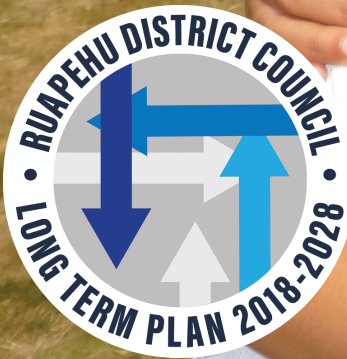




**BUILDING
THE FUTURE
WE WANT.**



www.ruapehudc.govt.nz

LONG TERM PLAN 2018-2028



**We are.
Ruapehu.**

Table of Contents

PART 1 INTRODUCTION	6
What is the Long Term Plan?	7
Planning in Today's World	15
PART 2 ACTIVITIES	18
Facilities and Assets	20
Land Transport	21
Water Supply	25
Wastewater (Sewerage)	30
Storm and Flood Protection	34
Solid Waste.....	38
Recreation and Community Facilities and Community Property	42
Community Services	50
Community Support	51
Leadership	56
Regulation	62
PART 3 PLANNING ASSUMPTIONS, POLICIES AND STRATEGIES	66
Planning Assumptions.....	67
Infrastructure Strategy	79
Financial Strategy.....	122
Significance and Engagement Policy (Summary)	131
Revenue and Financing Policy.....	132
PART 4 FINANCIALS	155
Funding Impact Statement	156
Financial Statements.....	166
Statement of Comprehensive Revenue and Expense	181
Statement of Changes in Equity	182
Statement of Financial Position.....	183
Prospective Cash Flow Statement.....	184
Prospective Funding Impact Statement (Whole of Council)	185
Cost of Support Funding Impact Statement	186
Reconciliation of Funding Impact Statement to Comprehensive Income	187
Other Disclosures Statement	188
Audit Report	194

Building the future we want

Council is pleased to present its ten year Long Term Plan (LTP) for 2018-2028.

This ten year plan is the most exciting, ambitious and yet challenging ten year strategic planning document our ratepayers and other communities of interest have considered so far.

It will enable Council to maintain levels of service and continue with our economic and social development objectives of creating and retaining jobs, growing incomes, increasing the ratepayer base and providing sustainable infrastructure.

We believe that the confidence Ruapehu communities have shown in Council and the future of their district through engaging in the LTP development process is well placed.

Council now has the mandate and budget to keep building on Ruapehu's current momentum and support the development of our communities and their aspirations.

The level and quality of community engagement from a wide cross-section of Ruapehu residents and ratepayers shows that our communities want to have a say in helping to shape the District's future.

Council would like to thank everyone who made the effort to learn about the issues and have their say, which has influenced Council's thinking and the final decisions as to the planned work programme.

The adoption of the LTP will see an overall rate increase of 3.76% for 2018/19 with the majority of individual rate increases being between 3 and 5%.

There are a number of drivers which will determine individual rate demands including last year's (2017) property revaluation, the shift to district-wide water charges, and a shift in overhead allocation to improve the accuracy of Council's financial reporting.

For the remaining years of the LTP Council has undertaken to manage the overall rate increase to be around a consistent 3.5%.

This LTP is significant for a number of reasons including; the introduction of district-wide rating for drinking and wastewater for people using Council water services, support for township revitalisation, changes to the management of solid waste, increased spending on local roads, and the large projected increase in debt in the latter part of the ten year plan.

These issues are of course related in that the projected growth in debt to \$66.5m over the ten years of the LTP has water projects accounting for around 65% of new debt, township revitalisation 18% and roading 12%.

Council will be keeping our debt levels similar to the previous 2015-2025 LTP for the first three years of this LTP while we work with government to obtain financial assistance to bring this projected debt level down to a more acceptable level.

Council will also be benefiting from joining the Local Government Funding Agency (LGFA) as a Guaranteeing Local Authority Member. This is projected to save Council around one percent on our borrowing costs.

The shift to district-wide water rating for Council water users will assist with long-term water rate affordability and provide economies of scale across all Council water schemes.

Roading is by far Council's largest expenditure item and for the coming financial year will be over 42% of all spending 85% of which is spent in the rural sector.

Council will now be increasing our investment in the local road network by \$2m per annum and the bridge improvement and renewal budget by almost \$1m per annum with no additional cost to ratepayers.

The ten-year debt projection has dropped by \$2m since the LTP consultation due to the NZ Transport Authority (NZTA) increasing our Funding Assistance Rate (FAR) to the maximum 72% from 1 July 2018. While the increase in our FAR is great news the challenge for Council now is to work with our contractor partners to ensure that they have the capacity in equipment, material and skilled people to deliver against the increased investment in the network.

This LTP period will see major changes to the way we manage our solid waste. These changes are being driven by the impending closure of the District landfill, increasing regulation and growing societal concern about the environment.

Council has been consulting on our Waste Management and Minimisation Plan. The success of future arrangements will be dependent on the support of Ruapehu households and businesses. Although some changes in behaviour may be required Council believes that with education and some personal effort these do not need to be difficult.

On-going support for township revitalisation came through strongly in submissions to the LTP. Communities can now be assured that there is funding available for their township and they have the freedom to work on their own plans at their own pace.

Overall this LTP has the potential to set Ruapehu's development agenda for a generation and with its adoption we are now enabled to put the plan into action.

Notably it also sends an important signal that Ruapehu is thinking strategically as a united District, working towards a common vision, willing and able to work with regional partners, sector interests, iwi and government to deliver the future we want for ourselves.



Don Cameron
MAYOR JP

A handwritten signature in blue ink, appearing to read 'D. Cameron'.



Clive Manley
CHIEF EXECUTIVE

A handwritten signature in blue ink, appearing to read 'Clive Manley'.

PART 1:

INTRODUCTION

What is the Long Term Plan?

The Long Term Plan (LTP) is Council's big-picture strategic document. It sets out Council's priorities for the next 10 years, what it wants to achieve, how much it will cost, and how Council is going to pay for it. The first 3 years are covered in detail, the subsequent years are an overview. All of Council's other strategies and planning documents must align with this Long Term (10 Year) Plan.

The LTP process

The Long Term Plan is a legal requirement. The content and process for producing it is set out in the Local Government Act 2002 (LGA). It takes about 2 years and multiple planning elements to arrive at the final LTP.

Phase 1: Planning Assumptions

The LTP is based on a set of assumptions about changes in the District over the next decade. This includes changes to the population, visitor numbers, trends in environmental change, etc. See Council's Planning Assumptions in Part 3 of this LTP.

Phase 2: Review of existing plans, strategies and policies

The LTP process is undertaken every 3 years. Thus, the 2018-28 LTP is essentially a full-scale review of the 2015-25 LTP. The LTP itself, and all its supporting documentation, is reviewed in the light of Council's updated planning assumptions.

Phase 3: Public Consultation

Council engages with our stakeholders all the way through the process to find out what is important to them however there is a formal period of consultation when Council releases a Consultation Document (CD) which presents the big issues facing Council and the District, options for resolving them and seeks community feedback in order to inform Council decision making. The public consultation period for this LTP took place from 16 March to 18 April 2018. Council received 202 written submissions and 34 people spoke to Council directly about their submissions at hearings held in May.

Phase 4: Decisions and adoption

Council takes into account all the community feedback that has been received during the engagement process when it makes its final decisions on the finances and projects for the LTP. The LTP must be adopted before the beginning of the next financial year, which is July 1. This LTP was adopted on 27 June 2018.

While Council needs to be responsive to changes in the economy, community priorities and asset health, it must also make sure it is a prudent steward of public money, and therefore plan at least for the next decade, knowing that some of the details may change. In the years between "Long Term Plan Years" any changes are reflected in the Annual Plan, a plan which details exceptions to what was forecast for that year in the LTP. Sometime this is called the "Exceptions Annual Plan".

Putting the pieces together

The Long Term Plan (LTP) is Council's key strategic planning tool that sets out our priorities over a ten year period.

The LTP outlines all things Council does and how they fit together showing what will be done over the plan's ten year period, why the council is doing things, and their costs.

It is the result of a robust planning process that has incorporated input from a range of sources.



Consultation Document

The Consultation Document outlines the key matters, challenges and issues within the Long Term Plan requiring community consideration and feedback.



Other Support Documents

1. Council - Focus, Mission and Values
2. Planning Assumptions
3. Financial Policies
4. Social Policy

Asset Management Plans.

Detailed Asset Management Plans for each of Council's key activity areas.



Wastewater



Drinking Water



Storm Water



Community Facilities



Community Property



Waste Minimisation



Land Transport

Strategy Documents

1. Financial Strategy
2. 30 Year Infrastructure Strategy
3. Economic Development Strategy



Community input.

The Long Term Plan is developed in consultation with Ruapehu communities. While the key issues are consulted on through the LTP Consultation Document community input is also sourced from a number of other areas including; Chat Space events, consultations, delegations, community conversations, social media comment, etc. This helps to inform Council thinking and planning.

Community engagement and the LTP

The formal consultation period for the Long Term Plan (LTP) ran from 16 March until 18 April 2018 however engagement with the community had been underway for many months before this. The process involved a range of engagement methods.

Pre-Engagement (August - November 2017)

Chat Spaces

The purpose of the Chat Spaces was to provide an informal, neutral space where members of the public could drop in and speak to elected members and Council staff about matters of concern as well as for Council to present the “Big Issues” for community discussion and feedback. Council hosted 33 Chat Spaces across the District between August and November 2017. During the formal consultation period, Council held a further 4 Chat Spaces.



Radio advertising

Radio advertising ran through the summer of 2017/18 and promoted the importance and relevance of the LTP in order to start raising awareness and interest.

Community interest groups

Council met with several community interest groups who sought further information about the issues facing the District and how Council could assist them with their community aspirations.

Consultation (March-April - 2018)

Consultation document

A consultation document (CD) was produced, discussing the “big issues” facing Council and the District in the coming decade. It outlined the challenges, options for addressing them and the implications of each of those options.

Localised community meetings

Five LTP community meetings were held in Ohura, Taumarunui, National Park, Raetihi and Ohakune - each town with its own aspirations and concerns.

Facebook

A total of 45 posts were made to promote all aspects of the LTP. Community engagement via Facebook has been increasing in the last two years. It is a very effective form of engaging with members of the community who might not otherwise give feedback.

Summaries of the “big issues”

Around 7000 A4 flyers summarising the LTP issues were distributed to every household including to out-of-District ratepayers and freely throughout the community. As well as the flyer, Council provided summary pages on the individual consultation issues. These were used widely in all forms of conversation with the community.

Newspaper

The summary pages were also used as newspaper advertising throughout the consultation period.

Website

The website was an important platform for making all the consultation material easily available, as well as the large amount of supporting documentation that goes into the LTP. The online submission form was well utilised by submitters, facilitating a streamlined submission process.

Iwi engagement

Eight hui were held with respective Iwi/Hapū. Of the eight hui, four were held in Taumarunui and four in Ohakune. The hui were positive and highlighted the importance of ensuring Council’s business going forward gives recognition to the economic, environmental, cultural, social priorities and aspirations for Māori.

Youth engagement

Ruapehu Youth Council (RYC) kept abreast of LTP issues through their meetings and asking questions of Councillors. While staff did not attend any high school groups/assemblies, Youth Councillors were asked to encourage their friends to submit on the LTP. Several valuable submissions were received from youth and some chose to speak to their submissions at hearings.



Community engagement outcomes

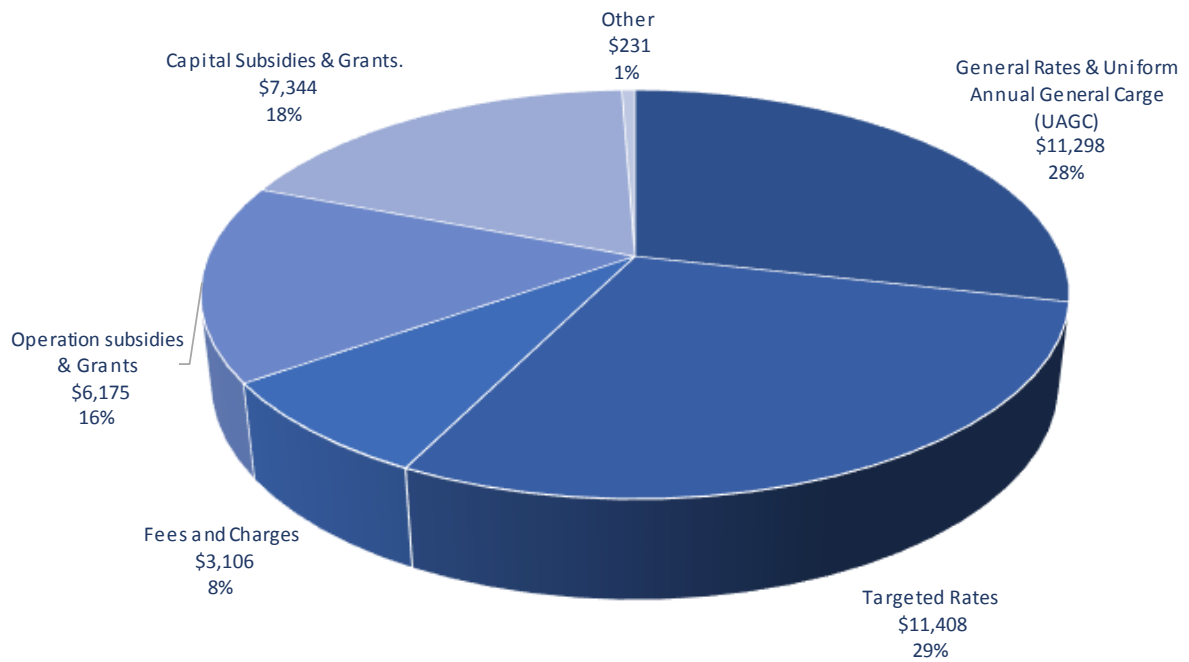
Council asked for feedback on 12 issues and 16 submissions requested some form of support from Council. Council made the following resolutions about the 12 consultation issues:

Issue	Council Decision
Funding road and bridge renewals: Council wants to increase investment in the road network without adding to rates.	That investment in the local road network be increased by \$2 million per annum, provided that NZTA brings forward 72% Funding Assistance Rate to this year and retains the 100% Funding Assistance Rate on our Special Purpose Road
Funding for drinking water and wastewater: Council is proposing that drinking water and wastewater is paid for via district-wide rating rather than the current scheme-by-scheme targeted rating.	That Council provision of drinking water and wastewater is rated district-wide rather than the current scheme-by-scheme targeted rating.
Untreated water network connections: Should Council allow untreated water to be taken from our raw water line for stock and domestic purposes?	That Council develop a clear policy on Council-owned water use.
How should we manage our solid waste?	That the current funding for Solid Waste be left in the Long Term Plan budget until consultation on the Waste Management and Minimisation Plan is complete.
Township revitalisation: How much should we budget for township revitalisation?	That Council continues with current planning and project development within the budgets currently allocated in the LTP
Targeted rate on holiday rentals Do you support a \$200 per annum targeted rate on private holiday rentals?	That Council does charge a \$200 rate to short-term, private, holiday rental providers in the Ruapehu District, starting in the 2019/20 financial year.
Economic Development funding Council is proposing to replace the RTO rate with an ED targeted rate (60%) and the ED commercial targeted rate (40%). This will reduce the ED portion of the general rate and shift more of the rate burden to commercial/industrial ratepayers.	That Council does replace the RTO rate with an Economic Development Targeted Rate (60%) and an Economic Development Commercial Targeted Rate (40%).
Ohakune Mountain Road cycle trail: How should Council support the Ohakune Mountain Rd Cycle Trail (OMR Trail) - Te Ara Mangawhero?	That Council not invest funds into the development of the Ohakune Mountain Road Cycle Trail and that the funding is raised through a community trust.
Taumarunui Memorial Hall: Taumarunui Memorial Hall or a new multi-function community centre?	That the War Memorial Hall: (a) remains in its current state while Staff consult further with the community to work towards a design for a new multi-purpose facility, and (b) that at an appropriate time in the planning process the current building is demolished, and (c) that funding to remain in the budget for Year 7 of the LTP.
Raetihi Service Centre: Future options for Raetihi Service Centre.	That the funding remain allocated to Year 4 of the LTP and that Council undertakes further community engagement on this issue.
Taumarunui Swimming Pool	That the funding remain allocated to Year 4 to undertake a complete refurbishment of the pool, including inserting a fiberglass liner and a new filtration system with the flexibility to bring the refurbishment forward if required.
Raetihi Cemetery The present Raetihi Cemetery is running out of space for burials.	That \$30,000 remain in the budget for the development of another cemetery site in Raetihi but discussion on the suggested (and other) sites be referred to the Waimarino Waiouru Community Board for further consideration and community consultation.

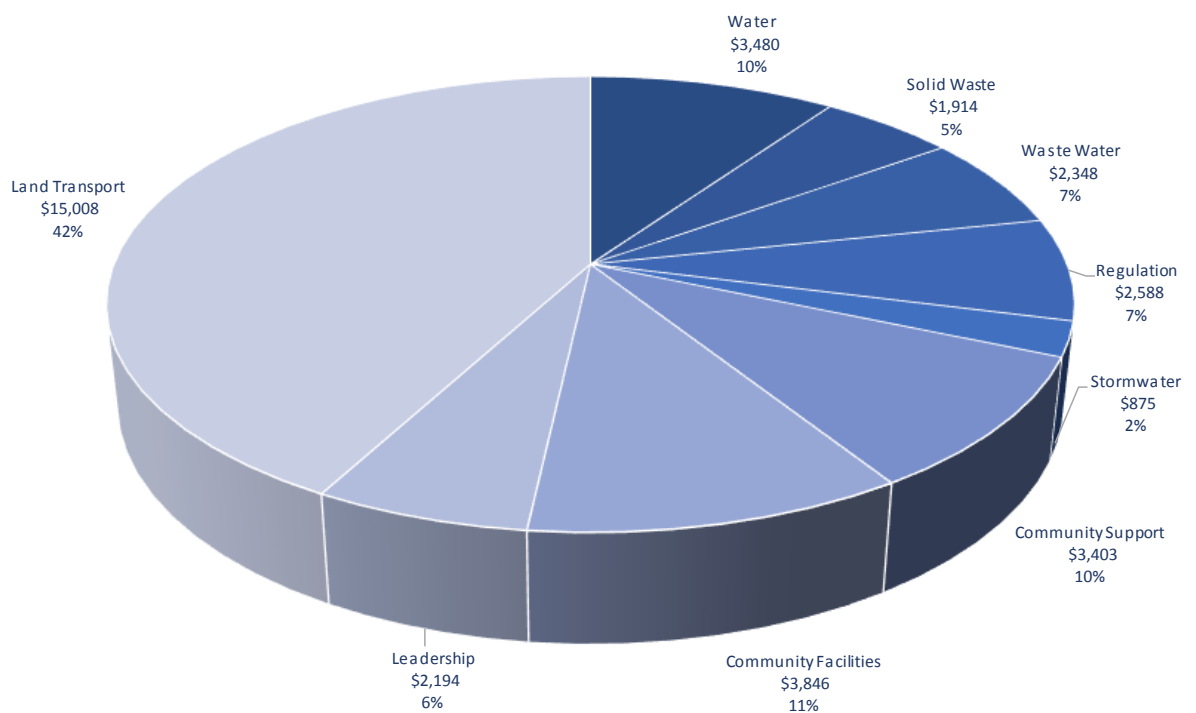
Overview of Council's income and expenditure

The following graphs show the sources of Council revenue and how the revenue is spent.

Council Funding Sources (000)



Council Operational Expenditure by Activity (000)



Vision and Mission

VISION

Drive and support the development of safe, prosperous rural communities that are able to capitalise on our agriculture, business and tourism sectors while sustaining our beautiful environment.

MISSION

Improve the well-being and quality of life for our communities by:

Creating and retaining jobs

Growing incomes and opportunities

Increasing the ratepayer base

Providing sustainable infrastructure

Providing value for money in all we do

Ensuring the people who benefit from council spending contribute their fair share of the costs

Working with government and others to gain funding for key projects so as to reduce the financial burden on Ruapehu ratepayers



Community Outcomes

Council has stated its core priorities in the form of five Community Outcomes. These Outcomes are Council's "true north" for planning and decision-making. Every project that Council undertakes and every dollar it spends links back to at least one - but often several - of these Outcomes. They are a key way we measure success.



Safe, Healthy Communities

- Quality regulation, regulatory services and infrastructure.
- Reduce the volume of waste to the landfill.
- Core infrastructure endeavours to keep pace with changing demand.
- Excellent standards of safety and welfare are promoted and respected.
- Preparation, planning and timely responses protect people and property from natural hazards.



Vibrant and Diverse Living

- Traditions, values and history of all ethnic groups are respected.
- Activities, facilities and opportunities for youth are provided and supported.
- Excellence and achievement in sport, arts/cultural pursuits, community service and business is supported.
- Events and festivals are encouraged and supported.



Thriving Natural Environment

- Our environment is accessible, clean and safe and our water, soil and air meets required standards.
- The promotion of our District includes focus on our natural rivers, bush and mountains, as well as the built heritage, agriculture and railways.



Strong Leadership and Advocacy

- Council advocates strongly for the provision of, and access to, affordable and effective health, welfare, law enforcement and education services.
- Council is proactive, transparent and accountable.



Thriving Economy

- Regulatory services and reliable infrastructure help the economy prosper.
- Our transportation network is reliable, safe and endeavours to meet the needs of users.
- Economic diversity and core economic strengths are encouraged in partnership with others.
- Planning and regulatory functions balance economic growth and environmental protection.

Planning in today's world

Planning involves considering risks and opportunities in the existing and likely future operating environment. The known major sources of risks that could impact on achieving

Council's risks during the term of this LTP are:

- Climate change
- Legislative change
- Cyber crime
- Global economic downturn
- Disasters
- Demographic change
- Global conflict
- Disruptive Technologies

The impacts of these sources of risk on Council are briefly discussed below. The likelihood of the associated risks happening during the term of the LTP cannot be reliably assessed. Minimal estimation for the financial impacts have been included in budgets in the LTP.

Climate change

Climate change poses a significant level of risk to Ruapehu's natural and built environments. Indirect impacts from central government policy on climate change are likely to change the legislative and operating environment for Council.

The key climate change impacts include:

- Very heavy rainfall events ('weather bombs')
- Increased likelihood of drought and forest fire
- Fewer frosts and snowfall but with possible extreme events
- Higher temperatures and an increased likelihood of very high temperatures
- Increasing mental health issues as people attempt to manage change.
- Loss of biodiversity
- New pests and weeds
- Animal health issues such as greater heat stress, facial eczema and parasites
- Lower sustained river flows and pressure on ground water

Of the above the key climate change impacts on Council are:

- Very heavy rainfall events ('weather bombs')
- Lower sustained river flows and pressure on ground water
- Increased likelihood of drought and forest fire
- Fewer frosts and snowfall but with possible extreme events

Council believes one of the best ways of supporting the development of community resilience is by doing all it can to help build a strong, viable, diversified economic base with strong social connections.

Overall council's strategy has two major aims:

- 1. Meet its own environmental obligations to operate sustainably and reduce its carbon footprint. Increasing Levels of Service such as installing larger culverts to cope with larger, more frequent flood events.***
 - 2. Undertake activities that help build resilient communities that are better placed to prepare and adapt to climate change.***
-

Disasters

Natural disasters and in particular flooding are occurring more often and with greater intensity than historical trends might indicate.

The key impacts include:

- Damage to infrastructure
- Fewer visitors
- Disruption to people's lives
- Contamination of water supplies and the natural environment
- Increased cost

Council designs builds and upgrades infrastructure with resilience against emerging threats in mind. It also maintains an effective capability to address emergencies.



Legislative change

Government's responses to societal demands will impose significant additional duties on local authorities. In most cases this happens without an associated funding stream. Recent examples include water quality, asbestos regulations and earthquake strengthening. It is possible that future law may require treatment of stormwater and disposal of wastewater to land.

The key impacts include:

- Educating staff and contractors
- Increased capital and on-going cost
- Process and asset design
- Affordability for communities

Council maintains good awareness of potential legislative change and collaborates in advocating for practical change. Ultimately however Council is a creature of statute and must comply with the law.

Māori engagement

Legislation provides for engagement with Māori. The Ruapehu District Māori Council provides advice to the Ruapehu District Council. The Te Awa Tupua (Whanganui River Claims Settlement) Act 2017 provides for Council to have some contribution to the governance of Te Awa Tupua. Arrangements for representation on the various bodies provided for in the Act are underway. There are hundreds of claims being considered by the Waitangi Tribunal that could have impacts on Council.

The key impacts include:

- Providing representation on governance bodies
- Advocacy on behalf of Te Awa Tupua

- Increased adoption of tikanga Māori and kaitiakitanga
- Changes to extraction and discharge conditions

Council maintains good relationships with local Iwi and Hapu. It has an open approach to working together with Māori in the interests of kaitiakitanga and our peoples.

Demographic change

Urbanisation will continue to drain population from rural New Zealand. Larger farms will have an impact on the rural population. The cost of living in metropolitan centres is likely to influence those who can afford to move to relocate to smaller communities. This could result in a predominance of the very young and very old.

The key impacts include providing for the needs of:

- An increasingly aged population e.g. wider footpaths
- Those so deprived that they cannot afford to move

Global conflict

The potential for significant conflicts exist in the Middle East, Eastern Europe and in Asia. Conflicts can have the form of open war, terrorism or cyber terrorism.

The key impacts include:

- Sabotage
- Supply and skill shortages
- Fewer visitors
- Oil price increases
- Exchange rate and interest rate changes

Global economic downturn

The fundamentals of global financial systems are largely unchanged since 2008. Slumps appear to be happening closer together. It is possible that a slump will occur in the next ten years.

The key impacts include:

- Rising NZ exchange rate
- Increasing unemployment and unaffordability
- Rising interest rates
- Fewer visitors

Disruptive technologies

The advent of the iPad, subsequent tablets of many forms and the miniaturisation of significant computing power in portable devices has changed society. There are many technological innovations emerging that have the potential to be significantly disruptive.

The key impacts include:

- Training staff and contractors
- Cyber threats
- Engagement with stakeholders

Cyber crime

Cyber crime is becoming more profitable and prevalent. Protections include a mix of hard (machinery and software) and soft (procedures and people).

The key impacts include:

- Business disruption
- Cost
- Loss of personal information

PART 2: ACTIVITIES

COUNCIL ACTIVITIES

Facilities and Assets

Land Transport
Water supply
Wastewater
Stormwater/flood protection
Solid Waste

Community Facilities

- Cemeteries
- Community halls
- Parks and reserves
- Public toilets
- Administration and library buildings
- Social Housing

Community Services

Community Support

- Emergency Management
- Library Services
- Regional Tourism Organisation
- I-Sites

Leadership

- Governance
 - Council
 - Community Boards
- Strategic Development
 - Economic Development
 - Business Development
 - Iwi Development
 - Policy Development
 - Youth Development

Regulation

- Building Services
- Compliance
- Environmental Health
- Alcohol Licencing
- Resource Management

Facilities and Assets

This group of activities promotes the Community Outcomes that mainly target environmental, social and economic objectives.



Safe, healthy communities



Thriving environment



Vibrant, diverse living



Thriving economy

These activities aim to provide services to the community, while minimising the impact that the community's activities and lifestyles have on the natural environment.

Facilities and Assets activities include Land Transport, Water Supply, Wastewater, Stormwater and Flood Protection, Solid Waste and Community Property, Recreation and Community Facilities,

Maintaining the environment and its natural resources are essential to the welfare of the community. For example, with good quality roading and reliable and safe drinking water supplies, the economy will grow and prosper, produce from the farming community can be safely and efficiently transported out of the District, visitors and tourists can easily visit the District and retailers have a way of replenishing stock that is sold to customers.

Horizons Regional Council and RDC must work to ensure that the negative environmental effects of the community's activities are managed in a sustainable manner.

Supplying water, wastewater treatment, managing stormwater and flood protection and waste management and minimisation are all important to the wellbeing of the community. They also have effects on the social and cultural aspects of the community.

The activities in this group are all subject to provisions of the Resource Management Act 1991, Local Government Act 2002, Land Transport Act 1998, Public Works Act 1981 and a number of other Acts (including relevant Amendment Acts), plans and directives. Council must comply with resource consent conditions to operate essential community infrastructure. This involves monitoring and compliance.

Land Transport

The Land Transport Activity provides for the maintenance, renewal and development of local public roads, kerbs and channels, bridges, street lighting and footpaths for the whole District. State Highways are managed by the New Zealand Transport Agency (NZTA).

Rationale

The Land Transport activity provides road and pedestrian infrastructure that allows for the safe, reliable, efficient and effective movement of vehicles and people. Roads are essential infrastructure for both community and economic development.

The district land transport network consists of:

- 488km of sealed roads
- 851km of unsealed road
- 342 bridges and large culverts
- 69km of footpaths
- 1,445 street lights

Outcomes



Safe, healthy communities



Vibrant and diverse living



Thriving environment



Thriving economy

Significant projects included in our budget that will enable Council to achieve these outcomes are:

Infrastructure Strategy Major Capital Projects	Total (\$)	Growth	Renewal	LOS	Year
Minor & Associated Improvements Special Purpose Roads	2,424,569	0%	20%	80%	1-10
Minor & Associated Improvements	10,020,705	0%	20%	80%	1-10
B404 Ruapehu Rail Over bridge Renewal (Ruapehu Road)	990,000	0%	85%	15%	2
Structures component replacements (parts of bridges)	6,810,689	0%	85%	15%	1-10
Footpath Renewals	1,928,994	0%	100%	0%	1-10
Pavement Rehabilitation	28,000,000	0%	85%	15%	1-10
Sealed Road Surfacing	13,000,000	0%	100%	0%	1-10
Sealed Road Surfacing SPR	1,472,694	0%	100%	0%	1-10
Unsealed Road Metalling	10,700,000	0%	100%	0%	1-10

Significant negative effects

There are significant negative effects associated with the provision of a roads service including loss of landscape amenity values, increased erosion, stormwater and flooding, runoff, noise, dust, vehicle emissions and traffic dangers.

Council mitigates many of these effects through provisions in its maintenance and improvement contracts. Council also supports this approach by inspections of road conditions, regular reporting by its contractors, audit of contractor performance and responding to public notification of road condition problems.

Council aims to achieve dust suppression by the use of appropriate maintenance aggregates and maintenance techniques such as the use of water suppression at work sites and seal extension on selected sites in urban areas. Erosion and sedimentation during routine road works are minimised using industry controls such as sediment filters and traps with disposal and fill sites located no closer than 20 metres from riparian margins.

Council’s Land Transport Bylaw and Policy support the protection of its road network by regulating the behaviour of people who impact on road conditions.



Slip from flood damage near Pipiriki



Footpath repair, Huia Street, Taurarunui



Ohakune Mountain Road



Carrot Park, Ohakune



Lacy’s Bridge, Retaruke River

Statement of Service Provision – Land Transport

Outcome(s)	Safe, healthy communities: <ul style="list-style-type: none"> Core infrastructure endeavours to keep pace with changing demand. Excellent standards of safety and welfare are promoted and respected.
Level of Service	Roads are managed to an acceptable level and the road network is available when required. The programmed improvement works are completed. Roads damaged by emergency events are made safe promptly. The safety of the land transport network is acceptable to users. Supporting road safety activities promoted by Horizons Regional Council.

Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
The change from the previous financial year in the number of fatalities and serious injuries on the local road network, expressed as a number.	Not achieved – increase of 2 serious injuries since 2015/16	Target for reducing the number of serious injuries and fatalities ≥ 1 (1)	Target for reducing the number of serious injuries and fatalities ≥ 1	Target for reducing the number of serious injuries and fatalities ≥ 1	Target for reducing the number of serious injuries and fatalities ≥ 1	Target for reducing the number of serious injuries and fatalities ≥ 1	Target for reducing the number of serious injuries and fatalities ≥ 1
The average quality of ride on a sealed local road network, measured by smooth travel exposure (2).	Not achieved - 83%	Target level of smooth travel exposure $\geq 87\%$	Target level of smooth travel exposure $\geq 87\%$	Target level of smooth travel exposure $\geq 87\%$	Target level of smooth travel exposure $\geq 87\%$	Target level of smooth travel exposure $\geq 87\%$	Target level of smooth travel exposure $\geq 87\%$
The percentage of the sealed local road network that is resurfaced.	Not achieved - 7%. 34.4km out of 493km	$\geq 7.5\%$ $\geq 37\text{km out of } 486\text{km}$ (3)	$\geq 7.5\%$ $\geq 37\text{km out of } 486\text{km}$	$\geq 7.5\%$ $\geq 37\text{km out of } 486\text{km}$	$\geq 7.5\%$ $\geq 37\text{km out of } 486\text{km}$	$\geq 7.5\%$ $\geq 37\text{km out of } 486\text{km}$	$\geq 7.5\%$ $\geq 37\text{km out of } 486\text{km}$
Maintain the sealed roads to a standard that allows <5.5 defects/ km/quarter.	Achieved Q1 – 3.7 Q2 – 4.6 Q3 – 4.6 Q4 – 5.1	<5.5 defects/km /quarter	<5.5 defects/km /quarter	<5.5 defects/km /quarter	<5.5 defects/km /quarter	<5.5 defects/km /quarter	<5.5 defects/km /quarter
Maintain the unsealed roads to a standard that allows <5.5 defects/ km/quarter.	Achieved Q1 – 4.1 Q2 – 4.7 Q3 – 5.1 Q4 – 5.3	<5.5 defects/km /quarter	<5.5 defects/km /quarter	<5.5 defects/km /quarter	<5.5 defects/km /quarter	<5.5 defects/km /quarter	<5.5 defects/km /quarter
The percentage of footpaths within the district that fall within the level of service or service standard for the condition of footpaths that is set out in Council’s asset management plan	Achieved 97.7% in average or better condition. 1.3 % in poor condition	75% of network to be in average condition or greater & not more than 10% of network in Poor condition (4)	90% of network to be in average condition or greater & not more than 5% of network in Poor condition	90% of network to be in average condition or greater & not more than 5% of network in Poor condition	90% of network to be in average condition or greater & not more than 5% of network in Poor condition	90% of network to be in average condition or greater & not more than 5% of network in Poor condition	90% of network to be in average condition or greater & not more than 5% of network in Poor condition
The percentage of customer service requests relating to roads and footpaths to which Council responds within the time frame specified in the LTP. (5)	Not achieved - 90%	95%	$\geq 90\%$	$\geq 90\%$	$\geq 90\%$	$\geq 90\%$	$\geq 90\%$

1: Measure incorrect in LTP 2015-25. The Land Transport AMP 2015-25 had =1.

2: Smooth Travel Exposure is reported annually. The two inputs are Road Roughness, which is measured two yearly and vehicle kilometres travelled (VKT) which are continually updated

3. Measure incorrect in LTP 2015-25. The Land Transport AMP 2015-25 had 485.

4. Measure changed to reflect actual performance.

5. Target only introduced in 15/16 and set arbitrarily. Now we have performance measurements for 2 years and can set a more realistic target.

Note: Request for Service targets can be found in the Asset Management Plan

Funding Impact Statement - Land Transport

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	7,155	1,668	1,722	1,814	1,970	2,096	2,219	2,468	2,664	2,745	2,963
Targeted rates	70	3,892	4,019	4,234	4,596	4,892	5,179	5,759	6,216	6,406	6,908
Subsidies and grants for operating purposes	5,142	6,172	6,299	6,458	6,456	6,623	6,783	6,949	7,131	7,317	7,524
Fees and charges	112	126	129	132	135	138	142	145	149	153	157
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	168	136	139	142	145	149	152	156	160	165	169
Total Operating Funding (A)	12,647	11,994	12,308	12,780	13,302	13,898	14,475	15,477	16,320	16,786	17,721
Applications of Operating Funding											
Payments to staff and suppliers	7,530	9,305	9,509	9,714	9,931	10,162	10,401	10,657	10,926	11,213	11,519
Finance costs	619	646	693	676	793	874	958	1,004	1,016	1,028	1,005
Internal charges and overheads applied	2,378	290	303	316	325	328	320	324	333	341	342
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	10,527	10,241	10,505	10,706	11,049	11,364	11,679	11,985	12,275	12,582	12,866
Surplus (deficit) of operating funding (A-B)	2,120	1,753	1,803	2,074	2,253	2,534	2,796	3,492	4,045	4,204	4,855
Sources of capital funding											
Subsidies and grants for capital expenditure	5,732	7,344	8,490	7,309	6,805	6,985	6,256	6,873	6,683	7,061	7,463
Development and financial contributions	16	16	17	17	17	18	18	19	19	20	20
increase (decrease) in debt	1,468	1,168	1,836	727	879	1,044	148	227	206	245	285
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	7,216	8,528	10,343	8,053	7,701	8,047	6,422	7,119	6,908	7,326	7,768
Applications of capital funding											
Capital expenditure											
- to meet additional demand	350	219	392	-	25	504	-	-	-	-	-
- to improve the level of service	1,717	2,058	2,291	1,987	2,079	2,122	1,909	2,143	2,030	2,126	2,228
- to replace existing assets	7,269	8,004	9,463	8,140	7,850	7,955	7,307	7,942	7,807	8,251	8,722
Increase (decrease) in reserves	-	-	-	-	-	-	2	526	1,116	1,153	1,673
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	9,336	10,281	12,146	10,127	9,954	10,581	9,218	10,611	10,953	11,530	12,623
Surplus (deficit) of capital funding (C-D)	(2,120)	(1,753)	(1,803)	(2,074)	(2,253)	(2,534)	(2,796)	(3,492)	(4,045)	(4,204)	(4,855)
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Water Supply

The purpose of the Water Supply Activity is to supply safe drinking water to the communities of the district. Water supply is essential to run households, maintain public health and sustain economic development. Council is committed to providing a water supply service that meets the needs of the community.

Council is responsible for the provision and management of six water supply schemes at National Park, Ohakune, Ohura, Owango, Raetihi and Taumarunui. In Waiouru, Council owns and operates the water supply network outside the Army base and purchases the potable water from the New Zealand Defence Force. Council has also managed the water services for Whakapapa village on behalf of Department of Conservation since 2015 (but does not own the assets).

Rationale

Water supply is perceived by communities to be one of the essential services Council supplies.

Council is required by law to assess the need and provision of water services, and to retain its water supplies. It also has a duty to improve, promote and protect public health. Water supplies can be closed or transferred with the agreement of local communities.

Council also has obligations under the Horizons One Plan regarding the way it delivers and manages water.

The water supply network is made up of a mix of assets:

- Headworks, surface water sources, intake weirs and pipelines to treatment plants.
- Treatment plant including raw water pumps, clarifier, filters, main pumps and chemical dosing pumps.
- Water storage including reservoirs and pipelines.
- A piped network including pipelines, valves, hydrants, water meters, service connections and pump stations.



Owango water supply

Outcomes



Safe, healthy communities Thriving environment Thriving economy

Significant projects included in our budget that will enable Council to achieve these outcomes are:

Infrastructure Strategy Major Capital Projects	Total (\$)	Growth	Renewal	LOS	Year
Ohakune Water Treatment Plant Upgrade	2,940,000	15%	0%	85%	9-10
Ohakune Water Network renewals	1,119,454	0%	100%	0%	1-10
Owhango Water Treatment Plant Upgrades	1,500,000	0%	0%	100%	2-8
Taumarunui Water Mains Replacement	1,962,335	0%	100%	0%	1-10
Taumarunui Water above ground assets: Renewals	4,522,582	0%	100%	0%	1-10

Significant negative effects

The provision of water supply services unfortunately results in negative environmental and cultural impacts on waterways.

Council use of waterways has an opportunity cost to others through reducing the amount of water that may be used by others, eg, commercial or industrial businesses and farms. This may have a detrimental economic impact on those businesses. Council mitigates these effects by drawing water to an agreed level that meets resource consent conditions.



Ohakune intake

In addition, Council’s contractor has prepared a Health and Safety Risk Assessment to assist Council to prioritise, plan, and implement mitigation measures. This report is available to view at Council offices.



Ohakune Reservoir

Statement of Service Provision – Water Supply

Outcome(s)	Safe, healthy communities: <ul style="list-style-type: none"> • Excellent standards of safety and welfare are promoted and respected. • Quality regulation, regulatory services and infrastructure. • Core infrastructure endeavours to keep pace with changing demand. Thriving natural Environment: <ul style="list-style-type: none"> • Our environment is accessible, clean and safe and our water, soil and air meet required standards. Thriving economy: <ul style="list-style-type: none"> • Regulatory services and reliable infrastructure help the economy prosper.
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Level of Service	Quality of Drinking Water - continuity of potable water supply to applicable community areas. Public Safety - pressure and flow. Responsiveness.
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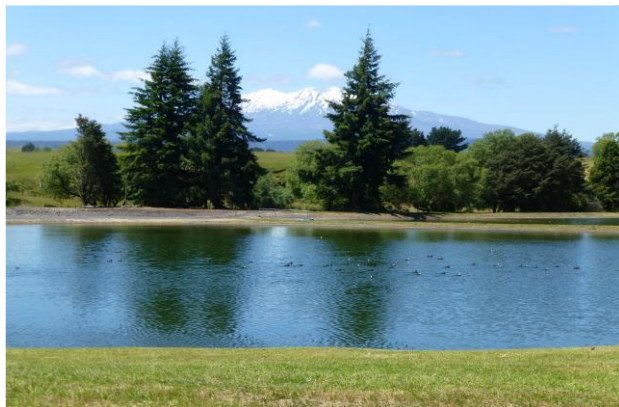
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Extent to which Council’s drinking water supplies comply with Part 4 (bacteria compliance criteria) of the Drinking Water Standard.*	Ohura =Y Taumarunui =Y Owhango =Y	Ohura =Y Taumarunui =Y Owhango =Y	Ohura =Y Taumarunui =Y Owhango =Y	Ohura =Y Taumarunui =Y Owhango =Y	Ohura =Y Taumarunui =Y Owhango =Y	Ohura =Y Taumarunui =Y Owhango =Y	Ohura =Y Taumarunui =Y Owhango =Y
(*Future increases reflect changing statutory requirements)	Nat.Park Village =Y Raetihi =N Ohakune =Y	Nat. Park Village =Y Raetihi =Y Ohakune =Y	Nat. Park Village =Y Raetihi =Y Ohakune =Y	Nat. Park Village =Y Raetihi =Y Ohakune =Y	Nat. Park Village =Y Raetihi =Y Ohakune =Y	Nat. Park Village =Y Raetihi =Y Ohakune =Y	Nat. Park Village =Y Raetihi =Y Ohakune =Y
Extent to which Council’s drinking water supplies comply with Part 5 (protozoal compliance criteria) of the Drinking Water Standard.*	Ohura =N Taumarunui =N Owhango =N	Ohura =N Taumarunui =N** Owhango =N	Ohura =N Taumarunui =N Owhango =N	Ohura =N Taumarunui =Y Owhango =N	Ohura =N Taumarunui =Y Owhango =N	Ohura =N Taumarunui =Y Owhango =N	Ohura =N Taumarunui =Y Owhango =N
(*Future increases reflect changing statutory requirements)	Nat.Park Village =N Raetihi =N	Nat.Park Village =N** Raetihi =N	Nat.Park Village =N Raetihi =N	Nat.Park Village =N Raetihi =Y	Nat.Park Village =N Raetihi =Y	Nat.Park Village =N Raetihi =Y	Nat.Park Village =N Raetihi =Y
(**Measure incorrect in LTP 2015-25. The Water Supply AMP 2015-25 had N. Nat. Park Village was also incorreceted noted)	Ohakune =N	Raetihi =N Ohakune =N	Ohakune =Y	Ohakune =Y	Ohakune =Y	Ohakune =Y	Ohakune =Y
Percentage of real water loss from the networked reticulation system, using minimum night flow (MNF) analysis.	Not Achieved 53%	≤25% all supplies**	≤40% all supplies	≤40% all supplies	≤40% all supplies	<40% all supplies	<40% all supplies

(**Measure incorrect in LTP 2015-25. The Water Supply AMP 2015-25 had <25%)

Where the Council attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:							
a) attendance for urgent call-outs: from the time that the Council receives notification to the time that service personnel reach the site (ie. loss of water supply)	Achieved 0.6 hours	Median response times ≤2 hours**	Median response times ≤2 hours	Median response times ≤2 hours	Median response times ≤2 hours	Median response times ≤2 hours	Median response times ≤2 hours
(**Measure incorrect in LTP 2015-25. The Water Supply AMP 2015-25 had 2 hours)							
b) resolution of urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption site (ie. loss of water supply);	Achieved 2.1 hours	Median response times ≤6 hours**	Median response times ≤6 hours	Median response times ≤6 hours	Median response times ≤6 hours	Median response times ≤6 hours	Median response times ≤6 hours

(**Measure incorrect in LTP 2015-25. The Water Supply AMP 2015-25 had 6 hours)

c) attendance to non-urgent callouts from the time that the Council receives notification to the time that service personnel reach the site (ie. no loss of water supply);	Achieved 1.4 hours	Median response times ≤ 36 hours**	Median response times ≤ 36 hours	Median response times ≤ 36 hours	Median response times ≤ 36 hours	Median response times ≤ 36 hours	Median response times ≤ 36 hours
(**Measure incorrect in LTP 2015-25. The Water Supply AMP 2015-25 had 36 hours)							
d) resolution of non-urgent callouts from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption (ie. no loss of water supply);	Achieved 4.3 hours	Median response times ≤ 72 hours**	Median response times ≤ 72 hours	Median response times ≤ 72 hours	Median response times ≤ 72 hours	Median response times ≤ 72 hours	Median response times ≤ 72 hours
(**Measure incorrect in LTP 2015-25. The Water Supply AMP 2015-25 had 36 hours)							
The total number of complaints received by Council about any of the following (expressed per 1,000 connections to the networked reticulation systems).	Achieved						
(a) drinking water clarity,	(a)-0.8	<25**	(a)- ≤ 15	(a)- ≤ 15	(a)- ≤ 15	(a)- ≤ 15	(a)- ≤ 15
(b) taste,	(b)-1.1		(b)- ≤ 10	(b)- ≤ 10	(b)- ≤ 10	(b)- ≤ 10	(b)- ≤ 10
(c) odour,	(c)-0.6		(c)- ≤ 5	(c)- ≤ 5	(c)- ≤ 5	(c)- ≤ 5	(c)- ≤ 5
(d) pressure and flow,	(d)-7.4		(d)- ≤ 25	(d)- ≤ 25	(d)- ≤ 25	(d)- ≤ 25	(d)- ≤ 25
(e) continuity of supply and	(e)-1.1		(e)- ≤ 5	(e)- ≤ 5	(e)- ≤ 5	(e)- ≤ 5	(e)- ≤ 5
(f) Council response times	(f)-1.1		(f)- 25	(f)- ≤ 25	(f)- ≤ 25	(f)- ≤ 25	(f)- ≤ 25
(**A single, total figure was used for LTP 2015-25. The Annual Report Itemised them. Future measures have been itemised.)							
The average consumption of drinking water per day per resident within the territorial authority district (litres per person per day)	Not achieved 665	500	500	500	500	500	500
Peak Demand using peak population (litres per person per day) (** New measure for 2017/18 therefore the result is unaudited. 2016/17 measure provided as a baseline figure for comparative purposes).	283	**	≤ 300	≤ 300	≤ 300	≤ 300	≤ 300



Funding Impact Statement - Water Supply

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	22	-	-	-	-	-	-	-	-	-	-
Targeted rates	3,241	3,183	3,277	3,378	3,406	3,575	3,890	3,925	4,030	4,324	4,504
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	306	288	295	302	309	316	324	333	341	351	360
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding (A)	3,569	3,471	3,572	3,680	3,715	3,891	4,214	4,258	4,371	4,675	4,864
Applications of Operating Funding											
Payments to staff and suppliers	1,554	1,858	1,903	2,052	1,990	2,036	2,198	2,139	2,191	2,372	2,310
Finance costs	371	266	304	310	392	493	613	687	728	830	1,021
Internal charges and overheads applied	548	217	175	118	122	123	120	122	125	128	128
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,473	2,341	2,382	2,480	2,504	2,652	2,931	2,948	3,044	3,330	3,459
Surplus (deficit) of operating funding (A-B)	1,096	1,130	1,190	1,200	1,211	1,239	1,283	1,310	1,327	1,345	1,405
Sources of capital funding											
Subsidies and grants for capital expenditure	111	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	20	16	17	17	17	18	18	19	19	20	31
Increase (decrease) in debt	284	883	1,161	603	1,294	2,107	1,280	586	913	2,788	5,569
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	415	899	1,178	620	1,311	2,125	1,298	605	932	2,808	5,600
Applications of capital funding											
Capital expenditure											
- to meet additional demand	41	5	9	-	105	133	115	29	86	385	681
- to improve the level of service	584	824	1,120	565	1,133	1,882	995	414	636	2,175	4,433
- to replace existing assets	715	1,043	1,080	1,125	1,181	1,252	1,435	1,468	1,538	1,599	1,920
Increase (decrease) in reserves	172	157	159	130	103	97	36	4	(1)	(6)	(29)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,512	2,029	2,368	1,820	2,522	3,364	2,581	1,915	2,259	4,153	7,005
Surplus (deficit) of capital funding (C-D)	(1,097)	(1,130)	(1,190)	(1,200)	(1,211)	(1,239)	(1,283)	(1,310)	(1,327)	(1,345)	(1,405)
Funding Balance ((A-B)+(C-D))	(1)	-	-	-	-	-	-	-	-	-	-

Wastewater (Sewerage)

The purpose of the Wastewater Activity is to collect and dispose of wastewater in an effective and environmentally friendly manner. This activity is essential in order to protect the environment and to maintain public health.

Council owns treatment plants at Taumarunui, National Park Village, Ohakune, Pipiriki, Raetihi and Rangataua. In addition, Council co-operates with the NZ Army in Waiouru to provide wastewater services for the town.

Rationale

Council is required to assess water and other sanitary services available to the community, including stormwater drainage, and has a duty under Section 23 of the Health Act 1956 to improve, promote and protect public health.

As well as the legal mandate, this service contributes to several of Council's Community Outcomes.

Outcomes



Safe, healthy communities

Thriving environment

Thriving economy

Council's wastewater assets consist of:

- 6 wastewater treatment plants
- 107 km of pipes
- 19 pump stations
- 1416 manholes
- 2844 rateable service connections

Significant projects included in our budget that will enable Council to achieve these outcomes are:

Infrastructure Strategy Major Capital Projects	Total (\$)	Growth	Renewal	LOS	Year
Ohakune Wastewater Treatment Plant	7,600,000	15%	0%	85%	6-10
Raetihi Wastewater Treatment Plant	4,758,000	7%	0%	93%	6-10
Taumarunui wastewater renewals program	4,277,996	0%	100%	0%	1-10

Significant negative effects

The collection, treatment and discharge of wastewater has a negative effect on the environment through the final disposal of treated wastewater.

Untreated or partially treated wastewater contains pathogens and nutrients that can be harmful to humans and the environment. Wastewater may accumulate on the ground, percolate into the

groundwater or flow into nearby waterways. This poses public health risks and can damage terrestrial and aquatic environments.

The collection, treatment and discharge of wastewater is an issue of concern to Iwi groups in the District. Iwi have strong preferences as to the methods that should be used to treat and dispose of wastewater. Council attempts to mitigate Iwi concerns by the utilisation of wetland systems. These systems allow Council to discharge treated wastewater onto land prior to it entering waterways.

Due to cost efficiencies and practicalities however, these preferences cannot always be accommodated. Discussions with Iwi regarding these concerns are ongoing and Council is committed to partnering with Iwi to find mutually workable solutions.



Wastewater discharges may also contribute to pollution issues experienced downstream of these treatment facilities. Horizons One Plan's new targets for wastewater treatment will require significant investment by Council.

Council mitigates discharge effects by treating wastewater to an agreed level that meets resource consent conditions.

Council's contractor has prepared a Health and Safety Assessment of Council's systems to assist Council in the prioritisation, planning and implementation of mitigation measures. This report is available to view at all Council offices.



Statement of Service Provision - Wastewater

Outcome(s)	Safe, healthy communities: <ul style="list-style-type: none"> Quality regulation, regulatory services and infrastructure. Core infrastructure endeavours to keep pace with changing demand. Thriving natural Environment: <ul style="list-style-type: none"> Our environment is accessible, clean and safe and our water, soil and air meet required standards. Thriving Economy: <ul style="list-style-type: none"> Regulatory services and reliable infrastructure help the economy prosper. 						
Level of Service	Public Safety - Continuity of Wastewater collection system. Responsiveness to infrastructure issues. Environmental sustainability.						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Number of dry weather wastewater overflows from Council's system (expressed as per 1,000 connections to that system).	Achieved 1.1	≤7	≤7	≤7	≤7	≤7	≤7
Compliance with Council's resource consents for discharges from the wastewater system as measured by number of:	Achieved 0						
(a) Abatement notices;		(a) ≤2	(a) ≤2	(a) ≤2	(a) ≤2	(a) ≤2	(a) ≤2
(b) Infringement notices;		(b) ≤1	(b) ≤2	(b) ≤2	(b) ≤2	(b) ≤2	(b) ≤2
(c) Enforcement orders;		(c) ≤1	(c) ≤1	(c) ≤1	(c) ≤1	(c) ≤1	(c) ≤1
(d) Convictions received by Council in relation to those resource consents.		(d) 0	(d) 0	(d) 0	(d) 0	(d) 0	(d) 0
Where Council attends to wastewater (sewerage) overflows resulting from a blockage or other fault in the Council wastewater system, the following median response times measured:							
(a) attendance time: from the time that Council receives notification to the time that service personnel reach the site; and (**Measure incorrect in LTP 2015-25. The Water Supply AMP 2015-25 had 2 hours)	Achieved 0.6 hours	Median response times ≤2hours for a blockage or fault.	Median response times ≤2hours for a blockage or fault.	Median response times ≤2hours for a blockage or fault.	Median response times ≤2hours for a blockage or fault.	Median response times ≤2hours for a blockage or fault.	Median response times ≤2hours for a blockage or fault.
(a) resolution time: from the time that the Council receives notification to the time that service personnel confirm resolution of the blockage or other fault. (**Measure incorrect in LTP 2015-25. The Wastewater Supply AMP 2015-25 had 6 hours)	Achieved 4 hours	Median response times ≤6 hours for a blockage or fault.	Median response times ≤6 hours for a blockage or fault.	Median response times ≤6 hours for a blockage or fault.	Median response times ≤6 hours for a blockage or fault.	Median response times ≤6 hours for a blockage or fault.	Median response times ≤6 hours for a blockage or fault.
Total number of complaints received by Council about any of the following (expressed as per 1000 connections to the territorial authority's wastewater system):	Achieved	25**					
(a) Wastewater odour	(a) 0.7		(a) ≤15	(a) ≤15	(a) ≤15	(a) ≤15	(a) ≤15
(b) Wastewater system faults	(b) 0.7		(b) ≤5	(b) ≤5	(b) ≤5	(b) ≤5	(b) ≤5
(c) Wastewater system blockages	(c) 5.2		(c) ≤25	(c) ≤25	(c) ≤25	(c) ≤25	(c) ≤25
(d) The Councils response to issues with its Wastewater system (**A single, total figure was used for LTP 2015-25. The Annual Report Itemised them. Future measures have been itemised.)	(d) (not recorded)		(d) ≤25	(d) ≤25	(d) ≤25	(d) ≤25	(d) ≤25

Funding Impact Statement - Wastewater

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	(11)	22	23	23	23	25	26	26	26	26	26
Targeted rates	2,367	2,219	2,406	2,270	2,352	2,491	2,664	2,740	2,921	3,312	3,687
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	79	91	94	96	98	100	103	106	108	111	114
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding (A)	2,435	2,332	2,523	2,389	2,473	2,616	2,793	2,872	3,055	3,449	3,827
Applications of Operating Funding											
Payments to staff and suppliers	1,113	1,238	1,268	1,296	1,327	1,358	1,391	1,425	1,460	1,496	1,538
Finance costs	180	105	122	122	164	256	343	375	497	767	967
Internal charges and overheads applied	403	181	276	118	122	123	120	122	125	128	128
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,696	1,524	1,666	1,536	1,613	1,737	1,854	1,922	2,082	2,391	2,633
Surplus (deficit) of operating funding (A-B)	739	808	857	853	860	879	939	950	973	1,058	1,194
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	37	32	33	34	35	36	37	38	39	40	31
increase (decrease) in debt	96	768	137	429	732	2,675	32	684	3,734	6,083	2,515
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	133	800	170	463	767	2,711	69	722	3,773	6,123	2,546
Applications of capital funding											
Capital expenditure											
- to meet additional demand	10	92	56	21	114	420	93	150	729	936	948
- to improve the level of service	214	743	179	512	730	2,395	185	791	3,139	5,266	1,965
- to replace existing assets	735	249	259	262	324	333	819	560	579	706	650
Increase (decrease) in reserves	(87)	524	533	521	459	442	(89)	171	299	273	177
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	872	1,608	1,027	1,316	1,627	3,590	1,008	1,672	4,746	7,181	3,740
Surplus (deficit) of capital funding (C-D)	(739)	(808)	(857)	(853)	(860)	(879)	(939)	(950)	(973)	(1,058)	(1,194)
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Stormwater and Flood Protection

Efficient and effective stormwater and flood protection infrastructure is a key element in the sustainable and healthy development of a community. A developed network of pipes, culverts to drains and watercourses provides a safe and efficient means of collecting and conducting stormwater through townships.

Rationale

Under the Local Government Act, Council is required to assess water and other sanitary services available to the community, including stormwater drainage.

As well as the legal mandate to provide this service, Council aims to:

- Provide efficient and safe stormwater collection and disposal and flood protection in an effective and environmentally acceptable manner.
- Plan for resilience to flooding and safeguard the lives and property of communities during flood events.
- Develop a stormwater treatment system which reduces degradation and contamination to the receiving environment



Outcomes



Safe, healthy communities



Thriving environment



Thriving economy

Stormwater is rainwater that runs over the ground on its way to a natural watercourse. When rain falls on buildings, carparks, roads, driveways and gardens, but does not soak into the ground, it will pond or follow a natural flow path downhill until it reaches a watercourse or is collected by a pipe system.

Where there is development, runoff from properties and roads flows into stormwater systems. The greater the level of development in a catchment, the greater the level of impermeable surfaces, eg, roofs, driveways and paths, which results in a greater conversion of rainfall into runoff. If this runoff is not managed, it will cause flooding. Generally, stormwater is directed into channels on roadways or into drains, then into streams and rivers.

Significant projects included in our budget that will enable Council to achieve these outcomes are:

Infrastructure Strategy Major Capital Projects	Total (\$)	Growth	Renewal	LOS	Year
Taupo Road, Taumarunui, Box Culvert	257,900	0%	0%	100%	4
Taumarunui Domain Box Culvert	199,800	0%	0%	100%	7-9
Ohakune Stormwater: Channel B Flood Control	284,775	15%	0%	85%	2-4

Significant negative effects

The stormwater and flood protection runoff naturally contains debris and chemicals that are present in the catchment area. Due to the presence of these chemicals and other debris, the disposal of stormwater and flooding into natural watercourses may have negative effects on the quality of the receiving aquatic environment.

Stormwater and flooding runoff is monitored by Horizons Regional Council for water quality and other effects. Council maintains its stormwater and flood protection system to reduce the level of flooding within the District.

Council will undertake a public awareness campaign including labelling of drains.

The network includes stormwater reticulation mains (49.2kms), public drains (12.4kms), watercourses (32.1kms), open drains (19kms) and associated culverts, manholes and sumps. These service approximately 67% of the population of the Ruapehu District.



Statement of Service Provision – Stormwater and Flood Protection

<p>Outcome(s)</p>	<p>Safe, healthy communities:</p> <ul style="list-style-type: none"> Quality regulation, regulatory services and infrastructure. Core infrastructure endeavours to keep pace with changing demand. Excellent standards of safety and welfare are promoted and respected. Preparation, planning and timely responses protect people and property from natural hazards. <p>Thriving natural Environment:</p> <ul style="list-style-type: none"> Our environment is accessible, clean and safe and our water, soil and air meet required standards. <p>Thriving Economy:</p> <ul style="list-style-type: none"> Regulatory services and reliable infrastructure help the economy prosper. 						
<p>Level of Service</p>	<p>Continuity of service. Responsiveness of service. Capacity/degree of protection. Environmental impacts are managed and resource consents complied with.</p>						
<p>Key Performance Indicator(s)</p>	<p>Actual 2016/17</p>	<p>Target 2017/18</p>	<p>Target 2018/19</p>	<p>Target 2019/20</p>	<p>Target 2020/21</p>	<p>Target 2021-25</p>	<p>Target 2025-28</p>
<p>The number of flooding events that occur in a territorial authority district. For each event, number of habitable floors affected (expressed as per 1,000 properties connected to Council's stormwater system).</p>	<p>Achieved. There were no flooding events the affected habitable floors in 2016/17.</p>	<p>≤3</p>	<p>≤3</p>	<p>≤3</p>	<p>≤3</p>	<p>≤3</p>	<p>≤3</p>
<p>Compliance with Councils resource consents for discharges from the stormwater system as measured by number of:</p> <p>(a) abatement notices (b) infringement notices (c) enforcement orders (d) successful prosecutions received by Council in relation to those resource consents.</p>	<p>N/A There are no resource consents for Stormwater in the townships.</p>	<p>(a) ≤2 (b) ≤1 (c) ≤1 (d) 0</p>	<p>(a) ≤2 (b) ≤1 (c) ≤1 (d) 0</p>	<p>(a) ≤2 (b) ≤1 (c) ≤1 (d) 0</p>	<p>(a) ≤2 (b) ≤1 (c) ≤1 (d) 0</p>	<p>(a) ≤2 (b) ≤1 (c) ≤1 (d) 0</p>	<p>(a) ≤2 (b) ≤1 (c) ≤1 (d) 0</p>
<p>The median response time to attend a flooding event, measured from the time that Council receives notification to the time that service personnel reach the site.</p> <p>(**Measure incorrect in LTP 2015-25. The Stormwater AMP 2015-25 had 2 hours)</p>	<p>N/A There were no flooding events in 2016/17.</p>	<p>≤2 hours</p>	<p>≤2 hours</p>	<p>≤2 hours</p>	<p>≤2 hours</p>	<p>≤2 hours</p>	<p>≤2 hours</p>
<p>The number of complaints received by Council about the performance of its stormwater system, (expressed as per 1000 properties connected to Council's stormwater system)</p>	<p>Achieved 4.5</p>	<p>≤15</p>	<p>≤15</p>	<p>≤15</p>	<p>≤15</p>	<p>≤15</p>	<p>≤15</p>

Funding Impact Statement - Stormwater and Flood Protection

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	412	435	432	443	465	477	489	507	525	541	553
Targeted rates	412	435	473	443	465	477	489	507	525	541	553
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	4	4	4	4	4	4	5	5	5	5	5
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding (A)	828	874	909	890	934	958	983	1,019	1,055	1,087	1,111
Applications of Operating Funding											
Payments to staff and suppliers	315	393	402	412	421	428	440	452	463	472	484
Finance costs	42	28	31	42	64	73	86	103	117	129	133
Internal charges and overheads applied	119	109	117	79	81	82	80	81	83	85	86
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	476	530	550	533	566	583	606	636	663	686	703
Surplus (deficit) of operating funding (A-B)	352	344	359	357	368	375	377	383	392	401	408
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	137	40	139	524	179	79	212	294	224	210	122
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	137	40	139	524	179	79	212	294	224	210	122
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	15	32	48	42	41	39	40	89	92
- to improve the level of service	170	62	148	521	181	95	231	323	264	211	128
- to replace existing assets	149	102	105	107	116	119	122	276	288	297	299
Increase (decrease) in reserves	171	220	230	221	202	198	195	39	24	14	11
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	490	384	498	881	547	454	589	677	616	611	530
Surplus (deficit) of capital funding (C-D)	(353)	(344)	(359)	(357)	(368)	(375)	(377)	(383)	(392)	(401)	(408)
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Solid Waste

The Waste Management and Minimisation Activity manages the collection and disposal of rubbish and recycling in the District. The assets for this activity include the district landfill in Taumarunui, seven transfer stations and seven decommissioned (closed) landfills.

Rationale

There are two pieces of legislation that require councils to provide this service to their communities:

- The Health Act 1956 requires Council to provide this activity to ensure that the public suffers no adverse effects due to the accumulation of refuse (both legal and illegal).
- The Waste Minimisation Act 2008 requires councils to promote effective and efficient waste management.



Since 2015 the proportion of waste recycled in the district has declined and consequently the volume of refuse landfilled within the Ruapehu District has increased. Over the last three financial years we have sent an average of 3344 tonnes of waste to the landfill. This presents a significant challenge to the community as the resource consent for the Taumarunui Landfill expires in October 2020 and alternatives for waste disposal must be identified. Any alternative will be expensive, therefore the community must show a greater commitment to generating and disposing of waste as efficiently as possible. This will include increased recycling and dealing with food waste by a means other than sending it to the landfill (eg. composting).

Outcomes

In 2018 Council reconfirmed its commitment to reducing waste to landfill through its Waste Management and Minimisation Plan. This commitment is also expressed in Council's Community Outcomes:



Safe, healthy communities



Thriving environment



Thriving economy

There are no significant projects for the solid waste activity planned for 2018-28.

Significant negative effects

The Waste Management and Minimisation activity collects rubbish from around the District and deposits it at the District Landfill. The accumulation of waste in one area concentrates the effects that this refuse may have on its immediate environment. This includes negative effects such as water contamination, odour and vermin nuisances.

In addition, landfill waste can result in significant environmental effects on the immediate area. For example, leachate can contaminate surrounding soil and water, while landfill gases (methane and carbon dioxide) pollute the air.

On the other hand, a single landfill limits the area of possible contamination to one location. It allows resources to be concentrated on reducing and managing the environmental impact of contamination.

Ruapehu District Council must abide by resource consent conditions to ensure responsible management of the negative environmental effects of the landfill. Horizons Regional Council monitors the operation of the District Landfill to ensure it complies with resource consent conditions. Horizons also monitors closed landfills for ongoing environmental impact.

The disposal of waste to landfill has a significant cost associated with it. This cost is likely to increase with the closing of the district landfill in 2020. To address these issues, Council is actively working to minimise the volume of waste produced, eg, through the kerbside recycling programme and removing organics from the waste stream. Significant community education and buy in will be required to further lower the volumes of refuse landfilled.



Statement of Service Provision – Solid Waste

Outcome(s)	<p>Safe, healthy communities</p> <ul style="list-style-type: none"> • Excellent standards of safety and welfare are promoted and respected. • Core infrastructure endeavours to keep pace with changing demand. • Reduce the volume of waste to the landfill. <p>Thriving natural environment</p> <ul style="list-style-type: none"> • Our environment is accessible, clean and safe and our water, soil and air meet required standards.
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Level of Service	<p>The community is provided with opportunities to recycle. Waste minimisation is encouraged. Legislative compliance is achieved. Waste hierarchy (reduce, reuse, recover, redirect and refuse) promoted throughout the community. Waste education in schools. Community is satisfied with the overall level of service for waste management and minimisation.</p>
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Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
The portion of waste recycled increases by 0.5% each year.(1)	Not achieved -4.07%	0.5% overall	+0.5% Overall	+0.5% Overall	+0.5% Overall	+0.5% Overall	+0.5% Overall
A comprehensive waste audit is conducted every LTP cycle to inform any change to the Waste minimisation and Management Plan (2018, 2021, 2024)	New Measure 2018/19	New Measure 2018/19	1 (in 2018)			2 (1 in 2021 1 in 2024)	
Waste Minimisation initiatives promoted District wide through multi media communications.(2)	Achieved 2	2	4	4	4	4	4
Annual resource consent breaches	Achieved 0	<3	<2	<2	<2	<2	<2
Two industry stewardship schemes promoted annually	Not Achieved 1	2	2	2	2	2	2
Percentage of schools visited annually that participate in a Waste minimisation Education programme.	Achieved 75%	75%	75%	75%	75%	75%	75%
Percentage of community satisfied with the overall LoS	Achieved 76.46%	70%	75%(3)	75%	75%	75%	75%
Number of requests for service that indicate poor service provision is less than 52 per year (approx. 1 per week). (4)	Achieved 42	<156	<52	<52	<52	<52	<52

1. Future targets increased to reflect desired response to waste minimisation promotions through multi media communications
2. Future targets increased to reflect ability to use Facebook and website video links in addition to traditional methods of communication
3. Future targets changed to reflect actual performance.
4. Future targets decreased to match desire to provide excellent level of service by Principal and Contractor



Funding Impact Statement - Solid Waste

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	305	449	326	320	215	221	228	235	241	245	248
Targeted rates	986	770	675	685	736	755	775	797	817	837	856
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	695	696	713	746	764	782	802	823	844	867	891
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding (A)	1,986	1,915	1,714	1,751	1,715	1,758	1,805	1,855	1,902	1,949	1,995
Applications of Operating Funding											
Payments to staff and suppliers	1,405	1,548	1,587	1,636	1,586	1,623	1,662	1,706	1,748	1,793	1,842
Finance costs	31	19	29	29	35	38	42	45	44	43	40
Internal charges and overheads applied	535	326	58	39	41	41	40	41	42	43	43
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,971	1,893	1,674	1,704	1,662	1,702	1,744	1,792	1,834	1,879	1,925
Surplus (deficit) of operating funding (A-B)	15	22	40	47	53	56	61	63	68	70	70
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	19	375	87	68	25	32	30	20	(33)	(32)	(30)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	19	375	87	68	25	32	30	20	(33)	(32)	(30)
Applications of capital funding											
Capital expenditure											
- to meet additional demand	26	185	56	42	18	28	31	17	-	-	-
- to improve the level of service	21	185	50	52	36	34	31	34	-	-	-
- to replace existing assets	4	27	21	10	10	14	11	11	-	-	-
Increase (decrease) in reserves	(18)	-	-	11	14	12	18	21	35	38	40
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	33	397	127	115	78	88	91	83	35	38	40
Surplus (deficit) of capital funding (C-D)	(14)	(22)	(40)	(47)	(53)	(56)	(61)	(63)	(68)	(70)	(70)
Funding Balance ((A-B)+(C-D))	1	-	-	-	-	-	-	-	-	-	-

Recreation and Community Facilities and Community Property

This activity provides a range of recreation facilities and property within each community that is readily accessible and enjoyed by the community. Council regards this activity as an essential service for the public good.

Rationale

Under the Local Government Act, Council is required to “meet the current and future needs of communities for good-quality local infrastructure and local public services in a way that is most cost-effective for households and businesses”. In performing its role, Council must “have particular regard to the contribution that core services make to its communities [including] libraries, reserves, and other recreational facilities and community amenities”.



Horopito Hall

The total value of the Recreation and Community Facilities portfolio is currently estimated to be \$11.6 million. It includes parks, reserves, playgrounds, walkways, swimming pools, community halls, public toilets and cemeteries.

The total value of the Community Property portfolio is currently estimated to be \$17.3 million. It includes the Council administration and library buildings, social housing, and others.

Outcomes

As well as the legal mandate to provide these services, The Recreation and Community Facilities and Community Property activities play an important role in achieving Council’s community outcomes.



Safe, healthy communities



Vibrant and diverse living



Strong leadership and advocacy

Significant projects included in our budget that will enable Council to achieve these outcomes are:

Infrastructure Strategy Major Capital Projects	Total (\$)	Growth	Renewal	LOS	Year
Demolition of earthquake prone buildings if bought or given to Council	500,000	100%	0%	0%	4-8
Taumarunui Railway Station	1,169,000	100%	0%	0%	1-2
Town Revitalisation Raetihi incl. service hub	1,500,000	100%	0%	0%	3-4
Town revitalisation Taumarunui (Wells Summary)	1,250,000	100%	0%	0%	2-3
Taumarunui Memorial Hall Earthquake Upgrade / New Community Facility	1,000,000	0%	0%	100%	7
Stand-alone toilet facility Taumarunui	400,000	0%	100%	0%	4
Ohakune carpark development	1,500,000	100%	0%	0%	5
Taumarunui Swimming Pool repairs	400,000		100%		1
Demolition of earthquake prone buildings if bought or given to Council	500,000	100%	0%	0%	4-8

Parks and Reserves

The Reserves Act 1977 provides the mandate and guidelines for the management of Council Reserves, most of which have been vested in Council by the Crown.

The purpose of Parks and Reserves assets is to:

- Provide space for people to pursue active and passive recreational activities for their social, spiritual, mental and physical wellbeing.
- Provide the landscape setting for towns.
- Ensure the protection and maintenance of history (ecological and human) and character of the area.
- Ensure that environments essential to the existence of plant and animal species (including humans) are maintained.
- Protect public access to significant landscape features and recreation areas.



Areas covered by the Parks and Reserves Activity include parks, reserves, playgrounds, camping grounds (Taumarunui, Raetihi and Ohakune Holiday Parks), walkways, miscellaneous structures (for example, the Taumarunui Grandstand).

Swimming Pools

Council maintains and operates three public swimming pools located in the three main townships; Taumarunui, Ohakune and Raetihi.



Public swimming pools provide highly valued swimming facilities for the people of the District. The three swimming pool complexes owned by Council are considered to be significant assets. During the summer of 2016/17 the Taumarunui public pool had to be closed because of a significant leak. The cause of the leak was difficult to determine and given that the pool was nearing the end of its useful life (it was built in 1960) Council considered closing it permanently and repurposing the site. During public consultation in 2017 the Taumarunui community was almost unanimous in its opinion that Council should retain and repair the pool. As a result, Council has budgeted \$400,000 for the installation of a fibreglass liner to resolve the leak and an upgrade to the pump and filtration system for the pool.

Community Halls

There are 15 halls that are managed by Council or that have been vested to Council ownership. These range from large facilities such as the Taumarunui Memorial Hall to smaller, local, community-managed halls such as the Rangataua Hall.

Council's Community Halls provide and maintain suitable and appropriate public venues throughout the District for local social, recreational, cultural, or educational purposes.

The Taumarunui War Memorial Hall is earthquake prone and booking numbers are very low. The future of the hall was therefore an issue that Council took to the community during consultation for the LTP 2018-28. As a result, Council decided that the Memorial Hall would be replaced with a multi-function facility however a lot more community engagement will need to take place before any action is taken.

Council has a small budget for the upkeep of the community-managed halls. This is set up as an annually contestable grant fund.

Public Toilets

The provision of public toilet facilities for residents and visitors is an important activity for Council, particularly in relation to public health and safety.

The increasing tourist numbers to the District in recent years has created the need for more public toilet facilities. In 2017 Council received total grant funding of \$622,500 from the Ministry of Business, Innovation and Employment to assist in building five public toilets in the high-demand areas of Tangiwai, Ohakune, Raetihi, Owango and Ohura. These toilets were completed early in 2018. Council funds the ongoing cost of cleaning, maintenance and depreciation.



Cemeteries

This service provides enquiry and burial services and burial administration and records for Council cemeteries. Council owns and maintains nine cemeteries in Manunui, Matiere, Ohakune, Ohura, Owango, Raetihi, Rangataua, Raurimu and Taumarunui. Council also owns the closed cemetery at Tatu (not maintained). In the near future Council intends to investigate the provision of space for natural burials within the larger cemeteries.



Council has set aside \$30,000 for the development of a new cemetery in Raetihi, as the current cemetery is running out of space for burials.

Social Housing

Council owns a total of 81 individual social housing units constructed on six separate sites across the District; Raetihi – 16 units, Ohakune – 8 units, Taumarunui – 57 units (on four different sites). A full review of the Council’s delivery of social housing will be undertaken in this three year period.

Administration Buildings and Libraries

Each of the three administration buildings (Taumarunui, Raetihi and Ohakune) house a library, a Council Chamber and staff offices. Council’s provision of libraries sits under both Property activity (the buildings) and the Community Support activity (the service, incl. books, computers, children’s holiday programmes, etc).

Other Properties

Council also owns the Taumarunui Aerodrome, Ohakune Railway Station, the former Taumarunui Saleyards and a number of other properties, such as forestry plantations and the former library building in Ohakune. For detailed information on these properties, please see the Community Property Asset Management Plan.

Significant negative effects on the community

There are no significant negative effects on the community associated with the provision of the Recreation and Community Facilities or Community Property activities.

Statement of Service Provision - Community Facilities

Recreation and Community Facilities Outcome(s)		Safe, healthy communities: <ul style="list-style-type: none"> Excellent standards of safety and welfare are promoted and respected. Vibrant and Diverse Living: <ul style="list-style-type: none"> Activities, facilities and opportunities for youth are provided and supported. Excellence and achievement in sport, arts/cultural pursuits, community service and businesses is supported. Strong Leadership and Advocacy: <ul style="list-style-type: none"> Council is proactive, transparent, accountable. 						
Level of Service		<p>Council will maintain and provide access to playgrounds, public greenspace, amenities, cemeteries and community halls. Amenities and facilities are provided that meet the needs and safety of the community.</p> <p>To provide Council buildings that are compliant with legislative requirements.</p> <p>To provide public toilets that are well maintained.</p> <p>To provide public toilets that are safe to use and in accessible locations.</p> <p>Provide prompt responses to requests for service.</p> <p>To provide Council buildings that are compliant with legislative requirements.</p> <p>Libraries, public meeting venues, administration buildings will be retained and well maintained.</p> <p>Housing units are maintained to a satisfactory standard and provide a safe environment for tenants.</p> <p>To provide social housing units that are fit for purpose.</p> <p>Airfield that is safe for authorised aircraft.</p> <p>Provide prompt responses to requests for service.</p>						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28	
COMMUNITY HALLS, SWIMMING POOLS AND PUBLIC TOILETS								
Full Compliance with legislative requirements when undertaking repairs, refurbishing or demolition of buildings including asbestos material	100%*	New Measure 2018/19	100%	100%	100%	100%	100%	
Safety defect requests attended and made safe at building within 4 hours	100%*	New Measure 2018/19	>90%	>90%	>90%	>90%	>90%	
Safety defects are rectified (issue fully resolved) within 3 days	100%*	New Measure 2018/19	>85%	>85%	>85%	>85%	>85%	
COMMUNITY HALLS AND PUBLIC TOILETS								
Percentage of Council managed Community Halls and Public Toilets in satisfactory condition (grades 1,2 or 3).**	100%*	New Measure 2018/19	>95%	>95%	>95%	>95%	>95%	
COMMUNITY HALLS								
Council managed community halls have the require building compliance and emergency evacuation procedures in place	Achieved 100%	100%	100%	100%	100%	100%	100%	
COUNCIL OWNED SWIMMING POOLS								
Achieve NZ Water Pool standards for all Pools	Achieved 100%	100%	100%	100%	100%	100%	100%	
PUBLIC TOILETS								
Percentage of public toilet related emergency requests for service responded to within 24 hours (1)	Not Achieved 73%	95%	90%	90%	90%	90%	90%	
Percentage of public toilet related urgent requests for service responded to within 48 hours (2)	Not Achieved 69%	95%	85%	85%	85%	85%	85%	
Number of customer complaints received	24*	New Measure 2018/19	New Measure < 20 per annum	< 20 per annum	< 20 per annum	< 20 per annum	< 20 per annum	
Any new public toilets provide safe environment for users	No new toilets*	New Measure 2018/19	New Measure >95%	>95%	>95%	>95%	>95%	

Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Percentage of public toilets inspected and cleaned daily in all areas	100%*	New Measure 2018/19	New Measure >85%	>85%	>85%	>85%	>85%
PLAYGROUNDS							
Percentage of playground assets complying with NZ Standards (annual audit)(3)	Achieved 100%	98%	100%	100%	100%	100%	100%
PARKS AND RESERVES							
Users feel safe when using actively used domains and reserves	Not Achieved 81%	85%	85%	85%	85%	85%	85%
Number of customer complaints on the maintenance of the actively used domains and reserves	13*	New Measure 2018/19	New Measure <10 per annum	<10 per annum	<10 per annum	<10 per annum	<10 per annum
Percentage of parks assets in satisfactory condition (grades 1, 2 or 3**)	93%*	New Measure 2018/19	New Measure >95%	>95%	>95%	>95%	>95%
CEMETERIES							
Number of customer complaints on the maintenance of the District cemeteries	Not Achieved 11	<3 per annum	<10 per annum	<10 per annum	<10 per annum	<10 per annum	<10 per annum
Percentage of cemetery assets in satisfactory condition (grades 1, 2 or 3**)	100%*	New Measure 2018/19	New Measure >95%	>95%	>95%	>95%	>95%
Percentage of cemetery interment requests responded to within 24 hours	100%*	New Measure 2018/19	New Measure 100%	100%	100%	100%	100%
Community Property							
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2020/21	Target 2025-28
BUILDINGS							
Council public buildings (including administration, library and information centres) have the required building compliance in place.	Achieved 100%	100%	100%	100%	100%	100%	100%
Full compliance with legislative requirements when undertaking repairs, refurbishing or demolition of buildings including asbestos material	100%*	New Measure 2018/19	100%	100%	100%	100%	100%
Safety defect requests attended and made safe at building within 4 hours.	100%*	New Measure 2018/19	90%	90%	90%	90%	90%
Safety defects rectified (issue fully resolved) within 3 days	100%*	New Measure 2018/19	85%	85%	85%	85%	85%
Percentage of Council buildings in satisfactory condition (grades 1,2 or 3**).	100%*	New Measure 2018/19	>95%	>95%	>95%	>95%	>95%
I-SITES AND SERVICE CENTRES							
Visitor information and service centre users are satisfied or highly satisfied with buildings (Annual Survey Monkey)	Not Measured	New Measure 2018/19	75%	75%	75%	75%	75%
AERODROME							
Percentage compliance of the Taumarunui Aerodrome with Civil Aviation Authority (CAA) safety requirements	100%*	New Measure 2018/19	100%	100%	100%	100%	100%
SOCIAL HOUSING							
All social housing units are proactively inspected annually	100%*	New Measure 2018/19	100%	100%	100%	100%	100%
Percentage of residents who feel safe in their homes	Achieved 97%	95%	95%	95%	95%	95%	95%
Percentage of residents are satisfied or very satisfied with LoS (4)	Achieved 100%	75%	90%	90%	90%	90%	90%
Percentage of social housing units in satisfactory condition (grades 1, 2 or 3**).	100%*	New Measure 2018/19	95%	95%	95%	95%	95%
Percentage utilisation rates of social housing units available to use	94%*	New Measure 2018/19	80%	85%	90%	95%	95%

Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
LIBRARY FACILITY							
Percentage of library users who are satisfied or highly satisfied with public library facility	Not Achieved 71%	75%	75%	75%	75%	75%	75%
BUILDINGS AND SOCIAL HOUSING							
Percentage of requests responded to within 3 days (excluding safety defects)	49%*	New Measure 2018/19	80%	80%	80%	80%	80%

*These are new measures and therefore the result is unaudited. They have been provided as a baseline comparative figure. **International Infrastructure Management Manual condition grades 1–Very good, 2–Good, 3–Moderate, 4–Poor 5–Very poor

1. Future targets decreased to reflect ability of contractors to respond and requirements of contract obligations.
2. Future targets decreased to reflect ability of contractors to respond and requirements of contract obligations
3. Future targets increased to reflect responsibility of Principal under new Health & Safety Act
4. Future targets increased to closer reflect actual performance



Award winning public toilets in Waiouru at night

Funding Impact Statement (Recreation and Community Facilities and Community Property Activities combined)

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	2,791	2,910	3,023	3,210	3,431	3,613	3,779	3,902	4,017	4,158	4,177
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	4	3	3	3	4	4	4	4	4	4	4
Fees and charges	414	452	461	471	481	491	503	514	527	540	554
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding (A)	3,209	3,365	3,487	3,684	3,916	4,108	4,286	4,420	4,548	4,702	4,735
Applications of Operating Funding											
Payments to staff and suppliers	1,999	2,664	2,684	2,786	2,849	2,851	2,917	2,979	3,061	3,201	3,256
Finance costs	61	71	127	177	304	438	515	569	598	593	563
Internal charges and overheads applied	845	326	341	355	365	369	360	365	374	383	385
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,905	3,061	3,152	3,318	3,518	3,658	3,792	3,913	4,033	4,177	4,204
Surplus (deficit) of operating funding (A-B)	304	304	335	366	398	450	494	507	515	525	531
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	1,331	965	1,475	1,455	3,003	1,817	130	1,103	(35)	(156)	(157)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,331	965	1,475	1,455	3,003	1,817	130	1,103	(35)	(156)	(157)
Applications of capital funding											
Capital expenditure											
- to meet additional demand	1,040	584	1,451	1,159	2,242	1,747	112	114	117	-	-
- to improve the level of service	192	368	64	348	307	243	235	1,215	79	81	83
- to replace existing assets	178	205	223	140	908	97	43	67	45	47	48
Increase (decrease) in reserves	225	112	72	174	(56)	180	234	214	239	241	243
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,635	1,269	1,810	1,821	3,401	2,267	624	1,610	480	369	374
Surplus (deficit) of capital funding (C-D)	(304)	(304)	(335)	(366)	(398)	(450)	(494)	(507)	(515)	(525)	(531)
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Community Services

Council's long-term focus is to assist communities in the development and management of their own futures, while ensuring that the health and safety and amenity needs of the community are met.



Safe, healthy communities



Thriving environment



Vibrant and diverse living



Thriving economy



Strong leadership and advocacy

There are three activities in the Community Services group–

- **Community Support:** library services, visitor services, Civil Defence Emergency Management services
- **Leadership:** governance and advocacy (Mayor, Council and Community Boards), and strategic development (economic, policy, Iwi partnership, business and youth)
- **Regulation:** Council has a statutory obligation to provide regulatory services.

Assets Relating to Community Services

The assets related to this group of activities are mostly buildings and therefore primarily fall under the Community Property and Recreation Facilities activity. For example, while the provision of *library services* falls under community services, the *library buildings* (and the Council admin buildings within which the libraries are located) are managed by the Community Property and Recreation Facilities team. Likewise the i-Sites.

Civil Defence Emergency Management does not hold any significant assets.

The Leadership and Regulation activities do not hold any significant assets.

There are no significant projects for the Community Support activity in excess of \$500,000 planned for 2018-28.



Ohakune Reading Awards, 2016, Ohakune Library

Community Support

The purpose of Local Government is to provide good quality local infrastructure, public services and regulatory functions at the least possible cost to households and business. In relation to community support functions, the key words are ‘local’ (to differentiate from services better provided by central government) and ‘public’ which means that Councils should not try to replace services provided by the private sector.

For Ruapehu District Council, those services that fall within the Community Support activity are:

- Emergency Management (Civil Defence)
- Libraries
- I-Sites
- Regional Tourism Organisation



Emergency Management

Council is an active member of the Manawatu-Wanganui Civil Defence Emergency Management (CDEM) Group, as required by the CDEM Act 2002. This group maintains a Plan that considers all phases of emergency – the 4 Rs: reduction, readiness, response and recovery. A business plan is also managed by the group, with each of the member councils contributing to achieving the goals of the group. The group’s approach is “centralised co-ordination and local delivery”, and works closely with emergency services, welfare agencies.

Council staff and volunteers are trained at various levels of competency in readiness for any civil defence emergency within the district. The aim is to improve consistency in approach and to provide additional resources to enhance the level of readiness and response capability throughout the district and the region.

The increasing impact of climate change has a direct impact on the emergency management activity of Council. There have been numerous weather events which have required emergency management support. Some recent examples include:

- Regular flooding in Ohura/Matiere,
- The snow event in July 2017,
- Flooding in the Whakahoro Valley in March 2018,
- The tornado in National Park Village in April 2018.

Council will continue to resource this function to cope with future events and achieve compliance with the Civil Defence Act 2002.

Library Services

Ruapehu Community Libraries are situated in Taumarunui, Ohakune and Raetihi. The *library buildings* are managed by the Community Property activity, but the *library services* (books, computers, children's holiday programmes, etc.) fall within the Community Support activity.

Council also supports the community libraries in Ohura and Waiouru with grants each year.

i-SITES

There are four i-Sites in the District; Taumarunui, Whakapapa, Ohakune and Waiouru. I-Sites provide local information and booking services to visitors.

The Visitor Information Centre in Raetihi receives grant funding from Council.

Regional Tourism Organisation

A Regional Tourism Organisation (RTO) is responsible for promoting the region at both a domestic and international level. There are RTOs all across New Zealand. Council contracts out the RTO function because it believes that people who have worked in the industry can deliver the services better and more efficiently than Council could.

The RTO for Ruapehu is Visit Ruapehu. Visit Ruapehu supports the tourism infrastructure of the district and works with local, regional and national partners. Council considers Visit Ruapehu to be an essential part of its economic and community development strategy, particularly the promotion of Ruapehu as a visitor destination, both for the domestic and international markets, in partnership with operators/providers.

Significant negative effects on the local community

Emergency Management and Library services

There are no significant negative effects on the community from the provision of these services.

i-Sites and Regional Tourism Organisation (RTO)/Visit Ruapehu

The i-Sites and the Visit Ruapehu work together to encourage visitors to the District and to ensure that have a fantastic time while they are here.

The results of their efforts have been paying off with increases in both visitor numbers and length of stay.

While this increase is good for the local economy it also places extra pressure on the local infrastructure (roads, waste management, water and wastewater). Our growth-driven infrastructure demands could be a rate burden on our communities as we work to fund renewal and improvements to meet increasing standards such as those in the waters.

By way of mitigation, Council actively pursues funding support from central government so that the cost of infrastructure upgrades is not borne entirely by the ratepayer.

Statement of Service Provision – Community Support

Emergency Management							
Outcome(s)	Safe, healthy communities <ul style="list-style-type: none"> • Excellent standards of safety and welfare are promoted and respected • Preparation, planning and timely responses protect people and property from natural hazards 						
Level of Service	Council will provide Civil Defence and Emergency Management for the District						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Percentage of staff who are adequately trained in an approved emergency response training programme	Achieved 95%	70%	70%	70%	70%	70%	70%
Undertake 5 or more presentations or events within the community to raise awareness of Civil Defence.	New Measure 2017/18	New Measure >5	>5	>5	>5	>5	>5
Have trained volunteer community Civil Defence teams in the district.	New measure 2017/18	New Measure 1	2	3	4	4	4
Respond to hazardous substance emergencies within two hours from notification.	New measure 2017/18	New Measure 100%	100%	100%	100%	100%	100%
Library Users							
Outcome(s)	Vibrant and Diverse Living: <ul style="list-style-type: none"> • Traditions, values and history of all ethnic groups are respected. • Activities, facilities and opportunities for youth are provided and supported. • Excellence and achievement in sport, arts/cultural pursuits, community service and business is supported. 						
Level of Service	Provide a library service that meets the needs of the community.						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Percentage of users who are satisfied with the service provided.	Not Achieved 68%	75%	75%	75%	75%	75%	75%
Increase in number of active library members (new measure 2015/16)	Achieved +2.2%	+1% on prior year's membership	+1% Per Year	+1% Per Year	+1% Per Year	+1% Per Year	+1% Per Year

Note: 2016/17 Annual Report noted an increase of 6.64% which was based on “all” members, not active members. The actual increase in active members was 2.2%. 2015/16 active members totaled 1,474, and 2016/17 active members totaled 1,506. The reported result is therefore “unaudited”.

Visitor Information Centres (I-Sites)							
Outcome(s)	Thriving, Natural Environment <ul style="list-style-type: none"> The promotion of our District includes focus on our natural rivers, bush and mountains, as well as the built heritage, agriculture and railways. 						
Level of Service	i-SITES are open 40 hours minimum per week.						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Booking transactions (sales) increase	New measure 2017/18	\$850,000	+2%	+2%	+2%	+2%	+2%
Customer Satisfaction with i-Site service from Customer Radar.	New measure 2017/18	>/=85%	>/=85%	>/=85%	>/=85%	>/=85%	>/=85%

Regional Tourism Organisation/Visit Ruapehu							
Outcome(s)	Thriving economy <ul style="list-style-type: none"> Economic diversity and core economic strengths are encouraged in partnerships with others Thriving natural environment <ul style="list-style-type: none"> The promotion of our district includes focus on our natural rivers, bush and mountains as well as the built heritage, agriculture and railways. Vibrant and diverse living <ul style="list-style-type: none"> Traditions, values and history of all ethnic groups are respected Events and festivals are encouraged and supported 						
Level of Service	Visit Ruapehu Regional Tourism Organization (RTO) will proactively promote the destination to Domestic and International markets.						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Growth in Regional Tourism Estimates 2018-28 grow from \$195m to \$238m (MBIE Regional Tourism Estimates)(1)	\$183M**	\$195M	\$205M	\$210M	\$215M	\$227M	\$238M
Domestic tourism awareness of Ruapehu grows against the 2016 benchmark of 14%.	14%**	New measure 2018/19	New 3-year measure	Not measured	+2%	+1.5%	+1.5%
International tourism awareness of Ruapehu grows against the 2016 benchmark of 3%.	3%**	New measure 2018/19	New 3-year measure	Not measured	+1%	+1%	+1%

(1)The base data used in this measure is sourced from Statistics New Zealand Business Demography datasets **These are new measures and therefore the result is unaudited. They have been provided as a baseline comparative figure.



Swing bridge on the Timber Trail, (Ongarue to Pureora)

Funding Impact Statement - Community Support

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	1,165	2,280	2,603	2,968	3,031	3,069	3,062	3,107	3,173	3,238	3,275
Targeted rates	665	565	577	590	603	617	631	646	663	680	698
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,046	558	571	584	598	613	628	644	660	678	697
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding (A)	2,876	3,403	3,751	4,142	4,232	4,299	4,321	4,397	4,496	4,596	4,670
Applications of Operating Funding											
Payments to staff and suppliers	2,028	2,480	2,527	2,575	2,622	2,674	2,730	2,787	2,848	2,912	2,981
Finance costs	-	3	6	6	8	8	8	8	7	6	4
Internal charges and overheads applied	743	796	1,081	1,420	1,460	1,474	1,441	1,458	1,497	1,534	1,540
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,771	3,279	3,614	4,001	4,090	4,156	4,179	4,253	4,352	4,452	4,525
Surplus (deficit) of operating funding (A-B)	105	124	137	141	142	143	142	144	144	144	145
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(50)	119	13	32	5	(12)	(6)	(12)	(24)	(24)	(25)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(50)	119	13	32	5	(12)	(6)	(12)	(24)	(24)	(25)
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	100	15	-	-	-	-	-	-	-	-
- to improve the level of service	-	25	15	16	27	-	11	-	-	-	-
- to replace existing assets	55	52	53	91	55	67	63	71	-	-	-
Increase (decrease) in reserves	-	66	67	66	65	64	62	61	120	120	120
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	55	243	150	173	147	131	136	132	120	120	120
Surplus (deficit) of capital funding (C-D)	(105)	(124)	(137)	(141)	(142)	(143)	(142)	(144)	(144)	(144)	(145)
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Leadership

The Local Government Act 2002 (LGA) sets out the role and principles of local government as well as governance and management principles.

The following principles from the Local Government Act 2002 guide both the governance and the strategic development functions of Council. Council must:

- Exercise activities for the benefit of the District.
- Conduct its business in an open and transparent manner, giving effect to desired Outcomes.
- Seek and consider the views of its communities and their wellbeing in decision-making.
- Provide opportunities for Maori to contribute in decision-making.
- Collaborate with other organisations to meet desired outcomes.
- Ensure prudent financial and asset stewardship in accordance with sound business practice, including periodically assessing the expected returns from any commercial activity and assessing risk.
- Provide for the present and future needs of the District by considering social, economic, cultural interests of the community and the need to maintain the environment for present and future generations.

The Leadership Activity is divided into two key areas:

- **Governance** – Council and Community Boards
- **Strategic Development** – Economic development, Business development, Policy development, Youth Development and Iwi development.

Governance



Ruapehu District Councillors 2016-19 (and Chief Executive)

Council

Council is made up of eleven elected members from across the District and the Mayor. Councillors are elected to represent both their Ward and the whole District. While equitable representation is critical (ie. they are elected as representatives of their Ward) when they are sitting as Council to make governance decisions they do so with consideration of the outcomes for the whole district.

Council's focus is strategic direction, policy and an overview of the financial position of Council.

Community Boards

Community Boards are Ward-based and serve an important function in the district. Their role is to be the advocate for their local community (Ward) to Council, to stay involved and engaged with issues "on the ground" and communicate those concerns to Council.

Community Boards members are elected every three years by their Ward constituents as part of local body elections. 1 or 2 District Councillors also sit on the Community Boards.

In the Ruapehu District we have two community boards, National Park (NPCB) and Waimarino/Waiouru (WWCB). In the North there is a different arrangement for Ward representation called the Taumarunui/Ohura Ward Committee (TOWC). The TOWC is made up of all of the Northern Ward Councillors, ie, the Elected Members from both the Taumarunui and Ohura Wards. There are no other elected or appointed "committee members".

Strategic development



Economic development

This group of activities promotes the Community Outcomes that mainly target environmental, social and economic objectives

Business development

In 2017 Council employed a permanent Business Development and Relationship Manager to advocate for and support diverse business confidence, innovation and growth in the District.

Policy development

Council develops bylaws, strategies and policies to provide practical solutions, guidance and consistency in direction setting and decision making with the purpose of achieving balanced wellbeing outcomes for the district.

Youth Development

Council values youth input in decision making and acquires this through the Ruapehu Youth Council. The Facilitator of the Ruapehu Youth Council also engages with external youth development agencies, projects and schools.



Waimarino Waiouru Youth Ambassadors speak to their Long Term Plan submission at Council Hearings in Ohakune, May 2018

Iwi development

Council is committed to building relationships with Māori and establishing communications and consultation protocols to encourage greater participation by Māori in Council's decision making process. The ability to do this is enhanced through the Ruapehu District Māori Council (RDMC).

Council acknowledges the value of having the support of local kaumatua (elders) and appreciates being able to meet on a regular basis kanohi ki te kanohi (face to face). Council also acknowledges its relationships with Iwi affiliates outside of RDMC.

Ruapehu District Māori Council

Background

RDMC is a platform that establishes and maintains ways to provide opportunities to foster the development of Māori capacity in order to meet Council's obligations to Māori.

The current structure of RDMC is made up of 12 members; 3 Council elected members as well as a collective of 9 Iwi representatives who also represent their respective Hapū/Marae. At this time Iwi representation includes mandated members from:

- Tuwharetoa
- Maniapoto
- Southern Iwi.

Engagement through RDMC provides opportunities to share information and increase understanding of Council's role as a local authority amongst the Māori community. On average a total of six meetings are held per annum on a Friday over a six weekly cycle. Of the six meetings, four are usually held in the Council Chamber Taumarunui and two in the Council Chamber Ohakune. The meetings are advertised in the local papers prior to being held. Iwi who are not part of RDMC and the wider community are welcome to attend the meetings as observers. The meetings also provide an opportunity for the general public to address Members in the public forum.

Although, RDMC is still developing, the forum is growing in strength and is a positive step in the right direction as a means to enhance communications and consider the interests of Māori.

RDMC has a Strategic Development Plan and has a signed Memorandum of Understanding (MoU) with Council.

Future Focus

Council will continue to maintain its relationships with Iwi within in the realm of RDMC to ensure their interests are considered. Council will also continue to maintain its relationships with Iwi who have chosen to remain outside of RDMC.

Council is committed to working together with Iwi who have finalised their Treaty settlement negotiations with the Crown and established a Deed of Settlement. This also includes the Te Awa Tupua legislative framework.

Council will continue to support Iwi who are still negotiating their Treaty settlements with the Crown and look forward to continuing to build a working relationship with all Iwi affiliates going forward.

Significant negative effects

There are no significant negative effects on the community of the Leadership Activity of Council.

Statement of Service Provision - Leadership

Leadership - Governance							
Outcome(s)	Vibrant and Diverse Living: <ul style="list-style-type: none"> • Traditions, values and history of all ethnic groups are respected. Strong Leadership and advocacy: <ul style="list-style-type: none"> • Council advocates strongly for the provision of, and access to, affordable and effective health, welfare, law enforcement and education services. • Council is proactive, transparent and accountable 						
Level of Service	Council provides public access to the community through Community Boards and Council meetings. Residents are satisfied with the leadership of Council.						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Number of Public Forums per year.	Not Achieved 37	>40	>40	>40	>40	>40	>40
Percentage of respondents who are satisfied with Council's overall leadership and performance.	Achieved 80%	60%	60%	60%	60%	60%	60%
Leadership - Strategic Development							
Outcome(s)	Vibrant and Diverse Living: <ul style="list-style-type: none"> • Traditions, values and history of all ethnic groups are respected. • Activities, facilities and opportunities for youth are provided and supported. Strong Leadership and advocacy: <ul style="list-style-type: none"> • Council advocates strongly for the provision of, and access to, affordable and effective health, welfare, law enforcement and education services. • Council is proactive, transparent, and accountable. 						
Level of Service	Progress the Accelerate 25 Ruapehu Regional Visitor Development Plan and the Economic Development Strategy Council meets regularly with Iwi/Hapū Consultation material will be made publicly available from all Council offices and on its website Activities, facilities and opportunities for youth are provided and supported						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
Economic and Business Development*							
Continue to progress the Accelerate 25 Ruapehu Regional Visitor Development Plan by increasing the number of priority actions achieved each year.	New measure 2018/19	New measure 2018/19	3 additional actions	3 additional actions	3 additional actions	9 additional actions (3 per year)	9 additional actions (3 per year)
Continue to progress the Economic Development Strategy by increasing the number of priority actions achieved each year.	New measure 2018/19	New measure 2018/19	3 additional actions	3 additional actions	3 additional actions	9 additional actions (3 a year)	9 additional actions (3 a year)
Iwi Development							
Number of meetings with Iwi/ Hapū per year.	New measure 2018/19	New measure 2018/19	>3	>3	>6	>18	>18

Number of meetings with Ruapehu District Maori Council per year.	Achieved 7	>6	>6	>6	>6	>6	>18	>18
Policy Development								
Percentage of respondents who are satisfied or very satisfied with consultations.	Not Achieved 73.5%	80%	80%	80%	80%	80%	80% per year	80% per year
Youth Development*								
Support the Ruapehu Youth Council to hold 18 meetings a year.	18 achieved*	New Measure 18	18	18	18	18	18 per year	18 per year
Support the Ruapehu Youth Council to hold two community events per year (at least).	3*	2	2	2	2	2	6	6

* These are new measures and therefore the result is unaudited. They have been provided as a baseline comparative figure.



Otuku Marae. Pōwhiri for the Ring of Fire ultramarathon held at Mt Ruapehu, 2018.

Funding Impact Statement - Leadership

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	1,468	1,852	1,931	2,004	2,016	2,055	2,103	2,113	2,166	2,245	2,256
Targeted rates	-	343	351	358	366	375	383	392	402	413	424
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding (A)	1,468	2,193	2,280	2,360	2,380	2,428	2,484	2,503	2,566	2,656	2,678
Applications of Operating Funding											
Payments to staff and suppliers	545	1,757	1,823	1,885	1,891	1,935	2,002	2,015	2,065	2,143	2,163
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	917	434	455	473	487	491	480	486	499	511	513
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,462	2,191	2,278	2,358	2,378	2,426	2,482	2,501	2,564	2,654	2,676
Surplus (deficit) of operating funding (A-B)	6	2	2	2	2	2	2	2	2	2	2
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	(7)	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(7)	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	2	2	2	2	2	2	2	2	2	2
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	2	2	2	2	2	2	2	2	2	2
Surplus (deficit) of capital funding (C-D)	(7)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Funding Balance ((A-B)+(C-D))	(1)	-	-	-	-	-	-	-	-	-	-

Regulation

The Regulation Activity seeks to facilitate a safe and sustainable community through the administration and enforcement of laws made by Central Government. This includes the sustainable management and use of natural resources under the Resource Management Act 1991 and District Bylaws.

Council is required by a number of laws to provide Regulatory services. These laws include, but are not limited to,

- The Local Government Act,
- The Resource Management Act,
- The Dog Control Act 1996,
- The Building Act 2004,
- The Health Act 1956,
- The Sale and Supply of Alcohol Act 2012, and
- The Food Act 2014.

As well as enforcing many Central Government laws, Council has to enforce its own Bylaws. A bylaw is a local law, specific to a region, district or city.

The Regulation group is made up of the following teams:

Building services

The Building Services team inspects all building works and relocated buildings to ensure they meet the Building Act 2004 and Building Code requirements.

Resource management



The Resource Management team coordinates both the issuing of resource consents and monitoring the conditions of these consents, in line with relevant legislation (primarily the Resource Management Act) and the District Plan.

The District Plan is one of Council's key planning documents that sets out the rules and policies that guide development in the district. The Resource Management Act requires that the District Plan to be reviewed every ten years. Because of the size and complexity of a DP review, Council will do a 'rolling review' of discrete sections as required to satisfy the prescribed review process.



A building inspector discusses the building consent process with a client.

Environmental health and alcohol licencing



This activity has a number of functions, including food safety, alcohol licensing, making sure premises and events comply with regulatory standards, as well as monitoring environmental issues and investigating complaints. The team ensures that health and safety of the public are protected by ensuring that food and alcohol premises comply with legal requirements under the Sale and Supply of Alcohol Act 2012, the Health Act 1956 and the Food Act 2014.

Compliance



The Compliance Team ensures compliance with Council's Bylaws, the District Plan and legislation such as the Dog Control Act 1996. The role is varied and includes

- Animal Control,
- Parking,
- Noise Control
- Bylaws



Two compliance officers, Brian and Max

The Compliance Officer's role is to promote a safe and happy community by educating the public about local bylaws and other community-focused legislation. They also have the responsibility to monitor and enforce these laws and bylaws when necessary.

Significant negative effects

There are no significant negative effects on the community as a result of the Regulatory Activity of Council.

Statement of Service Provision - Regulation

Outcome(s)	<p>Safe, healthy communities:</p> <ul style="list-style-type: none"> Quality regulation, regulatory services and infrastructure. Core infrastructure endeavours to keep pace with changing demand. Excellent standards of safety and welfare are promoted and respected. <p>Thriving, Natural Environment:</p> <ul style="list-style-type: none"> Our environment is accessible, clean and safe and our water, soil and air meets required standards. <p>Strong Leadership and advocacy:</p> <ul style="list-style-type: none"> Council is proactive, transparent and accountable. <p>Thriving Economy:</p> <ul style="list-style-type: none"> Regulatory services and reliable infrastructure help the economy prosper. Economic diversity and core economic strengths are encouraged in partnership with others. Planning and regulatory functions balance economic growth and environmental protection. 						
Level of Service	<p>Council will effectively process all proposed applications. Council will undertake ongoing monitoring of conditions to ensure compliance. Ensure alcohol licensing complies with statutory and licensing provisions. Ensure noise complaints are responded to effectively, promptly and efficiently Resource consents are processed within the legal timeframes. The public is informed about Resource Management processes and other issues related to maintaining a sustainable environment</p>						
Key Performance Indicator(s)	Actual 2016/17	Target 2017/18	Target 2018/19	Target 2019/20	Target 2020/21	Target 2021-25	Target 2025-28
BUILDING SERVICES							
Building Consents processed within 20 working days from request	Achieved 100%	90%	100%	100%	100%	100%	100%
Code Compliance Certificates issued within 20 working days from request	New measure	100%	100%	100%	100%	100%	100%
Urgent LIMs processed in five working days from valid application	Achieved 100%	100%	100%	100%	100%	100%	100%
Non-Urgent LIMs processed in ten working days from valid application*	Achieved 97.52%	95%	95%	95%	95%	95%	95%
ANIMAL CONTROL							
Respond to dog attacks within two hours of receiving the complaint	Achieved 100%	100%	100%	100%	100%	100%	100%
Percentage of All Registered Dogs by 30 June	New measure 2017/18	New measure 50%	50%	50%	50%	50%	50%
ENVIRONMENTAL HEALTH							
Health-related food hygiene complaints are responded to within 24 hours working weekdays and 72 hours weekends and actioned within five days.	Achieved 95%	95%	95%	95%	95%	95%	95%
Percentage of food premises complying with improvements requested by Environmental Health Officer at second inspection.	Achieved 93%	90%	90%	90%	90%	90%	90%
ALCOHOL LICENCING							
Percentage of alcohol licences that comply with statutory and licence conditions on first inspection.	Achieved 95%	90%	95%	95%	95%	95%	95%
HEALTH RELATED NOISE							
Less than 2 health related noise complaints received a second time	Achieved 99%	<2**	<2	<2	<2	<2	<2
RESOURCE MANAGEMENT							
Land Use consents processed within the legal timeframes.	Achieved 100%	100%	100%	100%	100%	100%	100%
Subdivision consents processed within the legal timeframes.	Achieved 100%	100%	100%	100%	100%	100%	100%
Percentage of pre-application meetings to number of applications received.	Achieved >29%	>10%	>10%	>10%	>10%	>10%	>10%

*While Council strives to meet the statutory 10 working day processing timeframe, until LIM's are available electronically, there is always a potential delay through unforeseen lack of human resourcing somewhere in the process.

**Target until 2017/18 was expressed in terms of a percentage: Percentage of noise complaints resolved at first contact – Target 95%. Measure changed to become measurable and meaningful in the context of the small number of complaints and difficulty in achieving resolution.

Funding Impact Statement - Regulation

	Annual plan 2017/18 (\$000)	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	LTP 2020/21 (\$000)	LTP 2021/22 (\$000)	LTP 2022/23 (\$000)	LTP 2023/24 (\$000)	LTP 2024/25 (\$000)	LTP 2025/26 (\$000)	LTP 2026/27 (\$000)	LTP 2027/28 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	835	1,708	1,799	1,830	1,890	1,890	1,878	1,903	1,945	1,983	2,001
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	820	880	886	905	925	946	968	991	1,016	1,042	1,071
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total Operating Funding (A)	1,655	2,588	2,685	2,735	2,815	2,836	2,846	2,894	2,961	3,025	3,072
Applications of Operating Funding											
Payments to staff and suppliers	390	1,454	1,503	1,510	1,557	1,563	1,593	1,623	1,656	1,689	1,725
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,265	1,134	1,182	1,225	1,258	1,273	1,253	1,271	1,305	1,336	1,347
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,655	2,588	2,685	2,735	2,815	2,836	2,846	2,894	2,961	3,025	3,072
Surplus (deficit) of operating funding (A-B)	-	-	-	-	-	-	-	-	-	-	-
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	-	-	-	-	5	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	5	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	-	-	-	5	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	-	-	-	5	-	-	-	-	-	-
Surplus (deficit) of capital funding (C-D)	-	-	-	-	-	-	-	-	-	-	-
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

**PART 3:
PLANNING
ASSUMPTIONS,
POLICIES AND
STRATEGIES**

Planning Assumptions

Growth Assumptions

Purpose

The purpose of these Growth Assumptions is to inform forward planning of Councils Long Term Plan.

Method

These assumptions have been formulated using the results of data from the Ruapehu Community Profile for Forward Planning, 20 March 2017. The data for this profile was obtained from a variety of sources including:

- Statistics New Zealand,
- RDC's Out of District Ratepayers' Survey results,
- a variety of Tourism Indicators,
- statistics on night visitors from Ministry of Business, Innovation and Employment,
- Rateable Assessments.

To get to a peak population figure for the District, the following statistics are taken into account: The Usual Resident Population (URP), Occupied and Unoccupied Dwellings, Holiday Home occupancy rates, Visitors to the Tongariro Alpine Crossing (TAC), Ruapehu Alpine Lifts (RAL) ski fields, as well as the total forecasted night visitors. Another important tool is to measure the growth rate of the Subdivisions and Rateable Assessments in the District.

Ruapehu District Council conducts an "Out of District Ratepayers' Survey" every three years to get a clearer idea of the number of Holiday Homes in the District. Once the number of Holiday Homes has been established, one can calculate the number of occupants visiting the District staying in these Holiday Homes.

Confidence in the data

All the estimates listed below contain some inherent uncertainty. The uncertainty has been minimised by considering as many data sources and reputable opinions as possible Assumptions.

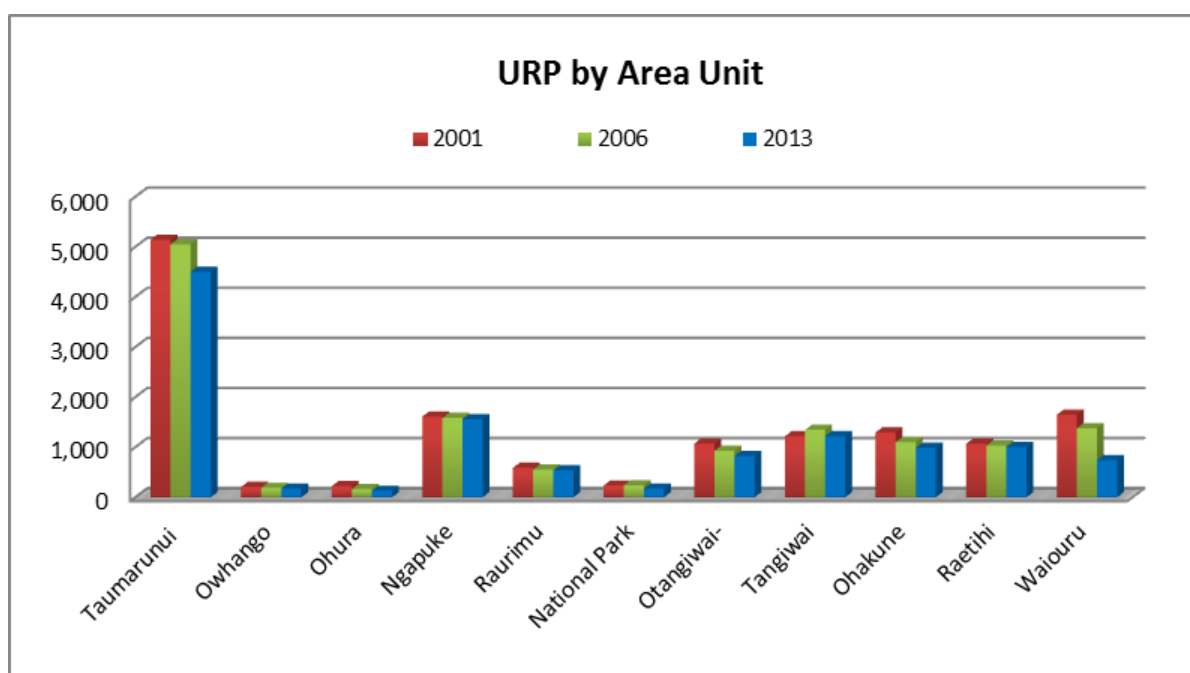
The agreed assumptions are:

- Current situation est (2017): The latest Statistics NZ data (2013) says that the Usual Resident Population (URP) of the Ruapehu District is in decline. Local professional experience indicates that this trend has slowed. Population growth is currently static, or slightly increasing.
- It is estimated that growth in the number and level of occupancy of holiday homes across the District will continue at approximately 4% per annum.

- There is an increasing difference between the District’s usually resident population and non-resident population (visitors and holiday home occupants). The estimated non-resident population is projected to equal the District usually resident population by approximately 2023.
- Overnight Visitors - use official Commercial Accommodation Monitor (CAM) numbers. It is acknowledged that CAM is self-reporting and does not include Bed and Breakfasts and non-commercial accommodation.
- Other visitors – the same as CAM numbers. This accounts for day visitors, campers, Bed & Breakfast visitors, and all other variations. Therefore, the total number of visitors - overnight and other – is twice the CAM (overnight) numbers.
- Accelerate25 is planning for a 50% increase in visitor spending to the region by 2025. This will be made up of shoulder season visits, the same people spending more and staying longer and new visitors. For lack of any better knowledge it is assumed that the three factors will be equal.

Usually Resident Population per Census Area Unit

The usually resident population (URP) is projected to decline across all census area units (CAU) within the District under the 2013 census. The largest decline is projected for Otangiwai-Heao with significant decline also projected for Owhango, Raurimu, Tarrangower, Taumarunui Central and Ohakune.

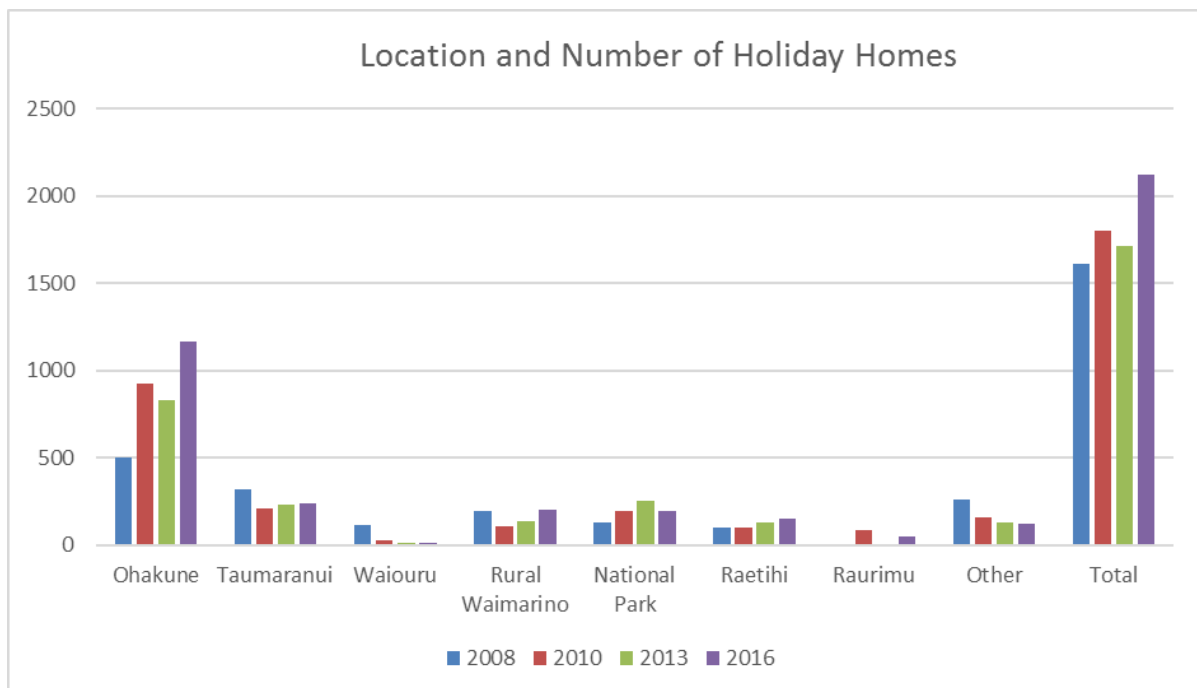


Holiday home occupancy

Since 2001 the district has seen a downward trend in the Occupied Dwelling Count and an increase in the number of Unoccupied Dwellings. This trend may well be influenced by the increase in homes being used as Holiday Homes in the district, especially in Ohakune and National Park Village.

Ruapehu District Council conducts an “Out of District Ratepayers’ Survey” every three years to get a clearer idea of the number of holiday homes in the District. Once the number of

holiday homes has been established, one can calculate the number of occupants visiting the District staying in these holiday homes.



Council has undertaken four Out of District Ratepayers’ Surveys (2008, 2010, 2013 and 2016) to track the holiday home environment within the District and to attempt to quantify the level of use of these homes.

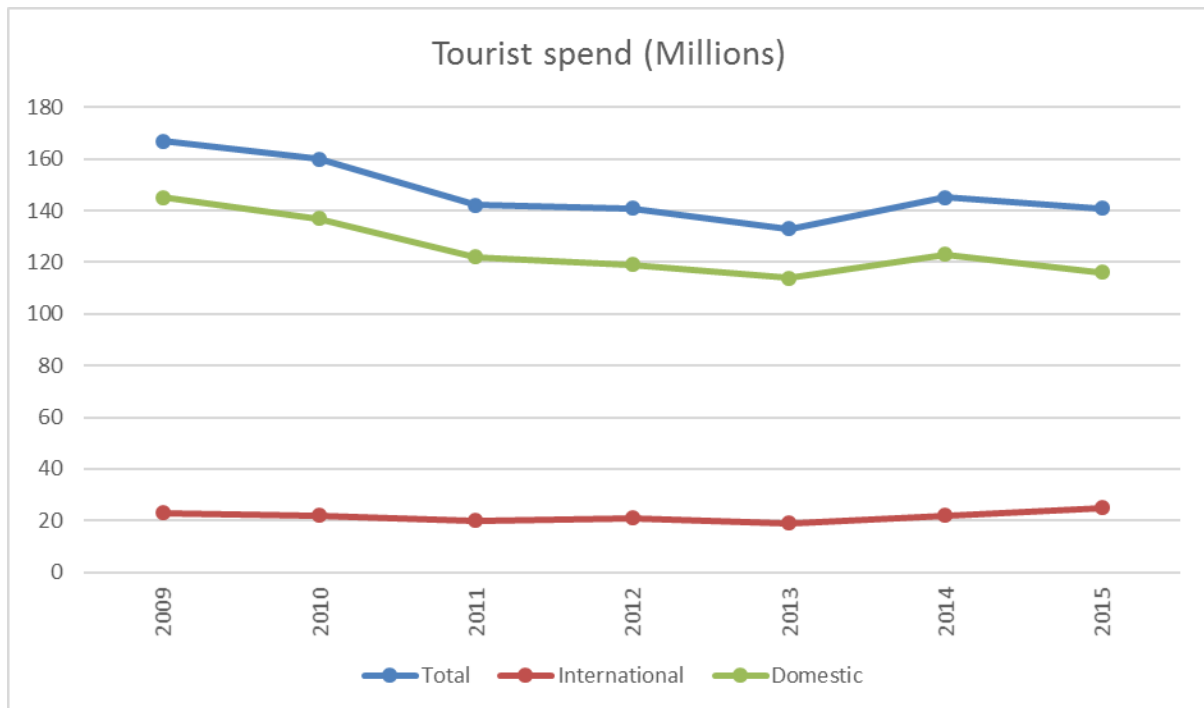
The ratepayer’s survey also gathers information to ascertain the average number of people that stay at these holiday homes and how many days a year the holiday homes are occupied. These figures, when combined with the usual resident population, help to provide an indication of what Council can expect as its peak population.

Information gathered from the 2016 survey indicates an average occupancy of 4.7 per house per stay (up from 4.4 in 2013) and an average of 28 holiday homes in use each day. This equates to an average number of 130 people staying in holiday homes in the District each day and an estimated peak (most possible) holiday home population of 9,988.



Tourist Spend

The Ministry of Business, Innovation and Employment (MBIE) track tourist spend (electronic transactions). The trend for the District has been a decline since 2009. This contrasts with a 14% growth in total tourist spend for New Zealand as a whole over the same time period.



Key Tourist Activities

Ruapehu Alpine Lifts

Whakapapa and Turoa ski fields are the North Island's premier snow sport destinations. RAL's (Ruapehu Alpine Lifts) daily skier number to 2015 is provided below. It should be noted that these numbers only include visitors that purchase ski lift passes and excludes all other visitors. RAL estimate that there is at least 10% more people on the mountain on any given day than those who have purchased passes.

Between 2011 and 2015 there was a 10% decrease in skier numbers on the mountain as a whole. It is understood that RAL has a forward plan to broaden the appeal of the mountain and increase the number of skiing visitors and other visitors to the mountain.

Tongariro National Park

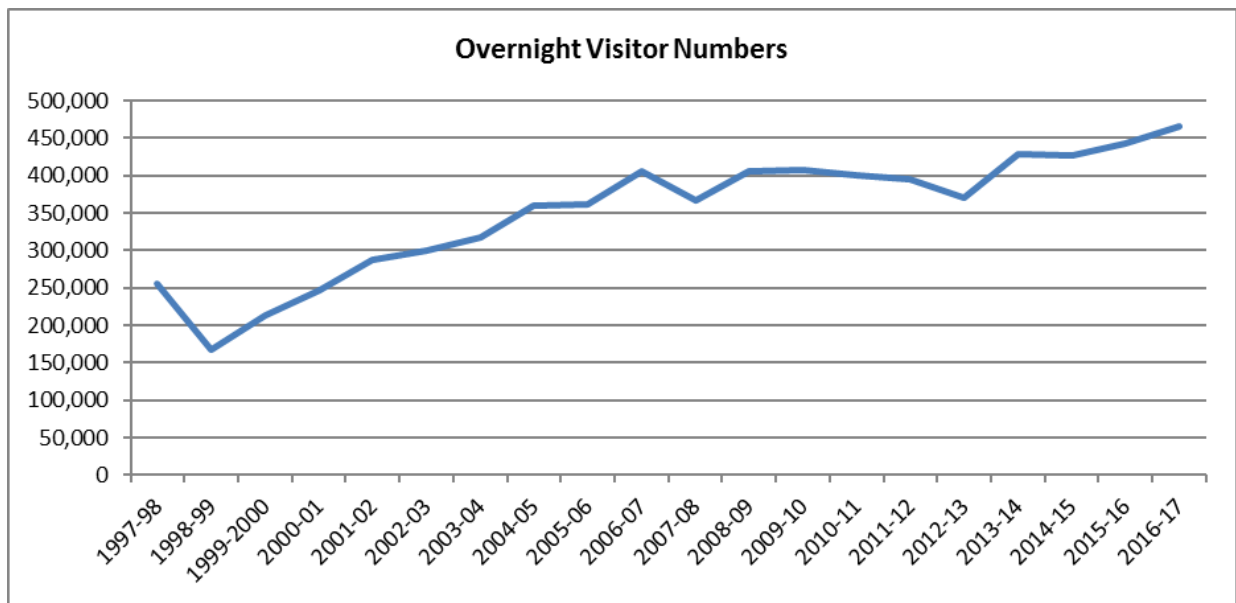
Tongariro National Park is New Zealand's oldest national park and is a significant draw card for tourists, both domestic and international. The park includes the Whakapapa and Turoa ski fields as well as important walks such as the Tongariro Alpine Crossing. In the five years to 2012 there had been a 37% increase in visitors to the park.

Visitor Nights

15% growth in overnight visitors. If the current growth trend remains static, night visitors would increase from 466,557 in 2015/16 to approx. 536,540 in 26/27.

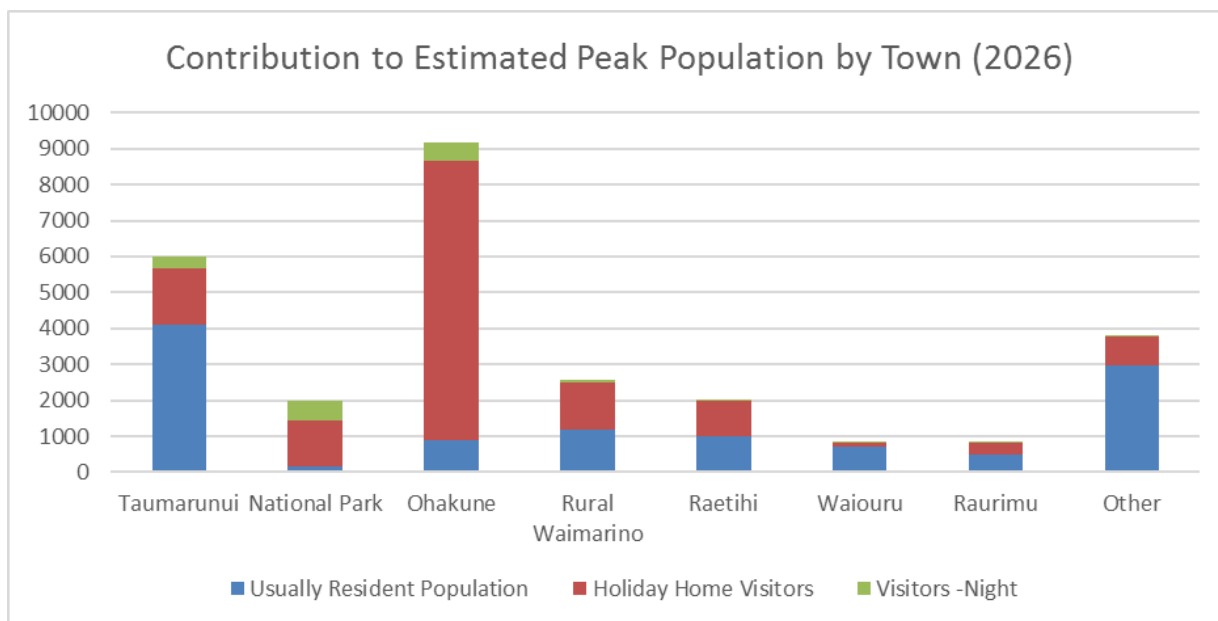
Day Visitors

Anecdotally and on consideration of the nature and type of tourist activities in the District, we can state that the District will be receiving a significant number of day visitors. However at this time there is not a robust information source for the number and trend in day visitors to the District. For the purposes of peak population (and users of infrastructure) we have assumed this equals the night visitors.



Baseline Peak Population

Taking into account the assumed URP, Holiday Home occupants from the RDC survey, other visitors (assumed) and night visitors (CAM) one arrives at an approximate *Peak Population* figure for the District which is used as a baseline indicator for Ruapehu District Council’s Asset Management Plans and growth forecasts for the next 10 years.

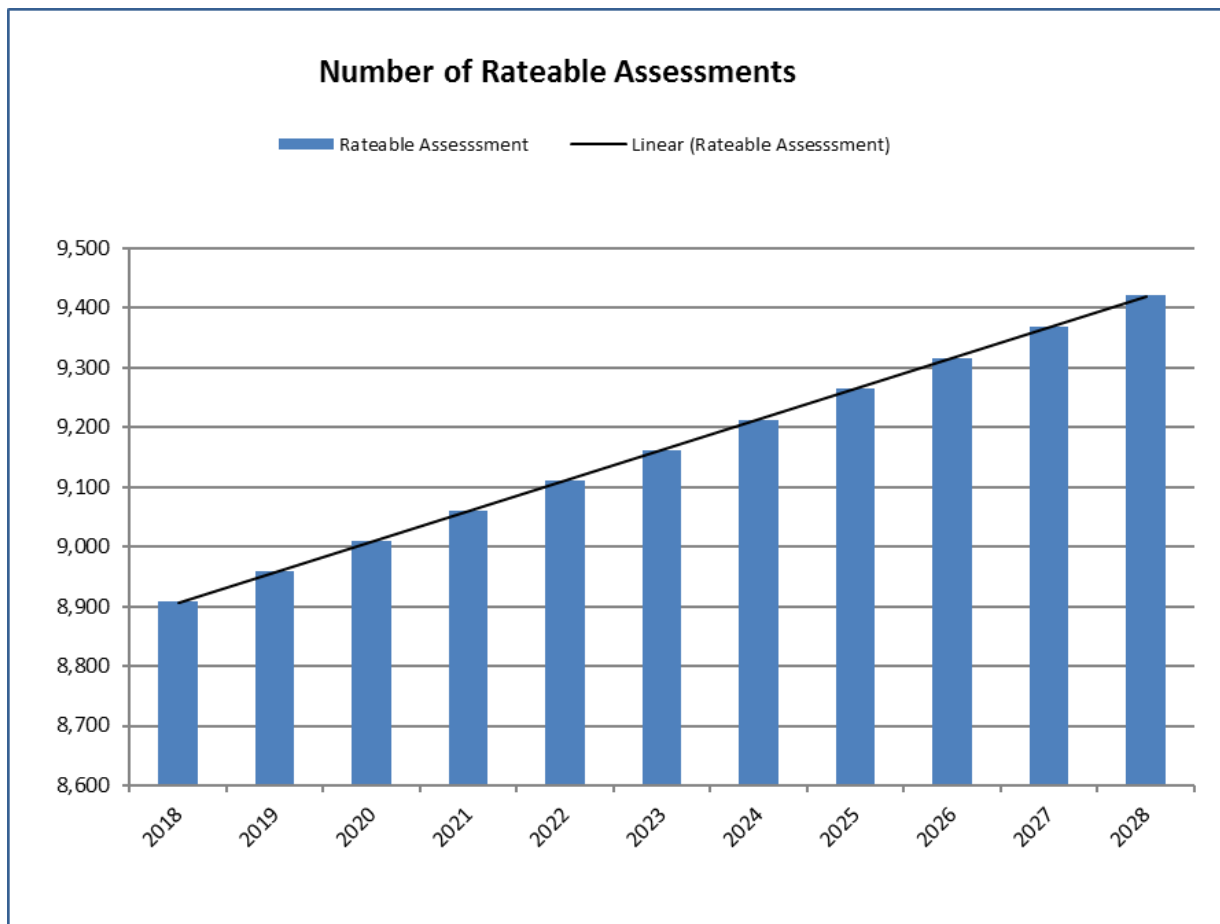


	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	% Change
Ohakune	7,090	7,317	7,555	7,800	8,056	8,321	8,596	8,883	9,180	9,489	9,810	38.35%
Taumarunui	6,305	6,358	6,415	6,474	6,534	6,597	6,662	6,730	6,799	6,873	6,947	10.19%
Waiouru	923	927	930	935	939	943	947	952	956	961	966	4.63%
Rural Waimarino (Tangiwai)	2310	2348	2389	2430	2474	2519	2565	2613	2665	2717	2772	19.99%
National Park	1874	1927	1983	2040	2100	2161	2225	2291	2359	2430	2502	33.48%
Raetihi	1776	1804	1832	1863	1894	1926	1960	1995	2031	2069	2109	18.74%
Raurimu	840	850	860	872	883	895	907	921	934	948	963	14.62%
Other	3370	3393	3416	3441	3467	3493	3520	3550	3579	3610	3642	8.06%
District	24,489	24,925	25,381	25,853	26,345	26,855	27,384	27,934	28,503	29,098	29,710	21.32%

Overall Growth: 2.1% per year.



Rateable Assessments are also indicative of growth trends in a District. The 20 year growth rate between 1997 and 2017 stabilised at 0.5% per year and in keeping with this trend, the forecast for the next 10 years is 5%.



Risks

Growth Assumptions

Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Population		
Population will have a sudden shift.	Low	Population movements tend to be incremental. A sudden increase may put pressure on infrastructure.
Growth		
Growth may accelerate.	Medium	While growth has been steady over a number of years, a number of proposed changes in tourism products may see a surge in growth. This will be closely monitored and Council can make adjustments as necessary.
Visitor Industry		
Visitor numbers may not continue according to present trend.	Low to medium	A large number of factors influence visitor numbers including costs, weather and availability of activities.

Political Environment

Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Council Policies			
There are no significant changes to Council policies agreed in this LTP.	New legislation from Central Government.	Low	Few changes to policies will be required as Central Government has made significant amendments in 2012 and 2014 to the LGA. Further major reform is not anticipated.
	New Council.	Low	Significant changes to policy would be assessed in terms of impact on Council's financial position.
Governance			
That the structure of elected representation of Council will change for the 2019 elections.	Change in structure could affect priorities and costs.	Low	Representation review scheduled for 2021.

Operating Environment

Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Resource Consents			
Council has assumed that all resource consents will be renewed but in many cases, with increasing environmental standards. The expected time to obtain resource consents is factored into project timelines and the increased standards.	Conditions of resource consents will change without significant warning.	Low	Council is aware of this happening Community expectations regarding Council performance change.
	Changes due to Horizons' One Plan take effect.	Low	One Plan was operative December 2014.
Natural Disasters			
Small natural disasters can be funded out of budgetary provisions. Council will require financial and other assistance from Central Government for large-scale events or disasters.	There will be a natural disaster requiring emergency work that cannot be funded from normal budget provisions.	Low to Medium	The potential effect of a natural disaster on Council's financial position is dependent on the scale, duration and location of the event.
Human Resources			
Council is fully resourced for developing and delivering on work programmes.	Council will not be able to attract suitable candidates to fill key positions.	Medium	The District continues to find it difficult to attract suitably qualified staff, Council may not, as a result, be able to deliver on work programme, increasing costs over time.
External Factors			
Council's operating environment will not change significantly.	There are unexpected changes that alter services provided by Council.	Low	Most changes to legislation are known in advance.

Significant Financial Assumptions

Purpose

This section is designed to identify the significant assumptions made and explain the risks associated with those assumptions. Where there is a high level of uncertainty, the potential effects of the assumptions being incorrect are also identified.

Council's financial statements will be produced in accordance with current International Public Sector Accounting Standards (IPSAS) as they apply to New Zealand Public Benefit entities. No significant changes are expected to Council's accounting treatment other than that required by IPSAS.

Inflation

The preparation of the budget has included inflation assumptions based on BERL forecasting for the Local Government Sector.

There is a high level of uncertainty associated with these inflation assumptions. If the impact of inflation on Council's budgets turns out to be higher than forecast and Council does not wish to generate additional revenue by increasing rates, then either additional operational efficiencies or reduction in service levels or planned capital expenditure would need to be considered.

Should the impact of inflation turn out to be lower than forecast, there will be a favourable impact on Council's operating and capital expenditure budgets.

Interest

The interest rates used are based on an estimate of what will occur in the future combined with known rates that are currently fixed under current borrowings. Council assumes that all borrowings will be renewed under similar terms and conditions except that interest rates applied to replacement and new borrowings annually will range from 4 -5.5%.

There is a high degree of uncertainty around borrowing costs due to the fluctuations of interest rates. Council intends to join the LGFA in 2018, thus interest costs are expected to range from 4 - 5.5% over the ten year plan. A 1% change in interest rates would result in a change of around between \$250,000 to \$700,000 over the ten year period.

Interest costs and debt repayment have been estimated in accordance with the Liability Management Policy.

Funding Sources and Borrowings

Capital Development

Council will use funding mechanisms in the following priority order to fund capital development:

- Central Government Subsidies
- Development Contributions
- Depreciation Funding
- Loans

- Rate Funding

Borrowing is managed by the provisions of Council’s Liability Management Policy. The Prospective Financial Statements provide a forecast of public debt levels associated with the borrowings.

Operational

Council is required, under Section 103(1) of the LGA to disclose policies on how operating expenses are funded (from the sources listed in Section 103(2) of the LGA). These policies are:

- Operating expenses are funded annually with costs distributed to the beneficiaries of the particular activity.
- Council will make use of a mix of revenue sources to meet operating expenses. These mechanisms are outlined in the Revenue and Financing Policy.



Other Financial Assumptions

Assumption Area	Assumption Made	Risks
Assets and Asset Lives	<p>Revaluation of fixed assets is done annually for property. It includes an assessment of the useful (economic) life of the asset. This is in accordance with the Council's accounting policies detailed under "Property, Plant and Equipment and Infrastructural Assets" which includes further detail of revaluation policies and the estimated useful life of various assets.</p> <p>The revaluations are based on the BERL inflation rates. The revaluation impact is broadly equivalent to the increase in the Local Government Cost Index.</p> <p>Depreciation rates on planned asset acquisitions are based on an average percentage of their components.</p> <p>Asset Management Plans for 3 waters include a change in asset useful life assumptions for reticulation and underground components. Previous assumptions by Council have been overly conservative, and have now been adjusted to a NZ average useful life profile more relevant to the Ruapehu District environment. The full impact of these changes will not be known until after the 1st July 2018 revaluation of the 3 water's asset base, but actual results are likely to vary from plan. The change in depreciation levels is not expected to be material.</p>	<p>If the actual revaluation factors are significantly higher than anticipated, the depreciation costs for Council will increase. This will potentially impact on rates that the Council needs to charge.</p> <p>There is no certainty that asset components will last their expected design lives. If they do not, it may result in deferral of other discretionary capital expenditure.</p> <p>Depreciation rates on actual acquisitions could be different from the average rates used.</p>
External Funding for Roads	<p>Funding provided by NZTA for Land Transport activities is assumed to be: Maintenance and construction: 2018/19 – 72%.</p> <p>Special Purpose Roads Maintenance and Renewal: 2018-21 - 100%, reducing to 72% thereafter.</p> <p>Emergency Works: Elevated Rate - 20% of above local roads base rate.</p> <p>There have been delays to the preparation of the Government Policy Statement (GPS) on land transport, the National Land Transport Programme (NLTP), and the Investment Assessment Framework (IAF), which will result in delays to when NZTA funding is finalised. This means that, prior to the Council's adoption of its 2018-28 long-term plan, it will not have agreement about the level of NZTA funding it expects to receive, with an announcement currently set for 31st August 2018.</p> <p>The forecast financial statements are based on the assumption that Council will be able to claim 72% of all maintenance and renewal costs for district roads in line with currently known NZTA work categories and classifications. Should the outcome of the NLTP result in less roading expenditure items being covered by the subsidy, the work programme for roading could be impacted. Any financial impact to Council will be managed through limiting CAPEX work programs to within the RDC affordability of local share.</p>	<p>NZTA's focus on roads of national significance creates a risk that there may be a funding cut. Any decrease in funding would require modification to planned projects and subsequent delay in planned road work programmes. Where it is not possible to decrease funding, there is the potential to impact on borrowings and rates.</p>
Rates Receivables (Debtors)	<p>It has been assumed that rates receivables as a percentage of rates will remain at current levels</p>	<p>There is a risk that the rates receivables are significantly higher than that forecast due to a number of reasons, including economic issues. This would impact on cash</p>

		flow requirements, increasing borrowings to support working capital and increased borrowing costs.
Vested Assets	It is assumed that Council will receive vested assets in proportion to the growth of the District.	No risks.
Surplus Land Sales/ Redevelopment	No sales of non-strategic assets are planned to fund new asset development programs.	No risks.
Development Contributions	These have been included based on an estimated growth forecast as detailed in Growth Assumptions. The funds obtained will be used to provide growth in asset development projects.	There is a risk that growth will not reach assumed levels and this would potentially impact debt borrowing required to complete projects and rates.
Price of Oil	Fuel price increases are included based on the inflation rates established by the BERL analysis.	Increased international oil prices impact upon the cost of plant associated with works and the cost of bitumen. Continued unrest in the Middle East impact on the cost of tenders, especially reseals. Fuel prices also impact on the cost of general goods, services and transport. It also significantly impacts on Council contracts such as transporting recyclables out of the District for processing.
Climate Change	There has been no allowance for the potential impact of climate change.	The potential physical impact on climate and natural environment could include more frequent extreme weather events, rising snow lines, increase in pests, habitat loss and changes in growing conditions (www.climatechange.govt.nz). Climate change could drive changes in land use and use of economic activities. The implementation of climate change actions such as the Emissions Trading Scheme (ETS) could change the nature of the local economy as a result of decisions made in the primary industries. Demand for climate mitigation and adaptation methods could drive changes to the operation and management of Council assets, infrastructure and activities. This would result in additional expenditure. Cost implications from carbon offsetting (eg, ETS) will have cost implications for petroleum products and energy prices.
Economic Growth, Population Growth and Rating Base Growth	The plan assumes that economic and population growth will continue to be slow. Growth in the population and rate base is anticipated as detailed in Planning Assumptions.	A further decline in any of these areas would impact on rates and regulatory type revenue.
Significant increase in Legislative Demand on Council – various activities	No allowance has been made for any unknown significant increases in legislative demands on Council activities.	This could create significant changes in how the Council operates. There is no effective way to allow for this, but the Annual Plan process allows Council to react if and when necessary.
Natural Disaster Event	There has been no allowance made for a natural disaster for the duration of the plan other than minor contingency amounts built into budgets.	There is a risk that there is a disaster event needing emergency works exceeding the minor contingency amounts allowed for. Some emergency works are covered by insurance. Central Government, in extreme situations, provides support.
Government subsidies	While it is expected that Council will receive some Government funding for Land Transport and possibly other capital projects over the next ten years, the lack of certainty around this means that no subsidies have been factored into the budgets.	

Infrastructure Strategy

Executive Summary

Over the last three years Council has maintained its Levels of Service delivered from its seven major infrastructure asset groups. These are Water Supply, Wastewater disposal, Stormwater, Land Transport (roads), Community Property, Community Facilities and Solid Waste Management.

Notably, Council maintains 1,339 km of roads, 342 bridges, six water treatment plants, six wastewater treatment schemes, 81 social housing units, three swimming pools, and many parks and reserves.

During the next 30 years, the major challenges are expected to be:

- (a) closure of the Taumarunui Landfill (expected in 2020),
- (b) urban revitalisation which presents an exciting opportunity that has already been the subject of public consultation and is expected to transform our urban centres over the next three years,
- (c) increasing community expectations and legislated standards for our water supply and wastewater treatment schemes. This will mean expensive upgrades to our treatment facilities,
- (d) larger trucks using our roads requiring bridge upgrades and more road surface repair,
- (e) an increased rate of routine repair and resurfacing of existing roads,
- (f) 50-year-old wastewater and water supply schemes requiring replacement,
- (g) increased tourist pressure on facilities including toilets, walkways, cycleway, parking etc,
- (h) changes in our environment including earthquake legislation and climate change.

Allowance has been made within this proposal to finance all the above challenges however this proposal is heavily dependent on Government subsidies in two areas.

- (a) the present rate of transport co-investment (with NZTA) at 72%.
- (b) financial assistance from Central Government for water and wastewater treatment plants. This is granted on an ad hoc basis which is difficult to predict.

Apart from the above provisos this Strategy maintains existing service to the community.

Introduction

This Infrastructure Strategy is an overview of the way Ruapehu District Council expects to manage its infrastructure over the next 30 years. Detailed planning has been done for the first 10 years,. Council has taken a 30-year view of the infrastructure to make sure that it has not taken any short-term decisions which will compromise the situation in the longer term.

It is very difficult to make firm plans beyond this document's 30-year time line. Some assets such as bridges and buildings will probably be in existence after 30 years and the technical works that need to be done are reasonably predictable. The use that society will put them to is most unpredictable. Will we need bridges? It is hard to know. An honest effort has been made to predict the 30 year future and that is as far as this document goes.

The document is part of a suite of documents including a Financial Strategy, Consultation Document, Long Term Plan (LTP), six Asset Management Plans (AMPs), a Waste Minimisation and Management Plan (WMMP) and a raft of associated policies.

This Infrastructure Strategy is designed to support Council’s Vision, Mission and Community Outcomes.

Council’s Vision is to “Drive and support the development of safe and prosperous rural communities that are able to capitalise on our agricultural, business and tourism sectors while sustaining our beautiful environment “

Council’s Mission, and the Community Outcomes it desires, are inspired by the Vision.

The specific ways that infrastructure contributes to the Vision, Mission and Community Outcomes are best thought about by noting the following desired Community Outcomes.

Overall Outcome	Specific outcome
Thriving Natural Environment	<p>Our environment is accessible, clean and safe and our water, soil and air meets required standards</p> <p>The promotion of our District includes focus on our natural rivers, bush and mountains, as well as the built heritage, agriculture and railways</p>
Safe Healthy Communities	<p>Quality regulation, regulatory services and infrastructure</p> <p>Reduce the volume of waste to landfill</p> <p>Core Infrastructure endeavours to keep pace with changing demand</p> <p>Excellent standards of safety and welfare are promoted and respected</p> <p>Preparation, planning and timely responses protect people and property from natural hazards</p>
Vibrant and Diverse Living	<p>Traditions, values and history of all ethnic groups are respected</p> <p>Activities, facilities and opportunities for youth are provided and supported</p> <p>Excellence and achievement in sport, arts/cultural pursuits, community service and business is supported</p> <p>Events and festivals are encouraged and supported</p>
Thriving Economy	<p>Regulatory services and reliable infrastructure help the economy prosper</p> <p>Our transportation network is reliable, safe and endeavours to meet the needs of users</p> <p>Economic diversity and core economic strengths are encouraged in partnership with others</p> <p>Planning and regulatory functions balance economic growth and environmental protection</p>

Over the last ten years, Council has been gradually reviewing and improving the state of its infrastructure. This has involved capital expenditure of approximately \$9m per annum. It is expected that this level of capital expenditure will increase significantly in the next ten years in response to the increased Levels of Service (LoS) for waters infrastructure required by the community.

The principal risks are:

- (a) the amount of money that must be spent to reach acceptable water and wastewater treatment standards.
- (b) the amount of subsidies that will be available for water and wastewater treatment,
- (c) co-investment ratio available for Land Transport from NZTA,
- (d) weather and other natural events,
- (e) government policies as they affect local bodies,
- (f) significant unplanned projects,
- (g) significant new industries (e.g., mining),
- (h) significant changes to local industries e.g. forestry.

The overall picture is that, in real (inflation adjusted) terms, it is possible to provide the existing services at projected rating levels with manageable increases in real levels of debt. Any significant changes are likely to require more income and more debt.

In order to think about the way that Infrastructure is provided, several terms are used throughout this document which require some explanation. These are:

- (a) **Capital** – Works designed to last longer than a year.
Examples: sealing roads, mechanising wastewater screen cleaners.
- (b) **Capital - Renewals** – The replacement of assets with modern equivalent asset designed to do the same job.
Examples: resealing sealed roads so they last another 30 years, replacing pipes.
- (c) **Capital - Level of Service (LoS)** – The improvement of the service provided by the capital plant.
Examples: Sealing a previously unsealed road which will be sealed because a sealed road with a high traffic density (more than 100 vehicles/day) provides a better service and is cheaper to maintain than an unsealed road, improvement of water treatment to a higher standard of clarity or taste.
- (d) **Capital – Growth** - New infrastructure required to cope with extra demand on our services.
Examples: new roads, new pipes extending an area served by the water system.
- (e) **Operations** - Works that last less than a year.
Examples: grading roads, dosing water supply.
- (f) **Inflation** – Dollars do not buy the same level of service from one year to the next. The value of the dollar goes down. Rates increase to compensate for this. All future dollar numbers in this Strategy have been inflated in line with other Council planning documents.

Context

Historic and Strategic

Ruapehu District Council was established on 1 November 1989 by a merger of the former Taumarunui Borough Council, Taumarunui County Council, Waimarino District and part of the Rangitikei County Council. Historically, the Taumarunui County included the Ohura Town Board, Ohura County and Kaitieke Councils. Waimarino included Ohakune and Raetihi Boroughs. Ruapehu is consequently diverse.

The strategy embodied in this document is to maintain the best of our legacy assets. Historically there has been little appetite in Ruapehu for new infrastructure. The Long-Term Plan 2018-28 is different from previous Plans in that there is a considerable amount of LoS expenditure to raise the standards of the infrastructure delivered to the Ruapehu District.

The Infrastructure Strategy is intended to be a high level strategic overview of the issues involved with providing current services for the next 30 years. It should be read in conjunction with the Financial Strategy and feeds into the LTP and its Consultation Document. The Asset Management Plans and Waste Management and Minimisation Plan are detailed documents that form the basis of this overall Strategy.

Geographic

Statistics

The District comprises 6,700km² (673,019ha) of land bordered by the Whanganui River in the west and the Hauhungaroa Range in the north-east. It stretches towards the peaks of Tongariro, Ngauruhoe and Ruapehu.

Within the District there are two large National Parks - the Tongariro National Park (which has dual World Heritage status for culture and landscape) and the Whanganui National Park. Pureora Forest Park, Kara Forest, Tongariro Forest and Waitaanga Forest are also significant areas of indigenous vegetation.

Abundant natural resources and world-renowned scenery are defining characteristics. The rural landscape sustains large farming, forestry, horticulture industries and reserve land. Nearly 90% of land value is in the rural sector.

National Parks

The National Parks, rivers and more than 150 other varied reserves in the area provide recreational opportunities that enhance the quality of life for residents and draw visitors to the District.

In comparison to most parts of the country, the District has a relatively large area of indigenous natural habitats remaining under Conservation management. This includes around 20% of land being protected by the Department of Conservation under several different types of protected areas.

The District has relatively plentiful water sources. The overall water quality in the rivers and waterways is still good but must be protected to ensure it does not become degraded over time. The middle and lower reaches of some rivers are affected by human activities such as wastewater, industrial discharge and land use practices.

Towns

The largest township is Taumarunui, which sits in the north of the District at the confluence of the Whanganui and Ongarue Rivers. Taumarunui has a rich history of Iwi settlement, farming, sawmilling, railway and river and remains a rural service centre. In recent years, the town's economy is being boosted by river tourism and the nearby Timber Trail Cycleway.

To the south lies Ohakune, a resort town at the southern gateway to Tongariro National Park. Raetihi in the south west which has positioned itself as a gateway to tourism around the Whanganui River and nearby Mountain to the Sea Cycleway. Waouru is the southern-most town which borders the NZ Defence Force lands.

Demographic

The usually resident population of the District was 16,743 in 1996. Since then, it has shown a marked decline to 11,838, (in 2013) or 29%. The most recent statistics from Central Government show the all-important 'normally resident population' number shows that our population has stabilised and may even be growing with an increase from 12,450 in 2015 to 12,700 in 2017.

Some of the smaller rural townships such as Ohura, Matiere, and Tokirima have declined. Waiouru has also reduced in size, with the scaling back of the military base, although it still remains a major employer in the District.

These declines are balanced by growing peak populations in the holiday areas. Ruapehu District attracts approximately 1million visitors yearly. The main holiday towns are National Park, Ohakune, Raetihi and Rangataua. It was forecast that Ruapehu District would have approximately 1,008,646 day and night visitors for the 2014/15 year (559,099 day and 449,548 night) and an increase of summer visitors from the previous year's tally of summertime tourists.

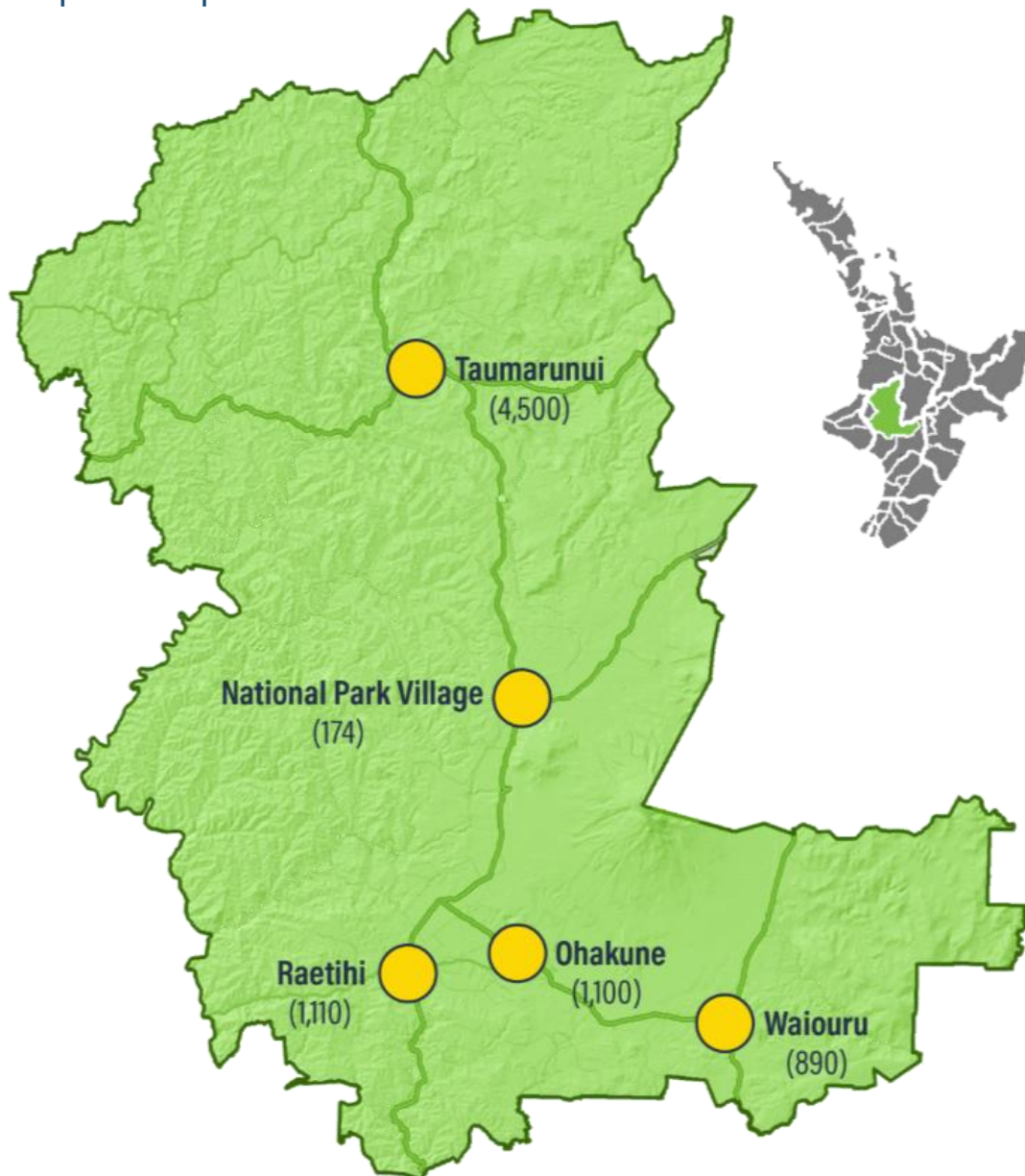
The net effect of declining permanent population, increasing holiday home populations, flight to the cities for education and cheap retirement homes gives an unusual age profile in our demographic. The "missing cohort" is the 20 to 40 year age group, which provides the economic powerhouse for most communities.

Considering the total usually resident population, holiday home occupants, day and night visitors, as well as the tourist attractions (Ruapehu Alpine Lifts Ski areas, Tongariro Alpine Crossing, Forgotten World Adventures) Council has come to the view that the peak population is likely to increase significantly in the next ten years. This has been used to plan the infrastructure required in the immediate future. More details of these population assumptions are provided in the AMPs and the Planning Assumptions 2018-28 document.

Looking beyond the ten year period, the expectation is that the usually resident population will plateau around current levels or decline slowly. Statistics NZ's medium growth population projection puts the population at 8,180 in 2043 and annual average decline of 1.4%. At the same time, the District will see an increase in the number of holiday homes, day and night visitors and, on a smaller scale, some growth in subdivisions and rateable assessments. This profile creates challenges as the balance between residents and non-resident ratepayers and holidaymakers changes.



Map of Ruapehu District



While tourism has a big impact on urban infrastructure, the District remains economically dependent on agriculture, horticulture and forestry. The sector provides 22% of GDP.

Economic indicators such as median personal income and average hourly earnings in the District remain below the national averages. This reflects the situation of resident families, but over 40% of the District is owned by non-resident ratepayers, with a very different socio-economic profile.

The recent emergence of cycleways as a major summer tourism attraction has meant a change in the way our infrastructure is used. For the last four years, the number of summer visitors has exceeded the number of winter visitors.

The overall effect of these demographic changes is that the existing infrastructure needs to be preserved and renewed. This is very much a document about the status quo. Our best estimate of average usage is that it will remain constant over the planning period. Peak usage will increase and this must be allowed for.

Infrastructure Overview and Key Assumptions

Details of the assets of Council are contained in each individual Asset Management Plan (AMP) and the Waste Management Minimisation Plan (WMMP). As a brief overview this strategy document covers the following infrastructure operated by Ruapehu District Council:

Land Transport	851km unsealed roads 488km sealed roads 1,445 street lights 342 bridges and larger culverts 69km footpaths
Water Supply	6 water treatment plants 16 reservoirs 203km of waterpipes
Wastewater	6 wastewater treatment plants 107km of wastewater pipes 19 pump stations
Stormwater	49km piped drains 32km watercourses
Community Property	81 social housing units 9 cemeteries 3 swimming pools 4 substantial administrative buildings 15 community halls

The total value of the Property, Plant and Equipment assets was \$381m at 30 June 2017, of which \$353m were infrastructural assets.

The maintenance of these assets cost about \$11m a year and \$9m has been spent on capital projects every year. The amount spent on capital works is expected to rise to \$23m pa over the next ten years. This is principally due to the requirement for better water services and the renewal of aging roading infrastructure.

The approach to lifecycle management is specified in each individual AMP. Broadly speaking each asset is replaced at about the time that maintenance costs exceed the annual payments on the cost of replacement. The detail as to how that applies to each asset can be found in each AMP.

An Investment Logic Mapping (ILM) strategic business case exercise has been carried out in order to identify where best to invest Council's scarce resources. The results of this can be found in each individual AMP. Broadly speaking this approach refined our strategy. There were no huge gaps identified in our previous strategies.

In the main the LoS envisaged in this Strategy are those that are currently afforded by Council. Details of these can be found in the individual AMPs.

Council expects to spend \$183m on Capital works in the next ten years. This can be subdivided as follows:

- (a) \$109m for the renewal of existing works
- (b) \$58 on improving the LoS from existing works
- (c) 16m on growth related works providing for some local increases in population.

There are some significant new increases in the services (LoS) we will provide.

- (a) Water and wastewater treatment will improve as resource consents are renewed and the effect of national initiatives are reflected in the Ruapehu District.
- (b) New tourist infrastructure such as parking and toilet facilities will be provided.

(c) Township revitalisation projects will provide an exciting new ambience.

Life cycle assumptions can be found in each AMP and the Statement of Accounting Policies.

Some keys assumptions are:

Activity	Asset	Life Time (Years)
Land Transport	Pavements	65
	Seals	14
	Bridges	50-100
	Street Lights	10-15
	Footpaths	100
Water Supply	Pipes	60-110
	Pumps	10-60
	Valves and Hydrants	25-50
	Tanks	25-100
Wastewater	Pipes	60-92
	Manholes and Cesspits	50
	Treatment Plants	10-100
Stormwater	Pipes	70-92
	Manholes	50

In the main these life cycles are the same as those used in the last LTP. However the life cycle assumptions for pipes have been significantly increased. The following table shows the changes.

Asset	2015 – 25 LTP	2018 – 28 LTP
Water Supply Pipes	40 – 80 years	60-110 years
Wastewater Pipes	50 – 80 years	60 -92 years
Storm water Pipes	50 – 60 years	70 – 92 years

This extension of the life of the assets has meant that some capital expenditure has been deferred. Because much of our underground pipe asset is less than 50 years old this has not meant an immediate reduction in expenditure but it has affected our long-term modelling.

The effort that has been put into data improvement over many years is starting to provide tangible results and lower costs.

There is a risk inherent in reducing the renewals budgets for pipes. It may be that some localised areas will not perform as well as the overall statistical study would indicate. Council is in a position to borrow money to replace assets if required.

Significant Issues

Risks/Flexibility/Uncertainty

In compiling a 30 year programme of capital works, uncertainty is the major issue. These uncertainties include:

- (a) volcanic eruption/lahars – three events in the last 30 years,
- (b) floods,
- (c) weather events, climate change impacts,
- (d) subsidy schemes,
- (e) financial uncertainty,
- (f) legislative changes,
- (g) water and wastewater treatment standard changes and their implications,
- (h) resource consent uncertainties.

(i) levels of growth

The table below provides a summary of the likelihood and consequence of the risks”

Consequence is on a scale of one to five. One is a “low” consequence of under \$1m i.e. Council can cope, day to day operations would not be disturbed. Five is a “high” consequence. In financial terms over \$100m i.e. there would be a major disruption to everyday business and Council could be bankrupt.

Likelihood is on a scale of one to three where three is an event that is very likely and one is very unlikely.

Degree of overall risk is likelihood times consequence. Low level risks are typically one to three. Medium six to ten and high 11 to 15.

This is a subjective exercise and the detailed numbers can be debated. It is useful because it makes sure there are appropriate mitigations.

	Risk		Likelihood	Consequence	Overall	Mitigation
Natural Events	Moderate Volcanic Eruption/Lahar		2	1	2	Keeping Infrastructure away from lahar paths.
	Major Volcanic event		1	5	5	Seek Government help
	Floods, Climate Change impacts		2	3	6	Increasing sizes of pipes and water ways
	Weather events, rains & slips		3	4	12	Retaining substantial credit lines. Making sure NZTA and Civil Defense subsidies are available.
Government interventions	Subsidy Variations		2	3	6	Keeping political contacts up to speed
	Legislative Changes affecting Council's role		2	3	6	Good contact with Wellington advocates
	Water and Wastewater treatment standard variations		3	4	12	Keeping up to date with current developments and advocating sensible compromises
	Resource Consent uncertainties		3	3	9	Employing competent advocates and keeping HRC well informed
Financial	Interest Rates variations		2	3	6	Keeping borrowing at comparatively modest levels.
Growth Assumptions	Resident Population underestimated or overestimated. LoS decline or unnecessary money spent		2	3	6	Council monitors population movements and usage of its services & requests for service. Increases resources to cope as required.
	Tourist Population under or over estimated. LoS decline or unnecessary money spent.		2	3	6	Council monitors tourist movements and usage of its services & requests for service. Increases resources to cope as required.
	Peak Population under or over estimate. LoS decline or unnecessary money spent		2	3	6	Council pays special attention to peak periods and has extra contractors on standby for provision of services.
Service Life of Assets	Assets fail before end of their life or are replaced before they need to be. Either consequence is expensive to Council.		2	3	6	Staff monitor service requests and maintain data bases to monitor when assets are failing and costs are rising. This information is used to programme asset replacement.
Data reliability	Council makes the wrong decisions because it does not know the state of the assets.		2	3	6	Staff compare assets that have been replaced with their recorded state. Regular assets condition assessments are carried out.

Overall the best way to accommodate uncertainty is to retain the ability to borrow. Our overall debt position is detailed in the Financial Strategy, however a brief summary would be that Council has a

debt/income ratio near the average of rural small local bodies in New Zealand. This should enable sufficient debt to be raised to accommodate the future contingent demands that are covered in this document.

In the last ten years Council debt has fluctuated between \$25 and \$30m. Currently it is \$26m. This is a consistent overall Council debt position with substantial capital works in progress.

Another risk is the changing needs of our client base. Future councils will need to be responsive to the real needs of the ratepayers, including non-resident ratepayers, who are usually under-represented on Council.

Resource consents are another significant factor in our overall infrastructure planning. The expense of obtaining the consents is significant and the results uncertain. This means that Council does not know exactly what the outcomes will be and hence the cost of building the infrastructure that is needed in the future.

The budgets included in this Strategy include an allowance for the plant, equipment and operations that are most likely to result from the resource consent process.

Subsidy Changes

Subsidies for water and wastewater treatment have been erratic over the last 20 years. Subsidies have often been available and often been generous. Central Government has acknowledged the need for subsidies however they have been difficult to predict before they are announced. The accompanying Financial Strategy states that Water services subsidies have not been included in the modeling. This results in an increase in debt and is a substantial risk for the Long-Term Plan.

New Zealand Transport Agency (NZTA) has published many documents outlining changes to its Financial Assistance Rates (FAR). From the beginning of the 2018/19 year Council's FAR will be 72%. There are still questions over the classification of roads and the way money will be appropriated for each class. The exact detail of the effect of these changes on Ruapehu is consequently currently unknown but it may result in an effective subsidy reduction.

The financial model uses the information we have about future FAR. If the rates reduce there will be pressure to reduce investment in roading infrastructure. The flow-on effect in ability to transport the District's agricultural product to market is one of the most significant issues in the Long-Term Plan.

The Water and Wastewater activities both require major changes to all their treatment plants within the next 30 years. The Council is likely to get subsidies for these upgrades however there is no guarantee from Government policy that this will happen. Consequently, we have assumed they will be debt-funded. This causes debt to rise from \$26m to \$68m over the next 10 years. This is at the limit of the amount allowed under the Council's benchmarks. It may well be that consideration will have to be given to not proceeding with some treatment works if subsidies are not forthcoming.

Options

The options that Council has can be divided into two groups:

- (a) continue with the present amount of work, i.e. the current subsidy rates. This will result in gradually reducing LoS for the roading network and service that fall below the regulated standards of water and wastewater treatment,
- (b) provide better services using higher subsidies,
- (c) Incur significant debt and complete the planned works.

Bigger Trucks

One of the most significant efficiency opportunities for District ratepayers is the introduction of larger truck and trailer units on local roads. The reduction in labour input for the agricultural and forestry sectors should mean increased profit and sustainability. It will increase the need for maintenance on local roads. The forestry industry has caused the largest impact on local roads. Some roads, particularly in the north of the District, have been impacted very badly. Significantly, it will increase the loading on bridges. Many of these will require upgrades.

Options

The options are to either continue with weight restrictions on bridges or upgrade the bridges to the higher weight carrying capacities. The consequences are an increase in farmer's costs or an improvement in the efficiency with which the District's freight is carried.

Council plans to increase the ability of bridges to carry heavy loads as they are scheduled for component replacement and roads will be repaired as they suffer damage. There are options to increase the speed of the work but they are considered to be too expensive in the immediate future.

50 Year Old Bridges

Many of the District's bridges were built in the 1950s and 1960s. They are now coming to the end of their design life. Some of them can be given a new lease of life by having critical structural components replaced. Others will require new structures. This work will be allowed for in the Land Transport AMP.

Options

The options are to save some money by rebuilding and renewing bridges at their existing capacity or to upgrade the bridge to the new legal limits as they become due for renewal. Council prefers the latter option.

50-Year-Old Water and Wastewater Schemes

Many of the schemes in the District are now 50 years old. This has two consequences:

- (a) Pipes are leaking more as years go by.
 - (i) Wastewater pipes have holes in them which allows wastewater to get into the ground water, and rainwater to enter the wastewater pipes. The rainwater volume overpowers the wastewater treatment plants.
 - (ii) Drinking water leaks out of water pipes and treated drinking water is wasted. Chlorinated water contaminates the ground water.
 - (iii) Pipe replacements have been allowed for.
- (b) Treatment standards have changed over time and society now expects a much-improved performance. This leads to more expensive plants and may well predicate centralisation wherever communities are close to each other.

Options

For the piped infrastructure, the options are to replace the pipes or to tolerate more and more leaky pipes. For the treatment plants the options are to continue with the lower standard of treatment or to upgrade. The lower standard will eventually become illegal under the legislated framework. The present water treatment and wastewater treatment is more likely to give rise to poor health outcomes than an upgraded treatment standard.

Council plans to upgrade the plants as resource consents are renewed and replace pipes as they become unserviceable.

Civil Defence Risks and Critical Assets

Council maintains a Civil Defence Readiness Plan which lists many risks inherent in our area. These include volcanic, geological, earthquake, weather, civil unrest and technological failure risks. The same basic Civil Defence responses will mitigate the effects of any of these risks. This was proven in the Raetihi diesel spill emergency in 2015.

Critical assets are defined in Council's lifelines and Civil Defence documents. The Council asset seen as most critical for life and limb is the roading asset. Once communication and access is restored, other services can follow. In order to keep roads open, Council contracts for a standby crew including heavy machinery and road controlling staff.

There is a possible threat to public safety if water and wastewater assets do not operate within legislated limits. To this end we have identified critical assets in each AMP. Extra steps are taken to protect these critical assets and to provide for spares where possible.

There are no significant concentrated centres of population within the District and hence it is likely that there is an ability for the population to sustain itself for a significant period following an emergency. The farming community is relatively self-sufficient.

The best way to accommodate uncertainties in the longer term is to retain the ability to borrow.

Options

Council could lower its state of readiness for Civil Defence or increase the state of readiness. At present Council supports one staff member who encourages Community Groups and trains all the RDC staff for Civil Defence emergencies. This works well for relatively small events. In larger events Council relies on support from Central Government. This is Council's preferred option.

Landfill Closure

It is expected that the District Landfill will close in the next three years. Whilst the resource consent runs until 2020 the landfill is nearly full and alternative arrangements may have to be made to manage the waste stream before the expiry date of October 2020.

The issue is the subject of public consultation on the 2028 Waste Management and Minimisation Plan alongside the 2018-28 LTP and the result of that is not known at this stage. It is likely that the waste will be shipped to an accredited landfill in another District. This outcome has been assumed in the financial modelling.

Options

The options are:

- (a) to seek resource consent for a new landfill cell and build a new landfill cell at the existing unlined landfill site,
- (b) transport all waste (clean and refuse) out of the District,
- (c) divert more biodegradable refuse, establish a clean fill facility in the District and truck the residual refuse out of the District.

Council's preferred option is option c. This should be the most cost effective and have the best environmental outcome. The details of each option can be found in the Waste Minimisation and Management Plan (WMMP)

Urban Revitalisation

The Long-Term Plan includes major works in Raetihi and Taumarunui designed to increase the attractiveness of the urban centers and revitalize these towns.

Options

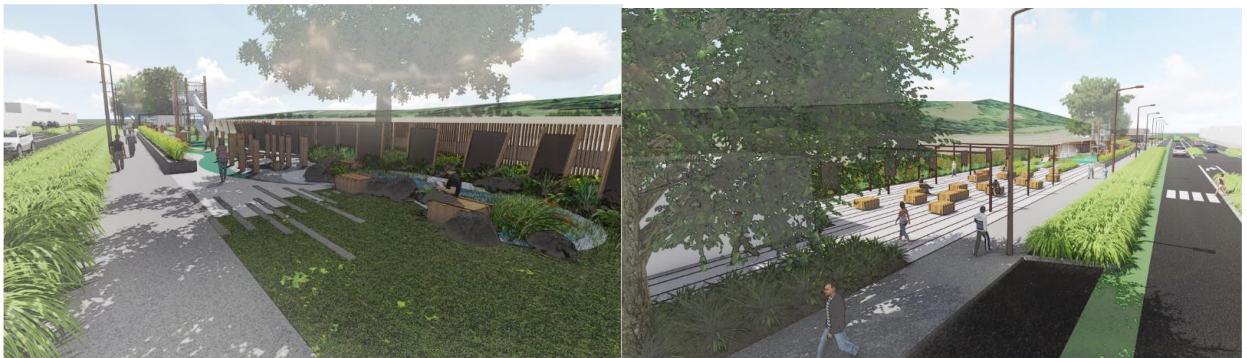
The options are to carry out the programme of urban revitalisation or not to carry out these works. The programme has been presented as an opportunity to make our urban centres more vibrant and attractive at a modest overall cost within the next ten years. The option would be not to carry out these works.

Tourist Facilities.

In recent years, the numbers of tourists visiting the District has increased significantly. Recently 5 new toilets have been provided and parking facilities have been upgraded for the Tongariro Alpine Crossing. The total amount of ratepayer money spent on these initiatives has been less than \$500,000. It is likely that these type of low cost initiatives will continue in the planning period.

Options

The options are to carry on making modest improvements to our facilities or not carry out these works. Council's preferred option is to continue with these improvements.



Total Expenditure

Overview

Over the last five years Council has achieved an expenditure pattern which has enabled:

- (a) reasonable Levels of Service (i.e., operational expenditure, which results in reducing requests for service),
- (b) a capital works programme making modest inroads into deferred maintenance,
- (c) a modest reduction in debt.

This happy state of affairs is not likely to continue. The forecast expenditure on new capital works of all sorts is forecast to double with commensurate rises in debt and renewals.

Sustainability

A stable budget is a useful definition of the sustainability of a local body.

- (a) There have been robust discussions about the expenditure that this requires. Some ratepayers are of the view that Council should undertake more expenditure and some are of the view that there should be less expenditure.
- (b) An example of pressures upon Council is parks and reserves. Ruapehu has two major national parks, including a world heritage area. This enables a wide variety of outdoor experience including mountain biking, canoeing and skiing. All of these require some infrastructure.
- (c) The burden of maintenance of much of this infrastructure falls on a relatively small number of ratepayers. Council's response has been to encourage others to invest and make its own (ratepayers) commitment very modest indeed.
- (d) Council believes that this plan will keep rate rises below the Local Government Cost Index plus 2% limit, and keep essential infrastructure renewed (i.e., fully fund most depreciation) and spend the depreciation money on replacements.

Link to Financial and Funding Strategies

The Financial Strategy contains the details of financial impacts on the proposed LTP. This sets the scene for the Revenue and Finance Policy that determines the rates to be struck and the rationale behind identifying who pays and why.

Deferred Works and Mitigations

Over recent years Council has planned to replace and upgrade significant parts of the water supply and wastewater infrastructure. Much of this planned work has not been carried out. There are two significant reasons for this:

- (a) Before each major pipe replacement work is carried out the records are reviewed to find out if the works are required or if the asset can be economically used for another few years. This sustainable approach to asset replacement has enabled a reduction in asset replacement expenditure.
- (b) Water and wastewater treatment plants have been scheduled for upgrade. Each of these major projects is contingent upon
 - (i) gathering large amounts of data and making sure it is presented to the Regional Council in an effective way.
 - (ii) the resource consent system adjudicating the actual requirements of the treatment required.

To some extent this has resulted in a "bow wave" of deferred works. However, the net result has also been a reduction in Council debt so the Council does have the ability to carry out an accelerated program of replacement works if this is expedient. The mitigation is the ability to borrow the amount of debt previously repaid.

Some of this apparent “bow wave” is a result of the way we plan our works. If a project is not carried out in the year plan it is then included in the next years works program. If it is not done in that year it is also included a third time. This can result in a large number of works apparently not completed when in fact the job is eventually carried out and no diminution in service is experienced.

In the future, it is likely that details of the works carried out will differ to some extent from those planned, because of unexpected happenings. The mitigation of this is that routine works are re-prioritised and deferred on an ongoing basis. In the past, this has been accomplished with no reduction of services. Continued deferral of works results in the likelihood of asset failures and hence reduced LoS.

Council records the number of service requests made by the public every year. These statistics are recorded in each AMP. The Statistics suffer from the fact that the way they are used has varied over time but it can be reasonably said that the number of requests has either stayed the same or dropped slightly over the last 15 years.

The number of service requests is a measure of public perception that testifies that our LoS is staying the same.

One of the traps that limited period Infrastructure plans can fall into is that controversial works get pushed out beyond the planning horizon. Ruapehu District Council has not pushed any works out beyond the 30 year planning horizon. We have produced the best plan we can with the information we have at hand.

Capex Highlights

Introduction

The previous Long Term Plan was very much a ‘steady as we go’ infrastructure replacement programme. This strategy foreshadows significant changes to Council’s Capex programme.

- (a) The most significant change is the upgrade of water and wastewater treatment plant and equipment. These changes are the result of the legislative frameworks changing over recent years.
- (b) The second change is due to the urban centre revitalisation programme currently under way. This will focus and inspire vibrant and diverse living spaces in our local towns.

The annual capital value of all works is forecast to rise from approximately \$9m pa in 2017 to over \$20m pa in 2028.

A table of all large projects is appended (Appendix 1). For the Land Transport and Water activities, all expenditure of more than \$1m are included. For other activities, projects costing more than \$200,000, that are of specific public interest, are included.

See the individual AMPs for detailed lists of projects.

Wastewater Treatment

The most significant contingent items are those connected with wastewater plant upgrades. The actual expenditure that will be required is not precisely known. Plants at all Council’s small settlements will need new consents within the 30 year planning horizon. This includes National Park, Rangataua, Raetihi, Ohakune and Taumarunui.

Depending on the final requirements, the amounts at each plant could be anywhere between no further expenditure (unlikely) and \$5m per plant (again unlikely). The resulting rates rise under current allocation polices would be between 0% and 50% in the relevant wastewater rate. This is an argument to spread the impact on the largest possible number of ratepayers.

Allowance has been made for plant upgrades at Ohakune (\$7.6m) and Raetihi (\$3m) in 2026, 27 and 28.

See Appendix 1 for a summary of the largest wastewater treatment plant expenditure.

Wastewater Information

The following paragraphs provide information about Ruapehu’s wastewater activity.

Quality of recorded information

The information in the data base is good because consistent effort has been applied over the last 25 years to upgrade the data. However the nature of buried pipe systems is that perfect knowledge of the asset is very expensive and likely to be faulty at times. In particular the age of some assets is not well known. The Contractor (Veolia) has a good system for tracking new changes known as Assetfinda. Confidence in the Asset Condition information is listed below.

Asset data accuracy. Source: Veolia (as at 22 January 2018)

Asset Data	Very Uncertain	Uncertain	Reliable	Highly Reliable	Comments
Condition/ Remaining Life					
Asset Hierarchy					Hierarchy well defined in AssetFinda.
Age					Some age data stored in AssetFinda.
Quantity					Good level of information available. Stored mostly in AssetFinda.

Critical assets

Part 3 Section 7.6 of the Wastewater AMP identifies a system for identifying critical assets. The most significant mains and pumping stations are identified as critical assets. Veolia holds a stock of spares for these assets.

Redundant and growth assets

Growth trends are discussed in Part 3 section 5 of the Wastewater AMP. The growth in the area is mainly driven by increasing numbers of tourists and is very “peaky” in nature. This growth is factored into future plans for treatment and mains replacements.

Because Ruapehu has a small and widely dispersed population the activity does not carry any operational assets that are essentially redundant or are there to make provision for the future.

Disposal issues

The Wastewater AMP Part 3 section 7.12 states that no treatment plant assets have been identified for disposal. Mains that have been replaced have generally been abandoned as they lie in the ground.

Levels of service

These are the levels of service listed in the Wastewater AMP Part 3 section 1.3.

Outcomes	Key service attribute	LoS
Safe, healthy communities	Safety-public health	Provide public safety through continuous operation of wastewater collection system
	Quality - reliability	To provide reliable wastewater networks
	Responsiveness	To provide prompt responses for service
Thriving, natural environment	Sustainable Environmental performance	Environmental impacts are managed and resource consents complied with

Sustainability

Part 3 Section 3 of the Wastewater AMP discusses sustainability of the activity.

Various initiatives have been initiated to promote the sustainability of the network. These include

- (a) Adequate funding
- (b) Compliance with Resource Consents
- (c) Education of the population about how to use the network to best effect
- (d) Use of new technologies eg SCADA to minimise downtimes
- (e) Reduction of Storm water infiltration.

Changes to LoS, community expectations and stakeholder expectations over time

Changes to LoS for Wastewater treatment have been flagged for some time. Council expects to upgrade its treatment processes over this planning period.

Demands to meet Cultural expectations are also likely to increase. This will give rise to increased treatment and expense.

Climate change will result in more intense local rain events and this will also affect the LoS that need to be provided.

Funding strategies

Disposal of Wastewater is a classic activity in which we must all contribute a little in order for the greater common good to be achieved. Individual efforts achieve little in an urban setting. Therefore, it is most likely that district-wide rating systems based on capital value and uniform annual charges (per capita levies) will become the funding sources at least in an urban environment.

Central Government subsidies are also a vital factor in keeping Sewage treatment affordable in small communities. Council will continue to press for subsidies as appropriate.

Metered charging systems are also likely to be considered in the future.

Funding issues and smoothing of expenditure.

The size of the investments needed for effective wastewater treatment are so large that each major upgrade causes a funding issue locally.

Council has several tools to minimise these shocks to rates.

- (a) Central Government subsidies will help considerably with this impact and Council will continue to strive to achieve these.
- (b) Debt funding will be used to smooth the large step increase in treatment costs.
- (c) District wide rating will help to spread the cost impact of individual plant upgrades.

Deferred expenditure

No expenditure has been intentionally deferred in this set of planning documents. In time it may prove desirable to defer some major plant if the expected subsidies are not received.

Service delivery and management of assets

Ruapehu District Council has adopted a strategy of having a small expert team on its staff to manage the assets and let contracts for their operation. This strategy is used for the Wastewater activity to good effect. The strategy is not likely to change in the planning period.

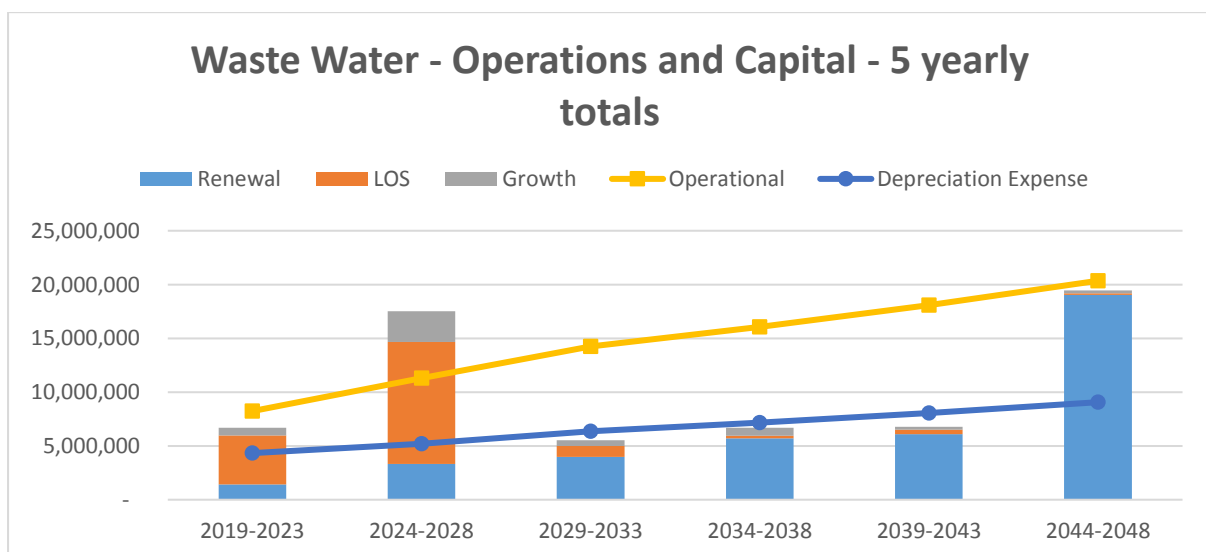
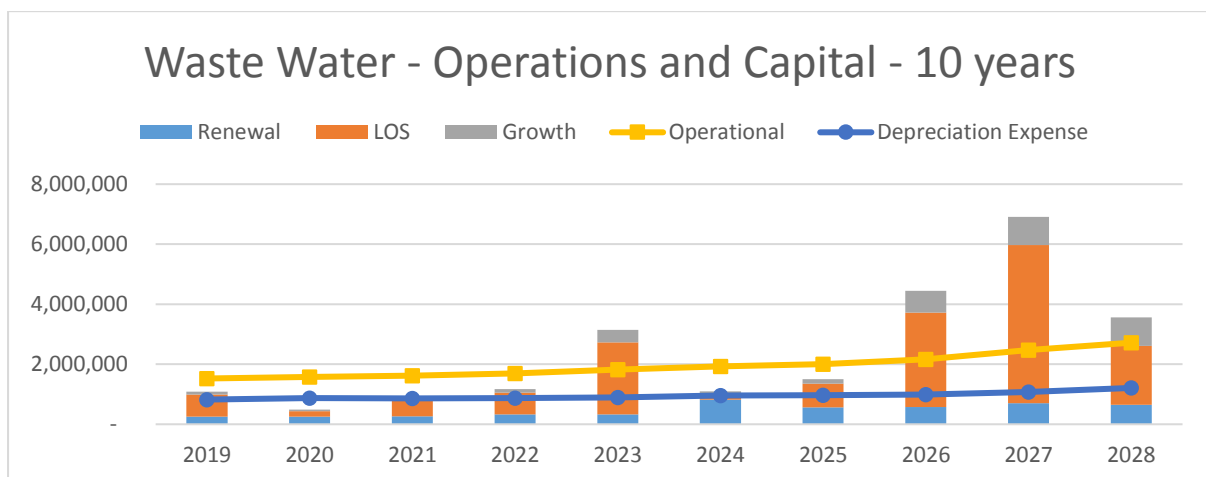
Changes to technical, legislated or regulatory environment

In the long term, technical changes to treatment methods, pipe materials and installation techniques will help to hold costs.

Improved treatment standards for Wastewater are likely to be legislated or regulated over time and this will increase costs.

Expenditure Overview

The graphs below show the expenditure overview. The large increases in 2023, 26, 27 and 28 correspond to treatment plant upgrades.



Land Transport

Approximately 7km a year of major sealed road renewal works is being carried out on key strategic routes. In the last eight years, 49km has been completed and there remains another 100km of key roads to complete. This involves around \$28m of expenditure in the next ten years. Sealed roads are being heavily impacted, mainly by Forestry vehicles, and this renewal figure will have to be increased.

From 2015/16 bridge renewals have become a focus. The last three years have seen an increase in this expenditure. Of the 343 bridges in the District, around 90 will fall due for either full replacement or for replacement of significant parts of the structure (e.g., decks, beams, rails, foundations, etc.) in the planning period. The estimated cost of these works is \$12.2m.

Reseals will need to increase if the sealed road network is to be preserved at current service levels. Extensive modeling with our RAMM computer model has flagged that 52km of roads need to be resealed annually compared to a current budget of 23km. This treatment selection is computer generated and so validation will be required however the modelling has proved accurate in the past and so Council is convinced that an increase in Resealing will be required to preserve the smooth rides we are accustomed to.

The other major thrust of roading capital works is easing corners and bridge approaches because 98km (7%) of RDC roads cannot take trucks and trailers. This is because the corners are too tight or the roads are not wide enough. This can be solved by judicious upgrades.

Maintenance costs are likely to rise as forest plantations come to harvest. The increased maintenance activity has been included in the costings. At present this harvest cost has not been specifically allowed for in the financial model which allocates costs. The Revenue and Financing Policy has discussion on possible forestry differentials to reduce the impact on others (i.e., reduce the impact on non-forestry ratepayers).

The overall summary of the road works required is that they can be accommodated within the current Rates (local share) funding levels for the next 10 years. The funding for increased renewal is expected to be financed by changes to the NZTA investment ratio. This is something of an unknown at this stage and is discussed in the Risk section of this Strategy.

In the longer term, more than 10 years, it is likely that relative funding will have to increase.

Land Transport Information

The following paragraphs provide information about Ruapehu's Land Transport activity. More complete information can be found in the Land Transport AMP.

Quality of recorded information

The RAMM data base and data acquisition system has been in use for 30 years and provides good quality data for this activity.

The following table is taken from section 3 of the AMP. It indicates that the quality of our data is generally very good. The assets whose data is less certain are generally buried assets or less critical assets.

Asset Confidence of Data, Completeness of Data and Confidence in Condition and Performance Data

	Confidence of data (Age, material etc.)	Completeness of data(1)	Confidence in Condition and performance data
Pavements	A	Good	A
Pavements - SPR Ohakune Mountain Road	A	Very Good	A
Structures - Bridges	A	Very Good	A Bridge Inspections
Structures - Large culverts	A	Very Good	A
Structures - Retaining walls	A	Very Good	B
Drainage - Culverts	A	Very Good	B
Drainage - Kerbs and channels	A	Very Good	B
Traffic Services (Street lighting, road markings, signs)	A (Street lighting) C (other)	Very Good	A (Street lighting) B (other)
Footpaths	B	Very Good	C
Cycleways	B	Moderate	C
Bus Shelters	C	Moderate	C
Facility Roads and Carparks	C	Good	B

(For an explanation of this rating system see the Land Transport AMP)

Critical assets

11 Roads are listed as Critical Assets in section 14 of the Land Transport AMP. A Risk Mitigation Strategy is outlined in the AMP. Council reviews the assets routinely to take opportunities to reduce risks and enable prompt repair should they suffer damage.

Redundant and growth assets

The roading network has some duplication of key assets. If one includes the State Highways there are at least 2 roads between all our centres of population. However, because Ruapehu has a small and widely dispersed population the provision is ad hoc. In all recent emergencies roading access has been restored quickly after a weather or similar event.

The existing network of roads has significant inherent provision for growth. All roads have untapped capacity. The agriculture and tourism industries rely on this untapped ability to carry more traffic to enable their growth.

Council monitors the use of the network and will consider upgrade to roads as required.

Disposal issues

The types of assets employed in this activity do not often cause issues when they are disposed of. They consist of natural materials generally obtained from local quarries. Disposal of pavement materials is readily affected to other road owners e.g. farmers.

Exceptions to this generalisation are bridges and street lights.

- Council is developing a plan to dispose of surplus bridges. Ideally, they would be handed on to adjacent land owners. If this does not occur there is a ready market for the scrap metals.
- Street lights become obsolescent reasonably quickly and are disposed of as scrap or to Landfill.

Levels of service

Section 11 of the Land Transport AMP pages 93 to 118 covers LoS issues in some detail. The headline services are those listed and reproduced below.

Level of Service	Roads are managed to an acceptable level and the road network is available at all times
Links to Strategic Goal	All District roads provide continuous all weather travel
Links to Outcomes	Our transportation network is reliable, safe and endeavours to meet the needs of users.
Customer Value	The core customer values this service aims to provide are: Quality / Availability
ONRC Customer Outcome	Safety / Resilience / Amenity / Accessibility

Sustainability

The ability of the Roothing Network to meet present needs without compromising the ability of future generations to meet their needs is a fine balancing act for the Transport system.

Our needs are met by significant Government subsidy and Rates contribution. This will need to continue if the network is to be sustainable.

The impact that roads make on the local environment is also significant and will have to be actively managed to be acceptable and sustainable. This environmental impact is subject to oversight by a variety of agencies.

Section 13 of the Land Transport AMP outlines a process for considering all the conflicting factors and ensuring that our Roothing Network is sustainable.

Changes to LoS, community expectations and stakeholder expectations over time

Section 10.4 of the Land Transport AMP examines the changes in levels of satisfaction with the LoS over time. The conclusion is that the present LoS fulfil public expectations.

Central Government reviews its expectations around the road system on a regular basis. Recent reviews have centred on safety concerns and the need to preserve a constant standard on similar roads (the one nation initiative) across the whole country.

It is possible that future Governments may decide that the current LoS needs to be changed in some way. Changes of funding are likely to be associated with these changes and they will be debated extensively. Ruapehu has not attempted to predict these changes.

Funding strategies

Sections 2 and 3 of the Land Transport AMP identifies a funding gap and the fact that Ruapehu expects the Central Government will allocate funds to fill that gap.

Central Government funds over two thirds of the Ruapehu roading expenditure.

The discussion with Central Government agencies will continue.

Funding issues

If increased Central Government funding is not forthcoming the Land Transport AMP predicts that maintenance will fall below optimal levels and the standard of local roads will decline.

Smoothing of expenditure

The roading budget is reasonably smooth. Some effort has been put into staging large projects in order to avoid large financial impacts. This has resulted in a situation where each individual project tends to be small in relation to the total budget and so the total budget tends to be relatively smooth.

Deferred expenditure

In the past routine maintenance in a number of work categories has been deferred. This AMP provides for increased expenditure to catch up with the backlog of deferred works. Section 17.7.4 refers to the subject in general. Individual asset classes have their own discussion.

Service delivery and management of assets.

The Transport Agency requires all approved organisations to manage their in house service delivery in a way that ensures both efficiency and effectiveness. At Ruapehu the roading assets and hence this activity is owned by a small in-house team. The team contract the required services from a larger roading set of external contractors. The strategy is not likely to change in the planning period.

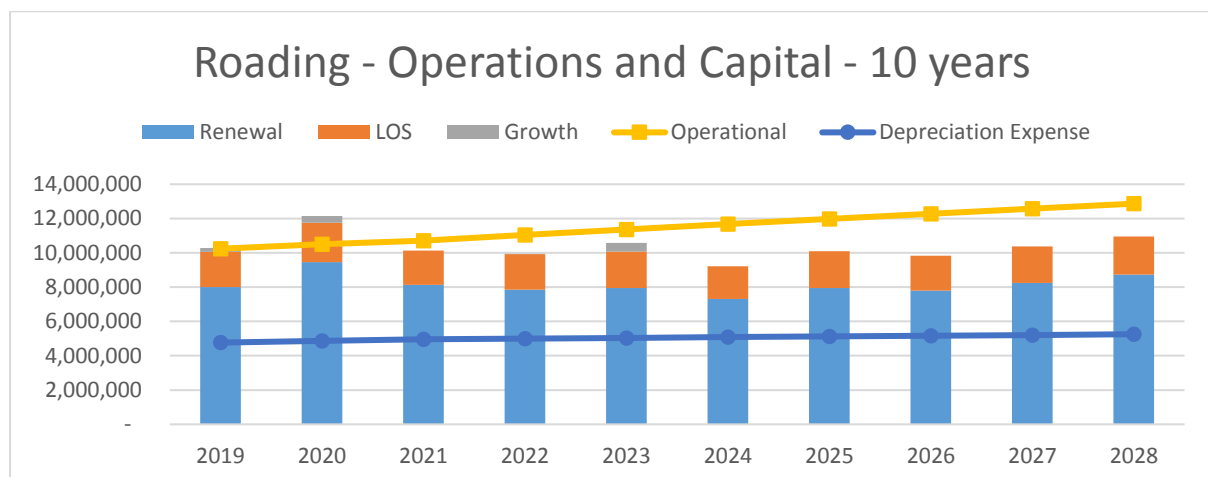
Changes to technical, legislated or regulatory environment

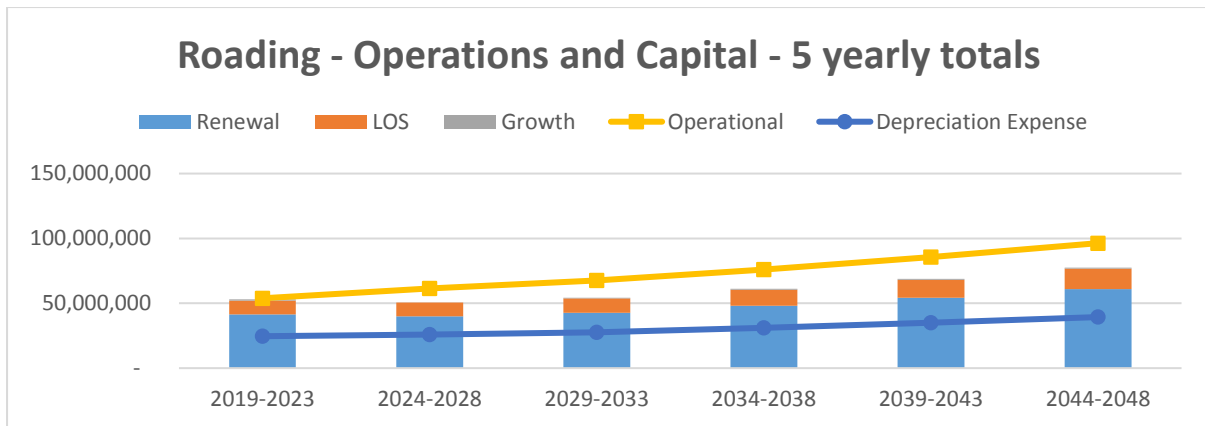
In the long term, technical changes to machinery and materials will make this activity cheaper. This is a very long term view. It would be fair to say the labour input into roading has reduced substantially in the last 30 years.

The legislated and regulatory environment will become stricter with respect to environmental impacts. Overall the effects on the activity are likely to be marginal.

Expenditure Overview

The graphs below show the expenditure overview.





Water Supply

The risks associated with untreated water have been highlighted by recent events in the Hawkes Bay. The result is likely to be a need to upgrade water treatment.

The Ohakune Water Treatment Plant is nearing the limits of its capacity and is likely to require an expansion in 2027/28 at a cost of \$2.9m. The Taumarunui plant is also likely to require renewal of a number of plant items over the ten year period at a cost of \$3.8m. To comply with the latest standards the Owhango water treatment plant requires disinfection equipment costing \$1.5m.

All of the schemes have piped networks that are in need of renewals. The actual level of renewals is established from year to year, based on maintenance required and leakage analysis. In overall terms, pipe replacements will be required at the current level for the foreseeable future. The cost of this will probably tend to rise slightly faster than the Consumer Price Index (CPI).

Water Supply Information

The following paragraphs provide information about Ruapehu’s Water Supply activity.

Quality of recorded information

This topic is discussed in the Water Supply AMP section 8.3.

The information in the data base is good because consistent effort has been applied over the last 25 years to upgrade the data. The Contractor (Veolia) has a good system for tracking new changes known as Assetfinda. Confidence in the Asset Condition information is listed below.

Asset data accuracy. Source: AssetFinda (as at January 2018)

Asset Data	Very Uncertain	Uncertain	Reliable	Highly Reliable	Comments
Condition/ Remaining Life					
Asset Hierarchy					Hierarchy well defined in AssetFinda.
Age					Some age data stored in AssetFinda.
Quantity					Good level of information available. Stored mostly in AssetFinda.

Critical assets

Section 6.1.5 of the Water Supply AMP identifies a system for identifying critical assets. The water intakes, main supply lines, treatment plants and Welfare supplies are identified as Critical Assets. These have been provided with increased attention and Veolia holds a stock of spares for these assets.

Growth assets

Growth trends are discussed in Part 2 of the generic sections of the AMPS. In Part 3 section 5 of the Water Supply AMP the implications of this for Water Supply are elaborated on. The growth in the area is mainly driven by increasing numbers of Tourists and is very “peaky” in nature. This growth is factored into future plans for treatment and mains replacements.

Redundant assets

In the water treatment plants some limited provision is made for equipment failure and duplicate assets are installed. For much of the time the demand for water is less than half the peak loading. The equipment is designed so that two sets of treatment equipment are used at peak times and one set used as a standby set at other times. The larger towns (Ohakune and Taumarunui) also have duplicate storage tanks.

Disposal issues

The Water Supply AMP section 7.12 states that no treatment plant assets have been identified for disposal. Mains that have been replaced have generally been abandoned as they lie in the ground.

Levels of service

These are the levels of service listed in the Water Supply AMP Part 3 section 4.9 table 16.

Outcomes	Key service attribute	LoS
Safe, healthy communities	Safety-water quality	Providing quality and safe drinking water to applicable community areas
	Safety – water pressure and flow	Safe water pressure and flow is supplied to consumers
	Quality - reliability	To provide reliable water networks
	Responsiveness	To provide prompt responses for service
Thriving, natural environment	Sustainable Environmental performance	Promote the efficient and sustainable use of water

Sustainability

Section 3 of the Water Supply AMP discusses sustainability of the activity.

Various initiatives have been initiated to promote the sustainability of the network. These include

- (a) Adequate funding
- (b) Compliance with Resource Consents, particularly with respect to allocations under HRC One Plan.
- (c) Education of the population about how to use the network to best effect
- (d) Use of new technologies eg SCADA to minimise downtimes.

Changes to LoS, community expectations and stakeholder expectations over time

Changes to LoS for Water Supply treatment have been flagged for some time. This includes advanced standards for water treatment. Council expects to upgrade its treatment processes over this planning period.

Funding strategies

The funding strategy at the present point is to apply rates levied on a per household rate.

Central Government subsidies are also a vital factor in keeping water treatment plants affordable in small communities. Council will continue to press for subsidies as appropriate.

Metered charging systems are also likely to be considered in the future once all the required infrastructure is in place.

Funding issues and smoothing of expenditure.

The size of the investments needed for effective water treatment are so large that each major upgrade causes a funding issue locally.

Council has several tools to minimise these shocks to rates.

- (a) Central Government subsidies will help considerably with this impact and Council will continue to strive to achieve these.
- (b) Debt funding will be used to smooth the large step increase in treatment costs.
- (c) District-wide rating will help to spread the cost impact of individual plant upgrades.

Deferred expenditure

No expenditure has been intentionally deferred in this set of planning documents.

Service delivery and management of assets.

Ruapehu District Council has adopted a strategy of having a small expert team on its staff to manage the assets and let contracts for their operation. This strategy is used for the water supply activity to good effect. The strategy is not likely to change in the planning period.

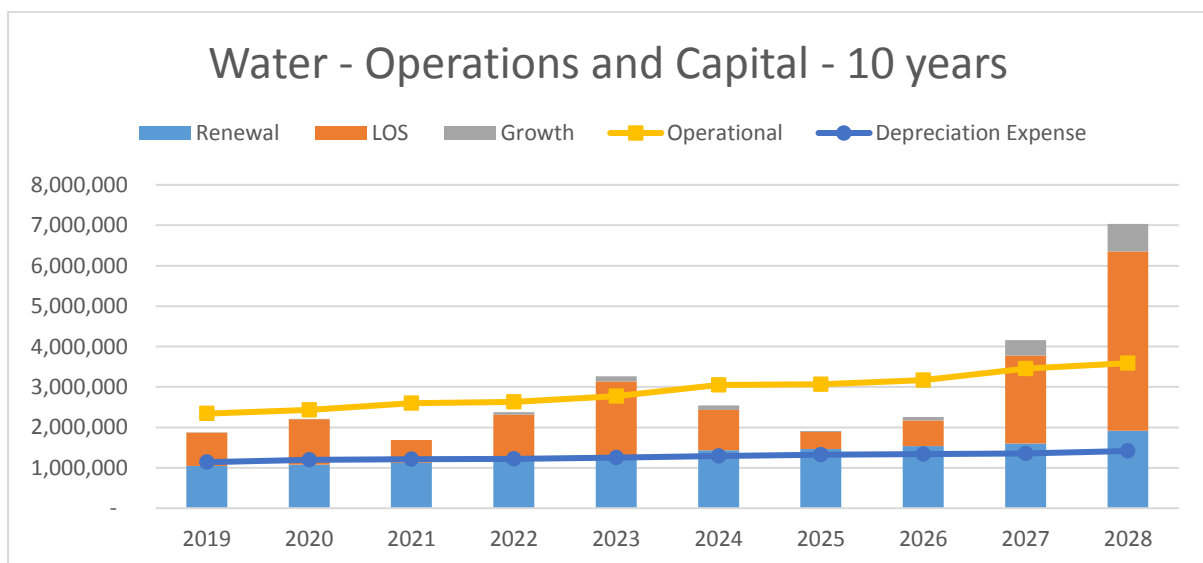
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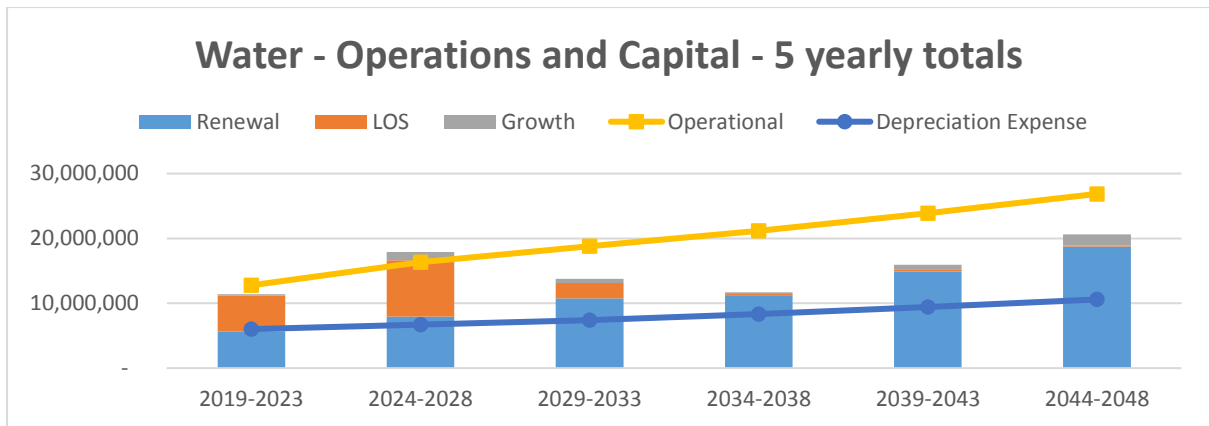
In the long term, technical changes to treatment methods, pipe materials and installation techniques will help to hold costs.

Improved treatment standards for water treatment are likely to be legislated or regulated over time and this will increase costs.

Expenditure Overview

The graphs show the expenditure overview.





Parks, Reserves and Other Infrastructure

Town revitalisation will be the focus of effort for this initial planning period. It is envisaged that these works will focus and inspire vibrant living spaces for our local communities.

Whilst works have started, much of the work will be carried out in the next three year period. \$4m may be spent in the planning period.

No allocation of renewal funds has been made for community halls. Council is likely to consider each hall on a case-by-case basis over the 30-year period. Some will be closed and some upgraded.

The Taumarunui War Memorial Hall requires upgrading to meet earthquake standards. \$1.1m has been budgeted for this work.

An allowance of \$.06m has been made to demolish earthquake prone buildings if the expected regulations are promulgated.

The leaks in the Taumarunui outdoor pool have become more troublesome over the last two years. It is likely that these will be repaired in the next two years. It is very difficult to know exactly what these costs will be until the best course of action is identified.

Council owns over 50 flats that are rented out to older people. Maintenance and minor renewals have been allowed for in the budgeting. New units have not been allowed for.

Public toilets will be renewed as occasion demands and this has been budgeted.

Community Facilities and Community Property Information

The following paragraphs provide information about these activities. These assets are covered in 2 asset related plans.

- (a) The Community Property AMP
- (b) The Community Facilities AMP

Note that the one team of Council staff are responsible for both Community Property and Community Facilities. Consequently a common AMP template has been used and many systems are common to both activities.

Quality of recorded information.

This topic is discussed in the Property AMP and Facilities AMPs in Part 3 section 15.4.

The Quality of the data is similar in both cases.

Demand forecasts	C - Uncertain
Service gap interpretation	B - Reliable
Quantities	
Major asset groups	A - Highly reliable
Minor asset groups	B - Reliable
Condition grades	
Major asset groups	A - Highly reliable
Minor asset groups	B - Reliable
Unit rates	B - Reliable
Base lives	B - Reliable
Remaining lives	
Major asset groups	B - Reliable
Minor asset groups	B - Reliable
Valuation and depreciation	B - Reliable
Financial forecasts	
Short-term 1-3 years	B - Reliable
Mid-term 4-10 years	B - Reliable

Critical assets

Part 3 (sections 10.5, 11.8, 12.4,13.3.14.3) identifies whether assets are critical or not.

Administration buildings, cemeteries, and public toilets are considered to be critical because of their roles in emergencies.

All of these buildings have been bought up to code strength for earthquakes and are considered to be fit for their civil defence purpose.

Growth assets

Discussion about the effects of growth can be found in both AMPs Part 3 section 5.0.

In summary, tourism growth will cause an increase in the need for rubbish disposal, walkways, cycle ways and other attractions. There is a need for more cemeteries to provide resting places for our aging population.

Redundant assets and disposal issues

This asset group has a wide variety of possibly redundant assets:

- (a) Part 3 section 13 of the Facilities AMP describes our Community Halls.
Ruapehu controls 15 under-utilised community halls.
Efforts have been made in the past to dispose of these redundant assets but the public affection for these facilities has made this difficult. See the AMP for more details.
- (b) Many of the recreation reserves are under-utilised by metropolitan standards and could be regarded as redundant however Council does not propose to dispose of them at present.
- (c) Social housing in Raetihi and Taumarunui. This may be considered as redundant. Consideration is given to disposal of this to a Community Trust see Community Property AMP Part 3 section 11.9
- (d) There is a large amount of unused or closed road reserve in the District, possibly as much as 2,000Ha, which is also redundant in the sense that it is not used for the declared purpose. There are no active plans to dispose of this.

Levels of service

The following table is taken from The Community Property AMP Part 3 section 4.4.

Note that the outcome is at the top of the table and the LoS at the bottom. Other similar tables work from left to right.

Activity	Community Property
Outcome	<p>Safe, healthy communities: Excellent standards of safety and welfare are promoted and respected.</p>
Level of Service	<p>To provide Council buildings that are compliant with legislative requirements. Libraries, public meeting venues, administration buildings will be retained and well maintained.</p> <p>Housing units are maintained to a satisfactory standard and provide a safe environment for tenants.</p> <p>To provide social housing units that are fit for purpose.</p> <p>Airfield that is safe for authorised aircraft.</p> <p>Provide prompt responses for service.</p>

The next table is taken from Part 3 section 4.4 of the Recreation and Community Facilities AMP, again the layout is atypical.

Activity	Recreation and Community Facilities
Outcomes	<p>Safe, healthy communities: Excellent standards of safety and welfare are promoted and respected.</p> <p>Strong Leadership and Advocacy: Council is proactive, transparent, and accountable.</p> <p>Vibrant and Diverse Living: Activities, facilities and opportunities for youth are provided and supported.</p> <p>Excellence and achievement in sport, arts/cultural pursuits, community service and businesses is supported.</p>
Level of Service	<p>Council will maintain and provide access to playgrounds, public green space, amenities, cemeteries and community halls.</p> <p>Amenities and facilities are provided that meet the needs and safety of the community. To provide Council buildings that are compliant with legislative requirements.</p> <p>To provide public toilets that are well maintained.</p> <p>To provide public toilets that are safe to use and in accessible locations.</p> <p>Provide prompt responses for service.</p>

Sustainability

The 4 well-beings (Social, Economic, Environmental and Cultural) are necessary for a sustainable community. Community Facilities and Community Properties both contribute significantly towards these well beings. Part 3 section 8 of both the Community Property and Community Facilities AMPs covers the way in which each aspect of the assets does this

Changes to LoS, community expectations and stakeholder expectations over time
Over time it is expected that stakeholder expectations will gradually rise.

Funding strategies

Rates necessary to maintain these activities are part of the General District Wide rate. Council's Revenue and Finance Policy contains more detail.

Funding issues and smoothing of expenditure.

Most of the expenditure for these activities is of a routine nature and will not require smoothing to avoid major shock rating impacts. Particular projects such as the Taumarunui Memorial Hall changes will involve public consultation and debt funding.

Deferred expenditure

No expenditure has been intentionally deferred in this set of planning documents.

Service delivery and management of assets.

The Ruapehu Council has adopted a strategy of having a small expert team on its staff to manage the assets and let contracts for their operation. This strategy is used for the all the activities covered here. The strategy is not likely to change in the planning period.

Changes to technical, legislated or regulatory environment

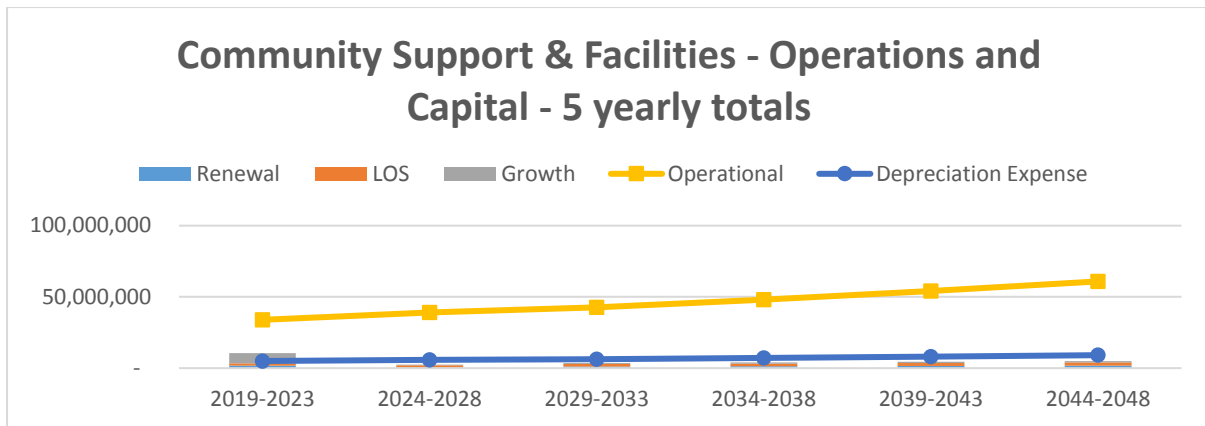
In the long term, technical changes to building maintenance, contracting and record keeping will help to hold costs.

On the other hand the public's rising expectations resulting in the heavy hand of legislative change will tend to increase the breadth of Council's activities and this will tend to increase costs.

Expenditure Overview

The graphs show the expenditure overview.





Stormwater

Stormwater services are closely related to Land Transport services in that much of the service provided carries water alongside or across road reserves. Consequently, the budget devoted particularly to stormwater issues is relatively modest. The roading budget includes substantial amounts for culverts and roadside drainage.

Ohakune and Taumarunui are at significant risk of flooding. In the last three years initial studies have been carried out on the flooding in Ohakune by Horizons Regional Council. It is planned to carry out further studies of the stormwater systems in these towns with a view to identifying works to mitigate the likelihood of flood in both those towns.

The principal projects budgeted in this LTP are two culverts, one in Taupo Rd and the other in Ohakune, designed to decrease the likelihood of flooding in these towns.

Stormwater Information

The following paragraphs provide information about Ruapehu’s Stormwater activity.

Quality of recorded information.

The information in the data base is very good because the pipes are relatively short and open to inspection. The Contractor (Veolia) has a good system for tracking changes known as Assetfinda. Confidence in the Asset Condition information is listed below.

Source: AssetFinda (as at January 2018)

Asset Data	Very Uncertain	Uncertain	Reliable	Highly Reliable	Comments
Condition/ Remaining Life					
Asset Hierarchy					Hierarchy well defined in AssetFinda.
Age					Some age data stored in AssetFinda.
Quantity					Good level of information available. Stored mostly in AssetFinda.

Critical assets.

By the nature of this activity very few of the assets are critical in the short term. The consequence of the assets failing is generally flooding of a relatively small area. Adequate notice can generally be provided if any evacuation is required.

Redundant and growth assets

Because Ruapehu has a small and widely dispersed population the activity does not carry any assets that are essentially redundant or are there to make provision for the future.

Disposal issues

The types of assets employed in this activity do not generally cause issues when they are disposed of. They consist of either concrete or long lasting plastic compounds with no leaching issues. In many cases farmers are very happy to use the second-hand culvert pipes to facilitate their operations. Other pipes are abandoned on site or sent to clean fill.

Levels of service

These are the levels of service listed in the AMP.

Key Attribute	LOS
Safety – flood protection	Storm water systems protect houses from flooding in urban areas
Quality – reliability	To provide reliable storm water networks
Responsiveness	To provide prompt responses for service
Sustainable – environmental performance	Environmental impacts are managed and resource consents comply

Sustainability

The network of pipes and water courses require a good deal of maintenance to keep them in a serviceable condition. If the maintenance were to cease then the network would quickly silt up and nature would take over. Recent expenditure levels have been sufficient to keep the asset at a stable service level.

Changes to LoS, community expectations and stakeholder expectations over time

It is expected that the LoS demanded will gradually improve over time. Specific aspects of this are listed below.

Public expectation has gradually become more onerous as people grow more used to the “built environment”.

Climate change will result in more intense local rain events and this will also affect the LoS that need to be provided. The pipes will have to get bigger.

Paved areas are increasing in size all the time and this places more demands on the Storm water network.

Central Government regulation is also changing as demand for “clean swimmable” waterways intensify.

Funding strategies

Stormwater is a classic activity in which we must all contribute a little in order for the greater common good to be achieved. Individual efforts achieve little in an urban setting. Therefore, it is most likely that district-wide rating systems based on capital value and uniform annual charges (per capita levies) will remain the funding sources at least in an urban environment.

Funding issues

There have been no particular funding issues in this activity over recent years. There are generally no subsidies or user pays aspects to this work.

The Regional Council have recently issued a flooding study of the Ohakune township. They are proposing to rate a special scheme for flood control in this area. Whilst this is not directly a Council issue it will impact on our ratepayers in years to come.

Smoothing of expenditure

The pattern of expenditure for this activity is a regular set of drain cleaning and small pipe replacements interspersed with large scheme implementation or large culvert installation and upgrades. These last items have been funded from accumulated reserves. In the future they are likely to be debt funded and hence the rating impact becomes smoothed out even though the expenditure can be quite lumpy.

Deferred expenditure

No expenditure has been intentionally deferred in this set of planning documents.

Service delivery and management of assets.

The Ruapehu Council has adopted a strategy of having a small expert team on its staff to manage the assets and let contracts for their operation. This strategy is used for the stormwater activity to good effect. The strategy is not likely to change in the planning period.

Changes to technical, legislated or regulatory environment

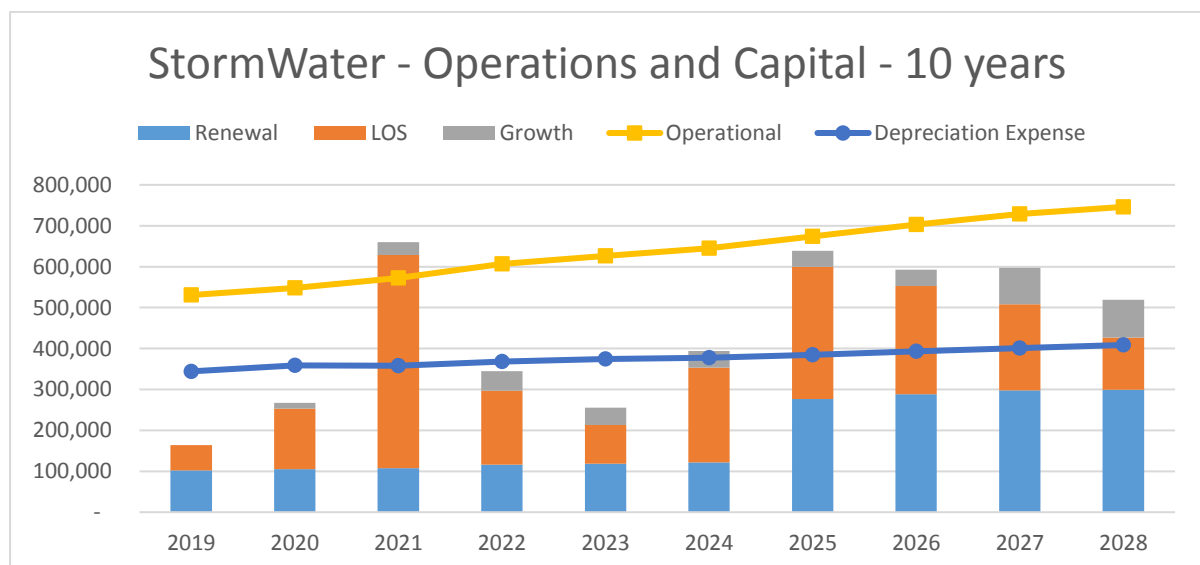
In the long term, technical changes to pipe materials and installation techniques will make this activity marginally cheaper

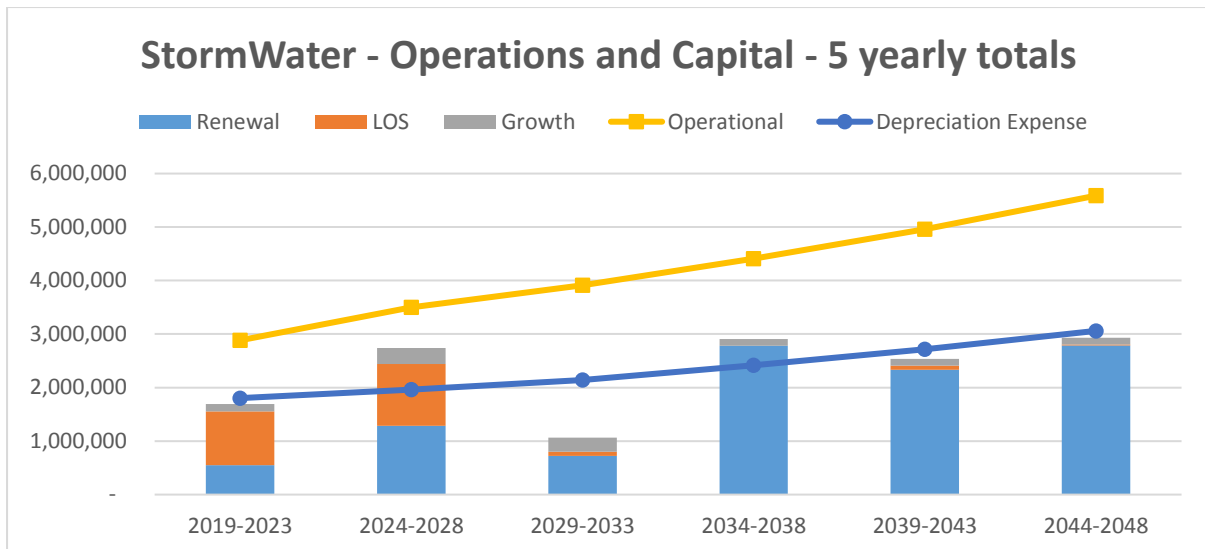
Treatment standards for stormwater are likely to increase over time and this will have some impact on stormwater disposal. The effect will be larger in the roading and sewage treatment activities than in the stormwater activity.

The legislated and regulatory environment in this activity is unlikely to change markedly.

Expenditure Overview

The graphs show the expenditure overview.





Waste Management and Minimisation

This Strategy includes the Waste Management and Minimisation Plan or WMMP. This document focuses Council’s efforts into the Minimisation. The Vision of the plan is “Minimising Waste to Landfill”.

Currently Council operates a landfill at Taumarunui where just over 4,000 tonnes of rubbish was landfilled in 2017. The resource consent for the landfill expires in 2020. The landfill is running out of room to dispose of more waste.

Council’s preferred approach to replacing the landfill is to increase recycling in the waste stream, retain clean fill on the present landfill site and ship waste out of the District to approved landfill sites.

Waste Management and Minimisation Information

The following paragraphs provide information about these activities. The assets are covered in the WMMP.

Quality of recorded information.

Section 7.1.6 contains more information about the quality of the data used to make decisions in this activity.

Using the grading system from the NZWWA NZ Guidelines for Infrastructure Asset Grading Standards.

Confidence grades have been assessed as:

Area of work	Grading
Demand forecasts	C - Uncertain
Service gap interpretation	B - Reliable
Quantities	
Major asset groups	A - Highly reliable
Minor asset groups	B - Reliable
Condition grades	
Major asset groups	A - Highly reliable
Minor asset groups	B - Reliable
Unit rates	B – Reliable
Base lives	B - Reliable
Remaining lives	
Major asset groups	B - Reliable
Minor asset groups	B - Reliable
Valuation and depreciation	B - Reliable
Financial forecasts	
Short-term 1-3 years	B - Reliable
Mid-term 4-10 years	B - Reliable

Growth assets

The District's rubbish production has been increasing even though the normally resident population has been decreasing. This is concrete evidence that our tourism is increasing and that provision will need to be made for further increases rubbish disposal in the future.

The provision made for this in the WMMP is a sophisticated mix of increasing the recycling whilst allowing for increased quantities of waste products.

Redundant assets and disposal issues.

There are 7 small closed landfills in the District. All of these were capped and closed more than 15 years ago.

The Taumarunui Landfill will probably be closed before 2020 however the site is likely to be used for clean-fill disposal. None of the other operational assets are considered to be redundant or an issue for disposal.

Levels of service

The WMMP does not describe LoS as such. The nearest equivalent is the goal section 2.3 of the document. The goals aspired to are as follows:

- Goal 1: A community committed to reducing, reusing, and recycling and minimising waste sent to landfill
- Goal 2: A community that considers, and where appropriate implements, new initiatives and
- Goal 3: Minimise environmental harm and protect public health.

Sustainability

The recycling of waste is seen as a major input in to the District's overall sustainability. This is discussed in section 1.6.1 of the WMMP. Safe disposal of the remaining waste stream is another aspect of the District's overall move to a sustainable environment.

Changes to LoS, community expectations and stakeholder expectations over time

Section 7.1.4 discusses an expected rise in the community's expectations in recycling.

Funding strategies

Rates necessary to maintain these activities are part of the General District-Wide rate. There are some aspects of user pays, particularly for the solid waste streams. It is expected that this will continue. Council's Revenue and Finance Policy contains more detail.

Funding issues and smoothing of expenditure.

Most of the expenditure for these activities is of a routine nature and will not require smoothing to avoid major shock rating impacts. For the last 20 years financial provision has been made for the capping and monitoring of the Taumarunui Landfill.

Deferred expenditure

No expenditure has been intentionally deferred in this set of planning documents.

Service delivery and management of assets.

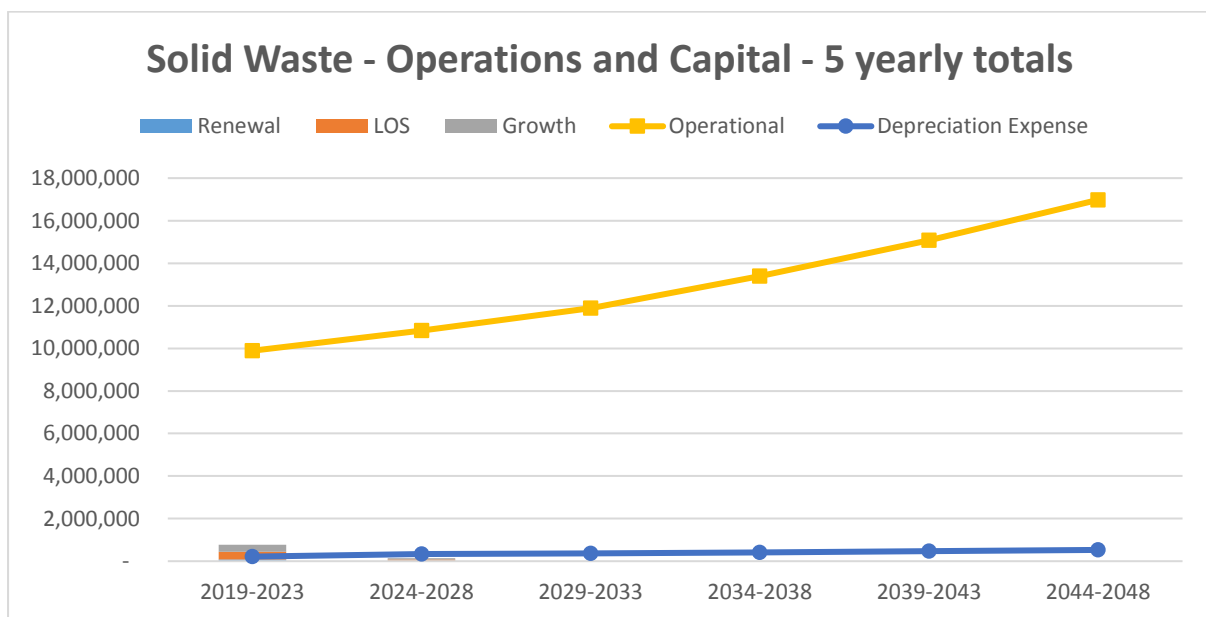
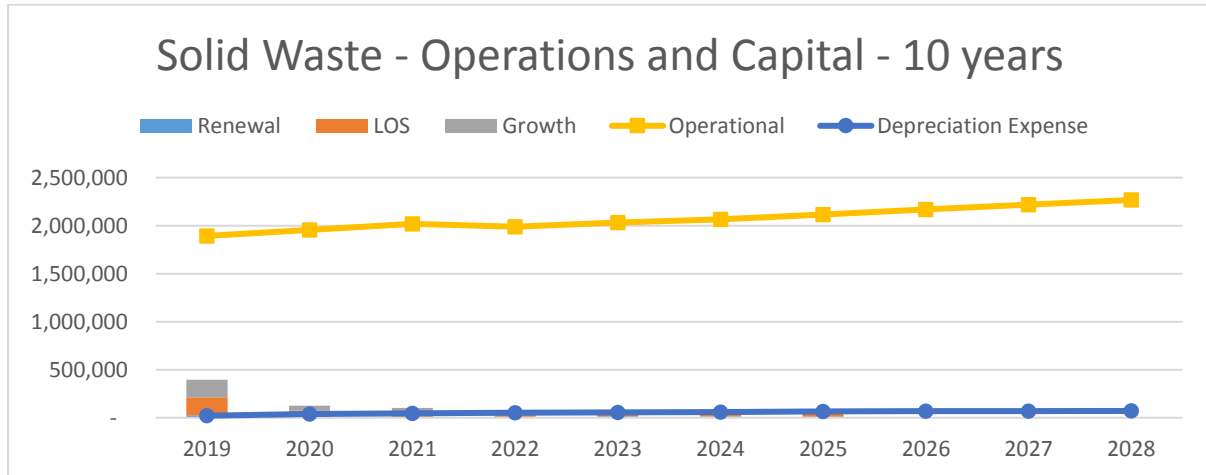
The Ruapehu Council has adopted a strategy of having a small expert team on its staff to manage the assets and let contracts for their operation. This strategy is used for the activity covered here. The strategy is not likely to change in the planning period.

Changes to technical, legislated or regulatory environment

It is expected that Central Government’s expectations of the waste minimisation and recycling activities will become more stringent over time. Waste levies and carbon taxes are likely to be increased at some point. These changes will have to be dealt with as they occur.

Expenditure Overview

The graphs show the expenditure overview.



Overheads (including land, buildings, computer support and vehicles)

Council’s significant internal infrastructure (i.e., its office buildings, etc.) are of a good standard and not likely to require major expenditure in the planning period.

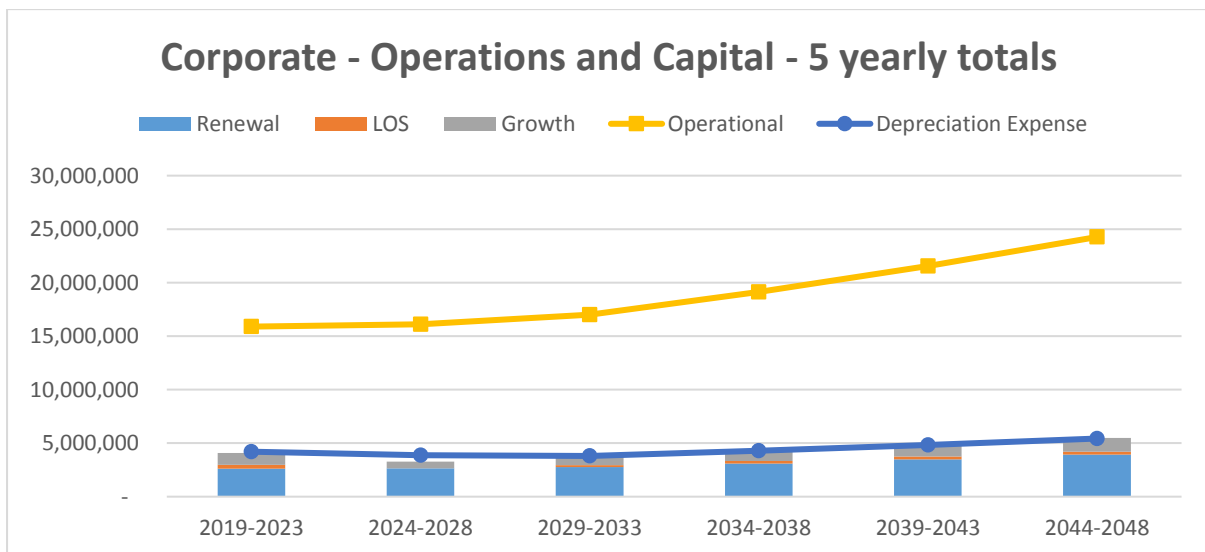
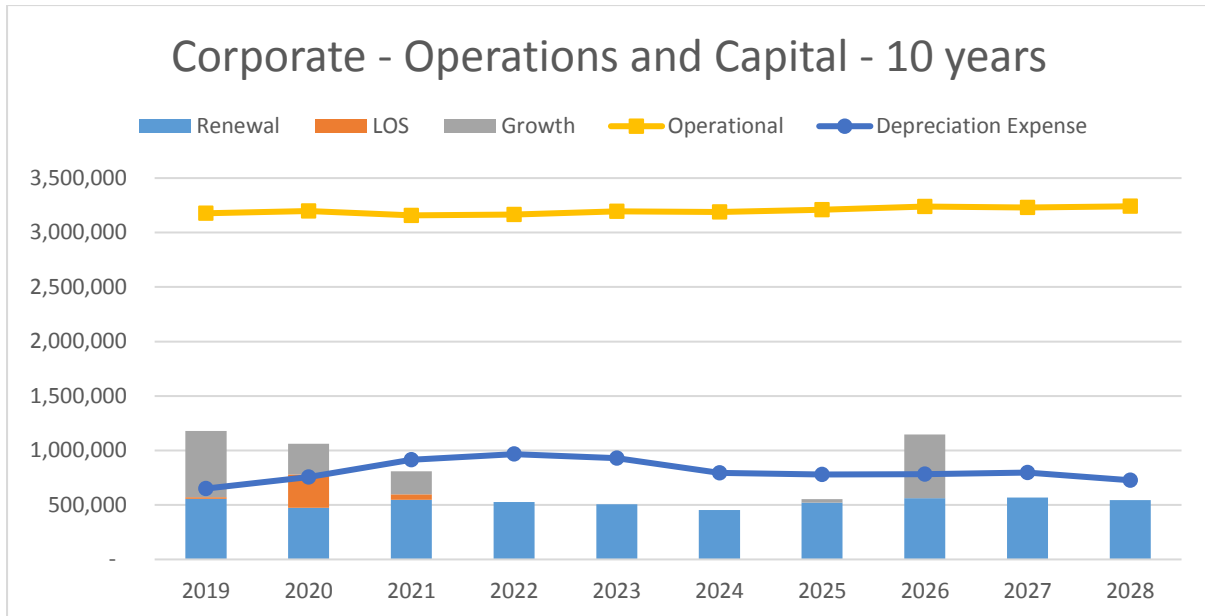
Allowances have been made for routine renewals.

It is likely that strategic purchases of land will be made as occasion presents over the 30 year planning period but \$1.5m has been allocated to Ohakune for this possibility. Ohakune is the fastest growing town in the district.

Opportunities exist to streamline Council procedures and improve services offered to the public by taking advantage of software now on offer.

Expenditure Overview

The graphs show the expenditure overview.



Operational Costs

Costs

Operational costs will mirror capital costs. They will rise over time as the improved level of capital works provided needs to be maintained. This has been allowed for in the modelling.

Tongariro National Park Services

Since the last Long Term Plan update Ruapehu District Council has become the contractor for the three waters services in Whakapapa Village.

Council has used various consultants to write an Asset Management Plan and examine the plant critically.

Overall the asset is reasonably new and in good condition but there are some works that need to be upgraded.

When Council commenced the contract resource consents required renewal. Documents have now been lodged for these by the Department of Conservation (DOC) with assistance from Ruapehu District Council. It is likely that improved standards of water and wastewater treatment will be required.

Council is using Veolia Water to provide the operators for the projects.

This has not added to the Council’s asset base. These are operational costs but they do affect the focus of the Council’s asset planning staff. Council is fully reimbursed for the costs it incurs carrying out the works associated with the contract.

Risks

Overall, the risks mirror those of the capital costs.

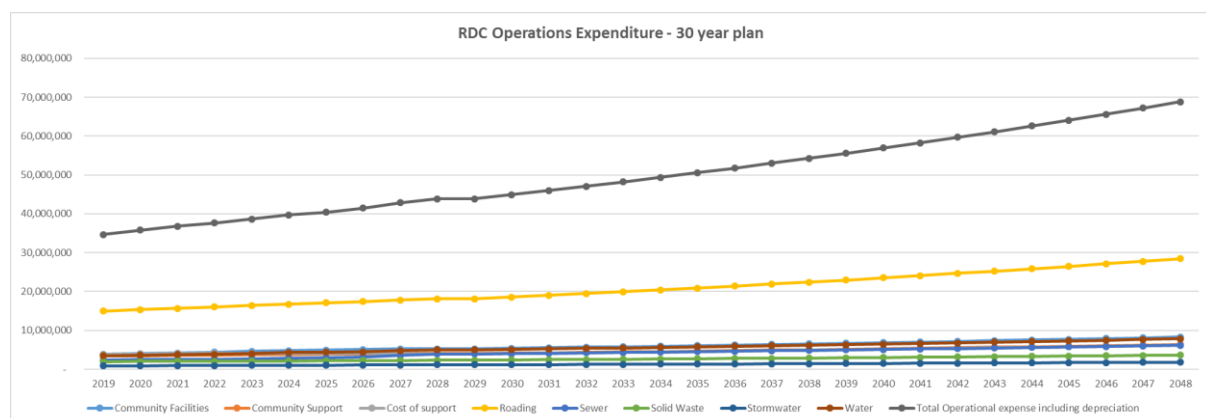
The major risk that must be reiterated is the cost of conditions associated with wastewater resource consents. If treatment methods are specified that require major use of non-biodegradable chemicals, then disposal costs rise alarmingly. These costs could be in the order of many hundreds of thousands of dollars a year and have not been allowed for in the associated budgets.

Similarly, there are some forms of water and wastewater treatment that require significant pumping to ensure appropriate processing. The pumps would add significantly to the energy requirements and hence the costs to Council.

Either of these risks (disposal and processing costs) could add significantly to operational costs but we do not know if they will be specified in the resource consent conditions. They have not been allowed for.

Budgets

The budgets of operational costs have been appended to this strategy document.



Conclusion

Options

For a rural Council providing a basic level of infrastructure, the way that the infrastructure is provided is largely constrained by legislation and regulation. Council will conform to an “acceptable practice”

approach using the common body of conservative engineering knowledge available in each discipline. Solutions will be fit for purpose, tailored to our small scale and local conditions.

This acceptable practice approach covers most of the proposed water wastewater and roading capital works.

There are genuine options in regard to:

- (a) closure of the Taumarunui Landfill
- (b) increased tourist facilities
- (c) urban revitalisation
- (d) standards of road maintenance
- (e) upgrading bridges.

These options are laid out in the relevant AMPs.

Public Health and Environmental Outcomes

One of the major reasons for the provision of public infrastructure is to provide a healthy environment for the public. To the extent that Council achieves this at the present time, then it will be able to continue doing so. There are pressures coming on Council which bring this into question. For example, population pressures (largely from tourism) have brought higher peak loading into our wastewater treatment systems and they are likely to have to be upgraded because of this. If these works are not carried out, public health may well suffer.

Each asset management plan (particularly those related to waters) contains more detailed planning for upgrades of systems to enable acceptable environmental outcomes.

Summary

This document is intended to be a brief overview of the infrastructure strategies embodied in Ruapehu District Council's planning documents from 2018 to 2048. It is necessarily focused on the larger and more predictable issues.

The overall picture is that, Council is facing larger and larger challenges. Water and wastewater plants require more investment and the roading system is seeing larger and larger demands placed on it.

In the future Council will have to face significant decisions with regard to the funding this demand.



Appendix 1- Major Capital Projects years 1 to 10

This appendix is a list of the major projects that Council will be involved in over the next 10 years. In general, only projects costing more than \$200,000 over 10 years have been included.

The Community Facilities projects listed involve a lot less money, but are included because of public interest in this type of project. Similarly, the Corporate Services projects are likely to be of more interest to the public.

Infrastructure Strategy Major Capital Projects	Total	Growth	Renewal	LOS	Year
Community Facilities					
Demolition of earthquake prone buildings if bought or given to Council	500,000	100%	0%	0%	4-8
Taumarunui Railway Station	1,169,000	100%	0%	0%	1-2
Town Revitalisation Raetihi incl. service hub	1,500,000	100%	0%	0%	3-4
Town revitalisation Taumarunui (Wells Summary)	1,250,000	100%	0%	0%	2-3
Taumarunui Memorial Hall Earthquake Upgrade / New Community Facility	1,000,000	0%	0%	100%	7
Stand-alone toilet facility Taumarunui	400,000	0%	100%	0%	4
Ohakune carpark development	1,500,000	100%	0%	0%	5
Taumarunui Swimming Pool repairs	400,000		100%		1
Corporate Services (support)					
IT Hardware	991,600	0%	100%	0%	1-10
IT Software and digitalisation of records	2,295,000	40%	60%	0%	1-10
Replacement Vehicles	2,100,000	0%	100%	0%	1-10
Solid Waste					
No major CAPEX spend					
Land Transport					
Minor & Associated Improvements Special Purpose Roads	2,424,569	0%	20%	80%	1-10
Minor & Associated Improvements	10,020,705	0%	20%	80%	1-10
B404 Ruapehu Rail Over bridge Renewal (Ruapehu Road)	990,000	0%	85%	15%	2
Structures component replacements (parts of bridges)	6,810,689	0%	85%	15%	1-10
Footpath Renewals	1,928,994	0%	100%	0%	1-10
Pavement Rehabilitation	28,000,000	0%	85%	15%	1-10
Sealed Road Surfacing	13,000,000	0%	100%	0%	1-10
Sealed Road Surfacing SPR	1,472,694	0%	100%	0%	1-10
Unsealed Road Metalling	10,700,000	0%	100%	0%	1-10
Stormwater					
Taupo Road, Taumarunui, Box Culvert	257,900	0%	0%	100%	4
Taumarunui Domain Box Culvert	199,800	0%	0%	100%	7-9

Infrastructure Strategy Major Capital Projects	Total	Growth	Renewal	LOS	Year
Ohakune Stormwater: Channel B Flood Control	284,775	15%	0%	85%	2-4
Wastewater (sewerage)					
Ohakune Wastewater Treatment Plant	7,600,000	15%	0%	85%	6-10
Raetihi Wastewater Treatment Plant	4,758,000	7%	0%	93%	6-10
Taumarunui Wastewater renewals program	4,277,996	0%	100%	0%	1-10
Water supply					
Ohakune Water Treatment Plant Upgrade	2,940,000	15%	0%	85%	9-10
Ohakune Water Network renewals	1,119,454	0%	100%	0%	1-10
Owhango Water Treatment Plant Upgrades	1,500,000	0%	0%	100%	2-8
Taumarunui Water Mains Replacement	1,962,335	0%	100%	0%	1-10
Taumarunui Water above ground assets: Renewals	4,522,582	0%	100%	0%	1-10

Note: the above figures are not inflated.

Typically, detailed design and the major decisions as to whether projects should proceed will be made the year before expenditure is scheduled.

Many of these projects are Renewal in nature and will carry on from one year to the next throughout the period under review (e.g. sealed road surfacing).



Appendix 2 Major Capital Projects years 11 to 30

This appendix is a list of the major projects that Council will be involved in between years 11 and 30. In general, only projects costing more than \$500,000 over 20 years have been included.

Infrastructure Strategy Major Capital Projects	Total	Growth	Renewal	LOS	Year
Community Facilities					
No Major Capex spend					
Corporate Services (support)					
IT Hardware	3,026,818	0%	100%	0%	11 to 30
IT Software	6,775,192	40%	60%	0%	11 to 30
Replacement Vehicles	6,441,450	0%	100%	0%	11 to 30
Solid Waste					
No major CAPEX spend					
Land Transport					
Minor & Associated Improvements SPR	14,181,182	0%	20%	80%	11 to 30
Minor & Associated Improvements (includes bridge renewals)	36,757,364	0%	20%	80%	11 to 30
Structures components replacements	20,638,067	0%	85%	15%	11 to 30
Footpath Renewals	5,933,815	0%	100%	0%	11 to 30
Pavement Rehabilitation	86,131,303	0%	85%	15%	11 to 30
Sealed Road Surfacing	39,989,533	0%	100%	0%	11 to 30
Sealed Road Surfacing SPR	4,530,182	0%	100%	0%	11 to 30
Unsealed Road Metalling	32,914,462	0%	100%	0%	11 to 30
Stormwater					
No major CAPEX spend					
Wastewater (sewerage)					
National Park Treatment Plant	1,536,470	15%	0%	85%	13
Ohakune Treatment Plant	11,160,383	15%	0%	85%	11 to 30
Ohakune Mains refurbishment	5,883,410	0%	100%	0%	11 to 30
Raetihi Treatment Plant	7,439,284	15%	0%	85%	11 to 30
Raetihi Mains refurbishment	1,832,349	15%	0%	85%	11 to 30
Taumarunui Treatment Plant	8,515,061	15%	0%	85%	11 to 30
Taumarunui mains refurbishment	5,469,016	0%	100%	0%	11 to 30
Water supply					
National Park Plant	1,570,460	15%	0%	85%	11 to 30
Ohakune Treatment Plant Upgrade	3,661,052	15%	0%	85%	11 to 30
Ohakune Network renewals	15,712,000	0%	100%	0%	11 to 30

Infrastructure Strategy Major Capital Projects	Total	Growth	Renewal	LOS	Year
Ohakune Intake mains refurbishment	2,912,457	15%	0%	85%	20 to 26
Raetihi Treatment Plant	3,289,739	15%	0%	85%	11 to 30
Owhango Plant	3,520,870	15%	0%	85%	11 to 30
Raetihi Mains refurbishment	1,485,947	15%	0%	85%	11 to 30
Taumarunui Water Mains Replacement	5,381,585	0%	100%	0%	11 to 30
Taumarunui Water Treatment Plant	7,934,166	15%	0%	85%	11 to 30

Note: that all the main water and wastewater treatment plants have ongoing capital upgrades. This means that some work will take place every year.



Appendix 3 Operational Costs

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Community Facilities	3,846,111	3,983,716	4,180,225	4,415,200	4,610,104	4,789,884	4,927,273	5,080,352	5,237,463	5,273,842	5,273,842	5,400,414	5,530,024	5,662,745	5,798,651
Community Support	3,402,603	3,504,890	3,589,778	3,664,568	3,725,025	3,760,335	3,829,439	3,914,114	3,999,629	4,071,352	4,071,352	4,169,064	4,269,122	4,371,581	4,476,499
Cost of support	3,827,510	3,954,968	4,073,987	4,131,312	4,123,085	3,984,815	3,988,210	4,023,131	4,028,612	3,966,387	3,966,387	4,061,580	4,159,058	4,258,876	4,361,089
Roading	15,008,055	15,376,855	15,661,456	16,037,292	16,392,088	16,768,133	17,106,684	17,441,068	17,792,355	18,123,358	18,123,358	18,558,319	19,003,718	19,459,807	19,926,843
Sewer	2,347,605	2,452,044	2,482,910	2,569,694	2,713,257	2,887,606	2,968,040	3,154,117	3,550,603	3,928,644	3,928,644	4,022,931	4,119,482	4,218,349	4,319,590
Solid Waste	1,914,207	1,997,374	2,066,919	2,040,105	2,086,959	2,125,887	2,179,267	2,235,569	2,289,739	2,338,213	2,338,213	2,394,330	2,451,794	2,510,637	2,570,892
Stormwater	874,923	906,645	930,122	974,936	1,000,252	1,022,885	1,058,596	1,095,778	1,129,804	1,154,820	1,154,820	1,182,536	1,210,917	1,239,979	1,269,738
Water	3,480,105	3,634,420	3,807,347	3,846,048	4,023,921	4,343,544	4,388,751	4,505,284	4,811,519	5,002,402	5,002,402	5,122,460	5,245,399	5,371,288	5,500,199

	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
Community Facilities	5,937,818	6,080,326	6,226,254	6,375,684	6,528,700	6,685,389	6,845,838	7,010,138	7,178,382	7,350,663	7,527,079	7,707,729	7,892,714	8,082,139	8,276,111
Community Support	4,583,935	4,693,949	4,806,604	4,921,963	5,040,090	5,161,052	5,284,917	5,411,755	5,541,637	5,674,636	5,810,828	5,950,288	6,093,095	6,239,329	6,389,073
Cost of support	4,465,755	4,572,933	4,682,683	4,795,068	4,910,149	5,027,993	5,148,665	5,272,233	5,398,766	5,528,337	5,661,017	5,796,881	5,936,006	6,078,470	6,224,354
Roading	20,405,087	20,894,809	21,396,285	21,909,795	22,435,631	22,974,086	23,525,464	24,090,075	24,668,237	25,260,274	25,866,521	26,487,317	27,123,013	27,773,965	28,440,540
Sewer	4,423,260	4,529,418	4,638,124	4,749,439	4,863,426	4,980,148	5,099,671	5,222,064	5,347,393	5,475,731	5,607,148	5,741,720	5,879,521	6,020,629	6,165,125
Solid Waste	2,632,594	2,695,776	2,760,475	2,826,726	2,894,567	2,964,037	3,035,174	3,108,018	3,182,611	3,258,993	3,337,209	3,417,302	3,499,317	3,583,301	3,669,300
Stormwater	1,300,212	1,331,417	1,363,371	1,396,092	1,429,598	1,463,908	1,499,042	1,535,019	1,571,860	1,609,584	1,648,214	1,687,771	1,728,278	1,769,757	1,812,231
Water	5,632,204	5,767,377	5,905,794	6,047,533	6,192,674	6,341,298	6,493,489	6,649,333	6,808,917	6,972,331	7,139,667	7,311,019	7,486,483	7,666,159	7,850,147

Financial Strategy

Introduction

Current Situation: “Where Council is now”

Over the last 3-year period Council has managed its finances prudently and is currently enjoying stable debt, low interest rates, and a buoyant financial environment.

The table below summarises the high level financial statistics.

Statistic	2016/17 \$000	2015/16 \$000	2014/15 \$000
Revenue	35,674	36,929	31,631
Expenses	33,505	34,121	29,925
Net Surplus before Gains/Losses on revaluations	2,211	2,884	1,769
Cash Flow from operating activities	11,605	12,074	9,414
Purchase of property plant and equipment	10,381	10,041	8,707
Current and non-current fixed term borrowings	25,800	25,800	27,092

The most significant variation from budget each year was the purchase of property plant and equipment. The capital works budget was underspent every year by over \$2m. The underspending was centred on the water and sewage activities. The reasons are discussed in the Infrastructure Strategy and the Asset Management Plans. To some extent they are an indication of a “bow wave” of deferred capital expenditure.

This state of affairs is not likely to continue because the deferred infrastructure works will need to be completed. This ten-year overview maps out Council’s approach to the challenges ahead.

Council Direction: “Where Council wants to go”

The Financial Strategy outlines the way Council intends to manage its finances over the next ten years. Broadly speaking we expect to be able to provide the finances necessary to carry out the works envisaged in the Infrastructure Strategy, and provide the services the public expects whilst keeping our financial options open and benchmarks within acceptable limits.

Whilst our modelling has produced a result that is acceptable we are very aware that a good continued financial environment is not inevitable. It will require active management and oversight by Council and its executive team

The main factors that will require oversight and management are outlined in this section of the Strategy.

The sustainability and affordability of the District is of the utmost importance to Council. In layman’s language, we must balance the desirable Infrastructure with the rates we can afford.

Sustainability and affordability are complex issues involving the balancing of competing desires and needs. Council has to balance the maintenance and renewal of its infrastructure, the desirability of

new infrastructure, the need to make the District a desirable place to live, the need to keep rates affordable, the need to comply with new regulations and overall the need for a sustainable environment.

Council uses debt to account for intergenerational equity. This means that Council considers that future ratepayers should pay some of the cost of services and infrastructure. The use of loan funding for infrastructure allows Council to spread the cost.

Council maintains an internal Treasury that tracks individual loans for the asset groups. Loans to build new infrastructure are repaid in the Treasury, usually over 25 years. However, at a macro level Council has no stated policy to repay debt.

The modelling predicts a gradual increase in debt from \$34m to \$67m over the ten years. Note that much of this rise in debt is expected to be offset by government subsidies for water and Wastewater treatment Plants. If these subsidies are not forthcoming the debt may be unaffordable. In this case the projects may not proceed.

Council's net debt position will also vary for operational reasons, e.g.

- (a) It may be increased to spread out "rates shock" that may occur for various reasons,
- (b) It will increase markedly when large projects are built,
- (c) It may decrease as Council accumulates funds for future projects,
- (d) It may increase because of natural disasters. The ability to raise debt is one of Council's mitigations against unexpected events. Council maintains a \$2m overdraft facility to this end.

Council receives significant Central Government subsidies.

In the case of roading these subsidies amount to over two thirds of roading expenditure. The commitment that has been made by New Zealand Transport Agency (NZTA) is that subsidies will be paid at the rate of 72% over the next ten years. These subsidies are factored into the Long-Term Plan (LTP).

Council's attitude to these subsidies is that we must assume they will continue if we are to remain viable. If Central Government significantly reduced roading subsidies we would have to re-evaluate the maintenance levels of these assets. This applies to roading capital works as well as roading maintenance. Council relies on NZTA funds to replace capital works. We work in partnership with NZTA to maintain our roads and rely on them for continuing funding for renewals. We do not plan to increase rates to replace the NZTA funding.

Generous drinking water and sewage treatment subsidies have been received in the last 15 years. Nearly all substantial treatment projects have received subsidies. These subsidies are allocated on a case-by-case basis according to the needs of the times. It is not possible to obtain long-term commitments from Central Government for this type of subsidy and so these subsidies have not been included in the income projected in the plan. This has significant effects on long term debt levels.

Council plans to use the Local Government Funding Agency (LGFA) to reduce the cost of long term debt and reduce its vulnerability to financial shocks.

Over the last three years Council has re-arranged its affairs so that it is now eligible to join the LGFA. This has taken some time because Council had purchased bonds whose conditions conflicted with those of the agency. These bonds have now been repaid and Council is able to provide the assurances that the LGFA requires for membership.

Membership of the LGFA requires Council to take decisions about fixed vs floating interest rates, hedges for future requirements and similar financial tools. Council has adopted a very conservative approach to these instruments which are codified in the Treasury Policy. Note that Council is required to provide security over its rating base in order to borrow from the LGFA or other funding sources. This means that ratepayers are providing a guarantee to the LGFA or other funding sources.

The LGFA has an AA+ credit rating.

What is driving the LTP Capital Expenditure?

Council is planning to do \$183m of capital expenditure in the next ten years. \$109, of this is renewing or replacing existing assets, \$57m relates to LoS capital expenditure and \$16m is growth related. The specific projects that make up the expenditure are tabulated in Appendix 1 and 2. They are discussed in detail in the AMPs.

Growth

In common with much of rural New Zealand, the Ruapehu District expects little growth in the rural sector.

However, the tourist industry has seen growth in recent years and is predicted to continue to grow.

This LTP allows for this growth with major projects that can be divided into two categories:

- (a) The first is the need to cope with the need for larger volumes of water supply and effluent disposal in the tourist hotspots, principally Ohakune. These are counted as growth projects.
- (b) The second is the project to revitalise our town centres. To make them the focus of growth in vibrant and diverse living spaces in our town centres. Significant capital works are proposed for Town Centre Revitalisation in the next ten years.

Renewals

Renewals are where we replace assets (or parts of assets) as they start to age and fail. This is funded through the depreciation calculation. Renewals are the largest part of the capital expenditure and enable Council to keep its infrastructure and services to the current level. It does not allow for improvements.

Depreciation provisions have been set by Industry standards rates that have remained constant for many years until recently. RDC has been gathering data on its life cycles and decided to extend the life cycles for its in ground pipe assets.

Asset	2015 – 25 LTP	2018 – 28 LTP
Water Supply Pipes	40 – 80 years	60-110 years
Wastewater Pies	50 – 80 years	60 -92 years
Storm water Pipes	50 – 60 years	70 – 92 years

This extension of the life of the assets has meant that some capital expenditure has been deferred. Because much of our underground pipe asset is less than 50 years old this has not meant an immediate reduction in expenditure but it has affected our long-term modelling.

There is a risk in this assumption. If the life of the assets is shorter than expected there will be a reduction in the LoS and Council may have to borrow to replace pipes and mitigate the risk. Council is fortunate in that it does have the capacity to borrow for this purpose. In the longer term, Rates will

have to rise or other projects be deferred. This is discussed in more detail in the Infrastructure Strategy and the relevant AMPs.

Levels of Service

Levels of Service (LoS) is the most problematic area for Council. Community expectations and the expectations of visitors have driven increases in LoS. The effects of the growing tourism industry has put pressure on infrastructure. In particular sewage treatment, water supply, the management of refuse and recycling, carparks and public toilets.

Community Expectations of LoS can be set by legislation or standards e.g. Drinking Water Standards and Effluent Disposal Standards. Improvement to services provided by Council can be very expensive and the timing of the requirement is hard to predict. Changes must follow legal process which can last many years.

In the case of small rural councils it is often hard to distinguish between renewals, growth and LoS as the motivations behind a project. Tourist growth is a significant issue in our area. Tourists have different expectations of service than local citizens. In some communities we are looking to supply the same quantity of water but the quality of the water must improve. Similarly, we must supply more public toilets and treat the effluent to a higher standard although the quantity of effluent remains the same. These are examples of projects in which growth motivations are intertwined with LoS motivations.

At a very high level Council expects to continue providing services at the level that it has in the past.

There are three main exceptions to this. Council expects to improve its services in the following areas:

- (a) urban revitalisation in the centres of its small towns.
- (b) water and wastewater treatment plants are likely to have to be upgrade as resource consents are renewed.
- (c) more tourist focused infrastructure such as car parking and toilets are likely to be required.

Local Government Act

The Local Government Act 2002 sets out specific financial management requirements for local authorities.

Section 100, the Balanced Budget, requires each year's operating revenue to meet that year's expenses. The Act provides local authorities with some flexibility to run an annual deficit or surplus if it is prudent to do so. Surplus operational budgets can be spent on capital or to pay off loans.

Section 101, Financial Management, means the local authority must take into account the current and future needs of the community and apply funding tools appropriate to each activity.

This Financial Strategy will be updated three yearly to coincide with the development of the LTP. Council has spent some time considering the direction and affordability of its LTP and the resulting financial impacts. It is important that both sustainability and affordability are considered, alongside the need to improve current infrastructure.

Statement of Intent

The goal of Council's Financial Strategy is the prudent and sustainable stewardship of Council's resources on behalf of current and future ratepayers.

This entails consideration of Council’s financial performance and position, balancing the current affordability of rates with fairness for future ratepayers. Through its Financial Strategy, Council seeks to maintain existing levels of service, ensure that costs are kept under tight control and that rates increases are kept as low as realistically possible, while at the same time maintaining a strong balance sheet and affordable levels of debt.

Funding Sources

Council uses the following funding sources:

- (a) Rates,
- (b) Grants and Subsidies,
- (c) Fees and Charges/Development Contributions,
- (d) Other (Interest, Dividends, etc),
- (e) Loans (Capital Expenditure only).

Note: that comparatively little income (less than \$100,000pa) has been received from Development Contributions. Council has considered deleting the requirement for Development Contributions but has decided that they may be useful at some point in the future.

More detail is available in the Revenue and Finance Policy and the Funding Impact Statement.

Local Government Cost Index (LGCI)

The LGCI is forecast by BERL Economics for all of Local Government. It is well proven that costs to Local Government move at a different rate to the standard Consumer Price Index so the Society of Local Government Managers (SOLGM) commission BERL to provide well researched economic indicators of the price increases Council is likely to face over the coming ten years. BERL’s predictions for the annual average increase in prices are shown below. (Table 4.2 in the September update 2017).

Annual Average % pa Year	Opex	Capex	LGCI
Jun-19	2.0	2.0	2.0
Jun-20	2.2	2.2	2.2
Jun-21	2.2	2.2	2.2
Jun-22	2.2	2.2	2.2
Jun-23	2.3	2.3	2.3
Jun-24	2.3	2.4	2.3
Jun-25	2.4	2.4	2.4
Jun-26	2.5	2.5	2.5
Jun-27	2.5	2.6	2.6
Jun-28	2.6	2.7	2.7

Rates

Rates and the incidence of rates are set out in the Revenue and Financing Policy.

Council has set a limit for the maximum rates increase year on year at the Local Government Cost Index (LGCI) plus 2%.

The reason that Council has set a limit is that it believes that the cost of rates is a significant burden on the community and that they need a limit to organise their affairs in a reasonable way. This limit provides useful information to the community.

The reason that the limit is more than zero is that Council must have some flexibility in organising its finances and that, historically, it has been called on to perform more and more functions. This demands a greater level of resource to finance.

After some consideration Council has decided that the 2% limit is a nice compromise between no rises at all and the more aggressive stance that some other Councils have adopted.

For details on rates income and increase affordability benchmarks see “Other Disclosures Statement” in Part 4.

Asset and Capital Development

Page 32, section 2, of the 2016 -17 Annual Report states that as at June 2017 Council has Property Plant and Equipment worth \$381m. During the next ten years, it is planning to undertake additional capital works of approximately \$183m on assets.

Council has Asset Management Plans for each of its assets and these are the key planning tools for the maintenance, renewal and additional assets required to meet future levels of service.

Council has developed the programme of works assuming that all projects will be completed in the year identified in the LTP. Past experience shows that external factors (e.g., obtaining resource consents) can delay projects. This means that Council must review its plans year by year.

The programme is divided into three parts. Renewals, LoS (Improvements) and growth driven works. Renewals are the replacement programme for the existing assets. Levels of service improvements relate to when Council thinks that the current level of service is too low or a community wants, and is willing to pay for, a higher LoS. Improvements can also be driven by Government demand. Growth driven works are required to cope with increases in demand.

Renewals are generally funded from rates through the depreciation calculation. Level of service and growth expenditure is usually funded from debt, subsidies and/or development contributions.

Land Transport is the largest asset area. However, there are some other large capital projects in the Waters’ area that will require investment by Council in the future.

It is possible that Council may be unaware of future needs within the ten year life of the plan. A good example of this was the advent of the National Cycleways project in 2009, after the development of the 2009-19 LTP.

Consultation

Public consultation will be undertaken each year, as part of the LTP or Annual Plan. This gives the community the opportunity to influence capital expenditure and may result in higher or lower than expected expenditure and debt.

Challenges

Growth and Demographic Change

Over the next decade Council’s long term growth projections suggest the number of jobs in traditional occupations of the usual resident population of Ruapehu will continue to decline. Over the same period the number of tourist related jobs is expected to increase. Taking account of this increase and

the number of tourists, Council has assumed that the cost of providing its services will increase. These assumptions and their impact on each service is outlined in each AMP in Section 1 entitled “Who Are We?”

The number of visitors also challenges and puts pressure on Council’s assets. See the Growth Assumptions for more information. This is most obvious in the water and sewage treatment services. The amount of refuse and recycling collected is another good indicator of tourist sector growth. Council needs to consider the visitor industry when setting its levels of service and assets development.

Natural Disasters

Council has taken into consideration the impact of any possible natural disaster, eg, lahar, floods, earthquake and other possible civil defence incidents. The Financial Strategy needs to be flexible to allow for these types of incidents.

The flexibility has been provided by an overdraft facility and ensuring our cost of borrowing is well below our adopted benchmark.

Financial Policies

Council’s objectives for holding and managing financial investments are outlined in the Treasury Policy. The Treasury Policy incorporates the Investment Management Policy and the Liability Management Policy. These policies set Council’s objectives for managing its financial investments and its debt portfolio.

Council uses cash surpluses, generated by funded depreciation, to pay down debt and fund capital expenditure.

When a new asset is purchased debt is drawn down to fund the replacement asset.

There is no specific policy for rating to repay debt. However timing issues with capital expenditure can result in debt reducing in some years and increasing more than projections have indicated in other years.

Council does not fund depreciation on all assets. Council has some assets which are not likely to be replaced e.g. community halls and pensioner housing. No provision is made to fund their replacement.

In some financial years, Council experiences a sharp increase in asset values, often driven by commodity price increase e.g. oil. This should have a flow on increase to rates required to replace the assets. Council may choose to smooth out these increases in its rates by limiting its depreciation funding in those years. Effectively this defers rate rises and means that Council will not have a “balanced budget” until either the rates rise or the commodity prices fall. In the past this Council has been able to revert to a balanced budget within a year.

Council endeavours to limit rates shock from unexpected large rises in particular rates. These rate shocks can occur when small communities need large capital projects. Typically these projects will be for water or sewage treatment. network affordability for small communities can best be assured by spreading the rates burden as far as possible and considering the beneficiaries of projects on a district wide basis. Example of this are roading and stormwater rates which are rated on a district wide basis.

Consideration was given to district wide rates for water and sewerage rates as part of this LTP consultation process and was subsequently adopted. District-wide rating provides a cushion against rates shocks that occur when a particular community requires a large item of capital equipment. By spreading the load across a larger rating base ratepayers generally find the assets more affordable. In the final analysis, all communities will require the same high standard of water and wastewater treatment and so all communities will benefit from the increased financial base the system provides.

Council operates an internal treasury system that maintains loans and reserve balances by activity. Interest is charged and paid to these activities based on the carrying balances. This is designed to support the Revenue and Financing Policy’s benefit and exacerbator principles.

The following policies also form part of the overall financial direction of Council.

In the LTP and available on Council’s website, or on request:

- (a) Revenue and Financing Policy,
- (b) Treasury and Liability Management Policy,
- (c) Infrastructure Policy.

Available on Council’s website, or on request:

- (a) Rates Remissions Policies,
- (b) Rates Postponement Policy,
- (c) Rates Remission (Maori Freehold Land Policy),
- (d) Development Contributions Policy.

Key Limits

Measure	Limits
Rate Charges	Rates increase less than LGCI index plus 2% over ten years Limits reviewed every three years.
Rates Income	Rates income not to increase by more than LGCI index plus 2% from the previous year.
Debt	Less than twice the annual rates bill.
Debt Affordability	Council’s borrowing costs to be less than 10% of planned revenue.
Essential Services	Council’s capital expenditure on network services is equal to or greater than expected depreciation.
Balanced Budget	Council’s revenue exceeds operating expenditure as defined in the Local Government (Financial Report and Prudence) Regulations 2014.

Conclusion

Council believes that The Financial Strategy outlines a reasonable approach to Council’s finances for the next ten years. Broadly speaking we expect to be able to provide the finances necessary to carry out the works envisaged in the Infrastructure Strategy, and provide the services the public expects whilst keeping our financial options open and benchmarks within acceptable limits.

It is expected that debt will rise markedly towards the end of the ten year period because of the expected need to improve water and sewage treatment plants. This should be offset by Central Government subsidies however this income has not been modelled.

The main challenges will be

- (a) The trade-off between rates and services
- (b) Managing debt and hence the trade-off between generations
- (c) Securing appropriate subsidies.

Whilst our modelling has produced a result that is acceptable we are very aware that a good continued financial environment is not inevitable. It will require active management and oversight by Council and its executive team.



Significance and Engagement Policy (Summary)

The decisions that the Council make affect communities on a daily basis. Some decisions are more significant than others, depending on the issue. Smaller operational decisions typically require little if any engagement with the community, whereas other decisions may require a robust decision making process and extensive community engagement.

The purpose of the Significance and Engagement Policy (SEP) is to:

- Enable Council and communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities.
- Inform the community about what they can expect from Council regarding consultation and engagement.
- Outline which assets Council considers strategic.

Determining the significance of an issue is often an exercise in judgement. Council must assess how a decision may affect the community. There are both qualitative and quantitative considerations when determining the significance of a matter.

Qualitative considerations include things like the degree of impact on the community, whether the matter generates wide public interest or controversy, the impact on Council debt or rates, etc.

Quantitative considerations include major changes in funding requirements, changes to levels of service or major changes to the current state of Council's strategic assets.

Once the level of significance has been determined, the right level of engagement with the community can be determined. The range of tools available is wide, from no engagement being necessary through to the full Special Consultative Procedure as used for the development of the Long Term Plan and other large projects. There are several levels of engagement:

- Inform
- Consult
- Involve
- Collaborate

In general, the higher the degree of significance, the greater the community engagement and consultation.

Revenue and Financing Policy

Overview

The Revenue and Financing Policy is a document which sets out how Council plans to fund all of its operating and capital expenditure at an activity level over the life of the Long-Term Plan.

The Policy discusses all the potential revenue and funding sources available to Council and outlines how and when it will use these. In order to arrive at its chosen funding arrangements Council has taken account of many factors, including:

- (a) the community outcomes to which each activity primarily contributes,
- (b) who benefits from the activity,
- (c) over what period of time the benefits are delivered,
- (d) whether the activity is needed in response to the action(s) (or lack of action(s)) of some person or group,
- (e) whether it would be more prudent for the activity to be funded separately or included with other activities.

Finally, the Policy discusses how Council addresses “the overall impact of any allocation of liability for revenue needs on the community.”

How has Council Developed its Policy?

Every activity has been analysed using the factors discussed above. This analysis has then been used to develop a set of funding decisions about the use of rates, both general and targeted, user charges, and other funding sources to arrive at what Council considers is an optimal funding arrangement for the activity.

The next step has been for Council to consider the overall effects of these separate funding proposals on the district as a whole.

Policy Objectives

The purpose of the Revenue and Financing Policy is to:

- (a) demonstrate how and why Council funds each of its significant activities,
- (b) make known Council’s intentions regarding funding methods for each of Council’s activities so the Ruapehu community can monitor and assess Council’s prudent financial management,
- (c) comply with Sections 101, 102 and 103 of the LGA which requires Council to develop and consult on a Revenue and Financing Policy for inclusion in the Long-term Plan.

Definitions

Defence Land has the same meaning as in Section 22 of the Local Government Rating Act 2002 (LGRA).

Exacerbator means a person or group of people whose actions or inactions contribute to the need to undertake an activity.

Principles

After taking account of the factors identified above, Council has agreed the following basic principles to guide the assessment of fairness and equity in choosing funding sources.

- Each generation of ratepayers should pay for the services they receive.
- User charges are preferred whenever a private benefit can be identified; and it is efficient to collect the revenue.
- Council will use any other funding sources before rates.

- Capital expenditure to replace assets will be primarily funded from depreciation.
- Capital expenditure to upgrade or build new assets will initially be funded through borrowings.
- Borrowing will be within the limits set in the financial strategy.

Complying with these principles can at times be challenging. Council must apply judgment in assessing many options to determine fairness in the development of budgets or acquisition of assets along with the choice of funding sources to implement these.

Operating Costs

Operating costs are the day to day outgoings that are used to maintain the services delivered by the Council. These also include a contribution to the wear and tear on assets used – referred to as depreciation. Council generally operates a balanced budget; meaning that operating costs will be met from operating income. This ensures that those people who use Council’s services pay for them.

Operating Cost Funding Sources

Sources of Funding Operating Expenditure

LGA Section 103(1) requires Council to disclose policies in respect of the funding of operating expenses from the sources listed in Section 103(2).

Operating expenses are funded annually using a mix of sources as described below.

Borrowing is not generally used to fund operating expenses.

User Charges

User charges are used for services where there is a benefit to an individual or group. The price of the service is set, taking account of a number of factors. These could include:

- The cost of providing the service.
- An estimate of the users’ private benefit derived from using the service.
- Whether there are identifiable and distinct user groups/exacerbators identified by Council’s Revenue and Financing Policy.
- The impact of cost to encourage/discourage behaviours.
- The impact of cost on the demand for the service.
- The cost and efficiency of collection mechanisms.
- The impact of affordability on users.
- Other matters as determined by Council.
- The user charge represents the fairest method to seek a contribution from identified beneficiaries or exacerbators.

Grants, Sponsorship and Subsidies

Grants, sponsorship and subsidies are used wherever they are available. The council expects to continue receiving substantial subsidies for road maintenance, and other Central Government grants/subsidies for waters and tourism infrastructure.

Some services can only be continued so long as funding from these sources continues.

Investment Income; Dividends, Interest

Income from dividends and interest is used to offset the overall costs of Council.

Other Revenue

Council receives other operating income from:

- Petrol tax
- Property rentals
- Other minor sources

Rates

Having exhausted all other funding sources, Council proposes to fund its remaining operating expenses from rates. For many activities, this is the main funding source reflecting Council's view that the collective benefit to the District is greater than any identifiable individual benefit.

Council recognises that there is a balance between transparency and efficiency when considering rating options. In deciding whether to introduce a new targeted rate Council must take into account the overall costs before deciding on whether to separately fund the activity.

Some activities may be best funded using user charges, such as the issue of building and resource consents. Other activities are better funded by targeted rates such as water and sewerage services.

Separate Funding

Distinct or separate funding enables ratepayers or payers of user charges to assess more readily whether or not the cost of the service to them represents good value. They can also more easily determine how much money is being raised for and spent on the service. This is seen to promote transparency and accountability.

One of the factors Council is required to consider when deciding whether to separately fund an activity is the costs and benefits that might be achieved by that separate funding. The intent of this requirement is to avoid incurring costs in separately accounting for an activity where there is no clear benefit in so doing.

Rates

General Rate

A General Rate set as a differentiated rate in the dollar on capital value (CV) applied to all properties in the District with the exception of Defence Land which is rated on capital value but in accordance with Section 22 LG (R) Act, the rate does not exceed the amount that would have been charged if the District's rate was calculated on the basis of land value only.

General Rate Differentials

All land except for hydro-electric properties worth in excess of \$50 million

Hydro-electric properties worth in excess of \$50 million

A General Rate is used when:

- Council considers that a capital value rate is fairer than the use of other rating tools for the service funded,
- Council considers that the community as a whole should meet costs of the activity or function,
- Council is unable to achieve its user charge targets and must fund the expenditure shortfall.

Uniform Annual General Charge (UAGC)

A UAGC to fund a portion of Council's general costs.

The UAGC is assessed on the basis of the Separately Used or Inhabited Part (SUIP) of a Rating Unit to part fund the activities of Council. It forms part of the General Rate.

The total rate revenue from the UAGC together with other targeted rates set on a uniform basis (other than those set for water and wastewater), will not exceed 30% of the total rates.

Targeted Rates

Council proposes to set a number of targeted rates to fund a range of services. Some of these rates are seen as proxies for user charges, particularly for services such as water and sewerage. These rates are described as “proxies” because they are generally fixed amounts payable by the different category of ratepayer, rather than an amount based on the level of usage.

An example of the difference between a proxy and a user charge is the way that Council charges for sewerage. Council charges a fixed amount to the rating unit based on the number of SUIPS and/or the number of pans. If that rate were a true user charge, Council might charge on the basis of the amount of sewerage being discharged. Setting rates on that basis is not permitted so the only legal mechanism allowing for a rate to be truly usage-based is a water by meter rate.

A targeted rate may be used when:

- Council considers that a targeted rate would enable a higher level of transparency in funding allocation; or
- Council considers that a targeted rate is fairer than the use of other existing rating tools for the activity or service funded, in consideration of the benefit derived from the service; or
- There is not an equal benefit to all of the district’s ratepayers.

A targeted rate may be set on a number of bases:

- (a) Uniformly as a Targeted Uniform Annual Rate (TUAR) if Council considers there is an equal benefit to the district ratepayers or a specific beneficiary group/s, or
- (b) Differentially as a Targeted Annual Rate (TAR) if Council considers that the benefits arising from the rate varies according to the nature or location of the district ratepayers or specific beneficiary groups.

Differential Rates

A differential may be applied to the General or a Targeted Rate under Section 13 and 14 of the LGRA based on the categories set out in Schedule 2.

Differential rates mean that some ratepayers may pay more or less than others with the same value property.

General and Targeted rates

The general rate is differentiated for hydro-electric properties worth in excess of \$50 million. This is because Council considers that an undifferentiated rate on these properties would be unreasonable as a result of their extreme values. These properties will be charged a differential of 61% of the full general rate (or a factor of 0.61) and 61% of the targeted rate for Land Transport (or a factor of 0.61).

A higher differential may apply to the Land Transport targeted rate for properties where commercial forestry is the main or a significant activity. This is because Council considers that a differential rate will result in the commercial forestry sector paying a fairer share of roading costs, given the level of road pavement consumption relative to other land use categories. The differential rating factor will be set at 200% of the land transport targeted rate (or a factor of 2).

Council Sets the Following Targeted Rates

Land Transport

A differentiated targeted rate set on the basis of Capital Value on all rating units in the District.

Land Transport Rate Differentials	
Differential	Basis
General	All rating units other than the following:
Hydro-electric	Rating Units used for Hydro-electric purposes with a Capital Value in excess of \$50 million
Forestry	Rating Units used for exotic forestry with a Quotable Value Property Use Code of FE

Economic Development Targeted Rate

A uniform targeted rate set on the basis of a fixed amount on the basis of the SUIP on all rating units in the District.

Economic Development Commercial Targeted Rate

A targeted rate set on the basis of a rate per dollar of capital value on all rating units with QV Property Use Codes C (commercial) and I (industrial).

Visitor Accommodation Targeted Rate

A Visitor Accommodation Rate set on the basis of the rating unit to fund services provided to the tourism sector. This rate will be assessed on any property that is advertised in any form as providing short term accommodation to the tourism sector. For clarity, this rate will be payable by any property (rating unit) that is advertised and used for accommodation purposes, for example Bed & Breakfast (B&B), Book-a-Batch, Air B&Bs etc. This rate will not, however, be payable by any rating unit that is currently assessed as Economic Development – Commercial Targeted Rate. – Note this rate will be first charged in 2019/20.

Solid Waste - Waste Minimisation Management & Facilities

A targeted rate set on the basis of a fixed amount assessed differentially on every SUIP in the District to fund the cost of landfills, transfer stations and general recycling costs, plus all other refuse costs not included in the service charge for kerbside collection charged to individual households

Solid Waste - Kerbside Collection

A targeted rate set as a fixed amount assessed differentially on every SUIP to which Council provides the service, to fund the cost of kerbside (refuse and recycling) collection within each of the defined rating areas from which Council is willing to collect refuse.

Solid Waste - Kerbside Collection Rate Differentials	
Differential	Basis
General Differential	All rating units within the rateable areas defined AND used for "Residential" ¹ purposes. Note: vacant land and land with minor improvements will not be liable for this rate
Commercial Differential	All rating units within the rateable areas defined AND used for any purpose other than residential. Note: vacant land and land with minor improvements will not be liable for this rate

Accelerated and Enhanced Development Targeted Rates

A targeted rate set on the basis of capital value on all rating units within each of the defined rating areas.

¹ As defined as residential by Council's Valuation Service Provider and included in the Valuation Information Database

Urban Periphery Roads

A targeted rate set on the basis of a fixed amount per rating unit for all rating units with frontage on Kaha or Tau Streets, Rangataua (excluding the three rating units with frontage on a short section of Tau Street already sealed: valuation numbers 12765 198 00; 12765 222 00; 12765 223 00).

Stormwater and Flood Protection (Urban)

A targeted rate set on the basis of a fixed amount per SUIP of a rating unit within the communities of Taumarunui, Piriaka, Ohakune, Raetihi, Owango, National Park, Rangataua, Waiouru, Kakahi to which stormwater and flood protection services are provided to fund these services. In this context, “are provided” means that the rating unit is within a water or sewerage supply area or an area serviced by kerbside collection AND is liable for any of those rates.

Sewerage Rates

Sewerage Service Rate

A targeted rate set on the basis of a fixed amount assessed differentially on every SUIP that is connected or capable of connection, either directly or indirectly, to any of the District’s public sewerage systems.

Note: capable of connection means that rating unit is not currently connected to the sewerage reticulation but is within 30 meters of reticulation, capable of connection and Council is willing to allow it to connect.

Sewerage Differential Rate	
Differential	Description
General Use	Land other than land used for Primary and Secondary Schools
School Use	Land used for Primary and Secondary Schools.

Additional Pan Rate (Water Closet or Urinal)²

A targeted rate set on the basis of a fixed amount assessed differentially on every Pan in excess of two per SUIP that is connected, either directly or indirectly, to any of the District’s public sewerage systems as set out below.

Additional Pan Differentials	
Differential	Description
General Use	Land other than land used for Primary and Secondary Schools
School Use	Land used for Primary and Secondary Schools.

Water Rates

A targeted rate set on the basis of a fixed amount assessed differentially on every SUIP that is connected or capable of connection, either directly or indirectly, to any of the District’s Public Water Supply Systems.

Water Differential Rate	
Differential	Description
General Use	All Rating Units/SUIPS other than those defined as Extraordinary Use
Extraordinary Use	Rating Units/SUIPS are deemed extraordinary by land use, Councils Water Bylaw, or agreement with Council.

Note: capable of connection means that rating unit is not currently connected to the water supply but is within 100 meters of reticulation, capable of connection and Council is willing to allow it to connect.

² In terms of the Local Government (Rating) Act 2002 Schedule 3 Note 4, a rating unit used primarily as a residence for one household will be treated as having only one water closet or urinal.

Fees and Charges

Fees and charges will be sought according to Council’s Revenue and Financing policy where:

- it is assessed that the level of benefit to identified beneficiary/exacerbator groups justifies the seeking of user charges,
- there are identifiable and distinct user groups/exacerbators identified by Council’s Revenue and Financing Policy,
- user Fees represent the fairest method to seek a contribution from identified beneficiaries or exacerbators.

Grants and Subsidies

Council receives significant subsidy to part-fund operations, renewal and capital development in Land Transport. The percentage of this subsidy differs for different types of works.

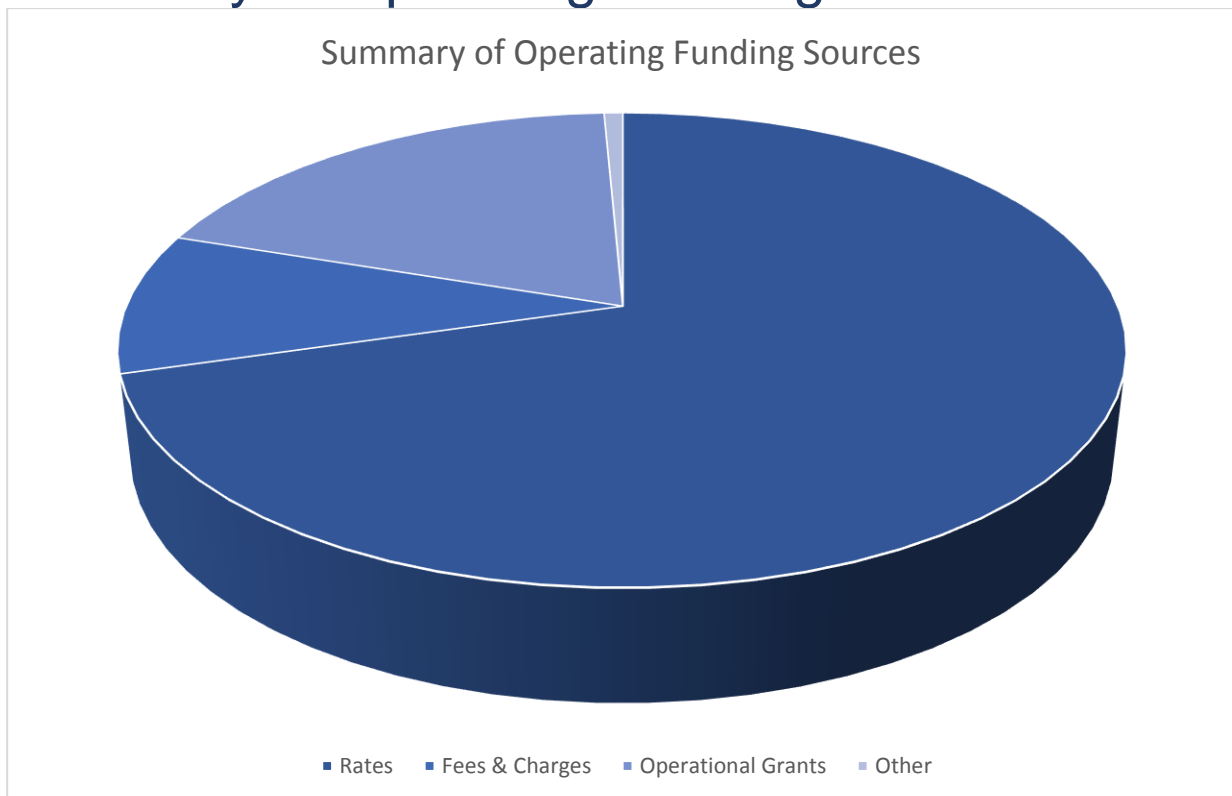
Other Funding

Council also uses the following funding methods:

- Extra income, petrol tax, interest and dividends - Council receives limited interest and dividends,
- Proceeds from asset sales - Used to offset debt first,
- Loan Funding.

Council may receive additional minor funding from other sources, including Fees and Charges, across all activities.

Summary of Operating Funding Sources



Sources of Funding Capital Expenditure

Capital Expenditure

Capital expenditure is the spending which Council undertakes for the purchase, development or acquisition of assets which provide the community with a service over a longer period of time than is the norm with operating expenditure.

There are a range of Capital Funding sources available to Council as set out below. Council's policy is that the funding of capital developments will be prioritised as follows:

User Charges

User charges are generally not available for capital costs.

Grants, Subsidies, and Other Income

Contributions towards capital expenditure from other parties such as the New Zealand Transport Agency (NZTA) (in relation to certain roading projects) and the Crown (in relation to certain projects).

Financial Contributions

Financial Contributions are sought in accordance with the Financial Contributions Policy in the District Plan. Any contributions are held in separate accounts, according to the purpose for which they are raised. Council has received limited financial contributions to date.

Development Contributions

Development Contributions are sought in accordance with Council's Development Contributions Policy. Contributions from this source of funding are held in separate accounts, according to the purpose for which they are raised. The funds will be applied to projects that have resulted from development in the District.

Borrowings

For larger capital costs that provide a long-term benefit to the community, Council may determine that borrowing the funds is the fairest method of allocating the costs of a project over time to users.

Revenue Collected to Cover Depreciation Charges

Renewal projects are primarily funded from depreciation where those funds are available. Because Council only started funding depreciation in 1999 - 2000 the accumulated depreciation funds often do not have sufficient reserves to replace the assets. In those cases, Council will rely on borrowings.

Proceeds from the Sale of Assets

From time to time, the Council sells assets. Council will use the proceeds from the sale of assets, after paying for the cost of sale to repay any debt attached to the asset.

Some assets have restrictions on how the proceeds may be used, for example proceeds from the sale of land that previously had a reserve status can only be used for reserve purposes.

Operating Surpluses

Operating surpluses can be used to fund capital expenditure.

Rates

Lastly, rates. Rates are primarily used to fund Council's day to day expenses. This includes funding an annual amount toward the ongoing replacement of existing assets (depreciation); and the funding of its financing costs on debt created to purchase assets.

From time to time Council may undertake specific capital works funded by borrowings, where the debt repayment is sourced from targeted rates. Usually, these are in respect of specific community projects.

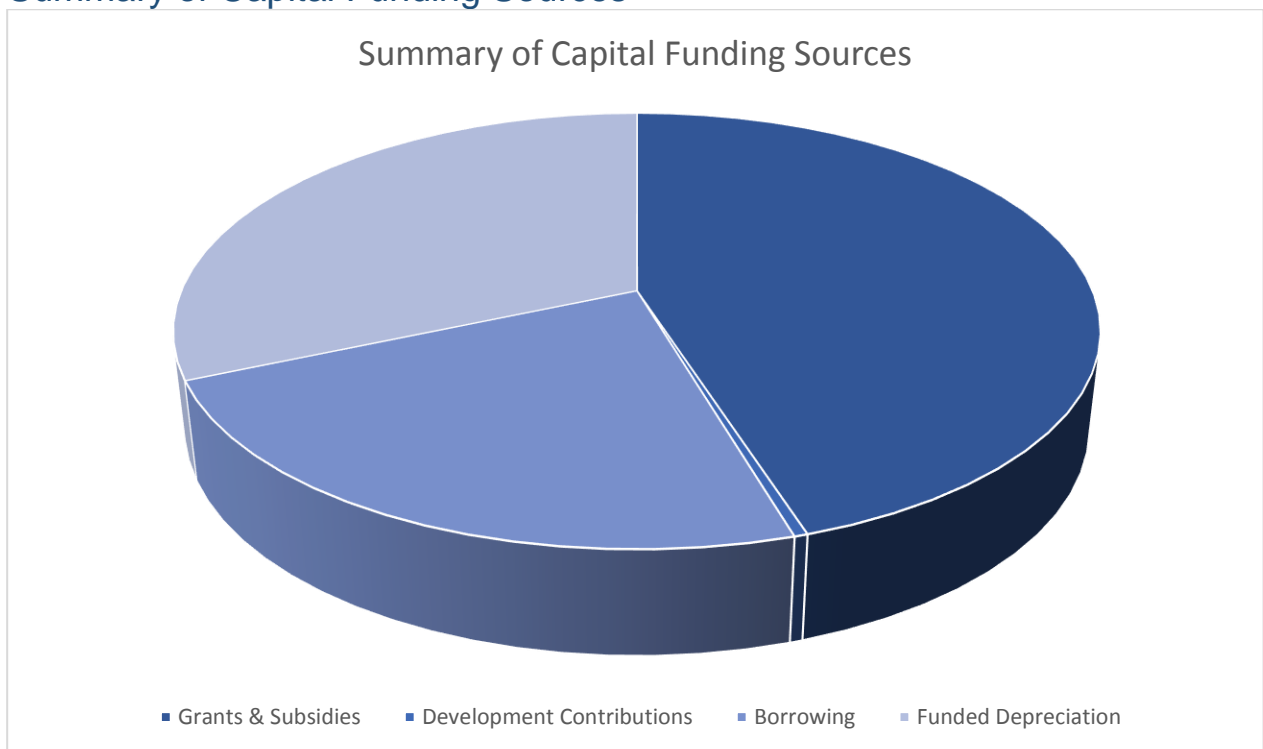
Council’s S101(3) Analysis for Sources of Capital Expenditure by Activity

Council will generally fund the cost of borrowing on the same basis as operating costs unless it resolves otherwise.

Generally, it is not practical to create separate funding policies for each and every capital project so Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity. Whenever Council resolves to consider a separate funding policy Council will consider the sources of funds outlined above, the Revenue and Financing Policy and complete a S101(3) assessment to determine a fair and equitable funding arrangement for the project (Refer to Appendix A of the Revenue and Financing Policy).

Council will resolve the funding policy at the time the project is proposed in an Annual or Long-Term Plan.

Summary of Capital Funding Sources



Policy Considerations when Deciding Funding Sources

Key Funding Considerations

The funding needs of Council are met from those mechanisms that Council considers appropriate, after considering the matters set out in Section 101(3) of the LGA. These matters are summarised in this section.

Intergenerational Equity

Section 101(3)(iii) of the LGA includes the consideration of intergenerational equity in terms of “the period in or over which those benefits are expected to occur”. This means that, for some projects that have a long life, the cost of the project should be allocated over the life of the asset. However, funding an asset with a

life of (say) 70 years with a loan over that term may not be prudent, due to the large interest repayments. In those circumstances the term of the funding may be shorter than the life of the asset.

The Intergenerational Equity policy is based on Council's 'Decline in Service Potential' (DISP) policy. The key activities where the principle of intergenerational equity applies to capital projects are as follows:

- Solid Waste disposal,
- Wastewater collection and treatment,
- Stormwater,
- Water extraction, treatment and distribution,
- Land Transport,
- Community Facilities,
- Other capital projects.

Other functions where intergenerational equity may apply to capital projects include parks and reserves, District swimming pools, community halls, libraries, public toilets, cemeteries, older persons housing, and investment activities.

Decline in Service Potential (DISP)

Council considers DISP to be a method of measuring the amount of 'service capacity' that is lost each year on key assets. For example, a water pipe slowly degrades over time to the point where it must be replaced. Each year, this reduction in life can be considered a reduction in service potential. As such, the concept of DISP is similar to depreciation. A number of methods for the treatment of DISP have already been established, based on accounting standards and government directives. Council has incorporated these and the following guidelines into the DISP Policy:

- DISP on all assets will be calculated using the Depreciation Approach.
- Funding DISP came into effect in the financial year commencing on 1 July 1999.
- Expenditure of DISP funds can only be of a capital nature, such as new or replacement assets, or principal repayments. This is because of the requirement that all operating expenditure must be met out of operating revenues.

LGA Section 101 Analysis

Local Government Act Section 101 requires that Council develop a set of funding arrangements after considering the factors set out in LGA s101(3)(a). This section of the Policy discusses those requirements.

Community Outcomes (s101(3)(a)(i))

Council considered its agreed Community Outcomes and developed a set of revenue and financing mechanisms to reflect that:

- Council is proactive, transparent, accountable and takes an active, consultative approach to funding solutions,
- core infrastructure, water, wastewater, solid waste, and roading endeavours to keep pace with changing demand.
- economic diversity and core economic strengths are encouraged in partnership with others,
- Council plans for and works with the community to ensure that our environment is accessible, clean and safe and that our water, soil and air meets acceptable, affordable standards.

The Benefit Principle (s101(3)(a)(ii))

Council considered how the benefits from each activity are distributed to individuals, groups, or the community generally, using the following categories of benefit:

- National benefit - Benefits the nation and is public in nature.
- District benefit - Benefits the whole District and is public in nature.
- Commercial benefit - Benefits the commercial sector and has elements of both public and private benefit.

- Community benefit - Benefits a particular town, Ward or other area and is public in nature.
- User benefit - Benefits an identifiable individual, group, or community segment.

Council considered the benefit of each of its activities and sub activities, to reflect the national, district, commercial, community or user component. This analysis helped Council decide an appropriate funding source or sources for each activity and the percentage of revenue that Council will try and collect from those sources for each activity.

The following benefit categories were seen as the best fit.

General Rate Funding

Council determined that following activities will be wholly funded by the General Rate/UAGC because the benefit is considered to be equal for the community in general, public in nature or have benefit nationally:

- Leadership,
- Public Toilets,
- Emergency Management,
- Grants,
- i-Sites.

User Funding

Council determined that following activities will be funded by the user, because the benefit is considered to be solely or primarily private.

- Water Supply.
- Wastewater.
- Kerbside Collection.

Mixed Rate/User Funding

Council determined that following activities will be funded by a mix of Fees and Charges and General Rates/UAGC. This reflects the benefits received by both the community at large and the beneficiary/exacerbator.

- Resource Management,
- Regulation,
- Waste Management and Minimisation.,
- Recreation and Community Facilities (excluding Public Toilets),
- Environmental Health and Alcohol Licensing,
- Community Property,
- Community Development (excluding Grants).

Land Transport is funded by a mix of subsidies and targeted rates as Council considers there are benefits to the community and users. Council considers a targeted rate enables a higher level of transparency in funding allocation for this activity.

The following activities are funded by a mixture of capital value rates on commercial and industrial properties and a Targeted Uniform Annual Rate on all properties as Council considers that there is more benefit to commercial and industrial properties, but that the District as a whole also benefits (under Economic Development).

- Regional Tourism,
- Economic Development,
- Business Development.

The following activity is funded by a mix of the General Rates/UAGC and Urban Targeted Rates, as Council considers that there is more benefit to urban properties, but all properties benefit to some extent.

- Stormwater and Flooding.

Period In or Over Which the Benefits are Expected to Occur (s101(3)(a)(iii))

As part of its consideration of Intergenerational Equity and Decline in Service Potential, Council considered the period over which the benefit for each activity is expected to occur.

The Exacerbator Principle (s101(3)(a)(iv))

Council considered whether the activity was required to mitigate the effect of an individual or group and, where appropriate, charges fees, charges and fines

Costs and Benefits (s101(3)(a)(v) LGA)

Council considered the costs and benefits of funding its activities separately. Council considers that each activity and, in some cases, sub activities, should be accounted for separately as this is the most transparent method for funding capital and operating expenses of these activities. This allows more detailed understanding of expenditure, transparency and accountability and the ability of input from the community. This also allows for monitoring of each activity separately. Council believes that the benefit of this funding method outweighs the costs.

Balanced Budget Statement

Section 100 of the LGA requires that Council's projected operating revenues match its projected operating expenditures. Despite this, Council may choose not to fully fund operating expenditure in any particular year if Council can show that it is financially prudent to do so and where the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when it would be beneficial to avoid significant fluctuations in rates, fees, or charges.

Council may choose to fund from the above sources more than is necessary to meet the operating expenditure in any particular year. Council will only budget for such an operating surplus if it is necessary to fund an operating deficit in the immediately preceding or following years, or to repay debt. Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment.

Council has determined the proportion of operating expenditure to be funded from each of the sources listed above, and the method for apportioning rates and other charges. The details of the funding apportionment are set out in the Funding Sources Summary that is included in this Policy.

The LGA requires Council to produce Funding Impact Statements (FIS), which provides details of the funding mechanisms to be used for each group of activities for each year covered by the LTP. These Funding Impact Statements show how Council intends to implement the Revenue and Financing Policy. It also shows the amounts to be collected from each available source for each group and how various rates are to be applied.

Summary of Operating Revenue Sources

Council has determined the proportion of operating expenditure to be funded from each of the sources listed below, and the method for apportioning rates and other charges. A summary of the funding sources for each of Council's primary activities is presented in figure 3 below.

As can be seen, some activities are fully funded by the general or targeted rates and others have some level of other income, usually fees and charges.

These funding arrangements have been agreed by Council following an analysis of the district overall funding requirements.

Additional Information

This policy is presented in a high level short format. It was prepared following a detailed funding needs analysis for each activity as required by Local Government Act 2002, Section 101(3). The results of this analysis are included in the Revenue and Financing Policy Analysis document which is attached as Appendix One.

Further information relevant to this policy is contained in the Financial Strategy, Rating Policies and Funding Impact Statement contained within the Long-term Plan.

Overall Funding Consideration

Council is required by S101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. This is a reference to the Purpose Statement of Local Government

“...to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses”

This brings the concept of “affordability” into the mix and allows Council, as a final measure, to modify the overall mix of funding in response to these considerations.

Council uses its choice of differentials and general and targeted rates, to achieve the most affordable outcomes for the community as a whole. Council recognises that the disparate nature of property values across the district result in wide variations in rating levels. For this reason, it consciously recovers a relatively high proportion of its income from the UAGC and other fixed rates.

Summary of Funding Arrangements

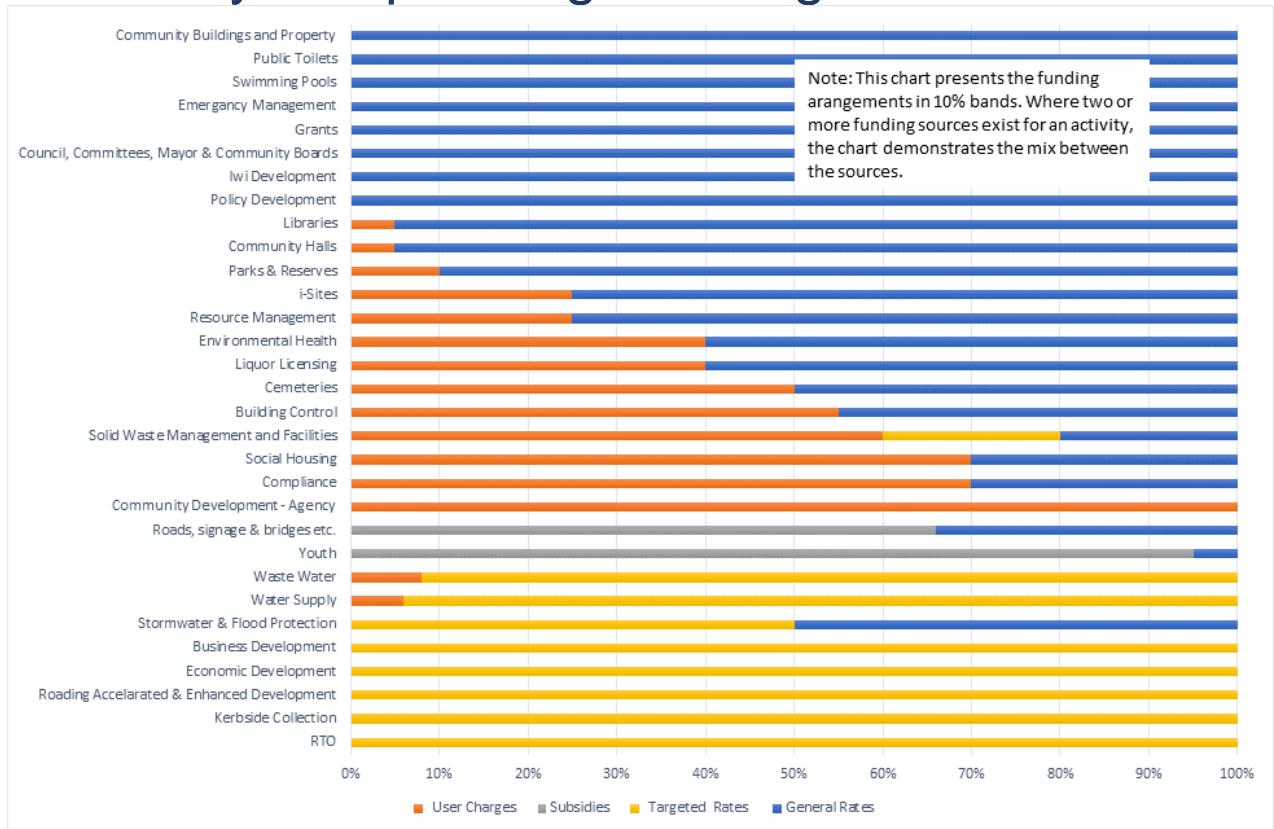
Following an analysis of the operating activities, Council has prepared a funding strategy to share the costs between the different funding streams, these include:

- General Rates,
- Targeted Rates,
- Subsidies and Grants,
- Fees and Charges,
- Other income.



Shown below graphically indicates the agreed operational funding arrangements for each of the different activities outlined in the proposed policy. This is presented in more detail in Appendix C attached here to.

Summary of Operating Funding



Additional Information

- Appendix A presents a summary of the analysis undertaken for each activity. This identifies the community outcomes to which the activity contributes, the beneficiaries and/or exacerbators for whom the activity is undertaken and the rationale underpinning the final funding methods or arrangements adopted by Council.
- Appendix B presents a consolidated summary of the funding arrangements.



Appendix A Revenue and Financing Policy

Funding Needs Analysis

The purpose of this document is to set out how Council proposes to fund each of its activities. It has been prepared in accordance with the provisions of Section 101(3) of the Local Government Act 2002 (the Act).

Note: throughout this appendix references are made to legislative provisions. Unless stated otherwise, these references refer to the Local Government Act 2002.

Introduction

The Act requires all councils to adopt a Revenue and Financing Policy showing how Council proposes to fund its various operating and capital expenditures, and more importantly, who will pay these and why.

Council must decide in accordance with S101(3) how each activity will be funded taking into consideration:

- The community outcomes to which the activity primarily contributes; and
- The distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- The period in or over which those benefits are expected to occur; and
- 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.

And must also consider:

- The overall impact of any allocation of liability for revenue needs on the community.

This analysis document is designed to show how Council has considered each of these requirements and how they relate to the final Revenue and Financing Policy.

The S101(3) funding analysis included in Appendix A identifies the arrangements Council proposes to apply to be able to budget for each activity. Frequently there is a mix of funding mechanisms including both general and targeted rates together with a range of fees and charges. In many instances, the final funding mix depends on the level of activity and the ability to recover costs from user charges.

Council's S101(3) Analysis for Capital Expenditure by Activity

Council will fund the cost of borrowing on the same basis as operating costs unless it resolves otherwise.

Generally, it is not practical to create separate funding policies for each and every capital project so Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity. Whenever Council resolves to consider a separate funding policy Council will consider the sources of funds outlined above, the Revenue and Financing

Policy and complete a S101(3) assessment to determine a fair funding and equitable arrangement for the project.

Generally, Council will resolve the funding policy at the time the project is proposed in an Annual or Long-term Plan.



Section 101 (3) analysis of Operational Expenditure								
Activity	Community Outcomes – Refer Appendix B	Who Benefits	Period of Benefit	Whose actions creates need	Separate Funding	Rationale	Public	Private
Notes: 1. The Funding Source relate to Council's costs only, it excludes any subsidies that may be received from NZTA, Min of Health etc. 2. The split between public and private benefit is arranged in 10% bands								
Recreation and Community Facilities								
Community Buildings and Property	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, Businesses & Community	Ongoing	Activity benefits current and future users (as buildings, if well maintained, are a long-life asset).	This activity is funded from rates with limited user funding	User charging is feasible for buildings that can be rented or where usage for private purposes is identifiable. Separate rating though is generally not appropriate as most of the properties are core to long term Council activities and the majority of the benefits are attributable to community as a whole.	100%	0%
Cemeteries	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, groups & Community	Ongoing	Users, Individuals & Community	There is a significant private benefit funded by fees, but it also includes some public benefit funded from general rates.	This activity is of medium public benefit, but mainly has user benefits, fees remain low due to less use, but high maintenance costs.	50%	50%
Community Halls	<ul style="list-style-type: none"> Safe, healthy communities Vibrant and diverse living 	Individuals, groups & Community	Ongoing	Users	This activity is primarily funded from the general rate	Some user charges apply though Council also considers affordability issues, and broader community benefits, in allocating costs.	90% - 100%	10% - 0%
Parks and Reserves	<ul style="list-style-type: none"> Safe, healthy communities Vibrant and diverse living 	Individuals, groups & Community	Ongoing	Actions of individuals and groups do not contribute in significant way to the need for the activity	This activity is primarily funded from rates with some user funding	The activity has general public benefit as all the public can use parks and reserves. There is a small user component that can be identified and targeted. % allocation based on past actuals with reach	90% - 100%	10% - 0%
Public Toilets	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, & Community	Ongoing	Users, Individuals & Community	This activity is primarily funded from the general rate	Activity is of general public benefit to both local community and visitors and is not targeted at any specific groups. Also, it is not administratively feasible to charge user fees.	100%	0%
Social Housing	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, & Community	Ongoing	Users, Individuals	There is mainly private benefit funded by fees, but it also includes some public benefit funded from general rates.	Separate funding is appropriate as tenants are the primary beneficiary though affordability needs to be considered as social housing is targeted at more vulnerable groups.	20% - 30%	80% - 70%

Section 101 (3) analysis of Operational Expenditure								
Activity	Community Outcomes – Refer Appendix B	Who Benefits	Period of Benefit	Whose actions creates need	Separate Funding	Rationale	Public	Private
Swimming Pools	<ul style="list-style-type: none"> Safe, healthy communities Vibrant and diverse living 	Individuals, & Community	Ongoing	Users, Individuals	Mainly benefits users of the facilities who can be identified and charged user fees though there are broader community benefits.	User fees are paid directly to the swimming pools therefore Council only contributes a balancing amount with is fully rate funded	100%	0%
Community Support								
Community Development - Agency	<ul style="list-style-type: none"> Vibrant and diverse living 	Individuals, & Community	Ongoing	Users, Individuals	There is mainly private benefit funded by fees	These agency services are transactional and service fees are transparent so the user can be charged.	0% - 10%	100% - 90%
Emergency Management	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, Groups Businesses & Community	Ongoing	The actions of individuals and groups have little impact on this activity	This activity is primarily funded from the general rate	The activity benefits the community as a whole.	100%	0%
Community Development - Grants	<ul style="list-style-type: none"> Vibrant and diverse living 	Community	Ongoing	The actions of individuals and groups have little impact on this activity	This activity is primarily funded from the general rate	The activity benefits the community as a whole.	100%	0%
Regional Tourism Organisation	<ul style="list-style-type: none"> Thriving economy Vibrant and diverse living Thriving natural environment 	Businesses & Community	Ongoing	The actions of individuals and groups have little impact on this activity	Separate funding appropriate as primary beneficiaries of activity can be identified. Rating separately encourages accountability to key beneficiaries and improves transparency.	Benefits are expected to be higher for businesses (who manage and run this activity on behalf of Council) as tourist numbers increase so a share of the costs are attributed to them. Percentage split is based on past actuals. Broader flow-on benefits to the community also reflected in allocation to the community as a whole.	60% - 70%	40% - 30%
i-Sites	<ul style="list-style-type: none"> Thriving economy Vibrant and Diverse Living Thriving natural environment 	Visitors, Businesses & Community	Ongoing	Visitors have an impact on the need for the activity	This activity is funded from fees and the general rate	The activity benefits individuals and visitors so fees and commissions can be charged/recouped, and income generated from sales. But there is also a community benefit funded from rates.	80% - 70%	20% - 30%

Section 101 (3) analysis of Operational Expenditure								
Activity	Community Outcomes – Refer Appendix B	Who Benefits	Period of Benefit	Whose actions creates need	Separate Funding	Rationale	Public	Private
Library Services	<ul style="list-style-type: none"> Vibrant and Diverse Living 	Individuals, Groups & Community	Ongoing	The actions of individuals and groups have little impact on this activity	This activity is primarily funded from the general rate with some fee income	A small amount of funding is collected from user charges recognizing the private benefits. This needs to be kept at a reasonable level so that the facility is affordable and accessible to all.	90% - 100%	10% - 0%
Land Transport								
Accelerated and Enhanced Development	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, Groups & Community	Ongoing	Individuals or groups actions do not influence the need for the activity	Separate funding can be used for this category of activity as it is for identifiable projects that are funded by the communities who benefit from higher level of service.	The activity occurs where communities have shown willingness to pay for higher level of service therefore, it is funded by an identifiable group defined by geographic area. Used as necessary	0%	100%
Road, Signage & Bridges; Footpaths, Kerbs and Channels & Street Furniture.	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, Groups & Community	Ongoing	Road users create the need for the activity.	Funded from a mixture of NZTA subsidies and general rates	The activity benefits all users of roads – locals, visitors and through traffic. As roads are open to all users the activity needs to be funded by community as a whole. Forestry sector charged at a higher rate as considered a specific exacerbator	100% <i>(Note: this funding relates to the Council share – funding is also provided by NZTA)</i>	
Leadership								
Business Development	<ul style="list-style-type: none"> Thriving economy 	Businesses & Community	Ongoing	Not applicable	This activity is primarily funded from the general rate	This is a general public good activity and has benefits for the community as a whole.	60% - 70%	40% - 30%
Council, Committees, Mayor & Community Boards	<ul style="list-style-type: none"> Strong leadership and advocacy 	All ratepayers	Ongoing	Not applicable	This activity is primarily funded from the general rate	This is a general public good activity and has benefits for the community as a whole.	100%	0%
Economic Development	<ul style="list-style-type: none"> Thriving economy 	Businesses & Community	Ongoing	Not applicable	Separate funding appropriate as primary beneficiaries of activity can be identified. Rating separately encourages accountability to key	Activity focuses on strategic planning and catalyst activities to promote development. Direct benefits to commercial sector, broader community, families and individuals. Benefits are expected to be higher for businesses. . Broader flow-on	60% - 70%	40% - 30%

Section 101 (3) analysis of Operational Expenditure									
Activity	Community Outcomes – Refer Appendix B	Who Benefits	Period of Benefit	Whose actions creates need	Separate Funding	Rationale	Public	Private	
					beneficiaries and improves transparency.	benefits to the community also reflected in allocation to the community as a whole.			
Iwi Development	<ul style="list-style-type: none"> Strong leadership and advocacy 	The Community as a whole	Ongoing	Not applicable	This activity is primarily funded from the general rate	This is a general public good activity and has benefits for the community as a whole.	100%	0%	
Policy Development	<ul style="list-style-type: none"> Strong leadership and advocacy 	The Community as a whole	Ongoing	Not applicable	This activity is primarily funded from the general rate	This is a general public good activity and has benefits for the community as a whole.	100%	0%	
Youth Development	<ul style="list-style-type: none"> Vibrant and Diverse Living 	Individuals, Groups & Community	Ongoing	Individuals or groups actions do not influence the need for the activity	This activity is primarily funded by subsidies but with some rate contributions	This activity attracts funding on a project by project basis for example from Central Government from the Local Government Youth Partnership fund. Council contributes through allocating staff time to co-ordination/liaison.	10% - 0%	90% - 100%	
Regulation									
Building Control	<ul style="list-style-type: none"> Safe, healthy communities Thriving Economy 	Individuals, Businesses & Community	Ongoing	Applicants for Building Consents	The activity is primarily funded from fees and charges with some “public good” rate contribution	Users should part fund their use of this activity, but as the activity has a public benefit as well which benefits the district and the country as a whole, part of this activity should be funded from rates	40% - 50%	60% - 50%	
Compliance	<ul style="list-style-type: none"> Safe, healthy communities Thriving economy 	Individuals & Community	Ongoing	Individuals or businesses not complying with Council Bylaws and other regulations and dog owners who must comply with legislation/regulations	The activity is primarily funded from fees and charges with some “public good” rate contribution	Users should part fund their use of this activity, but as the activity has a public benefit as well which benefits the district and the country as a whole, part of this activity should be funded from rates	65% - 75%	35% - 25%	
Environmental Health	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, Businesses & Community	Ongoing	Operators of premises that must comply with food safety requirements or other regulation because they could pose a risk to public health and safety	The activity is partly funded from fees and charges but with a significant “public good” rate contribution	Users should part fund their use of this activity, but as the activity has a public benefit as well which benefits the district and the country as a whole, part of this activity should be funded from rates	55% - 65%	45% - 35%	

Section 101 (3) analysis of Operational Expenditure								
Activity	Community Outcomes – Refer Appendix B	Who Benefits	Period of Benefit	Whose actions creates need	Separate Funding	Rationale	Public	Private
Liquor Licencing	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, Businesses & Community	Ongoing	Operators of premises that must comply with sale and supply of alcohol laws.	The activity is partly funded from fees and charges but with a significant “public good” rate contribution	Users should part fund their use of this activity, but as the activity has a public benefit as well which benefits the district and the country as a whole, part of this activity should be funded from rates.	55% - 65%	45% - 35%
Resource Management	<ul style="list-style-type: none"> Safe, healthy communities Thriving economy Thriving natural environment 	Individuals, Businesses & Community	Ongoing	Applicants undertaking development that could have adverse environmental effects.	The activity is partly funded from fees and charges but with a significant “public good” rate contribution	Users should part fund their use of this activity, but as the activity has a public benefit as well which benefits the district and the country as a whole, part of this activity should be funded from rates	70% - 80%	30% - 20%
Solid Waste								
Kerbside Collection	<ul style="list-style-type: none"> Safe, healthy communities Thriving economy Thriving natural environment 	Individuals	Ongoing	The residents of urban communities who create refuse	Fully funded by targeted rates	The activity benefits the user therefore funded by targeted rates	0%	100%
Waste Minimisation – Management and Facilities	<ul style="list-style-type: none"> Safe, healthy communities Thriving economy Thriving natural environment 	Individuals & Community	Ongoing	The residents who create refuse	Part funded by user charges but with “public good” rate contribution	There is a moderate public benefit to the activity but the user charge acknowledges that some members of the public and businesses use the activity more than others.	30% - 40%	70% - 60%
Waters								
Stormwater and Flood Protection	<ul style="list-style-type: none"> Safe, healthy communities Thriving economy Thriving natural environment 	Individuals & Community	Ongoing	Individuals, households and businesses in urban areas	Part funded by local targeted rates but with “public good” General Rate contribution	While the district as a whole will benefit from stormwater and flood protection, the main beneficiaries are the ratepayers in urban centres.	45% - 55%	55% - 45%
Sewerage	<ul style="list-style-type: none"> Safe, healthy communities 	Individuals, Businesses & Community	Ongoing	Users	This activity is regarded as a separate activity therefore is	Separate funding is appropriate this service however Council now believes that as all properties connected to any one of the reticulated	0% - 6%	100% - 94%

Section 101 (3) analysis of Operational Expenditure									
Activity	Community Outcomes – Refer Appendix B	Who Benefits	Period of Benefit	Whose actions creates need	Separate Funding	Rationale	Public	Private	
	<ul style="list-style-type: none"> Thriving economy Thriving natural environment 				funded separately by targeted rates and fees. Council is proposing to treat all sewerage schemes collectively as a single service rather than separately funding each individual area.	schemes receive a similar level of benefit it is appropriate that they pay similar levels of rates. Some Fees and Charges apply for installation of toby's etc.			
Water Supply	<ul style="list-style-type: none"> Safe, healthy communities Thriving economy Thriving natural environment 	Individuals, Businesses & Community	Ongoing	Users	This activity is regarded as a separate activity therefore is funded separately by targeted rates and fees. Council treats all water schemes collectively as a single service rather than separately funding each individual area.	Separate funding is appropriate this service however Council now believes that as all properties connected to any one of the reticulated schemes receive a similar level of benefit it is appropriate that they pay similar levels of rates. Some fees and charges apply for connections	0% - 8%	100% - 92%	
<ul style="list-style-type: none"> N.B. The above percentages are targets and may vary slightly each year 									



Appendix B Detailed Activity Funding Arrangements

Activity Group - Activity	User Charges	Subsidies	Targeted Rates	General Rates
Recreation and Community Facilities				
Community Buildings and Property	0%	0%	0%	100%
Cemeteries	50%	0%	0%	50%
Community Halls	5%	0%	0%	95%
Parks & Reserves	10%	0%	0%	90%
Public Toilets	0%	0%	0%	100%
Social Housing	70%	0%	0%	30%
Swimming Pools	0%	0%	0%	100%
Community Support				
Community Development - Agency	100%	0%	0%	0%
RTO	0%	0%	100%	0%
Emergency Management	0%	0%	0%	100%
Grants	0%	0%	0%	100%
i-Sites	25%	0%	0%	75%
Libraries	5%	0%	0%	95%
Land Transport				
Accelerated & Enhanced Development	0%	0%	100%	0%
Roads, signage & bridges etc.	0%	72%	0%	28%
Leadership				
Business Development	0%	0%	100%	0%
Council, Committees, Mayor & Community Boards	0%	0%	0%	100%
Iwi Development	0%	0%	0%	100%
Policy Development	0%	0%	0%	100%
Economic Development	0%	0%	100%	0%
Youth	0%	95%	0%	5%
Regulation				
Building Control	55%	0%	0%	45%
Resource Management	25%	0%	0%	75%
Compliance	70%	0%	0%	30%
Environmental Health	40%	0%	0%	60%
Liquor Licensing	40%	0%	0%	60%
Solid Waste				
Kerbside Collection	0%	0%	100%	0%
Management and Facilities	60%	0%	20%	20%
Waters				
Stormwater & Flood Protection	0%	0%	50%	50%
Waste Water	6%	0%	94%	0%
Water Supply	8%	0%	92%	0%

PART 4:

Financials

Funding Impact Statement

Introduction

Council is required under Schedule 10(15) of the LGA to adopt a Funding Impact Statement. This Statement provides a summary of Council's funding sources over the ten-year period, as well as the detailed rates requirement for the 2018/19 financial year. The Statement represents the fiscal outcome from the Revenue and Financing Policy which was reviewed by Council in accordance with the provisions of the Local Government Act.

Rates are assessed in accordance with the Local Government (Rating) Act 2002 (LGRA) on all rating units in the district on the basis of values as at 30 June 2018.

Legislative Requirements

The Local Government Act 2002 requires that Council include a Funding Impact Statement in each Long-Term Plan. This statement must include the following information for each year covered by the plan:

- The sources of funding to be used by the local authority,
- The amount of funds expected to be produced from each source,
- How the funds are to be applied.

Proposed Rates for 2018-28

This portion of the Funding Impact Statement has been prepared in two parts. The first part outlines the rating methodologies and differentials which Council proposes to use to set the rates for the 2018-28 rating years. The second part outlines the proposed rates for the 2018/19 rating year.

Where a new rate is not proposed to be set in 2018/19 the schedule of rates will show this rate as NA.

General Rates

General Rate

Council has set a General Rate on the basis of Capital Value (CV) to fund its general activities. This rate has been set on a differential basis as described below and assessed on all rateable land.

Objective for Differential Rates

The general rate is differentiated for hydro-electric properties worth in excess of \$50 million. This is because Council considers that an undifferentiated rate on these properties would be unreasonable as a result of their extreme values.

A higher differential applies to the Land Transport targeted rate for properties where commercial forestry is the main or a significant activity. This is because Council considers that a differential rate will result in the commercial forestry sector paying a fairer share of roading costs, given the level of road pavement consumption relative to other land use categories.

The General Rate differentials are based on the CV and Land Use as defined by Council's Valuation Service Provider and included in the Rating Information Database. The proposed differentials are set out following table. *(Refer Local Government (Rating) Act 2002, S13(2)(b) & S14, and Schedules 2(1&8) & 3(2))*

General Rate Differentials	
Basis	Differential
All rating units other than hydro-electric properties with a CV in excess of \$50 million	100%
Hydro-electric properties with a CV in excess of \$50 million	61%

General Rate – Defence Land

Defence Land is rated on Capital Value but, in accordance with Section 22 LGRA, it does not exceed the amount that would have been charged if the District's rate was calculated on the Land Value only. *(Refer Local Government (Rating) Act 2002, S22).*

Uniform Annual General Charge (UAGC)

Council has set a UAGC on the basis of one charge assessed on every separately used or inhabited part (SUIP) of a rating unit. This rate has been set at a level designed to ensure that the total of the UAGC and all Uniform Targeted Rates exclusive of Water and Wastewater, do not exceed the allowable maximum of 30%. *(Refer Local Government (Rating) Act 2002, S15 & 21 and Schedule 3(7)).*

Targeted Rates

Land Transport

Land Transport Differential Rate

Council has set a targeted rate on the basis of Capital Value (CV) on all rating units in the District to fund land transport. This rate has been set on a differential basis as described below.

The Land Transport Rate differentials are based on the CV and use as defined by Council's Valuation Service Provider and included in the Rating Information Database. The differentials are set out following table. *(Refer Local Government (Rating) Act 2002, S16(3)(a) and (4)(b) and Schedules 2(1) & (8) and Schedule 3(2)).*

Land Transport Rate Differentials		
Differential	Basis	Basis
General	All rating units other than the following:	100%
Hydro-electric	Rating Units used for Hydro-electric purposes with a Capital Value in excess of \$50 million	61%
Forestry	Rating Units used for exotic forestry with a Quotable Value Property Use Code of FE	200%

Kaha and Tau Street Resealing

Council has set a targeted rate on the basis of a fixed amount assessed on every Rating Unit within the defined rating area to fund the resealing of Kaha and Tau Streets.

The defined Rating Area is as follows - All rating units with frontage on Kaha or Tau Streets, Rangataua (excluding the three rating units with frontage on a short section of Tau Street already sealed: valuation numbers 12765 198 00; 12765 222 00; 12765 223 00 *(Refer Local Government (Rating) Act 2002, S16(3)(b) and (4)(a) and Schedule 3(7)).*

Economic Development Rates

Economic Development Targeted Rate

Council has set a targeted rate on the basis of a fixed amount assessed on every SUIP in the District to fund Economic Development. (Refer Local Government (Rating) Act 2002, S16(3)(a) and (4)(a) and Schedule 3 (7)).

Economic Development Commercial Targeted Rate

Council has set a targeted rate on the basis of Capital Value (CV) assessed on every rating unit with Council's Valuation Service Provider's Property Use Codes C (Commercial) and I (Industrial) to fund Economic Development. (Refer Local Government (Rating) Act 2002, S16(3)(a) and (4)(a), and Schedules 3(2))

Visitor Accommodation (Rating commences in 2019/20)

Non-Commercial Visitor Accommodation Targeted Rate

A targeted rate to part fund Economic Development and the Regional Tourism Organisation, on the basis of a fixed amount assessed on the basis of the SUIP on every rating unit that is advertised in any form as providing short term accommodation, except those rating units assessed the Economic Development – Commercial targeted rate. (Refer Local Government (Rating) Act 2002, Sections 16(3)(b) and (4)(a) and Schedule 3(7))

Solid Waste Rates

Solid Waste – Waste Minimisation Management and Facilities

Council has set a targeted rate on the basis of a fixed amount assessed differentially on every SUIP in the District to fund the cost of landfills, transfer stations and general recycling costs, plus all other refuse costs not included in the service charge for kerbside collection charged to individual households. (Refer Local Government (Rating) Act 2002, Sections 16(3)(a) and (4)(a) & Schedule 3 Cl 7)

Solid Waste - Kerbside Collection

Council has set a targeted rate on the basis of a fixed amount assessed on every SUIP to which Council provides the service, to fund the cost of kerbside (refuse and recycling) collection services. Note: vacant land and land with minor improvements are deemed not to receive the service therefore are not subject to this rate.

Refuse is collected for all SUIPS, whereas recycling is only collected from residential units.

Solid Waste - Kerbside Collection Rate Differentials		
Basis		Differential
General Differential –	All rating units within the rateable areas defined AND used for "Residential" ^[1] purposes. Note: vacant land and land with minor improvements will not be liable for this rate	100%
Commercial Differential –	All rating units within the rateable areas defined AND used for any purpose other than residential. Note: vacant land and land with minor improvements will not be liable for this rate	50%

Refer Local Government (Rating) Act 2002, Sections 16(3)(b) and (4)(b), Schedules 2 (1&5) & 3(7))

^[1] As defined as residential by Council's Valuation Service Provider and included in the Valuation Information Database

Stormwater & Flood Protection Rates

Council has set a targeted rate set on the basis of a fixed amount assessed on every SUIP within the following urban communities to which stormwater and flood protection services are provided to fund these services. In this context, “are provided” means that the rating unit is within a water or sewerage supply area or an area serviced by kerbside collection AND is liable for any of those rates. (Refer Local Government (Rating) Act 2002, Sections 16(3)(b) and (4)(a) & Schedule 3 Cl 7.

Stormwater Rating Areas

Taumarunui, Piriaka, Ohakune, Raetihi, Owango, National Park, Rangataua, Waiouru, Kakahi

Sewerage

Sewerage Service Rate

Council has set a targeted rate on the basis of a differential amount assessed on every SUIP that is connected or capable of connection¹, either directly or indirectly, to any of the District’s public sewerage systems.

These rates have been set differentially on the basis of use as set out below.

Sewerage Differential Rate

Differential	Description	Basis
General Use	Land other than land used for Primary and Secondary Schools	100%
School Use	Land used for Primary and Secondary Schools.	30%

(Local Government (Rating) Act 2002, Section 16(3)(b) and (4)(b) and Schedules 2(1) & 3(7))

Additional Pan Rate (Water Closet or Urinal)

Council has set a targeted rate assessed on every Pan in excess of two per SUIP that is connected, either directly or indirectly, to any of the District’s public sewerage systems as set out below².

These rates have been set differentially on the basis of use as set out below.

Additional Pan Differential Rate

Differential	Description	Basis
General Use	Land other than land used for Primary and Secondary Schools	100%
School Use	Land used for Primary and Secondary Schools.	60%

(Local Government (Rating) Act 2002, Section 16(4)(b) and Schedule 2(1) & Schedule 3(12))

Water

Water Rates

Council has set a targeted rate on the basis of a fixed amount assessed on every SUIP that is connected or capable of connection³, either directly or indirectly, to any of the District’s Public Water Supply Systems. (Local Government (Rating) Act 2002, Section 16(3)(b) and (4)(a) and Schedule 3(7))

¹ Capable of connection - The rating unit is within 30m of sewer main and practicably serviceable in the opinion of Council.

² In terms of the Local Government (Rating) Act 2002 Schedule 3 Note 4, a rating unit used primarily as a residence for one household will be treated as having only one water closet or urinal.

³ Capable of connection - The rating unit is within 100m of water main and practicably serviceable in the opinion of Council.

Water Differential Rate

Water Differential Rate		
Differential	Description	Basis
General Use	All Rating Units/SUIPS other than those defined as Extraordinary Use	100%
Extraordinary Use	Rating Units/SUIPS are deemed extraordinary by land use, Councils Water Bylaw, or agreement with Council.	120%

(Local Government (Rating) Act 2002, Section 16(3)(b) and (4)(b) and Schedules 2(1) & 3(7))

Water by Meter Charges (N.B. water by meter charges are not rates pursuant to the LGRA)

Users connected to any Council water supply where the supply is recorded through a water meter will be assessed the Water Differential Rate, as outlined above. In addition, they will be charged for any water consumed according to the prevailing Schedule of Fees and Charges.

Lump sum contributions

Council is not seeking any lump sum contributions in respect of any targeted rates. *(Local Government Act 2002, Schedule 10 Clause 15(4)(e)).*



Schedule of Rates for 2018/19

Set out in the following tables are the indicative rates which Council has set for the 2018/19 rating year. The schedule includes references to certain rates which will only come in to effect in future years of this Long-Term Plan.

Please note all rates Inclusive GST.

Rate	Basis of Assessment	Differential (as per LG(R)A schedule 2)	Rates 2018/19	
			Rate GST incl	Total Rate
GENERAL RATES				
Uniform Annual General Charge	Per SUIP ⁴	-	\$606	\$5,253,301
General Rate – General Differential	Capital Value	1	\$0.00196027	\$7,277,843
General Rate – Hydro Electrical Differential	Capital Value	1	\$0.00119107	\$362,810
General Rate – Defence Land	Land Value	1	\$0.00071361	\$147,290
TARGETED RATES				
Land Transport				
General	Capital Value	1	\$0.00110291	\$3,995,729
Hydro Electrical	Capital Value	1	\$0.00067007	\$204,110
Forestry	Capital Value	1	\$0.00219695	\$197,269
Kaha and Tau Street Resealing	Per SUIP		\$124	\$3,974
Solid Waste				
Solid Waste - Kerbside Collection				
Residential	Per SUIP	1	\$84	\$345,639
Commercial	Per SUIP	1	\$43	\$24,201
Solid Waste Charge	Per SUIP	-	\$60	\$515,836
Stormwater - Flood Protection				
Stormwater/Flood Protection Urban	Per SUIP		\$89	\$500,753
Wastewater				
District Wide Sewerage Rate				
General use (Inclusive of 2 pans)	Per SUIP	1 & 5	\$479	\$2,187,281
School use (Inclusive of 2 pans)	Per Pan	1 & 5	\$144	\$35,808
District Wide Additional Pan Rate				
General Use Per pan in excess of 2 pans per SUIP	Per Pan	-	\$240	\$354,960
Water				
District Wide Water Rate				
Connected or capable of connection	Per SUIP	5	\$656	\$3,627,829
District Wide Extra-Ordinary	Per SUIP	1 & 5	\$787	\$33,052
Economic Development Rates				
Economic Development Rate	Per SUIP	-	\$72	\$626,530
Economic Development Commercial Rate	Capital Value	-	\$0.00169804	\$417,686
Non-Commercial Visitor Accommodation Targeted Rate⁵	Per SUIP	-		

⁴ Separately Used or Inhabited Part of a rating unit

⁵ This rate will not commence until the 2019/2020 rating year

Example rates

Set out below are examples of the rates drawn from a range of land uses and property land values. Additionally, examples are shown for a range of residential properties drawn from a number of communities across the District

			Value	2017/18 Rates	2018/19 Rates	\$ Change	% Change
Kakahi	Commercial	Medium	72,000	1,031	1,081	50	4.85%
National Park	Commercial	Medium	255,000	3,151	2,743	-408	-12.95%
National Park	Commercial	High	285,000	5,338	4,801	-537	-10.06%
National Park	Commercial	Low	120,000	2,823	2,533	-290	-10.27%
Ohakune	Commercial	Medium	205,000	2,581	2,741	160	6.20%
Ohakune	Commercial	High	350,000	3,505	3,671	166	4.74%
Ohakune	Commercial	Low	115,500	2,326	2,490	164	7.05%
Ohura	Commercial	Medium	60,000	2,559	1,578	-981	-38.34%
Owhango	Commercial	Medium	100,000	5,684	5,876	192	3.38%
Owhango	Commercial	High	250,000	2,594	2,673	79	3.05%
Pipiriki	Commercial	Medium	179,500	4,008	2,985	-1023	-25.52%
Raetihi	Commercial	Medium	149,000	2,983	2,714	-269	-9.02%
Raetihi	Commercial	High	450,000	4,910	4,758	-152	-3.10%
Raetihi	Commercial	Low	102,000	2,774	2,490	-284	-10.24%
Rangataua	Commercial	Medium	200,000	2,058	2,003	-55	-2.67%
Taumarunui	Commercial	Medium	142,000	2,563	2,681	118	4.60%
Taumarunui	Commercial	High	270,000	5,476	5,269	-207	-3.78%
Taumarunui	Commercial	Low	69,000	2,412	2,333	-79	-3.28%
Waiouru	Commercial	Medium	250,000	5,150	4,351	-799	-15.51%
Waiouru	Commercial	High	870,000	7,409	7,171	-238	-3.21%
Waiouru	Commercial	Low	160,000	2,913	2,724	-189	-6.49%
Kakahi	Residential	Low	69,000	1,123	1,122	-1	-0.09%
Kakahi	Residential	Medium	150,000	1,358	1,371	13	0.96%
National Park	Residential	Medium	220,000	3,018	2,636	-382	-12.66%
National Park	Residential	High	275,000	3,201	2,804	-397	-12.40%
National Park	Residential	Low	185,000	2,901	2,529	-372	-12.82%
Ohakune	Residential	Medium	215,000	2,505	2,705	200	7.98%
Ohakune	Residential	High	285,000	2,738	2,919	181	6.61%
Ohakune	Residential	Low	140,000	2,272	2,484	212	9.33%
Ohura	Residential	Medium	75,000	2,605	1,624	-981	-37.66%
Ohura	Residential	High	110,000	2,618	1,731	-887	-33.88%
Ohura	Residential	Low	40,000	2,486	1,516	-970	-39.02%
Owhango	Residential	Medium	144,000	2,011	2,019	8	0.40%
Owhango	Residential	High	250,000	2,261	2,248	-13	-0.57%
Owhango	Residential	Low	60,000	1,908	1,924	16	0.84%
Pipiriki	Residential	Medium	96,000	2,022	1,513	-509	-25.17%
Pipiriki	Residential	High	143,000	2,159	1,657	-502	-23.25%
Pipiriki	Residential	Low	89,000	2,002	1,491	-511	-25.52%
Raetihi	Residential	Medium	115,000	2,686	2,399	-287	-10.69%
Raetihi	Residential	High	141,000	2,769	2,478	-291	-10.51%
Raetihi	Residential	Low	78,000	2,569	2,285	-284	-11.05%
Rangataua	Residential	Medium	165,000	1,914	1,896	-18	-0.94%
Rangataua	Residential	High	220,000	2,091	2,064	-27	-1.29%
Rangataua	Residential	Low	95,000	1,608	1,597	-11	-0.68%
Taumarunui	Residential	Medium	115,000	2,362	2,399	37	1.57%
Taumarunui	Residential	High	160,000	2,510	2,536	26	1.04%
Taumarunui	Residential	Low	81,000	2,295	2,294	-1	-0.04%

Waiouru	Residential	Medium	149,000	2,448	2,418	-30	-1.23%
Waiouru	Residential	High	190,000	2,584	2,544	-40	-1.55%
Waiouru	Residential	Low	128,000	2,378	2,354	-24	-1.01%
Kakahi	Rural	Medium	940,000	3,408	3,617	209	6.13%
Kakahi	Rural	High	4,990,000	17,945	18,590	645	3.59%
Kakahi	Rural	Low	870,000	3,207	3,403	196	6.11%
National Park	Rural	Medium	380,000	1,777	1,902	125	7.03%
National Park	Rural	High	770,000	2,926	2,359	-567	-19.38%
National Park	Rural	Low	175,000	1,178	1,274	96	8.15%
Ohakune	Rural	Medium	1,427,000	5,346	5,765	419	7.84%
Ohakune	Rural	High	2,490,000	7,907	8,365	458	5.79%
Ohakune	Rural	Low	721,000	2,760	2,953	193	6.99%
Ohura	Rural	Medium	920,000	3,337	3,556	219	6.56%
Ohura	Rural	High	2,840,000	9,588	10,175	587	6.12%
Ohura	Rural	Low	268,000	3,176	2,215	-961	-30.26%
Owhango	Rural	Medium	1,250,000	5,028	5,223	195	3.88%
Owhango	Rural	High	2,282,000	8,721	9,122	401	4.60%
Owhango	Rural	Low	710,000	3,416	3,651	235	6.88%
Pipiriki	Rural	Medium	550,000	2,261	2,423	162	7.16%
Pipiriki	Rural	High	2,360,000	7,491	7,967	476	6.35%
Pipiriki	Rural	Low	265,000	1,438	1,550	112	7.79%
Raetihi	Rural	Medium	820,000	6,258	6,619	361	5.77%
Raetihi	Rural	High	1,920,000	16,070	16,973	903	5.62%
Raetihi	Rural	Low	372,000	1,756	1,138	-618	-35.19%
Rangataua	Rural	Medium	710,000	2,760	2,913	153	5.54%
Rangataua	Rural	High	2,470,000	9,247	9,780	533	5.76%
Rangataua	Rural	Low	590,000	2,394	2,545	151	6.31%
Taumarunui	Rural	Medium	581,000	2,370	2,518	148	6.24%
Taumarunui	Rural	High	1,065,000	4,440	4,656	216	4.86%
Taumarunui	Rural	Low	250,000	1,587	1,777	190	11.97%
Waiouru	Rural	Medium	505,000	2,172	2,285	113	5.20%
Waiouru	Rural	High	1,171,000	4,087	4,325	238	5.82%
Waiouru	Rural	Low	175,000	1,159	1,274	115	9.92%



Other Rating Policy Statements

Projected number of rating units

Local Government Act 2002 Schedule 10 Clause 15A requires Council to state for each year covered by the Plan, the projected number of rating units within the District or Region of the local authority at the end of the preceding financial year.

For the purposes of the 2018 – 2028 Long Term Plan Council has assumed that there will be some growth in the number of rating units.

The following table shows the growth assumptions for each of the years covered by the plan.

Year	Rating Units
2018/19	8,908
2019/20	8,958
2020/21	9,008
2021/22	9,059
2022/23	9,110
2023/24	9,161
2024/25	9,212
2025/26	9,264
2026/27	9,316
2017/18	9,369

Definition of Separately Used or Inhabited Part of a Rating Unit

A separately used or inhabited part of a rating unit is any part of a rating unit that is or is able to be separately used or inhabited by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

Uniform or Fixed Rates will be applied according to the following principles:

- Where a rating unit contains both a commercial operation and residential accommodation, two separately used parts of a rating unit are identified and will attract two sets of uniform charges.
- A farming unit with one dwelling will be treated as one SUIP, with each additional dwelling counting as an additional used part of the rating unit. Each additional dwelling will attract uniform and fixed rates
- Where a single rating unit contains a number of shops or offices, each separately used or inhabited office or shop will be counted as one SUIP. Each office or shop will attract uniform and fixed rates.
- Where a single rating unit contains a number of separately used or inhabited residential parts (block of flats), each separate unit will be counted as one SUIP. Each unit or flat will attract uniform and fixed rates.
- A motel/hotel complex will not be treated on the basis of the number of rooms, but on the basis of a motel/hotel being a commercial operation. The motel/hotel complex will attract one set of uniform charges. However, should a residential occupancy be contained within the complex, that would constitute an additional use. Each residential occupancy in the motel/hotel complex will attract uniform and fixed rates.
- Dwellings that are not fully self-contained will not attract additional uniform charges. For a dwelling to be self-contained, it must be connected to water and wastewater services, and have facilities so that the person living or staying there does not have to

share rooms such as a kitchen or bathroom with other people. A kitchen is further defined to a room or area equipped with the intent for cooking.

Due Dates for Payment of Rates

Rates are payable in four equal instalments, on the dates set out below.

Discount

A discount of 3% on all current year's rates will be granted for prompt payment if the rates for the year ending 30 June 2019 are paid in full by 20 August 2018, on condition that no rates remain unpaid from previous year

Penalties

A penalty of 10% will be added to any amount of an instalment of rates remaining unpaid after the relevant due date and will be added on the dates set out in the table below:

Instalment	Due Date	Penalty Date
1	20 August 2018	23 August 2018
2	20 November 2018	23 November 2018
3	20 February 2019	25 February 2019
4	20 May 2019	23 May 2019

A further penalty of 10% will be added to any amount of rates that are unpaid from previous years and are unpaid at 4 July 2018. The penalty will be added on 11 July 2018.

A further penalty of 10% will be added to any amount of rates to which a penalty has been added under paragraph (b) above that remain unpaid on 11 January 2019. The penalty will be added on 11 January 2019.

Council delegates authority to the Financial Controller, to apply penalties on unpaid rates. Remission of penalties will be considered according to Council's Remission of Penalties Policy, which can be found on Council's website: www.ruapehudc.govt.nz.



Financial Statements

Statement of Accounting Policies

Reporting Entity

Ruapehu District Council (Council or RDC) is a territorial local authority established under the Local Government Act 2002 (LGA), is domiciled, and operates in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The RDC group (the Group) consists of:

- The ultimate parent, Ruapehu District Council,
- RDC Holdings Ltd (100% owned subsidiary) which is non-trading,
- Manawatu Wanganui LASS Ltd (14.29%) which is equity accounted (an associate),
- Wanganui District Council's Forestry Joint Committee (3.93%) which is equity accounted (an associate).

All subsidiaries and associated entities are established and domiciled in New Zealand.

The prospective financial statements reflect the consolidated results for RDC and the Group. The only subsidiary of RDC (RDC Holdings Limited) is non-active and has no revenue, expenditure, assets or liabilities.

Council and the Group provide local infrastructure, local public services, and perform regulatory functions. Council does not operate to make a financial return. Council has designated itself and the Group as public benefit entities (PBEs) for financial reporting purposes.

The financial information contained within these documents is prospective financial information in terms of Financial Reporting Standard 42 Prospective Financial Statements (PBE). The purpose for which this has been prepared is to enable the public to participate in decision-making processes as to the services to be provided by Council over the next ten years and to provide a broad accountability mechanism of Council to the community. The financial information in the Long Term Plan may not be appropriate for purposes other than those described.

Statement of Compliance and Basis of Preparation

The reporting period for these prospective financial statements of Council is for the years 2018-2028 ending 30 June of each year.

The prospective financial statements have been prepared on the going concern basis.

The prospective financial statements of Council and the Group have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These prospective financial statements have been prepared in accordance with Tier 1 PBE FRS 42 accounting standards.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Accounting Standards

The PBE accounting standards that have been issued but are not yet effective are as follows;

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interest in other entities (PBE IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

Council plans to apply the new standards in preparing the 30 June 2020 financial statements. Council and the Group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 *Financial Instruments*. PBE 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost,
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses,
- Revised hedge accounting requirements to better reflect the management of risks.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council and the Group has not yet assessed the effects of these new standards.

Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated prospective financial statements have been prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the Group on a line-by-line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

Subsidiaries

Council has consolidated in the Group prospective financial statements all entities in which Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary.

This power exists where Council controls the majority voting power on the governing body or where policies have been irreversibly predetermined by Council, or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary. The only subsidiary owned by Council is RDC Holdings Ltd (100% owned). This company has not traded since 1997.

Associate

Council's associate investment is accounted for in the Group prospective financial statements using the equity method. An associate is an entity over which Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the Group prospective financial statements is increased or decreased to recognise the Group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further deficits. After the Group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the Group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

Associates of Council are:

- Manawatu Wanganui LASS Ltd (14.29%, owned with six other local authorities). This entity is an exempt Council Controlled Organisation.
- Wanganui District Council's Forestry Joint Committee (3.93%, owned with two other local authorities).

Revenue

Revenue is measured at fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

Exchange Transactions

Exchange transactions are transactions where RDC receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

Revenue from asset management services is recognised when provided to the customer.

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, RDC either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange or where the value given or received is not able to be accurately measured. This includes transactions for activities which are subsidised through rates.

An inflow of resources from a non-exchange transaction, whether this be an asset or revenue, is only recognised if a liability is not also recognised for that particular asset or revenue.

A liability is only recognised to the extent that the present obligations have not been satisfied. A liability in respect of a transferred asset is recognised only when the transferred asset is subject to a condition, such as a condition for the asset to be consumed as specified and / or that future economic benefits or service potential must be returned to the owner.

The specific accounting policies relating to significant revenue items follow.

Rates Revenue

The following policies for rates have been applied:

- General rates and targeted rates, are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council 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 arising from late payment penalties are recognised as revenue when rates become overdue.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

Water by Meter Revenue

Water by meter revenue is recognised based on actual usage on a quarterly basis.

Development and Financial Contributions

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

New Zealand Transport Agency Roading Subsidies

Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as 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.

Building and Resource Consent Revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Landfill Fees

Fees for disposing of waste at Council's landfill are recognised as waste is disposed by users.

Infringement Fees And Fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines.

Vested or Donated Physical Assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when 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.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

Donated and Bequeathed Financial Assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Liabilities

Income in Advance

Income in Advance predominantly from rates and dog registrations paid in advance, these are non-exchange transactions.

Borrowing Costs

In accordance with PBE IPSAS 5 Borrowing Costs, all 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 the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by Council and

the approval has been communicated to the applicant. Council's grants awarded have no substantive conditions attached.

Leases

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.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Receivables

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

Other Financial Assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial Assets At Fair Value through Surplus Or Deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Loans And Receivables

Loans and receivables 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.

Held-To-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after 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.

Fair Value Through other Comprehensive Revenue and Expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless Council intends to dispose of, or realise, the investment within 12 months of balance date.

The Council and the Group includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of Financial Assets

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

Loans and Receivables and Held-To-Maturity Investments

Impairment is established when there is evidence that Council and Group 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 asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

Financial Assets 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. For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments, are objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases, and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventory

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

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 are 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 (including those that are part of a disposal group) 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, parks and reserves improvements, library books, plant vehicles, computer equipment and office equipment.

Restricted Assets – Restricted assets are mainly parks and reserves owned by RDC that 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 RDC. 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 operational and restricted asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except land under roads) are revalued annually.

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 is 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 expense.

Additions

The cost of an item of 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 Council and Group 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 initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the disposal 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 funds.

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 the Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Property, plant and equipment depreciation is provided on a straight line (SL) or diminishing value (DV) basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Infrastructure asset depreciation rates are based on the remaining useful life for each individual asset component. These rates are on a straight line basis.

The revaluation approach, useful lives and associated depreciation rates of major classes of assets have been estimated as per the next page.

For depreciated assets the residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Any work undertaken on infrastructure assets to reinstate (termed “renewal”) or add to the service potential of the asset is capitalised.

The useful lives and associated depreciation rates of major classes of assets have been estimated as per the following table:

Useful Lives and Depreciation Rates

Property, Plant and Equipment	Measurement Basis (*1)	Estimated Life	Depreciation Rate
Buildings (Excluding Investment Property)	RAD	10 – 100 Years	1 - 20% SL
Other Improvements	CAD	10 – 100 Years	1 - 10% SL
Computer Equipment	CAD	2.5 Years	40% DV
Office Equipment, Furniture and Fittings	CAD	5 Years	20% DV
Library Books	CAD	10 Years	10% SL
Plant and Vehicles	CAD	3.33 – 10 Years	5 – 25% SL
Roads and Footpaths	Measurement Basis (*1)	Estimated Life	Depreciation Rate
Top Surface (Seal)	RAD	15 Years	6.67% SL
Pavement (Base Course)	RAD	100 Years	1% SL
Culverts	RAD	70 – 100 Years	1 – 1.43% SL
Footpaths	RAD	20 – 80 Years	1.25 – 5% SL
Kerbs	RAD	80 – 100 Years	1 – 1.25% SL
Signs	RAD	10 Years	10 – 11.1% SL
Street Lights	RAD	20 – 25 Years	4 – 5% SL
Bridges	RAD	70 – 100 Years	1 – 2.19% SL
Water Supply	Measurement Basis (*1)	Estimated Life	Depreciation Rate
Pipes	RAD	50 – 85 Years	1 – 2% SL
Valves and Hydrants	RAD	15 – 70 Years	1 – 6.67% SL
Pump Stations	RAD	10 – 60 Years	1.25 – 10% SL
Tanks	RAD	25 – 80 Years	1 – 6.67% SL
Treatment Plants	RAD	5 – 80 Years	1.25% – 20% SL
Wastewater	Measurement Basis (*1)	Estimated Life	Depreciation Rate
Pipes	RAD	50 – 85 Years	1 – 2% SL
Manholes and Cesspits	RAD	50 – 75 Years	1 – 2% SL

Pump Stations	RAD	10 – 60 Years	1 – 12.5% SL
Treatment Plants	RAD	10 – 200 Years	0.5 – 20% SL
Stormwater	Measurement Basis (*1)	Estimated Life	Depreciation Rate
Pipes	RAD	70 - 92 Years	1 – 13% SL
Manholes and Cesspits	RAD	75 Years	1 – 2% SL
Solid Waste	Measurement Basis (*1)	Estimated Life	Depreciation Rate
Various	RAD	20 – 70 Years	1.33 - 6% SL
Other (Not Depreciated)	Measurement Basis (*1)	Estimated Life	Depreciation Rate
Land	REV		
Formation Costs for Roading	COST		
Stop Banks	REV		
Work In Progress and Assets Under Construction	COST		
*1	CAD =	Cost Less Accumulated Depreciation And Impairment Losses.	
	RAD =	Revaluation Less Subsequent Depreciation.	
	REV =	Revaluation (Not Depreciated).	
	COST =	Cost.	

Intangible Assets

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the Council’s website 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 the surplus or deficit. The useful lives and amortisation rates have been estimated as follows:

Amortisation Rates Intangibles	Estimated Life	Amortisation Rate
Computer Software	3 years	33.3% SL
Pipiriki Wastewater Treatment Plant Resource Consent	22 years	5% SL

Impairment of Property, Plant and Equipment and Intangible Assets

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

Property, plant and equipment and 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 asset’s fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in Use for Non-Cash-Generating Assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in Use for Cash-Generating Assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

Investment Property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Employee Entitlements

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.

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

The Council expects all employee entitlements to be settled within 12 months of balance date.

Superannuation Schemes

Defined Contribution Schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that 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”.

Equity

Equity is the community’s interest in the Council and is measured as the difference between total assets and total liabilities.

Equity is disaggregated and classified into the following components:

- Accumulated funds;
- Restricted reserves;
- Asset revaluation reserve;
- Fair value through other comprehensive revenue and expense reserve.

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 the Council and which may not be revised by the Council 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 reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Asset Revaluation Reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

Fair Value through Other Comprehensive Revenue and Expense Reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Goods and Services Tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Cost Allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below:

- Direct costs are those costs directly attributable to a significant activity.
- Indirect costs are those costs that 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 staff numbers and size of budgets.

Critical Accounting Estimates and Assumptions

In preparing these prospective financial statements, estimates and assumptions have been made concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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 assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities over the Long Term Plan period, are discussed in the following policies and strategies which form part of this document:

- Financial Strategy
- Infrastructure Strategy
- Revenue and Financing Policy

Critical Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying accounting policies for these prospective financial results.

Classification of Property

The Council owns a number of properties held to provide social housing. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore classified as property, plant and equipment rather than as investment properties.

Parcels of land held for an undetermined future use that are classified as Investment Property may be re-classified in the future if the land use changes.

Taumarunui Airport and Ohakune Railway station are held for strategic reasons rather than for generation of revenue and are therefore classified as property, plant and equipment rather than as investment property.

Statement of Comprehensive Revenue and Expense

	Annual plan 2017/2018 (\$000)	LTP 2018/2019 (\$000)	LTP 2019/2020 (\$000)	LTP 2020/2021 (\$000)	LTP 2021/2022 (\$000)	LTP 2022/2023 (\$000)	LTP 2023/2024 (\$000)	LTP 2024/2025 (\$000)	LTP 2025/2026 (\$000)	LTP 2026/2027 (\$000)	LTP 2027/2028 (\$000)
Revenue											
Rates	21,884	22,706	23,562	24,454	25,390	26,402	27,517	28,696	29,920	31,183	32,519
Subsidies and grants	10,989	13,519	14,792	13,770	13,264	13,612	13,043	13,825	13,818	14,383	14,991
Other Revenue	3,714	3,307	3,371	3,463	3,543	3,625	3,713	3,806	3,903	4,006	4,115
Finance revenue	65	30	31	31	32	33	34	34	35	36	37
Total operating revenue	36,652	39,562	41,756	41,718	42,229	43,672	44,307	46,361	47,676	49,608	51,662
Expenditure											
Depreciation and amortisation expense	8,407	8,654	9,070	9,357	9,513	9,627	9,712	9,797	9,929	10,114	10,304
Personnel costs	4,998	5,195	5,294	5,389	5,475	5,568	5,668	5,770	5,880	5,991	6,111
Finance costs	1,646	1,384	1,517	1,503	1,858	2,216	2,544	2,713	2,855	3,145	3,373
Other expenses	18,706	20,439	20,906	21,495	21,769	22,226	22,875	23,295	23,931	24,784	25,308
Total operating expenditure	33,757	35,672	36,787	37,744	38,615	39,637	40,799	41,575	42,595	44,034	45,096
Operating surplus (deficit) before tax	2,895	3,890	4,969	3,974	3,614	4,035	3,508	4,786	5,081	5,574	6,566
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-
Operating surplus (deficit) after tax	2,895	3,890	4,969	3,974	3,614	4,035	3,508	4,786	5,081	5,574	6,566
Other comprehensive revenue and expense											
<i>Items that could be reclassified to surplus(deficit)</i>											
Gain on revaluation of property, plant and equipment	10,488	7,057	8,836	9,087	9,803	10,537	11,115	11,966	12,842	13,884	15,176
Total other comprehensive revenue and expense	10,488	7,057	8,836	9,087	9,803	10,537	11,115	11,966	12,842	13,884	15,176
Total comprehensive revenue and expense	13,383	10,947	13,805	13,061	13,417	14,572	14,623	16,752	17,923	19,458	21,742

Statement of Changes in Equity

	Annual plan 2017/2018 (\$000)	LTP 2018/2019 (\$000)	LTP 2019/2020 (\$000)	LTP 2020/2021 (\$000)	LTP 2021/2022 (\$000)	LTP 2022/2023 (\$000)	LTP 2023/2024 (\$000)	LTP 2024/2025 (\$000)	LTP 2025/2026 (\$000)	LTP 2026/2027 (\$000)	LTP 2027/2028 (\$000)
Equity balance at 1 July	359,923	359,906	370,853	384,658	397,719	411,136	425,708	440,331	457,083	475,006	494,464
Comprehensive income for year	13,383	10,947	13,805	13,061	13,417	14,572	14,623	16,752	17,923	19,458	21,742
Equity Balance 30 June	373,306	370,853	384,658	397,719	411,136	425,708	440,331	457,083	475,006	494,464	516,206
Components of Equity											
Retained Earnings at 1 July	267,282	265,942	269,884	274,910	278,943	282,622	286,723	290,304	295,171	300,339	306,010
Net Surplus/(Deficit)	2,895	3,890	4,969	3,974	3,614	4,035	3,508	4,786	5,081	5,574	6,566
Retained earnings 30 June	270,177	269,832	274,853	278,884	282,557	286,657	290,231	295,090	300,252	305,913	312,576
Asset Revaluation Reserves at 1 July	92,231	93,964	100,969	109,748	118,776	128,514	138,985	150,027	161,912	174,667	188,454
Revaluation Gains	10,488	7,057	8,836	9,087	9,803	10,537	11,115	11,966	12,842	13,884	15,176
Revaluation Reserves 30 June	102,719	101,021	109,805	118,835	128,579	139,051	150,100	161,993	174,754	188,551	203,630
Special Funded Reserves at 1 July	410	-	-	-	-	-	-	-	-	-	-
Transfers to / (from) reserves	-	-	-	-	-	-	-	-	-	-	-
Council created Reserves 30 June	410	-	-	-	-	-	-	-	-	-	-
Trust Funds at 1 July	-	-	-	-	-	-	-	-	-	-	-
Transfers to / (from) reserves	-	-	-	-	-	-	-	-	-	-	-
Council created Reserves 30 June	-	-	-	-	-	-	-	-	-	-	-
Equity at 30 June	373,306	370,853	384,658	397,719	411,136	425,708	440,331	457,083	475,006	494,464	516,206

Statement of Financial Position

	Annual plan 2017/2018 (\$000)	LTP 2018/2019 (\$000)	LTP 2019/2020 (\$000)	LTP 2020/2021 (\$000)	LTP 2021/2022 (\$000)	LTP 2022/2023 (\$000)	LTP 2023/2024 (\$000)	LTP 2024/2025 (\$000)	LTP 2025/2026 (\$000)	LTP 2026/2027 (\$000)	LTP 2027/2028 (\$000)
ASSETS											
Current Assets											
Cash and cash equivalents	(257)	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795
Debtors and other receivables	4,159	2,977	2,977	2,977	2,977	2,977	2,977	2,977	2,977	2,977	2,977
Prepayments & Accrued Income	-	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138	1,138
Inventory	152	197	197	197	197	197	197	197	197	197	197
Investment Funds	-	506	506	506	506	506	506	506	506	506	506
Total Current Assets	4,054	6,613	6,613	6,613	6,613	6,613	6,613	6,613	6,613	6,613	6,613
Non-Current Assets											
Plant, property and equipment	404,646	396,211	414,051	429,661	447,914	468,747	484,329	502,645	524,002	550,421	577,936
Intangible assets	512	362	362	362	362	362	362	362	362	362	362
Investment Property	2,381	2,434	2,488	2,544	2,602	2,666	2,733	2,807	2,887	2,975	3,072
Forestry assets	397	-	-	-	-	-	-	-	-	-	-
Other financial assets											
Investment in CCOs and other similar entities	-	26	26	26	26	26	26	26	26	26	26
Other Financial Assets Term	117	110	110	110	110	110	110	110	110	110	110
Total Non-Current Assets	408,053	399,143	417,037	432,703	451,014	471,911	487,560	505,950	527,387	553,894	581,506
TOTAL ASSETS	412,107	405,756	423,650	439,316	457,627	478,524	494,173	512,563	534,000	560,507	588,119
LIABILITIES											
Current Liabilities											
Creditors and other Payables	3,489	3,729	3,728	3,728	3,729	3,727	3,728	3,730	3,728	3,729	3,729
Employee entitlements	228	537	537	537	537	537	537	537	537	537	537
Income in advance	825	886	886	886	886	886	886	886	886	886	886
Borrowings	5,800	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300	5,300
Total Current Liabilities	10,342	10,452	10,451	10,451	10,452	10,450	10,451	10,453	10,451	10,452	10,452
Non-Current Liabilities											
Provisions	455	184	184	184	184	184	184	184	184	184	184
Borrowings	27,967	24,267	28,357	30,962	35,855	42,182	43,207	44,843	48,359	55,407	61,277
Total Non-Current Liabilities	28,422	24,451	28,541	31,146	36,039	42,366	43,391	45,027	48,543	55,591	61,461
TOTAL LIABILITIES	38,764	34,903	38,992	41,597	46,491	52,816	53,842	55,480	58,994	66,043	71,913
EQUITY											
Retained Earnings	270,214	269,832	274,853	278,884	282,557	286,657	290,231	295,090	300,252	305,913	312,576
Asset Revaluation Reserves	102,719	101,021	109,805	118,835	128,579	139,051	150,100	161,993	174,754	188,551	203,630
Special Funded Reserves	410	-	-	-	-	-	-	-	-	-	-
Trust Funds	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	373,343	370,853	384,658	397,719	411,136	425,708	440,331	457,083	475,006	494,464	516,206

Prospective Cash Flow Statement

	Annual plan 2017/20 18 (\$000)	LTP 2018/2019 (\$000)	LTP 2019/2020 (\$000)	LTP 2020/2021 (\$000)	LTP 2021/2022 (\$000)	LTP 2022/2023 (\$000)	LTP 2023/2024 (\$000)	LTP 2024/2025 (\$000)	LTP 2025/2026 (\$000)	LTP 2026/2027 (\$000)	LTP 2027/2028 (\$000)
Cash flows from operating activities											
Receipts from rates revenue	21,884	22,706	23,562	24,454	25,390	26,402	27,517	28,696	29,920	31,183	32,519
Receipts from other revenue	14,573	16,761	18,096	17,165	16,736	17,167	16,683	17,555	17,643	18,310	19,025
Interest received	65	30	31	31	32	33	34	34	35	36	37
Development Contributions	-	65	67	68	70	71	73	75	77	79	81
Payments to suppliers and employees	(23,703)	(25,633)	(26,201)	(26,883)	(27,243)	(27,794)	(28,544)	(29,064)	(29,809)	(30,775)	(31,418)
Interest paid	(1,646)	(1,384)	(1,517)	(1,503)	(1,858)	(2,216)	(2,544)	(2,713)	(2,855)	(3,145)	(3,373)
Net Cashflow from Operating Activity	11,173	12,545	14,038	13,332	13,127	13,663	13,219	14,583	15,011	15,688	16,871
Cash flow from investing activities											
Receipts from sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Receipts from sale of investments	28	-	-	-	-	-	-	-	-	-	-
Acquisition of investments	-	-	-	-	-	-	-	-	-	-	-
Purchases of property, plant and equipment	(14,206)	(16,312)	(18,127)	(15,937)	(18,020)	(19,989)	(14,244)	(16,219)	(18,526)	(22,736)	(22,741)
	-	-	-	-	-	-	-	-	-	-	-
Net Cashflow from Investing Activity	(14,178)	(16,312)	(18,127)	(15,937)	(18,020)	(19,989)	(14,244)	(16,219)	(18,526)	(22,736)	(22,741)
Cash flow from financing activities											
Proceeds from borrowings	8,709	3,767	4,089	2,605	4,893	6,326	1,025	1,636	3,515	7,048	5,870
Repayment of borrowings	(5,800)	-	-	-	-	-	-	-	-	-	-
Net Cashflow from Financing Activity	2,909	3,767	4,089	2,605	4,893	6,326	1,025	1,636	3,515	7,048	5,870
Net Increase (Decrease) in Cash Held	(96)	-	-	-	-	-	-	-	-	-	-
Add Opening Cash bought forward	(4)	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795
Closing Cash Balance	(100)	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795
Closing Balance made up of Cash and Cash Equivalents	(100)	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795

Prospective Funding Impact Statement (Whole of Council)

	Annual plan 2017/2018 (\$000)	LTP 2018/2019 (\$000)	LTP 2019/2020 (\$000)	LTP 2020/2021 (\$000)	LTP 2021/2022 (\$000)	LTP 2022/2023 (\$000)	LTP 2023/2024 (\$000)	LTP 2024/2025 (\$000)	LTP 2025/2026 (\$000)	LTP 2026/2027 (\$000)	LTP 2027/2028 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charge, rates penalties	14,142	11,298	11,782	12,495	12,866	13,219	13,505	13,930	14,346	14,671	14,894
Targeted rates	7,742	11,408	11,780	11,959	12,525	13,183	14,012	14,766	15,573	16,512	17,625
Subsidies and grants for operating purposes	5,146	6,175	6,302	6,462	6,459	6,627	6,787	6,953	7,134	7,321	7,529
Fees and charges	3,479	3,106	3,165	3,253	3,327	3,406	3,488	3,574	3,665	3,762	3,865
Interest and dividends from investments	65	30	31	31	32	33	34	34	35	36	37
Local authorities fuel tax, fines, infringement fees, and other receipts	133	136	139	142	145	149	152	156	160	165	169
Total Operating Funding (A)	30,707	32,153	33,199	34,342	35,354	36,617	37,978	39,413	40,913	42,467	44,119
Applications of Operating Funding											
Payments to staff and suppliers	23,704	25,633	26,201	26,884	27,244	27,793	28,544	29,065	29,807	30,775	31,420
Finance costs	1,646	1,384	1,517	1,503	1,858	2,216	2,544	2,713	2,855	3,145	3,373
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	25,350	27,017	27,718	28,387	29,102	30,009	31,088	31,778	32,662	33,920	34,793
Surplus (deficit) of operating funding (A-B)	5,357	5,136	5,481	5,955	6,252	6,608	6,890	7,635	8,251	8,547	9,326
Sources of capital funding											
Subsidies and grants for capital expenditure	5,843	7,344	8,490	7,309	6,805	6,985	6,256	6,873	6,683	7,061	7,463
Development and financial contributions	73	65	67	68	70	71	73	75	77	79	81
Increase (decrease) in debt	2,933	3,767	4,089	2,605	4,893	6,326	1,025	1,636	3,515	7,048	5,870
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	8,849	11,176	12,646	9,982	11,768	13,382	7,354	8,584	10,275	14,188	13,414
Applications of capital funding											
Capital expenditure											
- to meet additional demand	1,679	1,795	2,275	1,463	2,552	2,874	391	384	1,559	1,410	1,721
- to improve the level of service	2,876	4,279	4,174	4,053	4,493	6,771	3,598	4,920	6,148	9,858	8,836
- to replace existing assets	9,651	10,238	11,678	10,421	10,975	10,345	10,255	10,915	10,819	11,467	12,183
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	14,206	16,312	18,127	15,937	18,020	19,990	14,244	16,219	18,526	22,735	22,740
Surplus (deficit) of capital funding (C-D)	(5,357)	(5,136)	(5,481)	(5,955)	(6,252)	(6,608)	(6,890)	(7,635)	(8,251)	(8,547)	(9,326)
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Cost of Support Funding Impact Statement

	Annual plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2017/2018 (\$000)	2018/2019 (\$000)	2019/2020 (\$000)	2020/2021 (\$000)	2021/2022 (\$000)	2022/2023 (\$000)	2023/2024 (\$000)	2024/2025 (\$000)	2025/2026 (\$000)	2026/2027 (\$000)	2027/2028 (\$000)
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	-	(27)	(77)	(116)	(176)	(228)	(280)	(332)	(411)	(512)	(601)
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	15	14	14	15	15	15	16	16	16	17	17
Internal charges and overheads recovered	9,230	3,940	4,118	4,277	4,396	4,442	4,357	4,415	4,531	4,641	4,669
Local authorities fuel tax, fines, infringement fees, and other receipts	30	30	31	31	32	33	34	34	35	36	37
Total Operating Funding (A)	9,275	3,957	4,086	4,207	4,267	4,262	4,127	4,133	4,171	4,182	4,122
Applications of Operating Funding											
Payments to staff and suppliers	7,574	2,931	2,993	3,017	3,067	3,159	3,211	3,287	3,394	3,481	3,601
Finance costs	343	246	205	141	98	36	(21)	(78)	(154)	(251)	(360)
Internal charges and overheads applied	739	129	131	133	136	139	142	145	149	153	156
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	8,656	3,306	3,329	3,291	3,301	3,334	3,332	3,354	3,389	3,383	3,397
Surplus (deficit) of operating funding (A-B)	619	651	757	916	966	928	795	779	782	799	725
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
increase (decrease) in debt	(313)	(550)	(759)	(1,233)	(1,229)	(1,416)	(801)	(1,265)	(1,469)	(2,066)	(2,407)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(313)	(550)	(759)	(1,233)	(1,229)	(1,416)	(801)	(1,265)	(1,469)	(2,066)	(2,407)
Applications of capital funding											
Capital expenditure											
- to meet additional demand	213	610	281	209	-	-	-	34	586	-	-
- to improve the level of service	15	15	307	52	-	-	-	-	-	-	-
- to replace existing assets	541	556	473	547	526	507	454	520	561	568	545
Increase (decrease) in reserves	(464)	(1,080)	(1,063)	(1,125)	(789)	(995)	(460)	(1,040)	(1,834)	(1,835)	(2,227)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	305	101	(2)	(317)	(263)	(488)	(6)	(486)	(687)	(1,267)	(1,682)
Surplus (deficit) of capital funding (C-D)	(618)	(651)	(757)	(916)	(966)	(928)	(795)	(779)	(782)	(799)	(725)
Funding Balance ((A-B)+(C-D))	1	-	-	-	-	-	-	-	-	-	-

Reconciliation of Funding Impact Statement to Comprehensive Income

	Annual plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Income											
Prospective Statement of Comprehensive Income	36,652	39,562	41,756	41,718	42,229	43,672	44,307	46,361	47,676	49,608	51,662
Summary Funding Impact Statement											
Total Operating Funding	30,707	32,153	33,199	34,342	35,354	36,617	37,978	39,413	40,913	42,467	44,119
Add Sources of Capital Funding											
Sources of capital funding	5,871	7,344	8,490	7,308	6,805	6,984	6,256	6,873	6,686	7,062	7,462
Development and financial contributions	73	65	67	68	70	71	73	75	77	79	81
Total Revenue	36,651	39,562	41,756	41,718	42,229	43,672	44,307	46,361	47,676	49,608	51,662
Expenditure											
Prospective Statement of Comprehensive Income											
Operating Expenditure	33,757	35,672	36,787	37,744	38,615	39,637	40,799	41,575	42,595	44,034	45,096
Summary Funding Impact Statement											
Total applications of operating funding	25,350	27,018	27,717	28,387	29,102	30,010	31,087	31,778	32,666	33,920	34,792
Add Depreciation and Amortisation Expense	8,407	8,654	9,070	9,357	9,513	9,627	9,712	9,797	9,929	10,114	10,304
Total Expenditure	33,757	35,672	36,787	37,744	38,615	39,637	40,799	41,575	42,595	44,034	45,096

Other Disclosures Statement

Long-term plan disclosure statement for period commencing 1 July 2018

What is the purpose of this statement?

The purpose of this statement is to disclose 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.

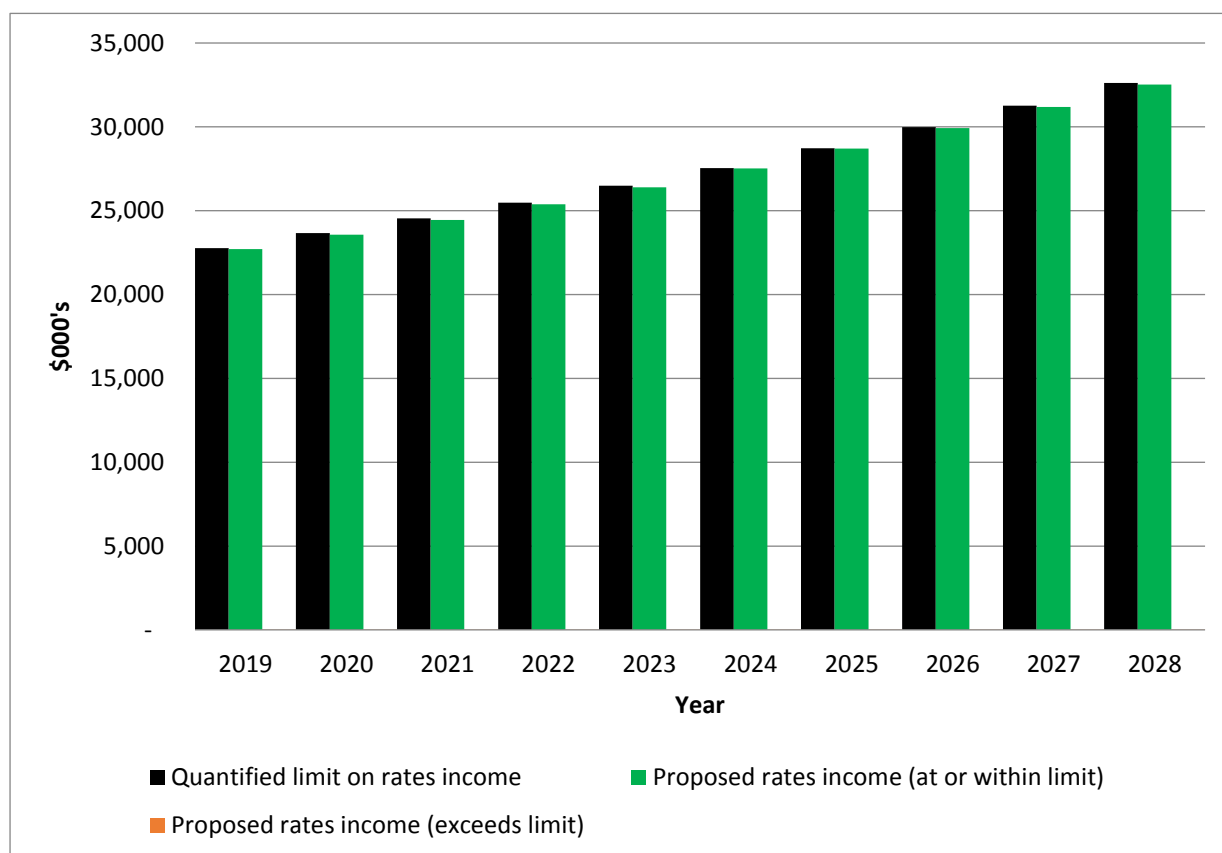
Rates affordability benchmark

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 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 *no more than Local Government Cost Index*

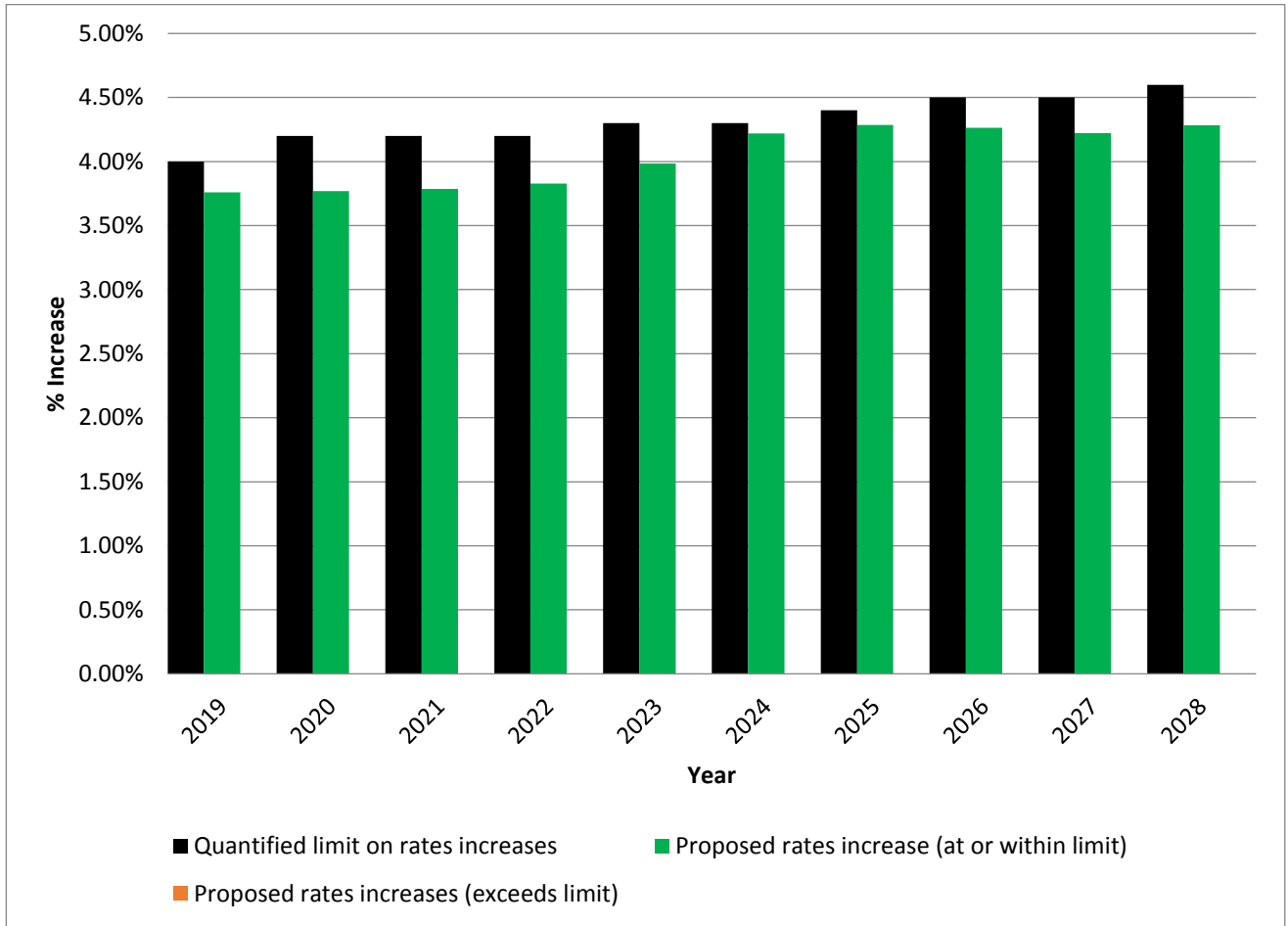


(LGCI) plus 2% - year on year.

Note that after 2019 the total rates income increases are likely to be subject to an Annual Plan.

Rates (increases) affordability

The following graph compares 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 *no more than Local Government Cost Index (LGCI) plus 2% - year on year*.



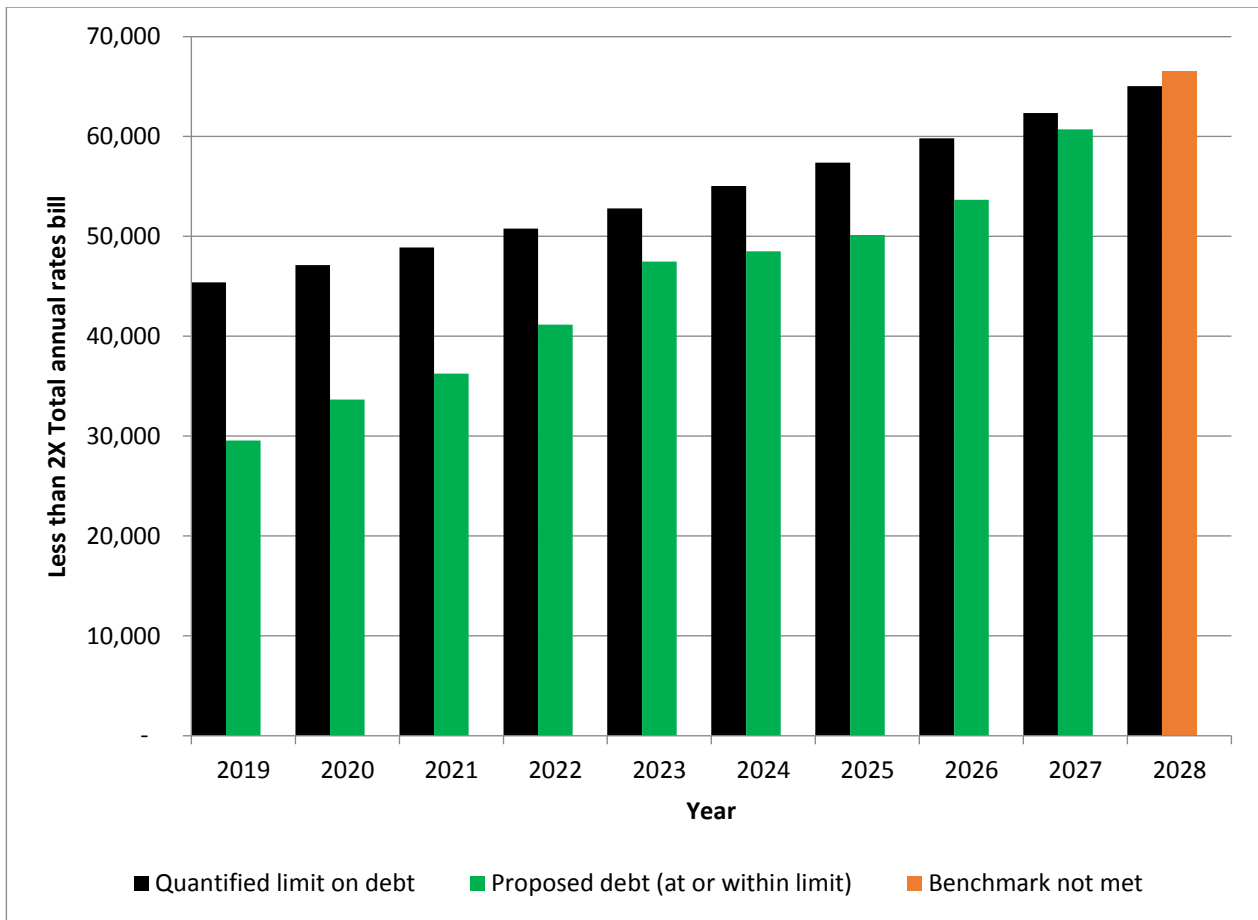
Note that after 2019 rates increases are likely to be subject to an Annual Plan.

Rate increases have been managed over the ten year planning period so that they do not fluctuate markedly.

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 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 less than twice total annual rates bill.*



The main reason for this rise in debt is the need to carry out large projects to improve water and sewage treatment. In the final analysis, these may well attract Central Government subsidy. However, Council is not able to predict what future Governments will subsidise and so it has had to assume that subsidies will not be forthcoming. The net effect of this is that debt will increase towards the end of the ten year planning period. Any subsidy received would lower the debt requirement and hence bring the debt within the quantified limit.

If the Government does not provide the expected subsidy consideration will be given to not proceeding with the works. This will lower the LoS provided for water and sewage treatment.

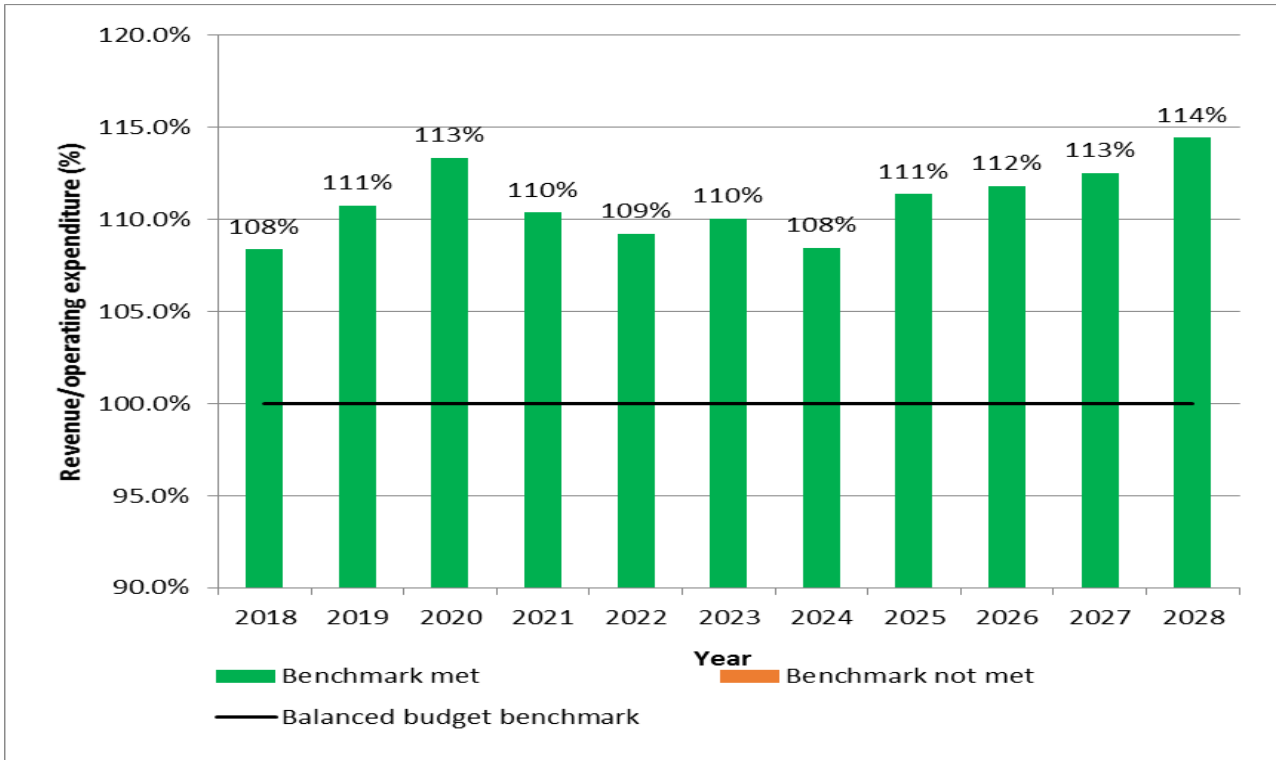
Council does have the ability to service this debt within its debt servicing benchmark so it may be that Council chooses to incur the debt in the future. Council's attitude to debt is set out in Section one of this strategy.

Note that the debt at the end of this three year detailed planning period (2021) is predicted to be \$36m which is less than what was forecast, for the same year in the 2015-25 LTP.

Balanced budget benchmark

The following graph displays 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).

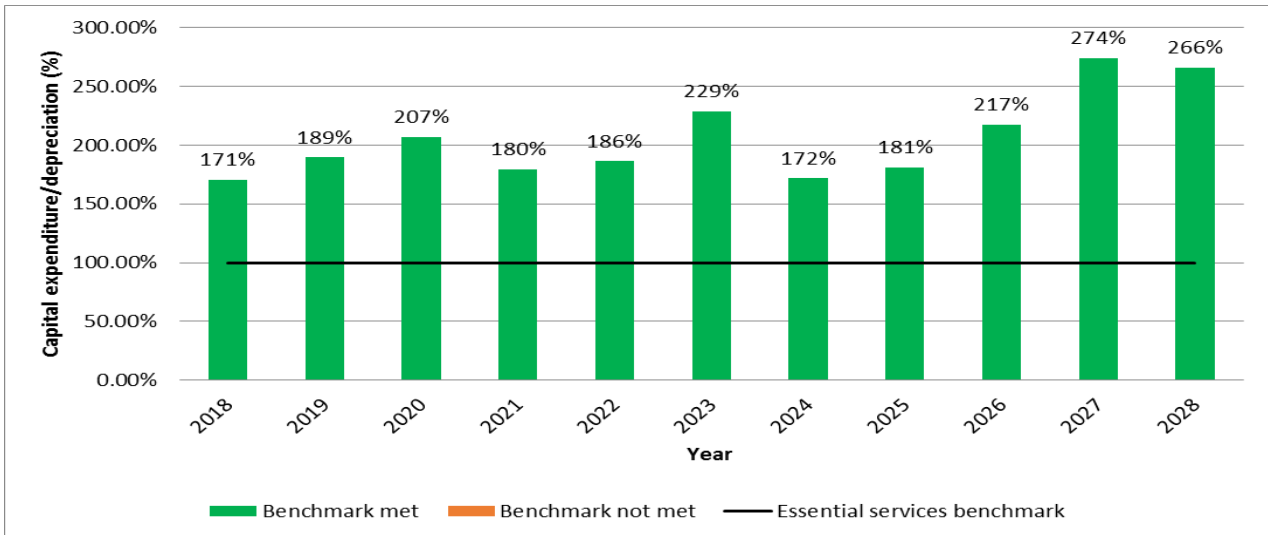
Council meets the balanced budget benchmark if *its planned revenue equals or is greater than its planned operating expenses*.



Essential services benchmark

The following graph displays Council’s planned capital expenditure on network services as a proportion of expected depreciation on network services.

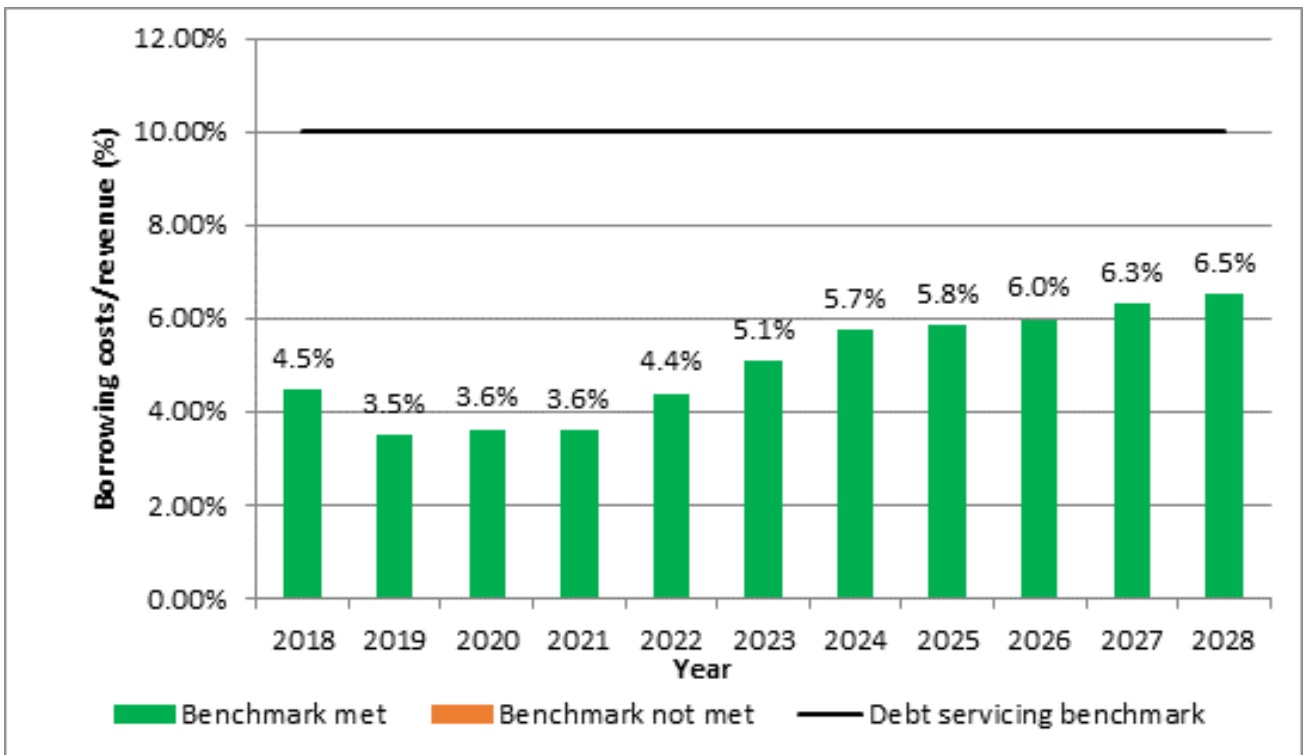
Council meets the essential services benchmark if its *planned capital expenditure on network services equals or is greater than expected depreciation on network services*.



Debt servicing benchmark

The following graph displays 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 Council’s population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



The headroom between the Cost of Borrowing and the Benchmark reflects Council’s desire to have some ability to raise loans in an emergency.

Additional information or comment

[Part 1 Financial reporting; 5 Information to be disclosed in financial statements]

The notes to a local authority's financial statements must specify, in relation to each group of activities, the combined depreciation and amortisation expense for assets used directly in providing the group of activities. The below table shows RDC's combined depreciation forecast expense for each activity's asset base in delivering community services over the LTP 2018-28 period.

Activities of Council	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Grand Total
Community Facilities	\$785,110	\$811,930	\$843,670	\$874,460	\$923,100	\$960,440	\$969,040	\$993,280	\$997,520	\$999,760	\$9,158,310
Community Support	\$123,858	\$134,808	\$137,058	\$137,808	\$138,758	\$138,758	\$138,958	\$138,958	\$138,958	\$138,958	\$1,366,880
Land Transport (Roading)	\$4,766,186	\$4,806,150	\$4,845,570	\$4,872,645	\$4,900,456	\$4,946,148	\$4,970,688	\$4,996,953	\$5,021,765	\$5,047,085	\$49,173,646
Leadership	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$1,773	\$17,730
Stormwater and Flood Protection	\$344,178	\$345,410	\$348,582	\$359,130	\$363,390	\$365,871	\$370,699	\$376,969	\$382,106	\$387,026	\$3,643,361
Cost of Support	\$650,510	\$754,677	\$904,677	\$946,343	\$904,677	\$779,677	\$763,010	\$763,610	\$773,610	\$711,110	\$7,951,901
Waste Management and Minimisation	\$20,827	\$39,295	\$44,450	\$48,942	\$51,435	\$54,240	\$56,957	\$59,200	\$59,200	\$59,200	\$493,746
Wastewater (Sewerage)	\$822,496	\$839,200	\$843,778	\$853,943	\$869,674	\$920,891	\$925,823	\$942,089	\$1,007,296	\$1,109,090	\$9,134,280
Water Supply	\$1,139,077	\$1,155,663	\$1,177,694	\$1,188,473	\$1,211,531	\$1,248,171	\$1,267,877	\$1,275,545	\$1,287,712	\$1,329,731	\$12,281,474
Grand Total	\$8,654,015	\$8,888,906	\$9,147,252	\$9,283,517	\$9,364,794	\$9,415,969	\$9,464,825	\$9,548,377	\$9,669,940	\$9,783,733	\$93,221,328



To the reader:

Independent auditor's report on Ruapehu District Council's 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Ruapehu District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long-term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 27 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 188 to 192 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

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

Basis of opinion

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

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

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

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

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

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

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

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

A handwritten signature in black ink, appearing to read 'D Walker' with the date '6/2018' written below it.

David Walker, Audit New Zealand
On behalf of the Auditor-General, Auckland, New Zealand