

Section A: Overview

"Tuku Tuku Panels - Millenium Pavillion"

This section describes:

- Strategic context
- The Consultation Process undertaken
- Key aspects of this Plan
- Financial summary

Creating a better future with vibrant communities and thriving business.

Introduction

This is Waitomo District Council's Draft Exceptions Annual Plan for the 2014/15 year (Draft EAP), pertaining to year 3 of the Long Term Plan 2012-22. The Local Government Act 2002 (LGA 2002) requires Councils to produce a Long Term Plan (LTP) with a 10 year planning horizon and review it every 3 years. In addition, for each financial year in between the LTP Council is required to prepare and adopt an Annual Plan.

The Annual Plan is prepared according to s.95 of the LGA 2002 and its main purpose is to:

- Contain the proposed annual budget and funding impact statements for the year to which the annual plan relates.
- Identify any variation from the financial statements and funding impact statements included in the local authority's Long Term Plan in relation to the year.

Structure of the Plan

This Plan contains three main sections.

- Section A provides the overview of the key proposals and financials.
- Section B provides information about the work we carry out, key projects in each area, the costs and performance targets for Council's Groups of Activities. Any variations from the financial details contained in the LTP 2012-22 are also provided for each Group of activity.
- Section C contains the overall financial details of Council.

Audit Review Process

The Exceptions Annual Plan 2014/15 was developed in accordance with the relevant sections of the Local Government Act 2002.

The Exceptions Annual Plan was made available for consultation from 8th April to 8th May 2014. The Plan does not include any significant amendments to the 2012-2022 Long Term Plan therefore it is not required to contain a report from Council's Auditor on behalf of the Office of the Auditor General.



RAILWAY BUILDINGS - RORA STREET TE KUITI

Strategic Context

The context in which Council plans for and develops its activities and work programmes fall into three broad categories.

- The first being Council's legislative responsibilities and what is required of it by law, through various statutes like the LGA 2002, Local Government (Rating) Act 2002, Resource Management Act 1991.
- Secondly, the regional context i.e. what work are the other Council's in the region doing, and how, and the opportunities to work collaboratively with other local authorities to achieve efficiencies.
- And thirdly, the needs and aspirations of the residents and ratepayers of the Waitomo District conveyed through the elected Council (and tested back with the community through planning documents).

Central Government is proceeding with its local government reform agenda as set out in its **Better Local Government Reform** (BLG) programme released in March 2012. To this effect, certain amendments were made to the LGA 2002 in December 2012. The LGA 2002 Amendment Bill (3) is now undergoing the parliamentary process and is expected to be passed into law sometime in the middle of this year. The Bill contains the final suite of LGA changes. There are a range of proposals on changes to Council's planning and processes. These changes to LGA 2002 will have implications on Council's work programme in 2014/15 and going forward.

There are other legislative changes in the pipeline like changes to the RMA 1991, strengthening of earthquake prone buildings, and fencing of swimming pools, which will lead to changes in Council's business to a varying degree.

In terms of regional initiatives, the Waikato Mayoral Forum (WMF), which is a group involving the Mayors and Chief Executives of local authorities within the Waikato region, is going ahead with its planned work

streams. The four main work streams are aimed at achieving collaboration in local governance in the Waikato region. Waitomo District Council will continue to be a part of the WMF to leverage advantages for our District. This involves carrying out strategic, analytical and investigative work by different parts of Council, including Councillors. Some achievements at an operational level have already resulted from this collaboration, for example, the Waikato Building Consent Group wherein seven Waikato Council's have collaborated to develop consistent building control processes which have not only resulted in reduced cost of developing individual administrative material but also created a better experience for the end customer.

Council's vision for our District is **"Creating a better future with vibrant communities and thriving business"** and Council has been working steadily towards this for the past 3-4 years. The new Council (elected in October 2013) has set objectives to give shape to this vision, and to guide the collective effort. These objectives, called 'forward focus areas' are:

- Continue with essential infrastructure upgrades,
- Further develop community engagement,
- Drive community connectivity,
- Create economic development opportunities,
- Support stakeholder relationships, and
- Be part of regional leadership.

The work programmes of Council are aligned with these objectives. Some of these objectives are not new. For example, Council has been working on essential infrastructure upgrades and increasing community engagement for a few years now. Some of these, however, have been made more prominent as core aspects like financial sustainability are now well entrenched.



SHERIDAN STREET, TE KUITI

Key aspects of this Plan

In the main, this Plan follows the programmes and projects set out for 2014/15 in the LTP 2012-22. There are some exceptions however, which have resulted either due to changes in local/regional/national circumstances, or re-sequencing of work programmes due to further investigations, or availability of better information.

District Economic Development Board

Economic development of the District is one of Council's forward focus areas. In fact, it has been a focus area of Council for the last 2 to 3 years at least. This objective is crucial to building a better future for our District and one that needs sustained effort over a longer period to deliver on the Vision.

The 2013 census figures show that the population of our District has decreased slightly since 2006. Therefore, it is important for the future of our communities that we create a vibrant and thriving environment where people would choose to come and live and/or work, or visit. It is not only about attracting outsiders but also retaining our youth and ensuring that relevant opportunities exist for them within the District.

In the LTP 2012-22 Council had planned to establish a District Economic Development Board in order to assist with the planned economic development initiatives. Since then, the Waikato Mayoral Forum has been progressing the development of the Regional Economic Development Strategy which in turn will set the broader economic development goals and direction whilst also providing the baseline information.

Council is aiming to set up an Advisory Group during 2014/15 for economic development. It is intended that this Group will support activities identified in the WDC Economic Development Action Plan. The decision on the need for a formal entity (like a Board) is not likely to be taken for the next 2 to 3 years.

Te Kuiti Railway Buildings

The Te Kuiti Railway Buildings restoration and renewal projects are progressing as planned. These projects were not included in the LTP 2012-22 since the buildings were not secured when the plan was developed. However, they were consulted upon and endorsed through the 2013/14 Annual Plan. Funding from the Lotteries Board for the renewal of the Community Space has been obtained since then, and documentation is being developed to commission the work. Council will continue to engage with the community on this development through the Reference Group and by other suitable means.

Council aspires to create a 'hub' in the centre of Te Kuiti which will contribute to the vibrancy of the township and these projects are a key element in achieving this goal. Once completed, it is expected to have a positive impact on economic and community development for Te Kuiti and the District as a whole.

Upgrades of Core Infrastructure

Council is progressing with the infrastructure renewals and upgrades wherever it is considered essential. Some stormwater network rehabilitation is proposed for parts of the system which have been identified as being under stress. Given the extreme weather events of recent years such an upgrade has become essential.

The major upgrade of the Te Kuiti Water Treatment Plant, to ensure we meet the water quality requirements set out under the Drinking Water Standards for New Zealand 2005, is continuing. However, costs have increased from previous estimates as more detailed assessments have highlighted additional components needing upgrades. Some investigative works are also planned in the different water supply schemes to reduce leakage.

Capital works to improve the condition of sewerage assets in various schemes will also be carried out as projected. An example is the upgrade of the main sewer pipe crossing the river in Te Kuiti to increase its capacity.

On the whole, the upgrades are in line with the plans in the LTP 2012-22 and no major new work has been identified as part of development of this EAP.

Other Areas

Council will maintain the service levels for libraries, playgrounds, dog and animal control and other community services and seek efficiencies where possible. There will be continued focus on engaging the youth of our District and providing development opportunities for them.

There are a range of legislative changes imminent in 2014/15 and moving forward. Some examples are the Earthquake-prone Buildings Amendment Bill which introduces a revised system of managing and reinforcing earthquake-prone buildings, Swimming Pool fencing changes and LGA 2002 changes. Council will be working towards assessing their impact and implementing these as they are passed into legislation.

Financial Summary

The total rate revenue for the 2014/15 financial year is \$17,339,000 (excl GST) and represents an average overall **2.9%** increase over the current year's total rate requirement compared to the 7.6% projected increase in the LTP 2012-22. The Combined Cost of Service Statement (below) provides for a decrease of overall Rate Revenue of \$1,447,000 when compared to the LTP 2012-22 forecast for 2014/15.

It has been a hard task to achieve while maintaining the current levels of service, however, this outcome reflects Council's continued work and commitment to prioritise what needs to be done and to do it in the most cost effective manner.

(Note: The tables provided in this section utilise brackets (...) for a credit value and no brackets ... for a debit value).

EAP 2013/14 \$000's		LTP 2014/15 \$000's	EAP 2014/15 \$000's	VARIANCE TO LTP 2014/15
	Cost of Service Statement for All Council			
(11,441)	Total Operating Income	(10,931)	(11,260)	(329)
24,543	Total Operating Expenditure	27,222	26,033	(1,189)
13,102	Net Operating Cost/ (Surplus)	16,291	14,773	(1,518)
11,571	Total Capital Expenditure	9,718	10,155	437
24,673	Total Net Expenditure	26,009	24,928	(1,081)
	Funded By			
(4,732)	Loans	(4,081)	(3,451)	630
(3,092)	Reserves	(3,142)	4,138	(996)
(16,849)	General Rates, UAGC and Service Charges	(18,786)	(17,339)	1,447
(24,673)	Total Funding	(26,009)	(24,928)	1,081

Overall trends show an increase in Operating Revenue and a decrease in Operating Cost resulting in an overall decrease of \$1,518,000 in Net Operating Cost (compared to the 2014/15 year in the LTP 2012-22).

The overall increase in capital expenditure (compared to the 2014/15 year in the LTP 2012-22) is mainly due to the restoration and revitalisation of the Railway Buildings in Te Kuiti. This project was not anticipated when the LTP 2012-2022 was adopted.

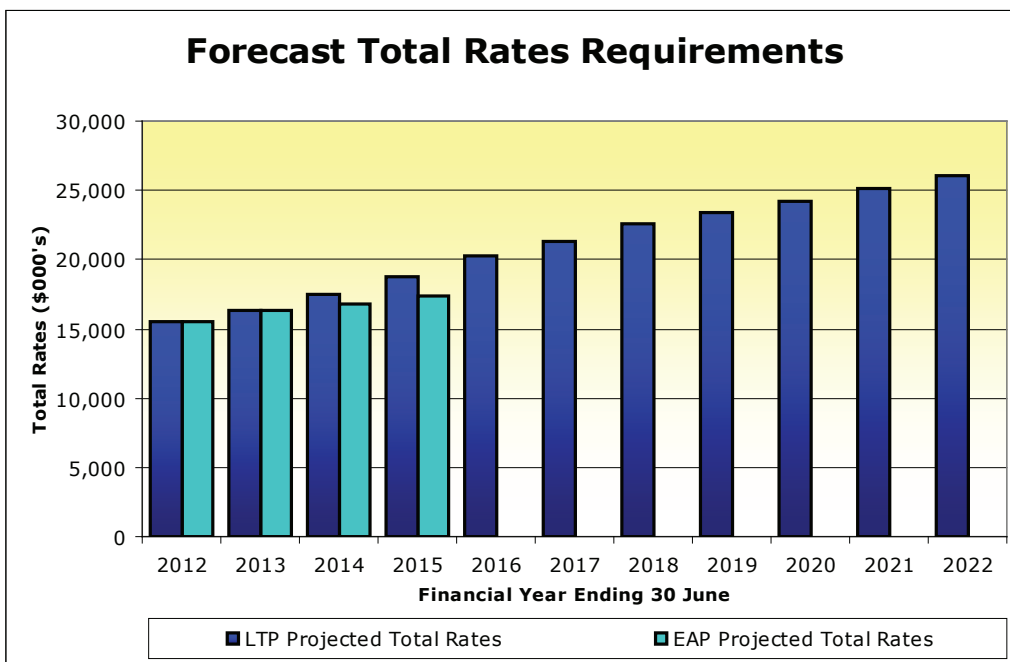
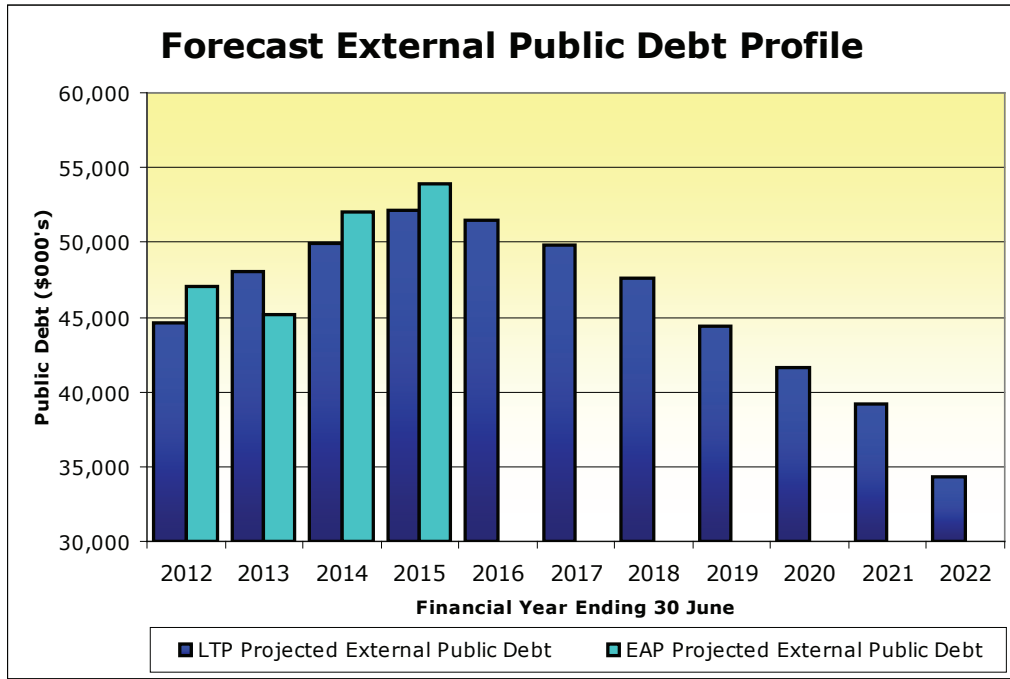
The decrease in the internal loan funding (compared to the 2014/15 year in the LTP 2012-22) is largely driven by the deferral of funding required for the projected expansion of the Piopio Reticulated Sewerage network (pending future growth) and the timing of the Te Kuiti Water Supply upgrade.

It needs to be noted however that a decrease in internal loans does not necessarily mean that external public debt will decrease as well. It simply means that Council has adequate reserves and can meet its internal debt obligations through its existing banking facilities.

The overall external public debt at the end of the 2014/15 year is forecast to be \$1,875,000 million more than that provided for in year three (i.e. 2014/15) of the LTP 2012-22. This increase pertains to additional loans raised in 2013/14 (and confirmed through the 2013/14 Annual Plan process) rather than increased external debt to be raised in 2014/15. The main contributors to the increased public debt in the 2013/14 year are – the Te Kuiti Sewerage upgrades, the restoration and revitalisation of the Te Kuiti Railway Buildings and an advance of \$750,000 made to Council's subsidiary Inframax Construction Ltd (repayable in November 2015). These additional loans were not anticipated when the LTP 2012-22 was adopted.

Further details on the 2014/15 capital expenditure programme and public debt are shown in Section C of this document.

The following graphs summarise the impact of the EAP 2014/15.



What will it cost?

The overall increase in rates requirement for 2014/15 over the current year is \$490,000 (excl GST) which constitutes an average **2.9%** increase. It is important to note that the rates changes for individual properties can be above or below this average increase.

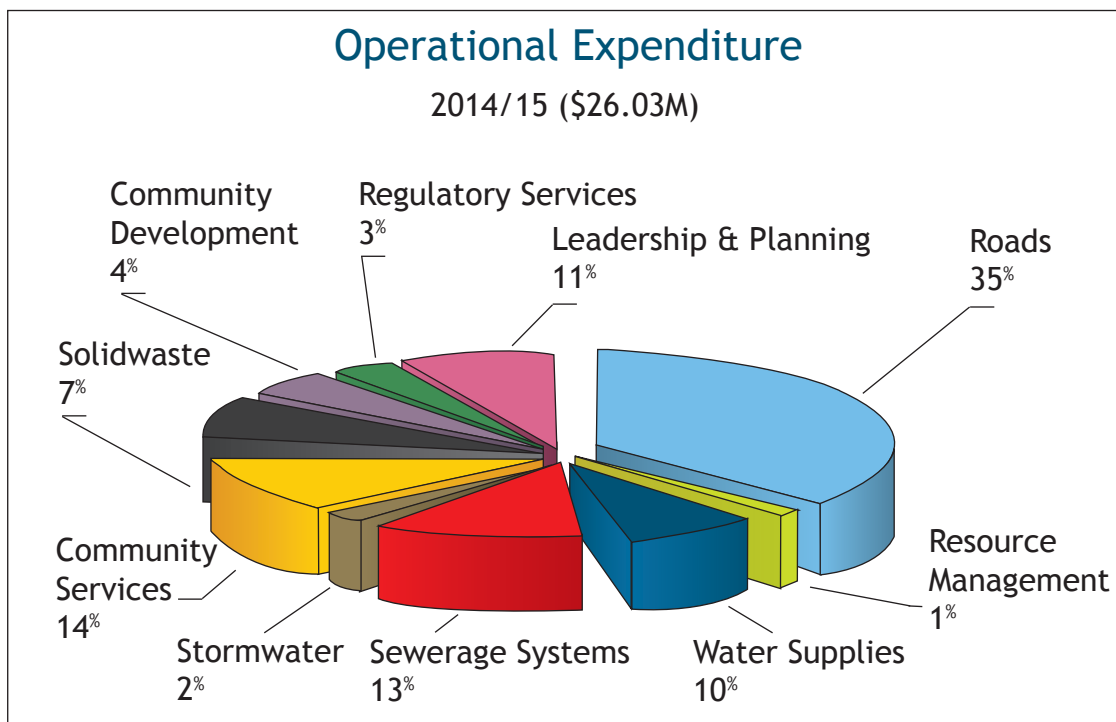
During the preparation of the proposed 2014/15 budgets Council identified savings in a number of activities e.g. favourable interest rates, insurance premiums and alternative service delivery options. In addition, trade-waste contributions and revenue from metered water are projected to increase.

Despite these savings the key influencers to the 2.9% increase in rates requirement are:

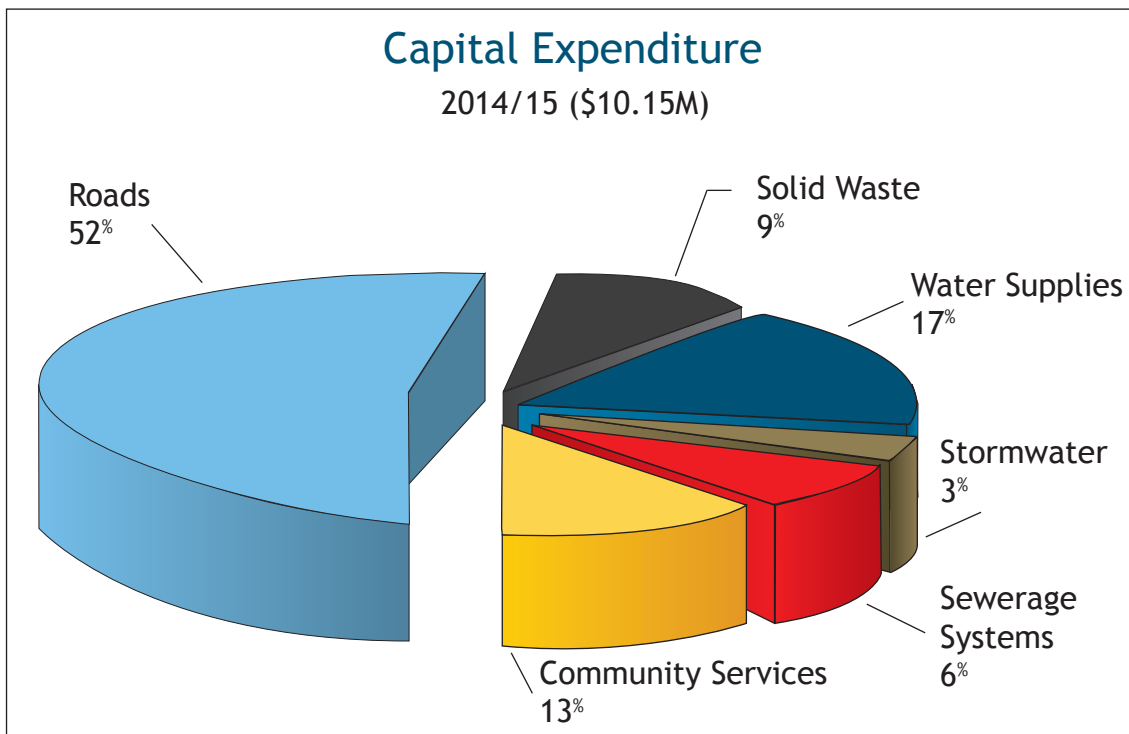
- Additional operating expenditure for the Te Kuiti and Benneydale Wastewater Treatment Plants.
- Additional operating expenditure for the Piopio and Mokau Water Supply networks.
- Additional operational expenditure for the Te Kuiti Railway Building restoration and revitalisation project
- Additional provision for Long-Term Plan costs recognising the review of the 2015-2025 LTP to be undertaken during 2014/15
- Reduction in Building Control revenue reflecting existing levels of applications

Commentary on material variances in the different activities between the proposed 2014/15 budgets and year three (2014/15) of the LTP 2012-22 is provided in the relevant Cost of Service Statements in Section B of this Plan.

The proposed total operational expenditure for 2014/15 of \$26.03 million will be spent in providing the following services and activities:



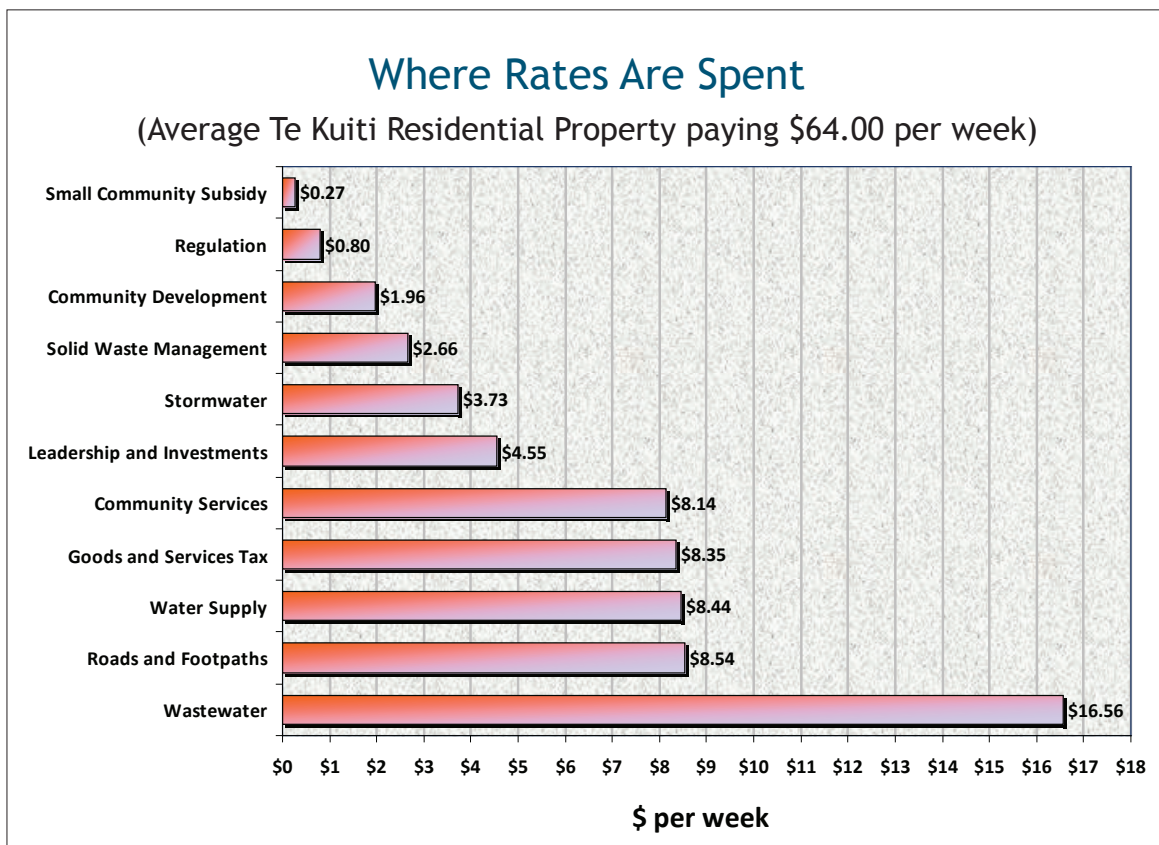
The proposed total capital expenditure for 2014/15 is \$10.15 million of which 52% will be spent on maintaining and upgrading the 1,014 kms of roading network in the District.



How will it be paid for?

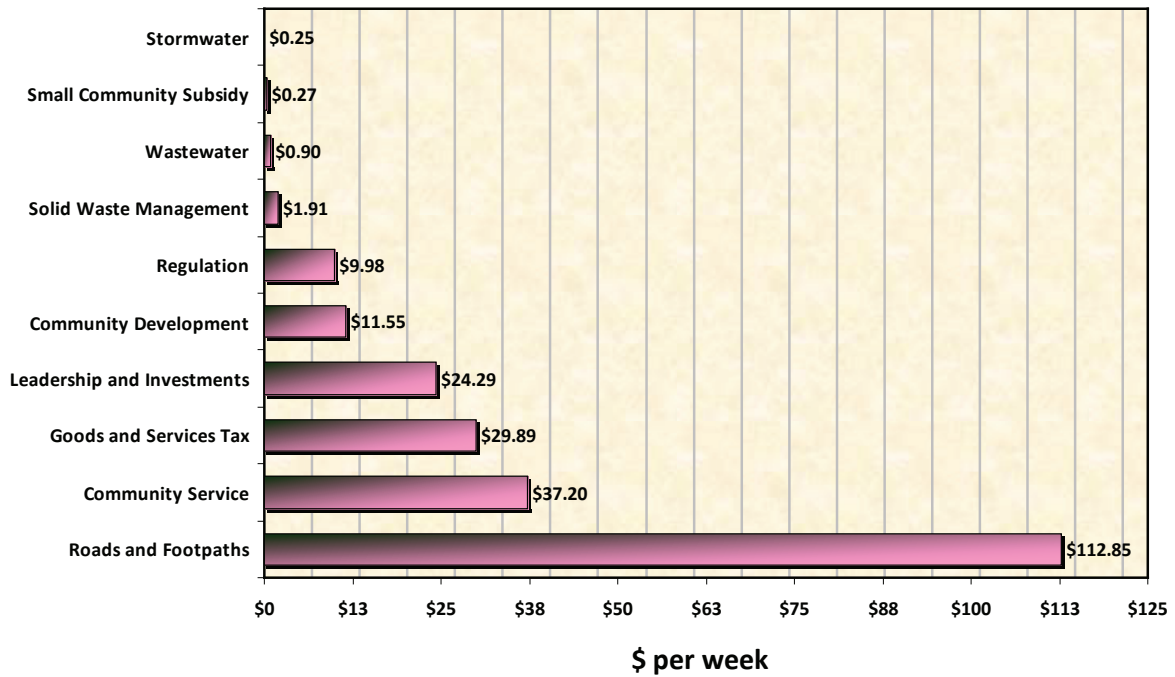
Our activities are funded through a mix of sources – rates, fees and charges, reserves and loans. Details on the different type of rates charged are contained in the Funding Impact Statement in Section C of this document.

The following provides a summary of where rates are spent on a weekly basis using indicative residential and rural properties.



Where Rates Are Spent

(Mid-range farm business paying \$229.09 per week)

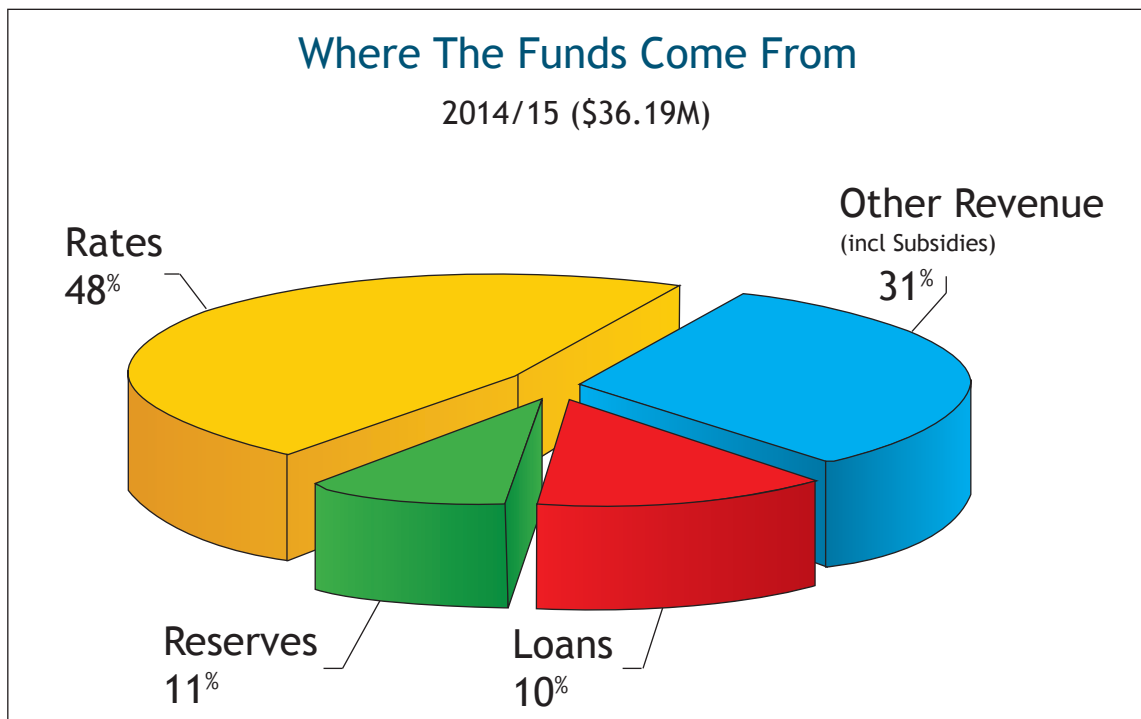


Funding Sources

The financial requirements of Council are met through various funding sources and their use for different activities is described in Council's Revenue and Financing Policy which can be viewed online at www.waitomo.govt.nz

Details on the different types of rates charged are contained in the Funding Impact Statement (Section C).

The following graph shows the various funding sources for 2014/15.



2014/15 EAP Consultation Process

Council's draft Exceptions Annual Plan 2014/15 (dEAP) was presented to the community for consultation from Tuesday 8th April to Thursday 8th May 2014. Feedback from the community was sought during this time on the proposals made in the dEAP.

During the consultation period, Councillors attended local 'Residents and Ratepayers' meetings to speak with them about the Draft Plan. Information about the key proposals, was provided at these meetings to increase community awareness and encourage participation. They also attended the Business After 5 meeting hosted by Te Kuiti Development Incorporated.

April's issue of the Waitomo Way (WDC's newsletter) featured a Summary of the Annual Plan. The newsletter was sent out in April to each household in the Waitomo District. It summarised the full dEAP, the key proposals, the impacts in the coming year, included details on how the public could have their say and a submission form.

Council also published the Waitomo Way online and promoted this by publishing a series of advertisements, via facebook, Council's website and local community newspaper the Waitomo News. The online newsletter included a submission form and the option of subscribing to the newsletter.

Submissions

A total of 21 submissions were received and three submitters wished to be heard in support of their submissions. Overall, there was support for all the key proposals made by Council in the dEAP.

Key Changes

No changes were made to the dEAP as a result of the consultation process as none of the submissions requested any changes to the proposals contained in the dEAP.

Some requests were made for service and other actions which will be carried out through the existing work streams.

