to reducing its external debt over time.
- Council intends to focus on growing its Reserves balances.

The strategic objectives and policies within the Financial Strategy underpin the financial decisions made in this Plan.

## *Debt Reduction*

Reducing the level of external public debt remains Council's key objective in the Financial Strategy for the 2015-25 period, as it has for the last 3 years.

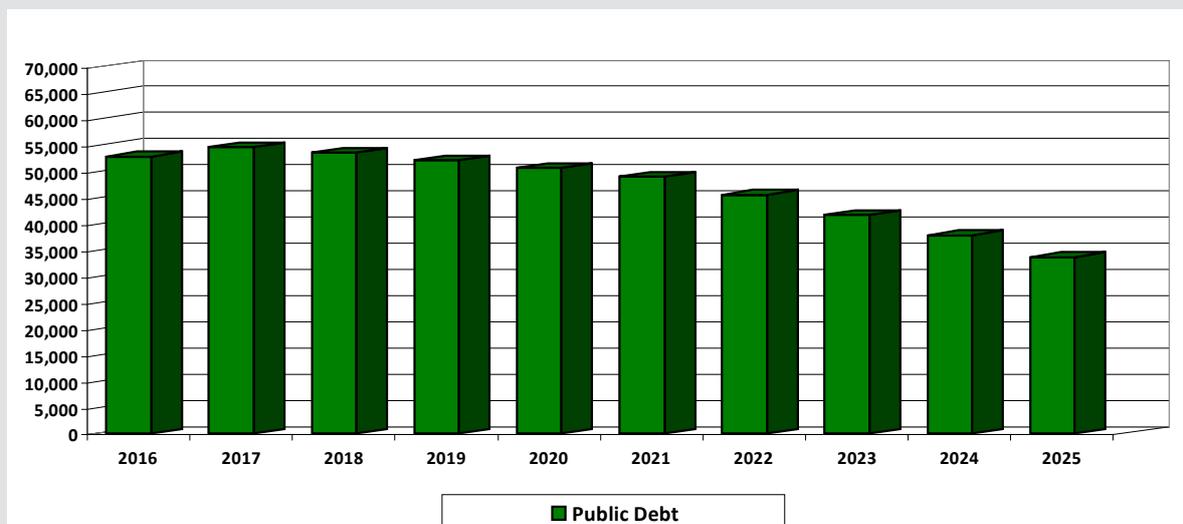
Council is committed to this endeavour over the future 10 years, so as to reduce the debt servicing burden on the district community and to enable deployment of resources for the development of the District and the facilities available.

Since 2011, despite a significant investment programme of \$32 million having been undertaken by Council, the amount of external debt has reduced over the same period.

This has been the result of Council's multi-pronged approach of improving its Reserves balance, efficiency in spending, reducing cost of finance and a focus on increasing operating income where possible.

Council's aim is to continue with this trend of reducing debt. Our forecast for the 2015-25 period is to borrow minimally for essential capital works and to develop over time a strong capacity to self-fund the cost of asset renewal wherever practicable.

## Public Debt Profile 2015-2025



This graph shows public debt is forecast to reduce over time.

### *Investment Portfolio*

Another important consideration in the first three years of the 2015-25 planning period will be an assessment of the existing Investment Portfolio to better accommodate risk potential and how to optimise a return on investments for the District community.

## Revenue and Financing Policy Changes

The Revenue and Financing Policy (RFP) sets out our policies for sources of funds that will be used for expenditure. There are a few changes to some parts of the RFP: UAGC / General Rate splits for certain activities; Non-residential Wastewater Rates.

### *UAGC and General Rate*

Council uses the Uniform Annual Charge (UAGC) and General Rates to fund activities which benefit everyone in the community. The UAGC is the fixed portion of rates that every ratepayer pays equally. General rates are assessed on the basis of the capital value of the property.

Council is changing the way that the UAGC and General Rates funding splits are used to fund certain activities. The main reason for this change is a need for increased transparency. In deciding on the split Council considered that an equal split between the use of the General Rate and UAGC is the most equitable method for funding the District benefit allocation and in keeping with the affordability principle.

### *Wastewater Rates for Non-residential properties in Te Kuiti*

Council is changing the method of assessing the wastewater/ sewage rates for non-residential properties in Te Kuiti, in the interest of applying a more objective method to the assessment. This rate will now be differentiated by the category the property falls under and assessed on the basis of number of pans that a property has.

The Revenue and Financing Policy (RFP) contained within this document has the full details.

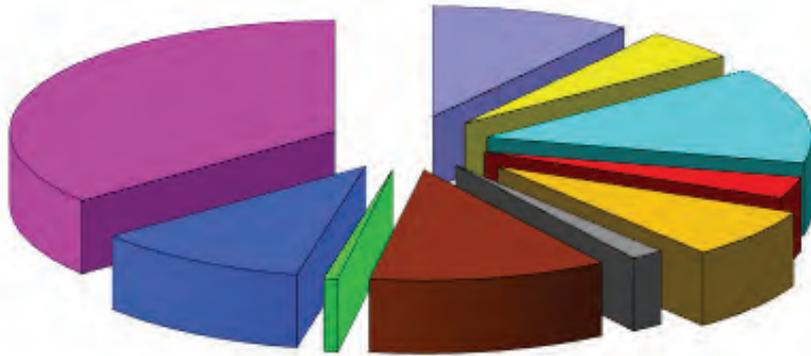
# Financial Summary

## What will it cost?

The total expenditure estimated over the life of this plan is:

2015/16	2016/17	2017/18	2018-25
\$40.69 million	\$37.68 million	\$36.80 million	\$282.31 million (average of \$40.06 million a year)

## Operational Expenditure 2015-2025 (\$302.3M)



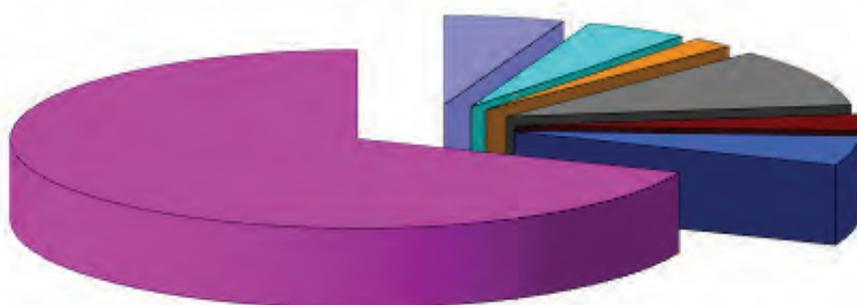
<span style="color: purple;">■</span> Governance 10.1%	<span style="color: grey;">■</span> Stormwater 1.7%
<span style="color: magenta;">■</span> Roads and Footpaths 35.6%	<span style="color: yellow;">■</span> Solid Waste Management 7.3%
<span style="color: blue;">■</span> Water Supply 10.8%	<span style="color: red;">■</span> Regulation 3.1%
<span style="color: green;">■</span> Resource Management 0.7%	<span style="color: cyan;">■</span> Community Services 14.1%
<span style="color: brown;">■</span> Sewerage 11.8%	<span style="color: yellow;">■</span> Community Development 4.8%

Council's total Operational Expenditure to deliver the 10 significant activities is forecast to be \$302.3 million over 10 years.

Capital expenditure in the first three years (included in total expenditure above) is:

2015/16	2016/17	2017/18	2018-25
\$13.90 million	\$10.03 million	\$8.20 million	\$63.00 million (average \$9.00 million over 7 years)

### Capital Expenditure 2015-2025 (\$95.1M)



<span style="color: purple;">■</span> Governance 5.5%	<span style="color: blue;">■</span> Water Supply 11.1%
<span style="color: magenta;">■</span> Roads and Footpaths 68.4%	<span style="color: yellow;">■</span> Solid Waste Management 1.9%
<span style="color: brown;">■</span> Sewerage 5.3%	<span style="color: cyan;">■</span> Community Services 4.9%
<span style="color: grey;">■</span> Stormwater 2.9%	

The main contributor to this is the upgrade of the Te Kuiti Water Treatment Plant and an increase in funding required for emergency works for the roading activity.

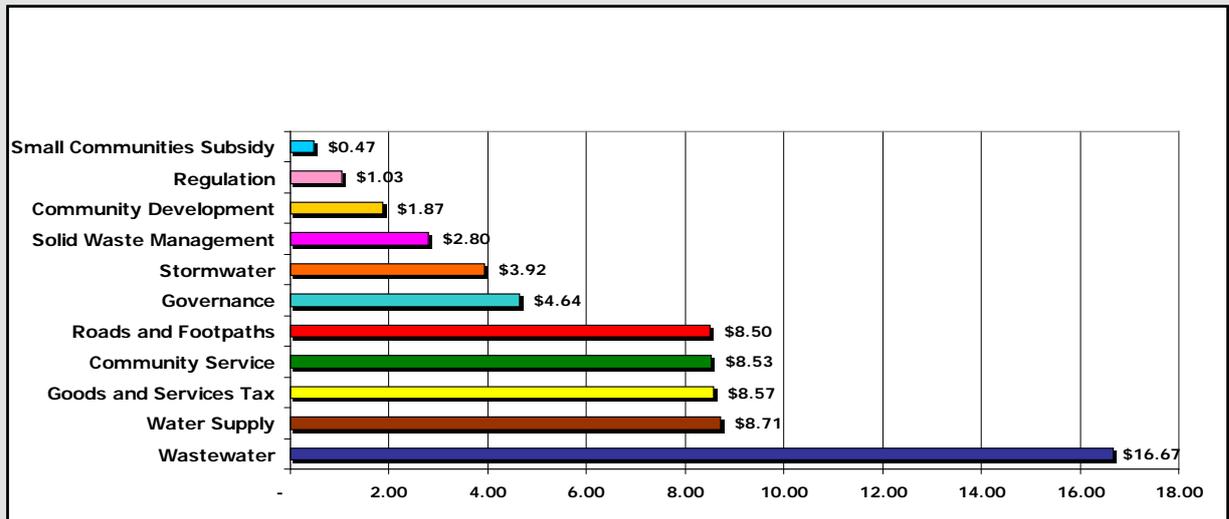
### What will this mean for your rates

The services that Council provides you are partially funded from rates. The total rates and increases forecast over the 10 year period are shown in table below.

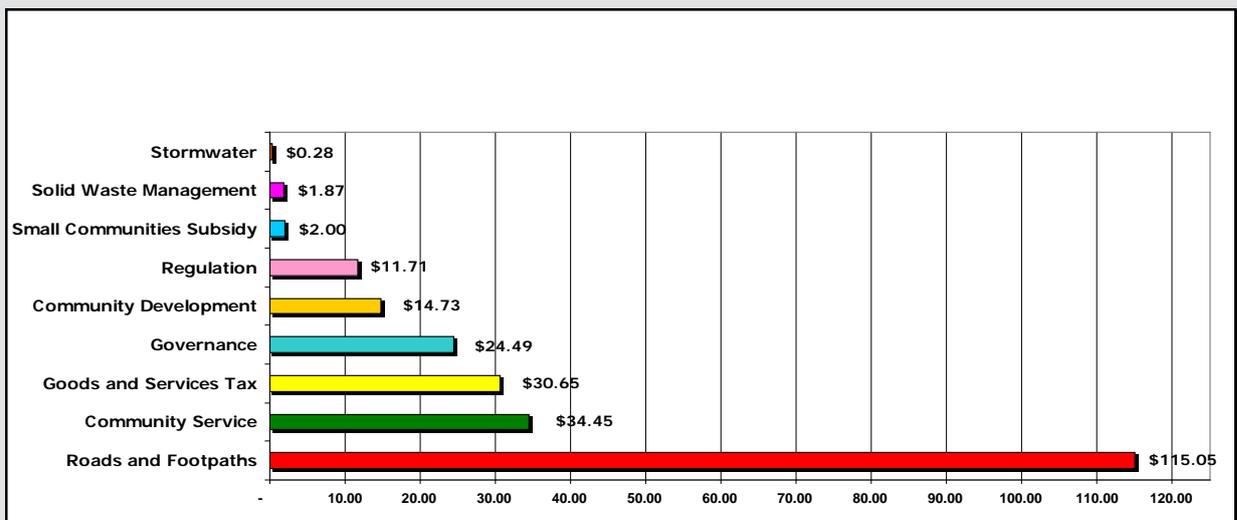
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
\$000's Rates Requirement	18,528	19,268	20,015	20,795	21,623	22,396	23,238	23,890	24,356	24,665
<b>Percentage Increase</b>	<b>2.72%</b>	<b>3.99%</b>	<b>3.88%</b>	<b>3.90%</b>	<b>3.98%</b>	<b>3.57%</b>	<b>3.76%</b>	<b>2.81%</b>	<b>1.95%</b>	<b>1.27%</b>

## Where Rates Per Week Are Spent

### Average Te Kuiti Residential Property paying \$66 per week



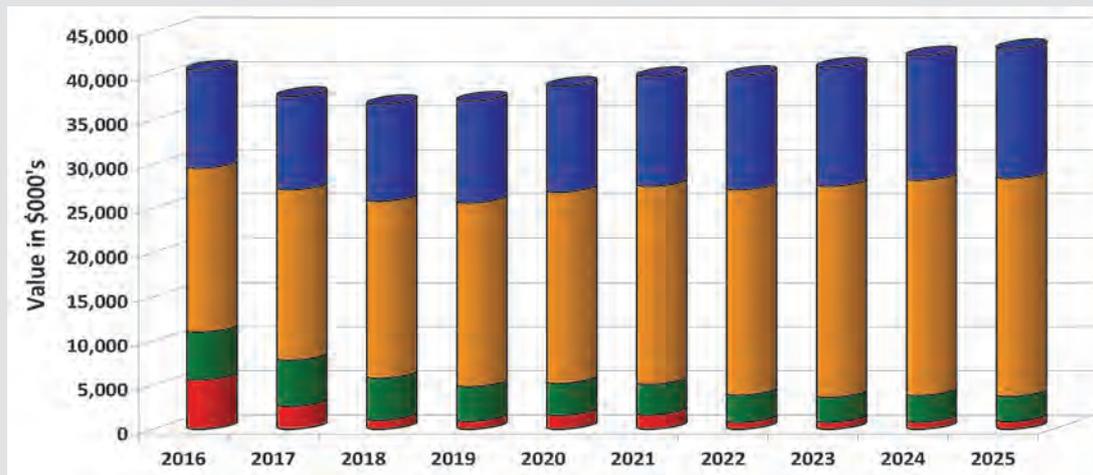
### Mid-range Farm Business paying \$235 per week



# Funding Sources

The financial requirements of Council are met through various funding sources and their use for different activities is described in the Revenue and Financing Policy. Details on the different types of rates charged are contained in the Funding Impact Statement (Section D). This graph shows the various funding sources over the life of the Plan.

**Where The Funds Come From 2015-2025  
(\$394.3M)**



■ Loans    
 ■ Reserves    
 ■ Rates    
 ■ Other Revenue (incl subsidies)

# How your feedback on Council's Consultation Document Impacted on the LTP 2015-25

Council's Consultation Document was presented to the Community for consultation in April 2015. The consultation period ran from Wednesday 1 April to Friday 1 May 2015. Inputs from the community were sought during this time on the proposals made.

The Consultation Document was sent out to each household in the Waitomo District. This document contained the key proposals to be included in the 2015-25 LTP and identified the impacts in the coming years.

During the consultation period Councillors attended a number of community meetings to talk about the Council's plans for the next ten years.

Venue	Date
Piopio Hall	23 April 2015
Mokau Hall	18 April 2015
Benneydale Hall	28 April 2015
Te Kuiti Development Inc meeting	14 April 2015

Council published a series of adverts, social media posts and undertook a radio advertising campaign highlighting the public consultation period and availability of key publications, options for making a submission and meeting dates.

## Submissions

A total of 33 submissions covering 78 topics were received. A variety of topics were covered in submissions, some related to the proposals for the LTP and others not.

## Key matters raised in the Submissions

Of those who responded on the proposals made for the LTP, there was support for Council's focus on economic development in a staged but steady manner and the in-house delivery of our economic development initiatives. A number of respondents also provided more detailed feedback in relation to economic development and opportunities they felt Council should consider.

Only one submission was received in relation to the proposal for change in methodology for calculating wastewater rates for non-residential properties in Te Kuiti. This submission proposed that there be no charge for Marae.

Five Submitters expressed concern that there was no financial provision to be included in the 2015-25 LTP with regard to the Waitomo Village Wastewater and Water supply. The suggestion was mainly for the inclusion of some financial provision for investigations.

Another key matter that has come through in the submissions is engagement between Council and Maori in the district. Five submitters suggested enhanced engagement with Maori.

## Outcomes as a result of the Consultation Process

As a result of the feedback received from the community during the consultation process Council resolved to incorporate the following into the 2015-25 LTP.

1. Council confirmed its preferred options to the questions raised in the Consultation Document namely:
  - The in-house delivery of its economic development objectives
  - Continuing with its focus on economic development in a staged but steady manner
  - Changes to the funding splits between UAGC and General Rate and limiting increases in value of the UAGC to LGCI for that year
  - Appropriate funding and utilisation of reserves for debt reduction.

The following key matters raised in the submissions were considered but did not require or result in a change to the 2015-25 LTP.

1. There is no change to the proposed methodology for calculating wastewater rates for non-residential properties in Te Kuiti. Council already provides rates remission to Marae, except for one charge each for water, wastewater and solid waste for use of these services.
2. Given the high level of uncertainty around the issues concerning Waitomo Village, Water and Wastewater infrastructure and the timing of any change, it is not possible for Council to include any specific financial provision for these assets in its financial forecasting for the next 10 years. However, Council is committed to working through the issues with the stakeholders to reach a more definitive position. Although there is not a specific financial resource dedicated to this work stream in the LTP, Council will utilise its internal resources for investigatory works.
3. Council recognises the value in liaising with Maori and will continue to proactively liaise at Regional Management Committee level. Council will also include Iwi Liaison in its future work programme to consider how it wishes to continue Iwi liaison in the future.