

LOOKING AFTER THE PLACE

we **lō**e

for the next 10 years



Amended
Long-term Plan
2018-28
Taupō District Council



GREAT LAKE TAUPŌ
Taupō District Council

Introduction to Amendment of the Long-term Plan 2018–28

On 25 June 2019, Council adopted an amendment (the amendment) of the Long-term 2018-28.

The amendment brought in funding of \$37.5 million into the Long-term Plan for a new council administration building located at 61 and 67 Tūwharetoa Street including two levels of underground car parking, IL4 (importance level 4) standard for the entire building and floor space for alternate uses such as a café and bus facilities. In addition, 80 in-berm car parks will be constructed as soon as possible in close proximity to the site of the new council administration building at a cost of about \$0.3 million.

The amendment also brought in funding (about \$22.4 million) for a Taupō Museum and Art Gallery, which will be built on Tongariro Domain to create a 'cultural heart'. Funding has been included in the Long-term

Plan for years 2020/21 – 2022-23. The intention is for two thirds of the museum and art gallery build to be funded by other funding sources (about \$15 million). Funding sources could include central government and philanthropists. If the funding did not eventuate when anticipated, then the museum and art gallery project will be delayed.

Further work is required to identify the most appropriate location on the Tongariro Domain for the museum and art gallery. In addition, the design and scale of the museum and art gallery will also require further investigation.

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Renewals

In the 2015-25 Long-term Plan we identified that we did not have complete information about the condition of our underground infrastructure. As a result we invested in condition assessment programmes over the last three years. The results of these investigations have shown us that we need to invest more in the renewal of our infrastructure assets over the next 10 years to ensure that we maintain levels of service. This has been reflected in this 2018-28 Long-term Plan where our 10 year renewals programme has increased from \$98 million to \$149 million.

Capital expenditure

There have been a number of factors that have resulted in an increase to the capital expenditure programme within this Long-term Plan. These include the accelerated growth in some areas of the district such as Taupō town, which has required additional projects such as Tauhara Ridge reservoir to be included. Also we need to ensure our infrastructure is resilient to failures so we have included water security of supply projects such as the Poihipi reservoir (a component of this project is for growth and a component for resilience). Changes in legislative standards have caused a change in consent requirements, which have resulted in projects being brought forward (for example the Atiamuri wastewater project). There are projects in this Long-term Plan which will increase the level of service provided to the community such as the transportation projects relating to improving traffic flow through Taupō's CBD. Council has also set aside \$2.5 million as a contribution to an upgrade of the Taupō airport contingent on the Taupō Airport Authority being able to attract government funding. This Long-term Plan provides for upgrades to the remaining water schemes required to meet the NZ drinking water standards which will increase the levels of services to those communities.

Due to the success of the financial strategy over the last five years this has enabled Council to include place-making projects in this Long-term Plan. This supports Council's current vision of being the most prosperous and liveable district in the North Island by 2022.

Council offices

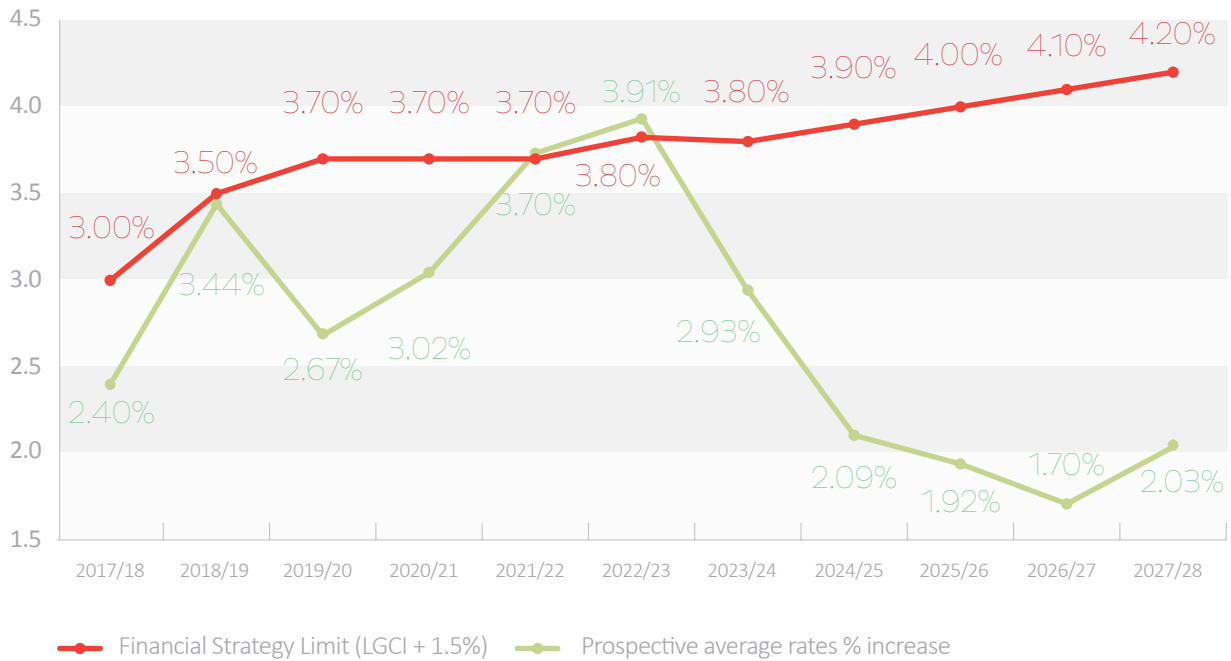
We had to vacate our Council administration building due to high costs for earthquake strengthening and asbestos removal. The majority of staff relocated to five leased sites in the Taupō town centre. Council has undertaken a site selection process and decided to build on the Tūwharetoa Street car park (61 and 67).

Council amended the Long-term Plan in June 2019. \$37.5 million has been included for the new council administration building including two levels of underground car parking, IL4 (importance level 4) standard for the entire building and floor space for alternate uses such as a café and bus facilities. In addition, 80 in-berm car parks will be constructed as soon as possible in close proximity to the site of the new council administration building at a cost of about \$0.3 million.



Council currently has a heavy reliance on rates as the main source of operating income. The current limit on rates revenue “that it must not exceed 80 per cent of total operating revenue” will be maintained in this strategy.

% Prospective average rates percentage increases



District-wide funding of water

In this Long-term Plan 2018 – 28 Council will give consideration to whether the current scheme based approach to funding the provision of water is economically sustainable, or whether to move to an alternative, like district-wide funding of residential water supply (similar to how wastewater is currently funded).

Providing clean, safe drinking water to our communities is one of the core services that Council provides. Access to water is also essential for economic development in the district.

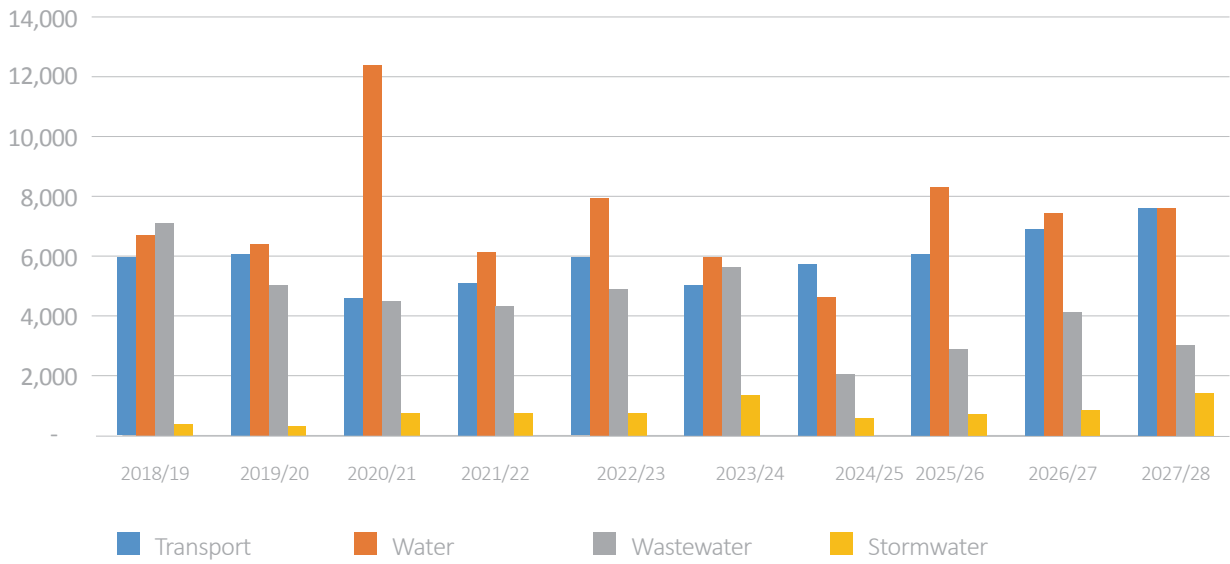
Working towards meeting drinking water standards set by the Government, and ensuring security of supply, means that we need to upgrade a number of Council water treatment plants. We also need to continue to operate and maintain the 19 water schemes across the district.

The objectives for moving to a district-wide funding approach to water are:

- To ensure that the on-going provision of clean, safe drinking water is financially sustainable and affordable for all communities connected to a Council water supply scheme
- To create a simple and easily understood rating system for the provision of water services



\$,000 Network infrastructure capital expenditure



Prudent management of our investments and borrowings

This strategy maintains Council’s current prudent and conservative approach to the management of its investments and borrowings to ensure that today’s and future generations of ratepayers share both the benefits and the costs of Council services.

This financial strategy continues to build capacity within our balance sheet through the management of our investments and borrowings to accommodate any unforeseen financial circumstances in the future.

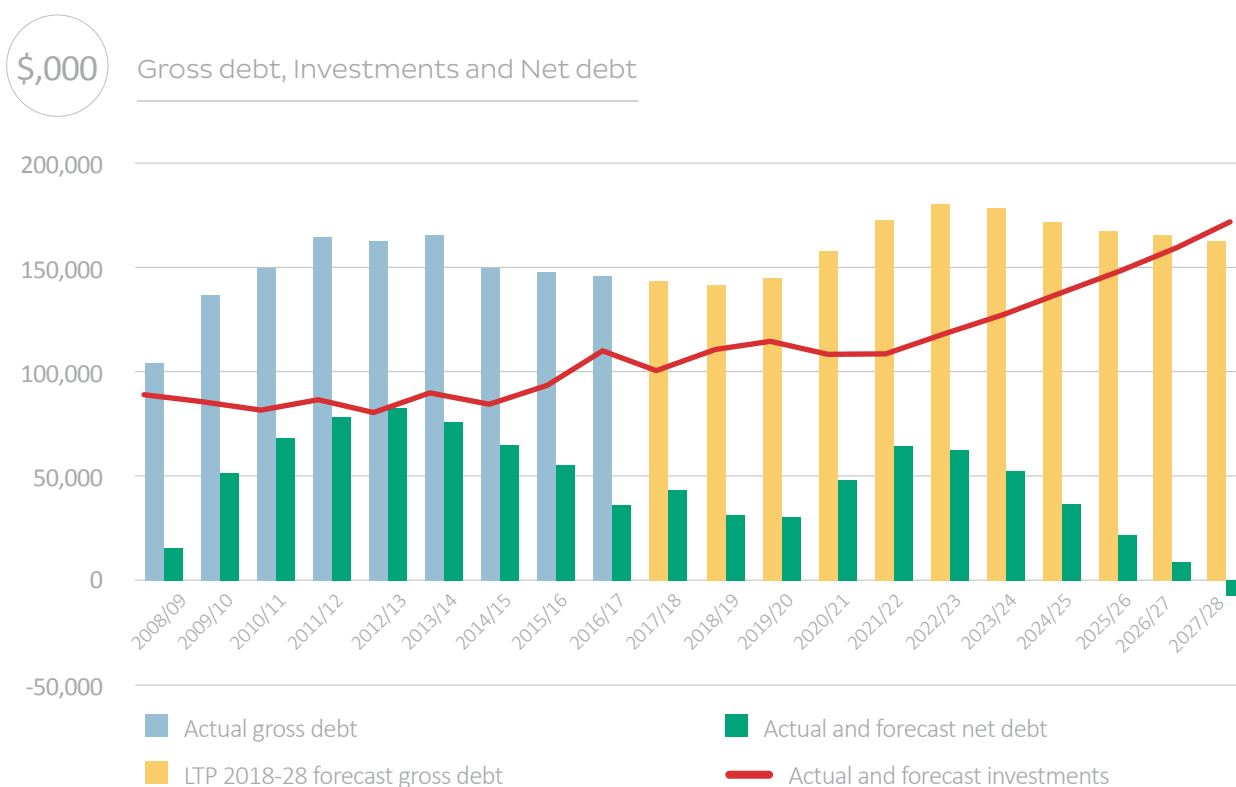
Borrowing

This strategy targets maintaining Council’s gross external borrowing below 200 per cent of operating revenue. This will be achieved by a combination of prioritising the timing of new capital expenditure and applying property and forestry sales to debt reduction. This approach needs to be actively managed and monitored by Council to achieve the goal.

Council currently meets the debt servicing benchmark (borrowing costs to be below 10 per cent of revenue) set by the Government’s financial prudence regulations. This strategy will ensure that Council continues to meet this benchmark. This will be achieved by a combination of managing debt levels, borrowing costs and increasing revenue.

Investments

Council has significant financial investments, including the TEL Fund, and these investments offset a relatively high level of gross debt, which results in a current net debt as at 30 June 2017 of \$36 million. This level of net debt is prudent and sustainable for the size of the district and the assets Council owns.



Planning for emergency events and contingencies

Council maintains a disaster recovery reserve as one element of planning for unexpected natural disasters. Currently Council contributes \$100,000 per annum to this reserve. This strategy aims to increase that contribution by \$50,000 per annum in each year of this strategy until the contribution reaches \$500,000 per annum in 2027. Provided no withdrawals are required from this disaster recovery fund over the 10 year life of this strategy the balance available in the fund in 2028 will be \$5 million.



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 Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its Long-term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

Rates affordability benchmarks

Council meets the rates affordability benchmark if:

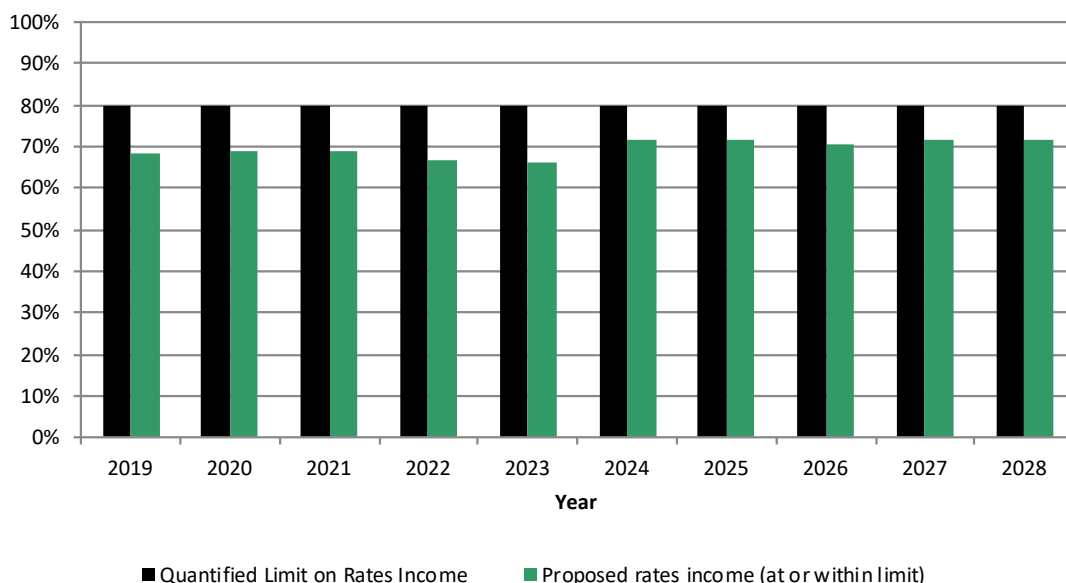
- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

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 that total rates revenue must not exceed 80 per cent of operating revenues.

Council meets this benchmark for the 10 years of the plan.

Rates (income) affordability



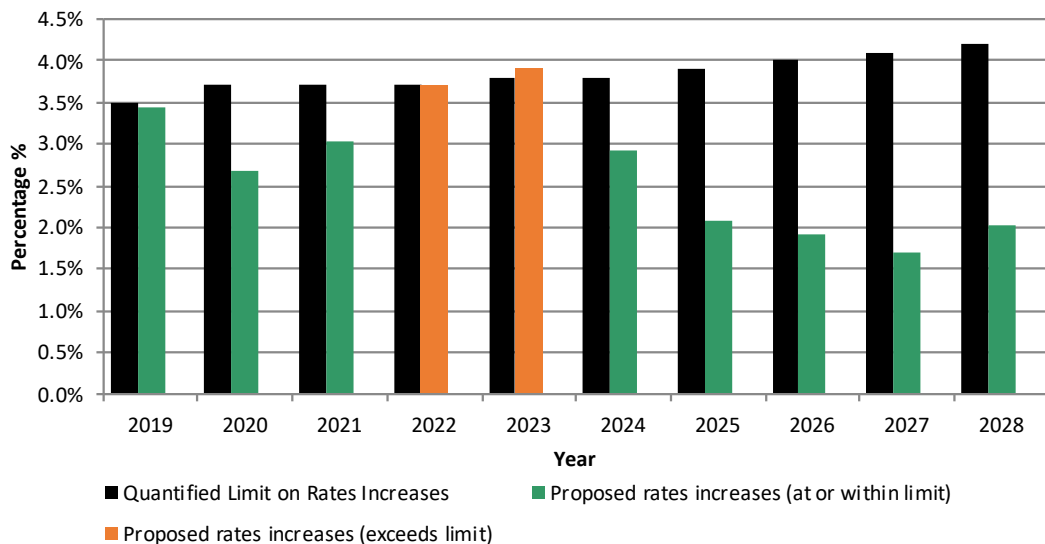


Rates (increases) affordability

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 LGCI + 1.5 per cent.

Council meets this benchmark for the 8 years of the plan.

Rates (increases) affordability



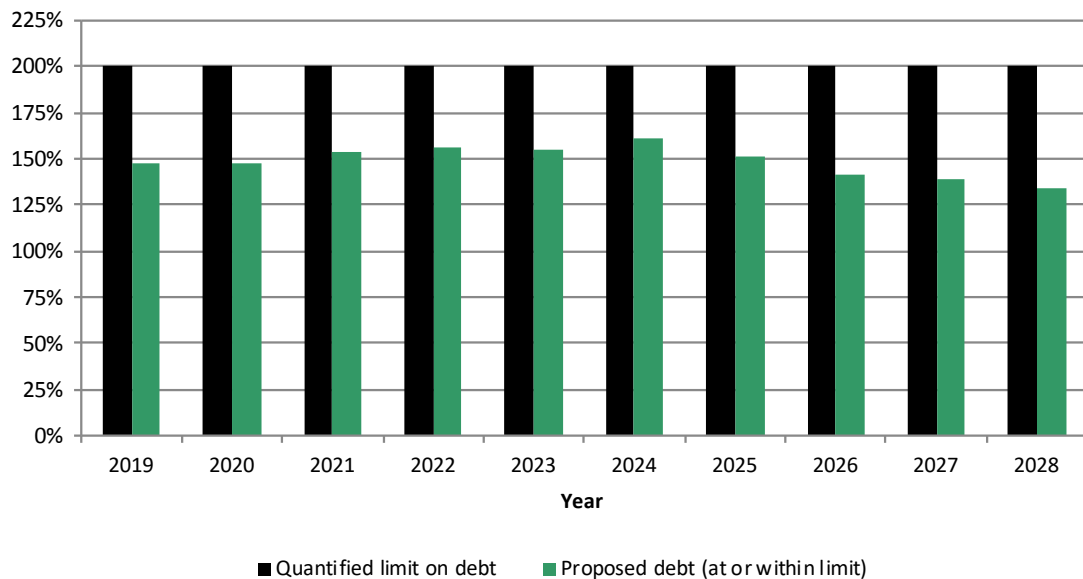


Debt affordability benchmarks

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 that gross external borrowing may not be more than 200 per cent of annual operating income.

Council meets this benchmark for the 10 years of the plan.

Debt affordability





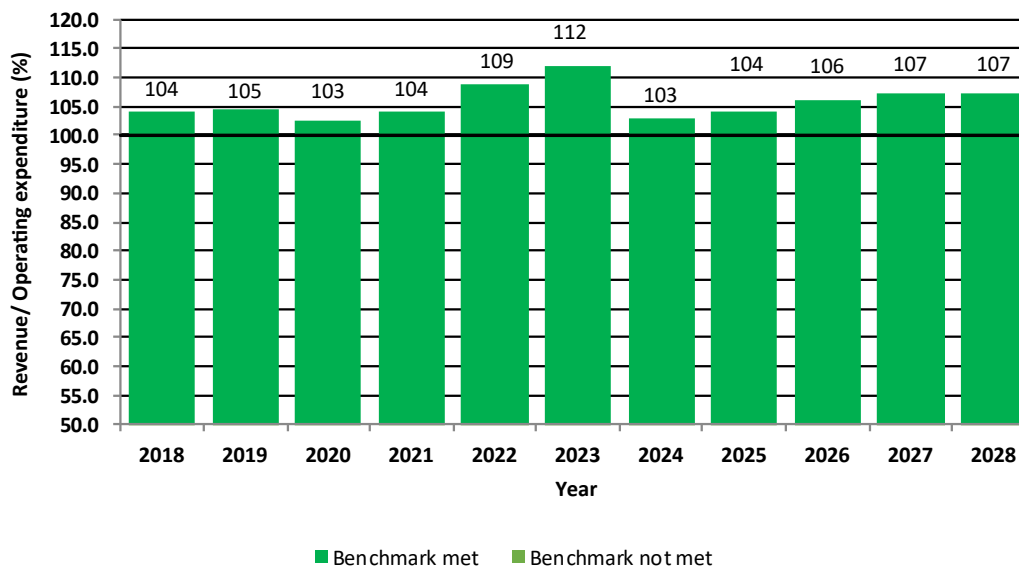
Balanced budget benchmark

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 derivate 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.

Council meets this benchmark for the 10 years of the plan.

Balanced budget benchmark





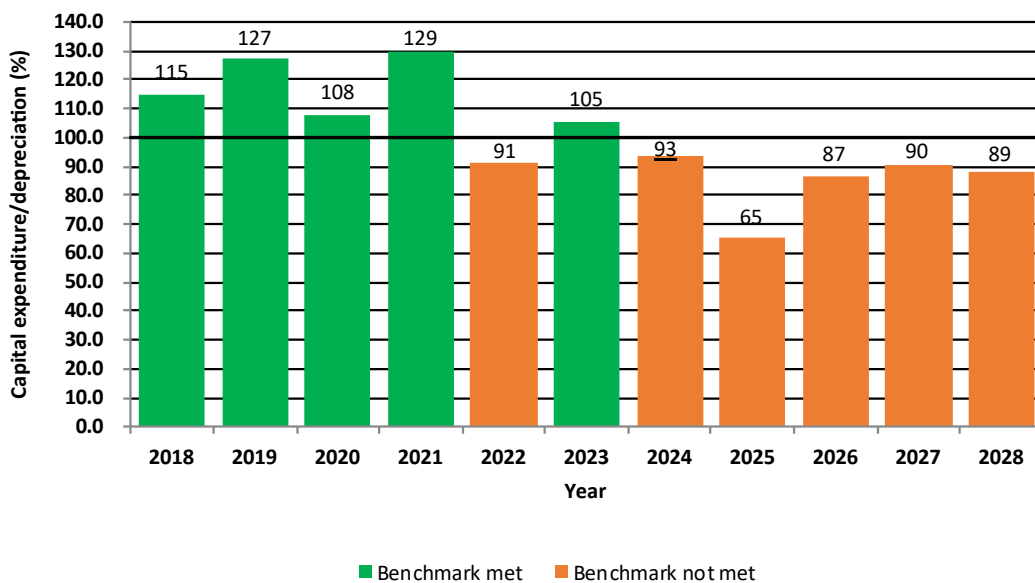
Essential services benchmark

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.

Council exceeds this benchmark in four out of five of the first five years of this plan. Council through its asset management plans has developed renewal programmes for its assets based on when they need replacing. The levels of these programmes fluctuate over the 10 years of this plan.

Essential services benchmark





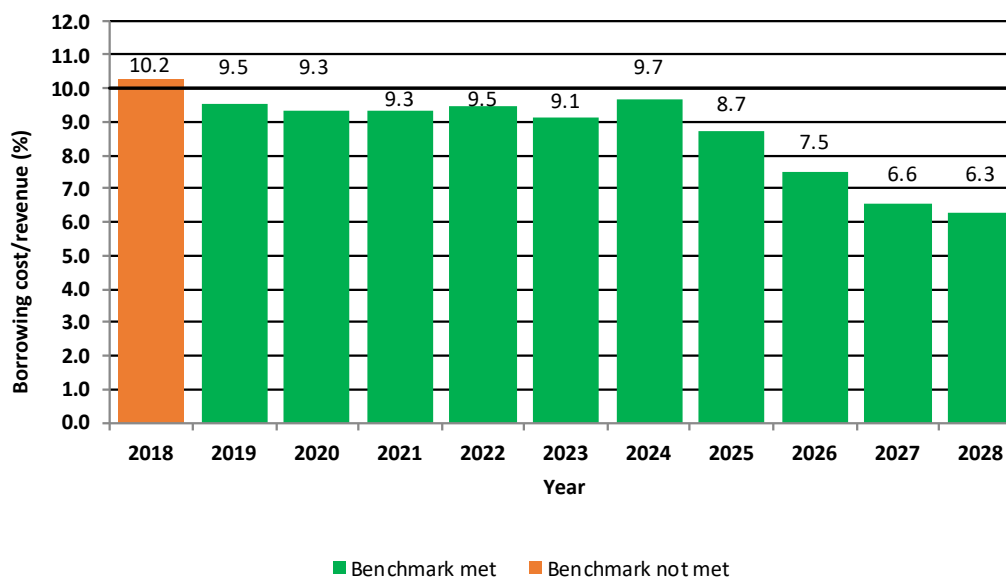
Debt servicing benchmark

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 our district’s population will grow more slowly than the national population is projected to grow, we meet the debt servicing benchmark if our planned borrowing costs equal or are less than 10 per cent of its planned revenue.

Council meets this benchmark for the 10 years of the plan.

Debt servicing benchmark



Whole of Council Funding Impact Statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	39,692	41,404	43,060	44,835	47,078	49,772	51,415	53,147	55,026	56,610	57,911
Targeted rates	22,773	24,166	24,673	25,453	26,353	27,057	28,087	28,452	28,562	28,869	29,644
Subsidies and grants for operating purposes	1,952	2,326	2,371	2,463	2,513	2,599	2,663	2,764	2,840	2,949	3,027
Fees and charges	9,706	11,071	10,866	11,015	11,303	11,713	11,928	12,216	12,604	12,820	13,202
Interest and dividends from investments	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Local authorities fuel tax, fines, infringement fees, and other receipts	990	1,121	1,144	1,167	1,192	1,219	1,247	1,276	1,307	1,339	1,375
Total operating funding (A)	78,243	83,878	85,970	89,174	92,822	96,655	100,186	103,177	106,224	109,086	112,329
Applications of operating funding											
Payments to staff and suppliers	51,174	54,140	55,138	55,916	57,265	59,085	60,935	62,480	64,103	65,455	67,102
Finance costs	8,642	8,510	8,372	8,749	9,656	9,987	10,036	9,307	8,335	7,456	7,285
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	59,816	62,650	63,510	64,665	66,921	69,072	70,971	71,787	72,438	72,911	74,387
Surplus (deficit) of operating funding (A - B)	18,427	21,228	22,460	24,509	25,701	27,583	29,215	31,390	33,786	36,175	37,942
Sources of capital funding											
Subsidies and grants for capital expenditure	4,572	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Development and financial contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Increase (decrease) in debt	(2,541)	(1,929)	2,449	12,505	15,301	7,844	(1,607)	(6,908)	(4,161)	(2,007)	(2,622)
Gross proceeds from sale of assets	2,023	6,773	3,310	3,239	870	2,609	2,084	1,270	2,174	2,174	870
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	315	6,333	8,333	-	-	-	-	-
Total sources of capital funding (C)	5,328	9,001	10,804	20,520	27,075	23,137	4,785	(1,082)	2,820	4,083	2,486
Application of capital funding											
Capital expenditure	3,206	2,495	352	1,511	851	1,031	3,938	677	540	5,390	976
• to meet additional demand	10,017	14,211	14,462	32,289	39,238	26,125	7,792	5,503	9,132	6,211	10,350
• to improve the level of service	10,112	13,983	14,242	14,757	13,358	14,334	13,966	14,388	17,005	17,567	15,989
• to replace existing assets	420	(460)	4,208	(3,528)	(671)	9,230	8,304	9,740	9,929	11,090	13,113
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	23,755	30,229	33,264	45,029	52,776	50,720	34,000	30,308	36,606	40,258	40,428
Surplus (deficit) of capital funding (C - D)	(18,427)	(21,228)	(22,460)	(24,509)	(25,701)	(27,583)	(29,215)	(31,390)	(33,786)	(36,175)	(37,942)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Transport funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	6,434	6,644	7,057	7,461	7,016	7,465	7,957	8,182	8,408	8,652	9,034
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	1,726	2,051	2,115	2,178	2,263	2,329	2,402	2,482	2,566	2,653	2,739
Fees and charges	115	142	145	148	152	155	159	163	167	172	177
Internal charges and overheads recovered	500	425	434	444	454	465	476	488	501	514	529
Local authorities fuel tax, fines, infringement fees, and other receipts	370	450	460	470	481	492	504	517	530	545	560
Total operating funding (A)	9,145	9,712	10,211	10,701	10,366	10,906	11,498	11,832	12,172	12,536	13,039
Applications of operating funding											
Payments to staff and suppliers	4,705	5,333	5,672	5,649	5,912	6,079	6,251	6,441	6,631	6,829	7,028
Finance costs	1,278	1,172	1,075	1,007	885	793	791	751	700	666	724
Internal charges and overheads applied	500	425	434	444	454	465	476	488	501	514	529
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	6,483	6,930	7,181	7,100	7,251	7,337	7,518	7,680	7,832	8,009	8,281
Surplus (deficit) of operating funding (A – B)	2,662	2,782	3,030	3,601	3,115	3,569	3,980	4,152	4,340	4,527	4,758
Sources of capital funding											
Subsidies and grants for capital expenditure	3,601	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Development and financial contributions	252	575	685	689	643	519	536	519	570	413	400
Increase (decrease) in debt	(1,143)	(2,408)	(206)	(1,856)	(2,674)	457	(142)	120	90	1,200	1,682
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	2,710	424	2,781	525	(16)	3,137	2,409	3,005	3,216	3,824	4,634
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	284	150	-	-	-	-	-	-	-	-	-
• to improve the level of service	3,719	3,077	2,662	1,108	1,420	1,809	1,206	1,615	1,702	2,474	3,081
• to replace existing assets	2,221	2,687	3,424	3,443	3,697	4,103	3,828	4,128	4,336	4,421	4,524
Increase (decrease) in reserves	(852)	(2,708)	(275)	(425)	(2,018)	794	1,355	1,414	1,518	1,456	1,787
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	5,372	3,206	5,811	4,126	3,099	6,706	6,389	7,157	7,556	8,351	9,392
Surplus (deficit) of capital funding (C – D)	(2,662)	(2,782)	(3,030)	(3,601)	(3,115)	(3,569)	(3,980)	(4,152)	(4,340)	(4,527)	(4,758)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Transport schedule of capital expenditure

Description	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)
Capex											
Growth											
Footpath at 518 Lake Terrace	-	150	-	-	-	-	-	-	-	-	-
Growth Total	-	150	-	-	-	-	-	-	-	-	-
ILOS											
Acacia Bay Rd/Wily Tce handrail	-	50	-	-	-	-	-	-	-	-	-
Accelerated renewal - road lighting LED conversion	2,500	-	-	-	-	-	-	-	-	-	-
Anzac Memorial Drive	-	-	204	-	-	-	-	-	-	-	-
Arrowsmith Ave/Napier Road/Kiddle Drive	-	-	-	-	-	-	-	-	59	1,150	1,182
Broadlands Road curve easing	-	-	-	-	-	-	-	-	18	236	243
Broadlands Road widening	-	-	-	-	-	-	56	287	295	-	-
Bus bay - Waikato Street Taupo	75	-	-	-	-	-	-	-	-	-	-
Bus infrastructure	9	3	9	3	10	3	10	3	11	4	11
CBD Lakefront Development	-	-	-	-	-	22	22	23	24	24	25
Cycle facilities	30	80	61	65	21	-	-	-	-	-	-
Huka Falls footpath	-	150	153	-	-	-	-	-	-	-	-
Huka Falls Lookout carpark	-	200	204	-	-	-	-	-	-	-	-
In Berm Parking Tuwharetoa St	-	-	307	-	-	-	-	-	-	-	-
Kinloch footpath construction	-	250	102	-	-	-	-	-	-	-	-
Lacebark Drive extension	-	100	-	-	-	-	-	-	-	-	-
Lake Terrace/Wharewaka roundabout	-	-	-	-	-	-	-	-	-	-	249
LED Infill lighting	-	-	41	42	-	-	-	-	-	-	-
Mangakino streets - upgrade program	5	40	5	42	5	44	6	46	-	-	-
Minor improvements	169	193	199	205	213	220	226	234	241	250	258
Napier Road & Lake Terrace intersection improvements	-	-	-	-	53	547	-	-	-	-	-
New signs & road marking	25	40	26	26	27	27	45	29	29	30	31
Norman Smith Street intersection investigation	100	-	-	-	-	-	-	-	-	-	-
Northern Access upgrade project - Phase 1	-	479	-	-	-	-	-	-	-	-	-
Northern Access upgrade project - Phase 1 - 50km sign on Wairakei Drive	-	127	-	-	-	-	-	-	-	-	-
On street parking	25	25	26	26	27	27	28	29	29	30	31
Paitiki Suburban Shopping Centre enhancements	-	-	51	52	-	-	-	-	-	-	-
Pedestrian facilities	75	190	143	146	150	153	157	161	165	169	174
Pedestrian facilities (bus shelters)	6	-	6	-	6	-	7	-	7	-	7
Pedestrian facilities (Huka Falls Rd footpath)	100	-	-	-	-	-	-	-	-	-	-
Poihipi Road seal widening	234	300	256	31	267	274	34	287	295	36	311
Retaining wall construction Wily terrace	-	100	102	-	-	-	-	-	-	-	-
Seal extension	400	400	460	470	481	492	504	517	530	545	560
Stock truck effluent facility	250	-	-	-	-	-	-	-	-	-	-
Tirohanga Road widening	-	300	307	-	-	-	-	-	-	-	-
Tongariro Street CISP traffic calming	-	-	-	-	160	-	-	-	-	-	-
Transport survey equipment - new	-	-	-	-	-	-	-	-	-	-	-
ILOS Total	4,003	3,077	2,662	1,108	1,420	1,809	1,206	1,615	1,702	2,474	3,081
Capex Total	4,003	3,227	2,662	1,108	1,420	1,809	1,206	1,615	1,702	2,474	3,081
Renewal	2,221	2,687	3,424	3,443	3,697	4,103	3,828	4,128	4,336	4,421	4,524
Grand Total	6,224	5,914	6,086	4,552	5,118	5,912	5,034	5,743	6,038	6,895	7,606

Community facilities – Funding impact statement

	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	16,500	17,760	18,043	18,522	19,118	20,114	21,122	21,554	21,828	22,107	22,532
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	111	142	134	147	122	125	128	131	134	137	141
Fees and charges	2,785	2,930	2,958	3,023	3,093	3,187	3,290	3,372	3,453	3,539	3,676
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	17	18	18	18	19	19	20	20	21	21	22
Total operating funding (A)	19,413	20,850	21,153	21,710	22,352	23,445	24,560	25,077	25,436	25,804	26,371
Applications of operating funding											
Payments to staff and suppliers	13,241	13,909	13,899	14,327	14,782	15,553	16,326	16,673	17,039	17,411	17,800
Finance costs	1,491	1,516	1,571	1,476	1,453	1,579	1,826	1,498	1,344	1,203	1,186
Internal charges and overheads applied	457	425	434	443	452	462	472	483	495	507	520
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	15,189	15,850	15,904	16,246	16,687	17,594	18,424	18,654	18,878	19,121	19,506
Surplus (deficit) of operating funding (A – B)	4,224	5,000	5,249	5,464	5,665	5,851	6,136	6,423	6,558	6,683	6,865
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	63	226	314	326	312	265	276	265	281	206	206
Increase (decrease) in debt	(753)	1,526	1,246	(4,127)	2,815	3,373	(994)	(746)	(904)	(61)	(205)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	315	6,333	8,333	-	-	-	-	-
Total sources of capital funding (C)	(690)	1,752	1,560	(3,486)	9,460	11,971	(718)	(481)	(623)	145	1
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	245	595	250	619	260	646	272	677	285	709	300
• to improve the level of service	917	2,973	3,986	2,855	11,890	13,739	1,432	1,341	1,573	1,905	2,175
• to replace existing assets	2,417	3,368	2,472	3,035	2,708	3,082	3,167	3,280	3,716	4,884	3,409
Increase (decrease) in reserves	(45)	(184)	101	(4,531)	267	355	547	644	361	(670)	982
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	3,534	6,752	6,809	1,978	15,125	17,822	5,418	5,942	5,935	6,828	6,866
Surplus (deficit) of capital funding (C – D)	(4,224)	(5,000)	(5,249)	(5,464)	(5,665)	(5,851)	(6,136)	(6,423)	(6,558)	(6,683)	(6,865)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Community facilities schedule of capital expenditure

Description	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)
Capex											
Growth											
Parks & Reserves - District											
Great Lake Walkway upgrade - widen and improve surface	-	350	-	364	-	380	-	398	-	417	-
Parks Development Contribution											
New neighbourhood reserves	245	245	250	255	260	266	272	279	285	292	300
Growth Total	245	595	250	619	260	646	272	677	285	709	300
ILOS											
AC Baths - Pools											
Hydro slide tube replacement	-	1,060	-	-	-	-	-	-	-	-	-
Permanent umbrellas - Lifeguards	-	10	-	78	-	-	11	-	-	-	-
Connect generator to pool pumps	-	-	-	-	-	-	-	-	-	-	-
Bank lockers indoor 25	-	-	-	-	37	-	-	-	-	-	-
Bridge to bombing island	-	15	-	-	-	-	-	-	-	-	-
Private pool upgrade	-	-	1,178	-	-	-	-	-	-	-	-
Antislip trackside learn to swim	-	22	-	-	-	-	-	-	-	-	-
Cemeteries - District											
Cemeteries Interment Infrastructure	7	8	8	8	11	11	11	11	12	15	15
Cemetery Improvements	-	25	5	26	5	27	6	28	6	30	6
Historic Grave Improvements	-	25	-	-	-	-	-	-	-	-	-
New Cemetery	-	-	-	-	-	-	-	-	-	-	61
Community Halls - District											
Kinloch Hall redevelopment	-	-	-	208	-	-	-	-	-	-	-
GLC / Events Logistics Management											
Round conference tables	-	15	-	-	-	-	-	-	-	-	-
Great Lake Centre investigation	50	-	-	-	-	-	-	-	-	-	-
Install dividing wall between Conservatory & East Wing	-	-	-	-	27	-	-	-	-	-	-
Install external intercom system	-	8	-	-	-	-	-	-	-	-	-
Housing for the Elderly - District											
Heating System Koniini Street	-	100	-	-	-	-	-	-	-	-	-
Libraries - District											
Library books	310	310	316	323	330	337	344	352	361	370	379
Turangi Library entrance to improve wheelchair access	-	-	71	-	-	-	-	-	-	-	-
Museum - Taupo											
Environmental control system - Tuwharetoa Gallery	-	-	-	10	-	-	-	-	-	-	-
Barry Brickell sculpture renewal & preservation	-	25	-	-	-	-	-	-	-	-	-
Wifi installation - public	-	3	-	-	-	-	-	-	-	-	-
Digital scanner with feeder	-	1	-	-	-	-	-	-	-	-	-
Altar Stone installation (movable)	-	10	-	-	-	-	-	-	-	-	-
Building alarm upgrade	-	8	-	-	-	-	-	-	-	-	-
Museum construction and fitout	-	-	-	469	9,452	12,437	-	-	-	-	-

Community facilities schedule of capital expenditure – continued

Description	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)
Parks & Reserves - District											
Brice St Basketball Court	-	36	-	-	-	-	-	-	-	-	-
CBD intersection upgrades	-	200	204	208	213	217	222	227	233	238	245
Destinatua Playground	-	-	15	468	-	-	-	-	-	-	-
Hipapatua Improvements	-	-	-	-	-	-	-	34	582	596	612
Lock Rationalisation	-	20	10	-	-	-	-	-	-	-	-
Taupo Market relocation	-	25	77	-	-	-	-	-	-	-	-
Tongariro Street upgrades	-	-	-	-	80	-	-	-	-	-	-
Spa Thermal Park new path construction - connect existing to new Otumuheke	55	-	41	-	-	-	-	-	-	-	-
Development	20	20	20	21	21	22	22	23	23	24	24
Fencing contributions (Fencing Act requirement)	25	25	26	130	27	27	28	28	29	30	31
Public Art	100	-	-	-	-	-	-	-	-	-	-
Kinloch lakefront reserve	70	-	-	-	-	-	-	-	-	-	-
CBD Laneway lighting	-	-	-	-	-	-	-	-	-	-	-
Playground Improvements - assist with renewals where like for like no longer appropriate	-	50	51	52	53	54	56	57	58	60	61
Improved Playground Softfall Material - bark to rubberised surfaces	-	20	20	21	21	22	22	23	23	24	24
Spa Park Improvements - Biodiversity based - remove pines and begin restoration along river	-	-	-	-	-	-	-	-	29	298	306
Accessibility Improvements - minor improvements which would not otherwise be done, e.g. ramps, paths etc.	-	10	10	10	11	11	11	11	12	12	12
Turangi Tongariro National Park Gateway (Waharoa) - TTCB request	-	-	102	-	-	-	-	-	-	-	-
Paitiki Suburban Shopping Centre enhancements	-	-	51	52	-	-	-	-	-	-	-
Atiamuri basket swing	-	13	-	-	-	-	-	-	-	-	-
Omori/Kuratau shade sail	-	20	-	-	-	-	-	-	-	-	-
Landscape lower Otumuheke Stream banks bathing area	40	-	-	-	-	-	-	-	-	-	-
Owen Delany Park and District Sportsgrounds Strategy	-	-	36	-	-	-	-	-	-	-	-
Turangi rationalisation & upgrade of playgrounds	120	-	-	-	-	-	-	-	-	-	-
Turangi parks equipment rationalisation	-	15	459	-	-	-	-	-	-	-	-
Parks Operations Management											
Mangakino Depot - alarm system upgrade & server provider change	-	12	-	-	-	-	-	-	-	-	-
Project Watershed											
Erosion Control - Kuratau Foreshore	100	110	321	328	75	72	73	75	77	79	81
Erosion Control - Taupo Bay including Lake Terrace Cliffs	-	130	-	389	571	449	459	470	128	131	135
Erosion Control - Erosion Protection Soft Options	-	-	61	-	-	-	-	-	-	-	-
Public Conveniences - District											
Turangi new public toilets	-	-	510	-	-	-	-	-	-	-	-

Community facilities schedule of capital expenditure – continued

Description	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)
Sportsgrounds - District											
Hickling Park Sports Improvements	-	75	-	-	-	54	-	-	-	-	-
Mangakino Lakefront & Public Convenience Development	-	-	-	-	372	-	-	-	-	-	-
Public Convenience Reticulation	-	15	153	-	-	-	167	-	-	-	183
Turangī open space upgrades	-	100	-	52	585	-	-	-	-	-	-
Mangakino Open Space Upgrades	-	200	-	-	-	-	-	-	-	-	-
Superloo Taupo											
Install 3 phase plug for Civil Defence	-	2	-	-	-	-	-	-	-	-	-
Taupo Events Centre - Stadium											
Additional stage units	20	-	-	-	-	-	-	-	-	-	-
Upgrade reception area	-	14	204	-	-	-	-	-	-	-	-
Steps from deck to plant room (Health & Safety)	-	20	-	-	-	-	-	-	-	-	-
Sun shades over deck	-	3	-	-	-	-	-	-	-	-	-
Conservatory over fitness deck - fixing leaking issue & future proofing gym	-	200	-	-	-	-	-	-	-	-	-
Turangī Turtle Pools											
Turangī Aquatic Centre - play equipment	-	30	-	-	-	-	-	-	-	-	-
ILOS Total	917	2,973	3,986	2,855	11,890	13,739	1,432	1,341	1,573	1,905	2,175
Capex Total	1,162	3,568	4,236	3,474	12,150	14,385	1,704	2,017	1,858	2,615	2,475
Renewal	2,417	3,368	2,472	3,035	2,708	3,082	3,167	3,280	3,716	4,884	3,409
Grand Total	3,579	6,936	6,708	6,509	14,858	17,467	4,871	5,297	5,573	7,499	5,884

Investments

What we do and why we do it

Council generates income through investments and development of a range of assets that it owns. Income generated from investment assets is an important income stream for Council as it offsets some of the costs of providing services. Income from the sale of some investments is also used to pay off Council debt.

We aim to generate commercial returns from residential and commercial land property, the TEL fund, forestry and our general reserve funds. Most of the costs associated with the property component of this activity (including motor camps, residential and commercial land and property) are covered by those who use the properties and are recovered through fees and charges. Where there

are costs to maintain these properties, we use the general rate. This group of activities contributes to the economic community outcome.

Taupō District Council and the Crown, represented by the Ministry of Transport, own the Taupō Airport Authority equally. The Taupō Airport Authority is a Council-controlled organisation as defined by the Local Government Act 2002. Taupō District Council, under agreement with the Crown, manages the Taupō Airport Authority. A Committee of Council provides the governance of the airport operations. The committee consists of Council and business representatives.

Building a new future

In 2017, we were required to vacate our former administration building at 72 Lake Terrace due to a number of health and safety issues.

During the development of the Annual Plan 2017/18, we consulted with the community on a number of different options, from refurbishment to a new build, with the preferred option at that time being to build a new building at the Lake Terrace site. However, following feedback from the community, the decision was made to build a new building on a site to be determined. It was also decided to investigate lease options as an alternative to self-funding a new building.

The majority of staff relocated to five leased sites in the Taupō town centre. Investigations continued into potential sites and funding options. Calls for expressions of interest from parties who may have been interested in leasing a building, site- or both- were made and there were five responses. All were discounted during a site selection process for various reasons.

Instead, the council decided to investigate the development of the area fronting on to Story Place near the Great Lake Centre and the library for the new building as its preferred option at that time. The other options were to build on the Tūwharetoa Street car park (61 and 67), build on the former site at 72 Lake Terrace. The Lake Terrace building has been demolished.

In February 2018, we approved the development of a masterplan for the area by the Great Lake Centre. A sum of \$15.7 million for a new council administration building was included in the Long-term Plan 2018-2028 as a placeholder while investigations took place. The masterplan was developed for Tongariro Domain as the council could see a real opportunity to create a focal point for the community by including new cultural, arts and heritage facilities to replace Taupō Museum. There were four different options of the masterplan developed. Following community consultation, one of those options was chosen for further refinement. The final masterplan was presented to the council in December 2018. Feasibility studies were undertaken on the Tūwharetoa Street and Lake Terrace sites and a business case developed to compare the options.

Following consideration of the options, the council did not choose the Tongariro Domain. And instead amended the Long-term Plan 2018-28 in June 2019 and chose to construct a building on the Tūwharetoa Street site.

\$37.5 million has been included in the Long-term Plan for the new council administration building including two levels of underground car parking, IL4 (importance level 4) standard for the entire building and floor space for alternate uses such as a café and bus facilities. In addition, 80 in-berm car parks will be constructed as soon as possible in close proximity to the site of the new council administration building at a cost of about \$0.3 million.

Investments funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	(845)	(1,601)	(1,133)	(867)	167	823	493	1,164	2,029	2,844	2,973
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	927	1,414	1,036	1,057	1,124	1,195	1,222	1,251	1,281	1,312	1,346
Internal charges and overheads recovered	604	632	646	660	674	689	706	723	740	759	779
Local authorities fuel tax, fines, infringement fees, and other rec	3,310	4,003	4,073	4,462	4,408	4,525	5,080	5,561	6,129	6,749	7,426
Total operating funding (A)	3,996	4,448	4,622	5,312	6,373	7,232	7,501	8,699	10,179	11,664	12,524
Applications of operating funding											
Payments to staff and suppliers	320	89	(26)	(567)	(1,493)	(1,897)	(1,819)	(1,684)	(1,498)	(1,284)	(1,069)
Finance costs	1,167	954	857	1,269	2,207	2,630	2,501	2,253	1,920	1,549	1,295
Internal charges and overheads applied	284	213	217	222	226	231	237	242	248	254	260
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,771	1,256	1,048	924	940	964	919	811	670	519	486
Surplus (deficit) of operating funding (A – B)	2,225	3,192	3,574	4,388	5,433	6,268	6,582	7,888	9,509	11,145	12,038
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(871)	(4,313)	1,776	12,419	19,140	(1,524)	(1,934)	(2,689)	(3,965)	(4,941)	(5,904)
Gross proceeds from sale of assets	2,023	6,773	3,310	3,239	870	2,609	2,084	1,270	2,174	2,174	870
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,152	2,460	5,086	15,658	20,010	1,085	150	(1,419)	(1,791)	(2,767)	(5,034)
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	1,550	2,086	2,923	18,552	21,031	1,243	782	1,018	623	839	508
• to replace existing assets	986	1,030	1,210	929	896	1,560	1,275	891	2,193	1,197	1,037
Increase (decrease) in reserves	841	2,536	4,527	565	3,516	4,550	4,675	4,560	4,902	6,342	5,459
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	3,377	5,652	8,660	20,046	25,443	7,353	6,732	6,469	7,718	8,378	7,004
Surplus (deficit) of capital funding (C – D)	(2,225)	(3,192)	(3,574)	(4,388)	(5,433)	(6,268)	(6,582)	(7,888)	(9,509)	(11,145)	(12,038)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Investments schedule of capital expenditure

Description	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)
Capex											
ILOS											
Motutere Campground water DWSNZ upgrade	-	-	-	27	272	-	-	-	-	-	-
Child & Youth Friendly Centre	250	815	616	953	696	863	671	904	506	720	508
Commercial and residential land development	300	1,021	1,214	794	213	109	111	114	116	119	-
New software and technology projects	1,000	250	-	-	-	-	-	-	-	-	-
TDC Civic Building project	-	-	1,092	16,337	20,096	-	-	-	-	-	-
Civic Administration Building Tuwharetoa St	-	-	-	-	-	-	-	-	-	-	-
ILOS Total	1,550	2,086	2,923	18,552	21,031	1,243	782	1,018	623	839	508
Capex Total	1,550	2,086	2,923	18,552	21,031	1,243	782	1,018	623	839	508
Renewal	986	1,030	1,210	929	896	1,560	1,275	891	2,193	1,197	1,037
Grand Total	2,536	3,116	4,132	19,482	21,928	2,803	2,058	1,908	2,816	2,037	1,545

Prospective schedule of rates

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Total District											
General rates	40,746	42,537	44,223	46,030	48,307	51,035	52,715	54,485	56,405	58,032	59,380
Targeted rates	23,103	24,437	24,950	25,736	26,642	27,353	28,389	28,762	28,879	29,194	29,978
Total rates	63,849	66,974	69,173	71,766	74,949	78,388	81,104	83,247	85,284	87,226	89,358
Less internal rates	934	903	923	943	963	985	1,008	1,032	1,058	1,084	1,113
Less rates remission	850	850	867	885	904	923	944	966	989	1,013	1,040
Add rates penalties	400	350	350	350	350	350	350	350	350	350	350
Rates revenue per statement of comprehensive revenue and expense	62,465	65,571	67,733	70,288	73,432	76,830	79,502	81,599	83,587	85,479	87,555
% Change total rates	2.67%	4.89%	3.28%	3.75%	4.43%	4.59%	3.47%	2.64%	2.45%	2.28%	2.44%
% Change general rates	3.93%	4.40%	3.96%	4.09%	4.95%	5.65%	3.29%	3.36%	3.52%	2.88%	2.32%
% Change targeted rates	0.52%	5.77%	2.10%	3.15%	3.52%	2.67%	3.79%	1.31%	0.41%	1.09%	2.68%
Number of properties	22,204	22,330	22,644	22,779	22,940	23,102	23,253	23,375	23,501	23,623	23,757
Growth in property numbers	126	314	135	161	162	151	122	126	122	134	97
Number of properties to be rated	22,330	22,644	22,779	22,940	23,102	23,253	23,375	23,501	23,623	23,757	23,854
Costs to be recovered (GST excl)	63,849	66,973	69,173	71,766	74,949	78,367	81,104	83,247	85,285	87,226	89,358
All rateable properties included											
Average rates per property	2,859	2,958	3,037	3,128	3,244	3,371	3,470	3,542	3,610	3,672	3,746
Average property % increase	2.40%	3.44%	2.67%	3.02%	3.70%	3.91%	2.93%	2.09%	1.92%	1.70%	2.03%
Average property increase GST excl	67	98	79	92	116	127	99	73	68	61	74
Average property increase GST incl	77	113	91	105	133	146	113	83	78	71	86

Ratings base information

The projected number of rating units within the district for 30 June 2018 is 22,644.
 The projected total capital value of rating units within the district for 30 June 2018 is \$15,400 billion.
 The projected total land value of rating units within the district for 30 June 2018 is \$7,507 billion.

Note – the shaded column provides the 2017/18 Annual Plan for comparative purposes. This is consistent throughout the Long-term Plan.

Prospective statement of comprehensive revenue and expense

	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)
Revenue											
Rates	62,465	65,570	67,733	70,289	73,432	76,829	79,501	81,598	83,588	85,479	87,556
Subsidies and grants	6,524	4,582	4,674	4,155	4,528	4,759	4,678	5,131	5,395	5,159	5,578
Development and financial contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Fees and charges	9,706	11,071	10,866	11,015	11,303	11,713	11,928	12,216	12,604	12,820	13,202
Finance revenue	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Other revenue	3,439	9,147	8,394	9,802	14,215	16,324	7,599	7,495	8,772	7,445	6,760
Total revenue	86,538	96,060	98,266	102,271	110,217	116,110	110,845	113,952	118,495	119,107	121,952
Expenses											
Personnel costs	21,293	21,748	22,285	22,723	23,306	24,032	24,685	25,216	25,739	26,291	26,982
Depreciation and amortisation expense	21,257	22,905	23,952	25,179	26,883	28,393	29,683	30,870	31,806	32,746	33,798
Finance costs	8,642	8,510	8,372	8,749	9,656	9,987	10,036	9,307	8,335	7,456	7,285
Other expenses	29,881	32,392	32,854	33,196	33,962	35,051	36,246	37,264	38,361	39,164	40,119
Total operating expenses	81,073	85,555	87,463	89,847	93,807	97,463	100,650	102,657	104,241	105,657	108,184
Surplus/(deficit) before tax	5,465	10,505	10,803	12,424	16,410	18,647	10,195	11,295	14,254	13,450	13,768
Income tax (expense)/credit	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after tax	5,465	10,505	10,803	12,424	16,410	18,647	10,195	11,295	14,254	13,450	13,768
Other comprehensive revenue and expense											
Property, plant & equipment revaluations	12,673	26,782	20,034	17,693	34,294	24,137	19,527	39,463	28,144	22,757	45,386
Total other comprehensive revenue and expense	12,673	26,782	20,034	17,693	34,294	24,137	19,527	39,463	28,144	22,757	45,386
Total comprehensive revenue and expense	18,138	37,287	30,837	30,117	50,704	42,784	29,722	50,758	42,398	36,207	59,154
Reconciliation to Summary Funding Impact Statement											
Sources of operational funding											
General rates, uniform annual general charges, rates penalties	39,692	41,404	43,060	44,835	47,078	49,772	51,415	53,147	55,026	56,610	57,911
Targeted rates	22,773	24,166	24,673	25,453	26,353	27,057	28,087	28,452	28,562	28,869	29,644
Total rates revenue	62,465	65,570	67,733	70,288	73,431	76,829	79,502	81,599	83,588	85,479	87,555
Subsidies and grants for operating purposes	1,952	2,326	2,371	2,463	2,513	2,589	2,663	2,764	2,840	2,949	3,027
Fees and charges	9,706	11,071	10,866	11,015	11,303	11,713	11,928	12,216	12,604	12,820	13,202
Interest and dividends from investments	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Local authorities fuel tax, fines, infringement fees, and other receipts	980	1,121	1,144	1,167	1,192	1,219	1,247	1,276	1,307	1,339	1,375
Total operating funding	78,243	83,878	85,970	89,174	92,622	96,655	100,186	103,177	106,224	109,086	112,329
Add asset development and other gains / (losses)											
Subsidies and grants for capital expenditure	4,572	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Development and financial contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Other dedicated capital funding	-	-	-	315	6,333	8,333	-	-	-	-	-
Add vested and first time recognition of assets	900	4,662	5,687	5,850	5,578	4,615	4,882	4,845	5,459	4,057	4,041
Add gain on sale	904	2,579	921	1,935	520	1,559	809	759	1,299	1,299	520
Add unrealised gains/(losses)	645	784	642	535	592	599	662	615	707	749	825

Prospective statement of comprehensive revenue and expense continued

Total asset development and other gains / (losses)	8,295	12,182	12,295	13,096	17,594	19,457	10,661	10,775	12,272	10,021	9,624
Total revenue	86,538	96,060	98,265	102,270	110,216	116,112	110,847	113,952	118,496	119,107	121,953
Applications of operating funding											
Payments to staff and suppliers	51,174	54,140	55,138	55,918	57,267	59,085	60,933	62,480	64,101	65,455	67,102
Finance costs	8,642	8,510	8,372	8,749	9,656	9,987	10,036	9,307	8,335	7,456	7,285
Total applications of operating funding (B)	59,816	62,650	63,510	64,667	66,923	69,072	70,969	71,787	72,436	72,911	74,387
Add depreciation expense	21,257	22,905	23,952	25,179	26,883	28,393	29,683	30,870	31,806	32,746	33,798
Less loss on sale of asset	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	81,073	85,555	87,462	89,846	93,806	97,465	100,652	102,657	104,242	105,657	108,185
Surplus/(deficit) after tax	5,465	10,505	10,803	12,424	16,410	18,647	10,195	11,295	14,254	13,450	13,768
Add other comprehensive revenue and expenses	12,673	26,782	20,034	17,593	34,294	24,137	19,527	39,463	28,144	22,757	45,386
Total comprehensive revenue and expense	18,138	37,287	30,837	30,117	50,704	42,784	29,722	50,758	42,398	36,207	59,154

Prospective statement of changes in net assets/equity

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Net assets/equity at beginning of year	1,062,046	1,077,615	1,114,903	1,145,741	1,175,859	1,226,564	1,269,347	1,299,066	1,349,824	1,392,221	1,428,429
Net surplus/(deficits) for the year	5,465	10,506	10,804	12,425	16,412	18,647	10,192	11,295	14,253	13,451	13,768
Other comprehensive revenue and expenses	12,673	26,781	20,034	17,693	34,293	24,137	19,528	39,463	28,144	22,757	45,385
Total recognised revenues and expenses for the year	18,138	37,287	30,838	30,118	50,705	42,784	29,720	50,758	42,397	36,208	59,153
Total equity at end of year	1,080,184	1,114,902	1,145,741	1,175,859	1,226,564	1,269,348	1,299,067	1,349,824	1,392,221	1,428,429	1,487,582
Components of Equity											
Accumulated funds at beginning of year	788,730	788,268	799,336	805,616	824,141	841,293	850,363	852,192	853,555	857,237	859,388
Net surplus/(deficits) for the year	4,674	11,066	6,281	18,525	17,151	9,070	1,829	1,363	3,682	2,152	435
Accumulated funds at end of year	793,404	799,334	805,617	824,141	841,292	850,363	852,192	853,555	857,237	859,389	859,823
Council created reserves at beginning of year	100,249	112,426	111,865	116,389	110,289	109,549	119,125	127,488	137,419	147,991	159,290
Transfers to/(from) reserves	791	(560)	4,523	(6,100)	(740)	9,576	8,363	9,931	10,572	11,299	13,333
Council created reserves at end of year	101,040	111,866	116,388	110,289	109,549	119,125	127,488	137,419	147,991	159,290	172,623
Revaluation reserves at beginning of year	173,067	176,920	203,702	223,736	241,429	275,723	299,860	319,387	358,849	386,993	409,750
Revaluation surplus/(deficits) for the year	12,673	26,782	20,034	17,693	34,294	24,137	19,527	39,463	28,144	22,757	45,386
Revaluations reserves at end of year	185,740	203,702	223,736	241,429	275,723	299,860	319,387	358,850	386,993	409,750	455,136
Total equity at end of year	1,080,184	1,114,902	1,145,741	1,175,859	1,226,564	1,269,348	1,299,067	1,349,824	1,392,221	1,428,429	1,487,582

Prospective Statement of Financial Position

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
ASSETS											
Current assets											
Cash and cash equivalents	5,961	6,831	5,046	4,026	5,363	5,102	5,415	5,666	5,606	5,208	5,335
Other financial assets	41,048	43,840	45,943	42,052	41,666	46,285	50,414	55,049	58,188	61,333	62,494
Trade and other receivables	4,922	5,499	5,388	5,499	5,736	5,868	6,006	6,148	6,148	6,296	6,460
Inventories	766	1,453	1,482	1,513	1,545	1,578	1,614	1,652	1,691	1,732	1,777
Prepayments	879	929	929	929	929	929	929	929	929	929	929
Non-current assets held for sale	2,228	8,914	11,630	11,196	13,455	13,274	14,194	15,857	17,156	17,150	16,800
Total current assets	55,804	67,249	70,418	65,215	68,573	72,904	78,434	85,159	89,718	92,648	93,795
Non-current assets											
Other financial assets	47,322	59,761	63,761	62,761	61,261	66,261	70,261	75,261	82,261	90,761	102,761
Investment in CCO and other similar entities	3,237	3,460	3,460	5,960	5,960	5,960	5,960	5,960	5,960	5,960	5,960
Intangible assets	885	722	736	752	767	784	802	821	840	861	883
Investment properties	29,994	13,719	11,325	10,666	8,949	8,302	7,977	6,040	4,110	3,492	3,754
Investments in associates	-	-	-	-	-	-	-	-	-	-	-
Biological assets - forestry	5,003	5,804	4,581	5,115	5,707	6,306	6,042	6,658	7,365	8,115	8,940
Property plant and equipment	1,114,910	1,141,575	1,171,555	1,218,265	1,283,809	1,325,435	1,344,912	1,378,681	1,406,911	1,429,896	1,472,578
Total non-current assets	1,201,351	1,225,041	1,255,418	1,303,519	1,366,453	1,413,048	1,435,954	1,473,421	1,507,447	1,539,085	1,594,876
Total assets	1,257,155	1,292,290	1,325,836	1,368,734	1,435,026	1,485,952	1,514,388	1,558,580	1,597,165	1,631,733	1,688,671
LIABILITIES											
Current liabilities											
Trade and other payables	8,676	9,929	10,125	10,337	10,555	10,782	11,028	11,290	11,555	11,835	12,145
Employee benefit liabilities	2,098	2,241	2,286	2,333	2,382	2,434	2,490	2,548	2,609	2,671	2,741
Borrowings	49,985	17,165	19,614	32,119	47,420	55,264	53,657	46,749	42,588	40,581	37,959
Total current liabilities	60,759	29,335	32,025	44,789	60,357	68,480	67,175	60,587	56,752	55,087	52,845
Non-current liabilities											
Provisions	68	92	101	110	120	131	143	156	169	184	199
Derivative financial instruments	21,780	22,443	22,443	22,443	22,443	22,443	22,443	22,443	22,443	22,443	22,443
Borrowings	94,015	125,142	125,142	125,142	125,142	125,142	125,142	125,142	125,142	125,142	125,142
Employee benefit liabilities	349	376	384	391	400	408	418	428	438	448	460
Total non-current liabilities	116,212	148,053	148,070	148,086	148,105	148,124	148,146	148,169	148,192	148,217	148,244
Total liabilities	176,971	177,388	180,095	192,875	208,462	216,604	215,321	208,756	204,944	203,304	201,089
Net assets (assets minus liabilities)	1,080,184	1,114,902	1,145,741	1,175,859	1,226,564	1,269,348	1,299,067	1,349,824	1,392,221	1,428,429	1,487,582
EQUITY											
Accumulated funds	793,404	799,335	805,616	824,141	841,292	850,363	852,192	853,556	857,237	859,389	859,824
Council created reserves	101,040	111,865	116,389	110,289	109,549	119,125	127,488	137,419	147,991	159,290	172,623
Revaluation reserves	185,740	203,702	223,736	241,429	275,723	299,860	319,387	358,849	386,993	409,750	455,135
Total equity	1,080,184	1,114,902	1,145,741	1,175,859	1,226,564	1,269,348	1,299,067	1,349,824	1,392,221	1,428,429	1,487,582

Prospective statement of cashflows

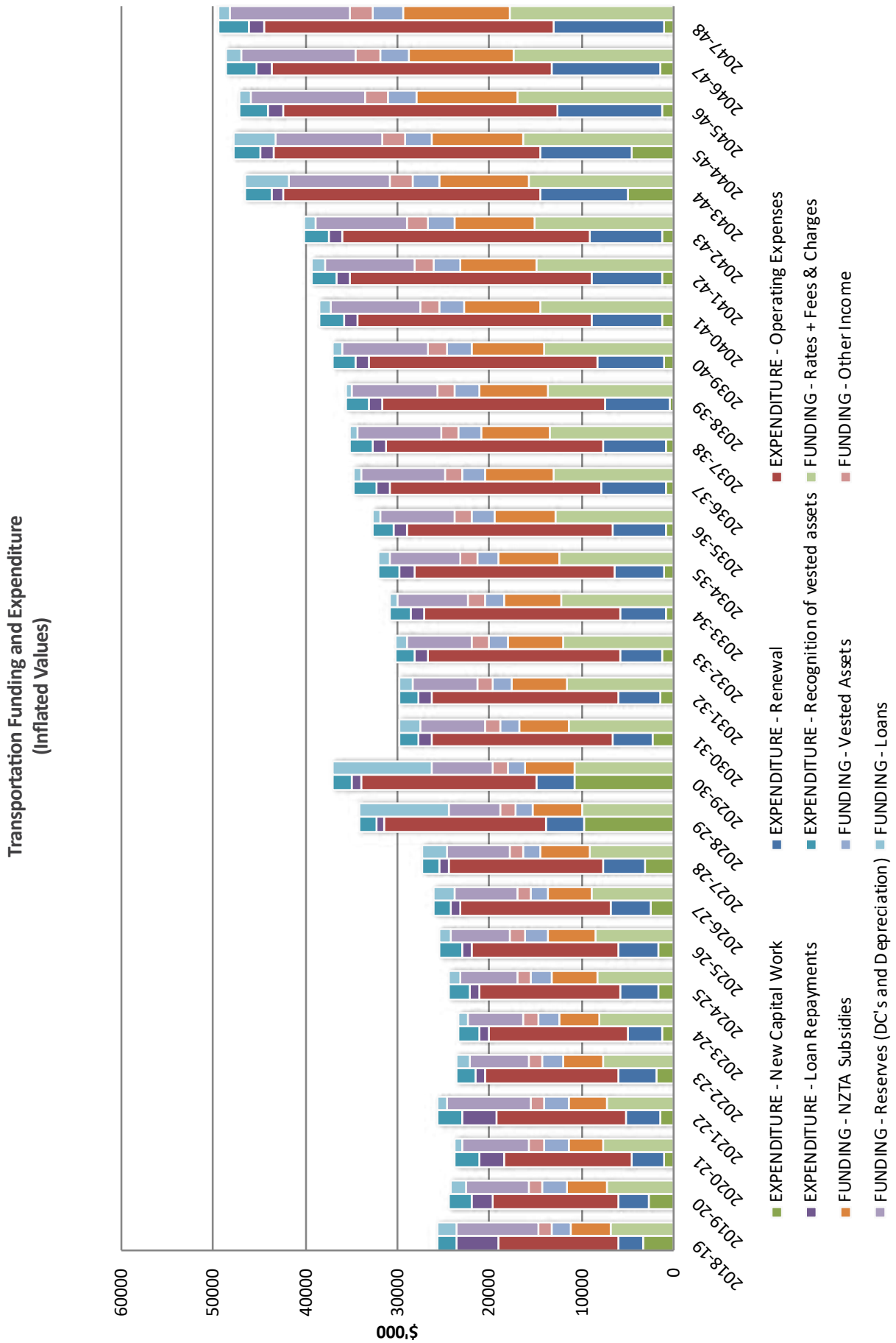
	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Cash flows from operating activities											
Rates	62,465	65,570	67,733	70,289	73,432	76,829	79,501	81,598	83,588	85,479	87,556
Subsidies	1,952	2,326	2,371	2,463	2,513	2,599	2,663	2,764	2,840	2,949	3,027
Interest revenue	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Fees and charges	9,707	11,071	10,866	11,015	11,303	11,713	11,928	12,216	12,604	12,820	13,202
Other revenue	989	1,121	1,144	1,482	7,525	9,551	1,247	1,276	1,307	1,339	1,375
Payments to suppliers	(29,555)	(32,392)	(32,853)	(33,195)	(33,961)	(35,052)	(36,248)	(37,262)	(38,364)	(39,164)	(40,120)
Payments to employees	(21,293)	(21,748)	(22,285)	(22,723)	(23,306)	(24,032)	(24,685)	(25,216)	(25,739)	(26,291)	(26,982)
Interest on public debt	(8,642)	(8,503)	(8,365)	(8,741)	(9,647)	(9,978)	(10,027)	(9,297)	(8,324)	(7,444)	(7,272)
Net cash flow (outflow) from operating activities	18,753	21,235	22,467	24,831	32,042	35,825	29,225	31,401	33,797	36,187	37,956
Cash flows from investing activities											
Proceeds from sale of property, plant, equipment & biological assets	2,023	6,773	3,310	3,239	870	2,609	2,084	1,270	2,174	2,174	870
Development/financial contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Capital subsidies	4,572	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Net decrease in investments	4,079	-	-	2,500	2,000	-	-	-	-	-	-
Purchase & development of property, plant & equipment	(23,335)	(30,689)	(29,056)	(48,557)	(53,447)	(41,490)	(25,696)	(20,568)	(26,678)	(29,168)	(27,315)
Net increase in investments	-	(6,000)	(6,000)	-	-	(9,500)	(8,000)	(9,500)	(10,000)	(11,500)	(13,000)
Net cash flow from investing activities	(11,387)	(25,759)	(26,701)	(38,357)	(46,006)	(44,030)	(27,304)	(24,242)	(29,697)	(34,578)	(35,207)
Cash flows from financing activities											
Loans raised	9,264	17,114	15,067	35,341	35,254	20,659	13,111	7,064	10,882	13,778	13,275
Repayment of public debt	(11,805)	(19,043)	(12,618)	(22,835)	(19,953)	(12,815)	(14,719)	(13,972)	(15,042)	(15,785)	(15,897)
Net cash flow from financing activities	(2,541)	(1,929)	2,449	12,506	15,301	7,844	(1,608)	(6,908)	(4,160)	(2,007)	(2,622)
Net increase (decrease) in cash held	4,824	(6,453)	(1,785)	(1,020)	1,337	(261)	313	251	(60)	(398)	127
Add cash at start of year	1,137	13,284	6,831	5,046	4,026	5,363	5,102	5,415	5,666	5,606	5,208
Cash and cash equivalents at end of year	5,961	6,831	5,046	4,026	5,363	5,102	5,415	5,666	5,606	5,208	5,335

Prospective statement of borrowings

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Debt Balances											
Opening debt	146,000	144,236	142,307	144,756	157,261	172,562	180,406	178,799	171,891	167,730	165,723
New borrowing requirements	9,264	17,114	15,067	35,340	35,254	20,659	13,112	7,064	10,881	13,778	13,275
Borrowing requirements for prior year capital expenditure brought forward	541	-	-	-	-	-	-	-	-	-	-
Debt repayments	(11,805)	(19,043)	(12,618)	(22,835)	(19,953)	(12,815)	(14,719)	(13,972)	(15,042)	(15,785)	(15,897)
Closing external debt	144,000	142,307	144,756	157,261	172,562	180,406	178,799	171,891	167,730	165,723	163,101
Debt Servicing Costs											
Interest	8,642	8,510	8,372	8,749	9,656	9,987	10,036	9,307	8,335	7,456	7,285
Debt repayments	11,805	19,043	12,618	22,835	19,953	12,815	14,719	13,972	15,042	15,785	15,897
Total external debt servicing costs	20,447	27,553	20,990	31,584	29,609	22,802	24,755	23,279	23,377	23,241	23,182

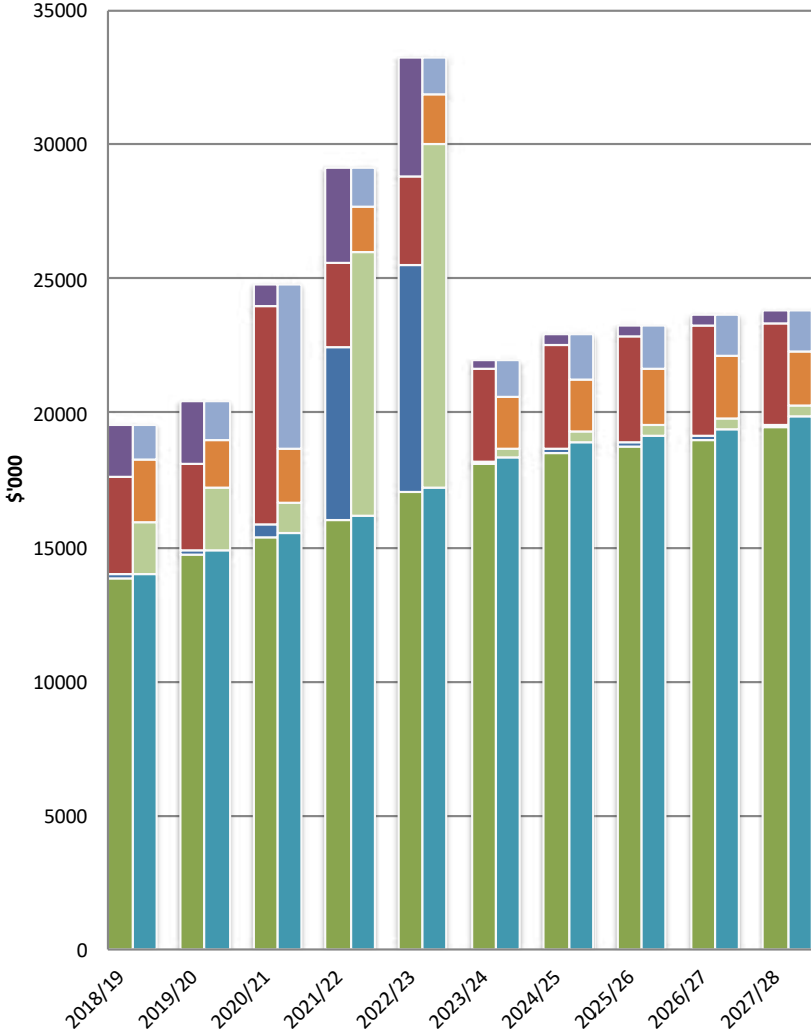
Prospective Whole of council schedule of capital expenditure

Description	Annual Plan 2017/18	LTP 2018/19	LTP 2019/20	LTP 2020/21	LTP 2021/22	LTP 2022/23	LTP 2023/24	LTP 2024/25	LTP 2025/26	LTP 2026/27	LTP 2027/28
Capex											
Growth											
Water	-	1,750	-	-	-	-	-	-	18	2,804	-
Transport	-	150	-	-	-	-	-	-	-	-	-
Community Facilities	245	595	250	619	260	646	272	677	285	709	300
Wastewater	50	-	103	892	591	385	3,666	-	237	1,877	677
Growth Total	295	2,495	352	1,511	851	1,031	3,938	677	540	5,390	976
ILOS											
Community Services	15	17	20	-	-	-	5	-	-	-	-
Water	3,308	1,320	2,914	9,113	3,046	4,939	2,905	1,215	4,748	610	3,759
Transport	4,003	3,077	2,662	1,108	1,420	1,809	1,206	1,615	1,702	2,474	3,081
Community Facilities	917	2,973	3,986	2,855	11,890	13,739	1,432	1,341	1,573	1,905	2,175
Wastewater	2,797	4,255	1,743	-	1,207	2,662	79	81	261	85	88
Solid Waste	10	230	33	62	69	1,205	329	20	12	12	12
Stormwater	325	253	181	598	575	527	1,055	214	214	286	727
Investments	1,550	2,086	2,923	18,552	21,031	1,243	782	1,018	623	839	508
ILOS Total	12,924	14,211	14,462	32,289	39,238	26,125	7,792	5,503	9,132	6,211	10,350
Capex Total	13,219	16,706	14,814	33,800	40,089	27,156	11,730	6,180	9,672	11,602	11,326
Renewal											
Community Services	103	130	160	105	135	324	285	100	219	144	99
Water	1,896	3,651	3,452	3,290	3,049	3,019	3,060	3,415	3,495	4,024	3,790
Transport	2,221	2,687	3,424	3,443	3,697	4,103	3,828	4,128	4,336	4,421	4,524
Community Facilities	2,417	3,368	2,472	3,035	2,708	3,082	3,167	3,280	3,716	4,884	3,409
Economic Development	47	4	4	49	4	4	52	5	5	56	5
Wastewater	2,275	2,839	3,176	3,613	2,534	1,844	1,883	1,987	2,372	2,185	2,269
Solid Waste	60	136	138	125	134	112	144	251	140	125	175
Stormwater	111	138	155	169	200	232	271	331	472	530	681
Democracy and Planning	-	-	51	-	-	54	-	-	58	-	-
Investments	986	1,030	1,210	929	896	1,560	1,275	891	2,193	1,197	1,037
Renewal Total	10,116	13,983	14,242	14,757	13,358	14,334	13,966	14,388	17,005	17,567	15,989
Renewal Total	10,116	13,983	14,242	14,757	13,358	14,334	13,966	14,388	17,005	17,567	15,989
Grand Total	23,335	30,689	29,056	48,557	53,447	41,490	25,696	20,568	26,678	29,168	27,315



Proposed budget for Facilities expenditure 2018-28
 (Only 10 years of funding and expenditure information is available)

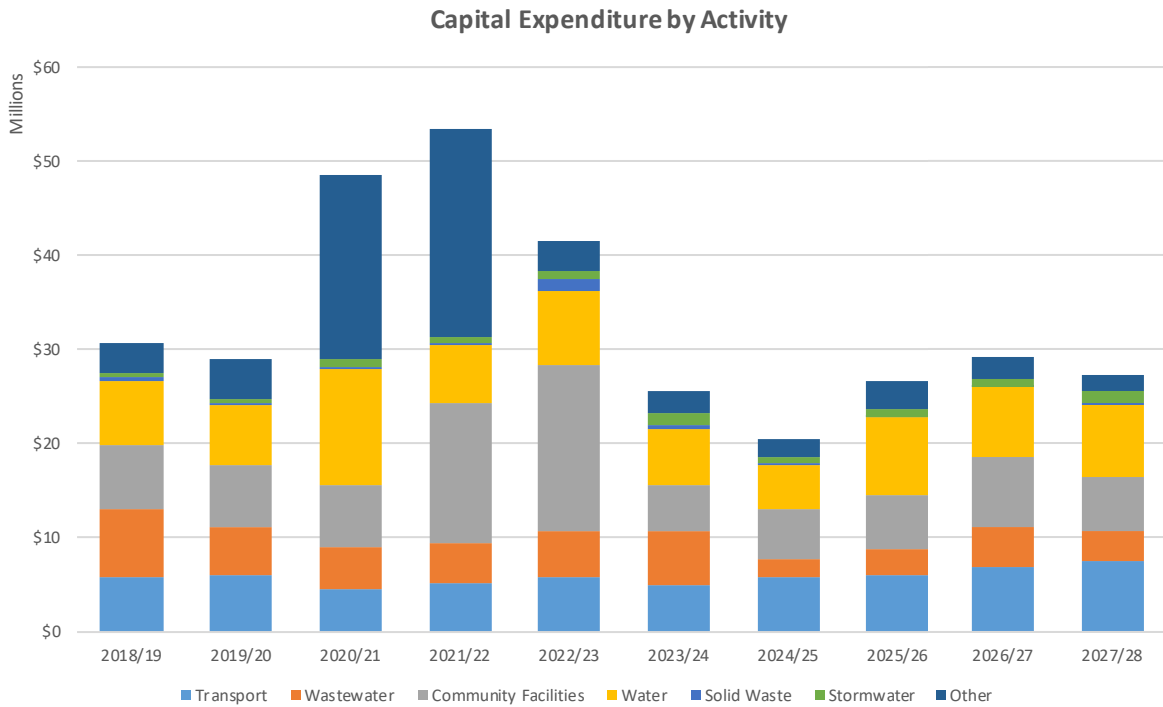
Facilities Funding and Expenditure (Inflated values)



- FUNDING - Rates + Fees & Charges
 - FUNDING - Loans
 - EXPENDITURE - Renewals
- FUNDING - Other(contributions, subsidy etc)
 - EXPENDITURE - Operating Expenses
 - EXPENDITURE - Loan repayments
- FUNDING - Reserves(DC's & Depreciation)
 - EXPENDITURE - New Capital

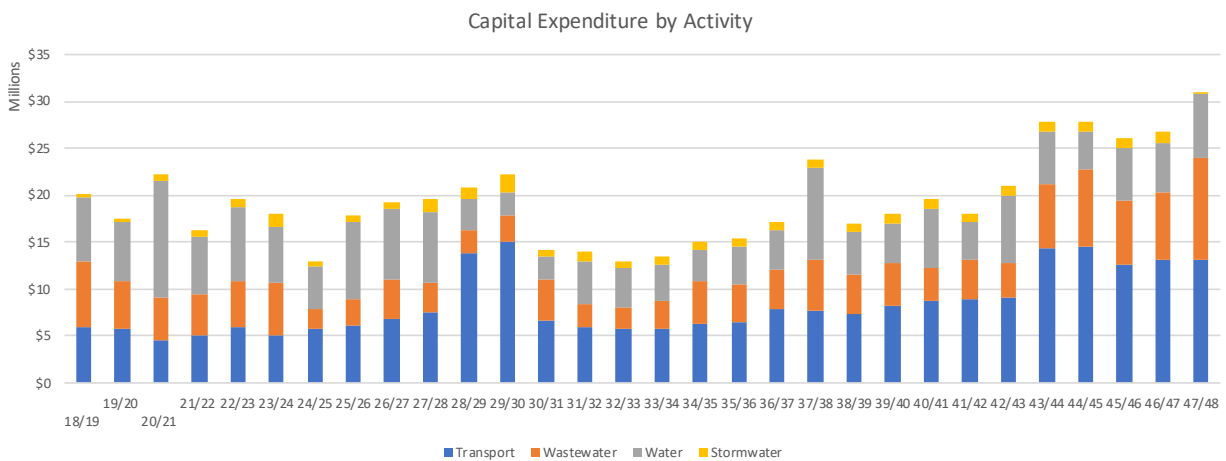
The graph below illustrates the proposed capital and renewal expenditure for each group of activities over the first 10 years of the plan.

Capital expenditure by activity 2018-28



Note - Other includes the groups of activities Economic Development, Community Services, Investments and Democracy and Planning.

Capital expenditure by transport, wastewater, water and stormwater activities 2018-48



Note: This does not include the Solid Waste and Community Facilities activities.

Transport

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Investigation and installation of a roundabout at the Arrowsmith/Kiddle and Napier-Taupō Road intersection.	LOS.	Do nothing.	Minor improvement to safety at this intersection.	Nil.	During Long-term Plan 2024-34 consultation in early 2024.
		Install a roundabout.	Improved traffic safety and flow.	\$2.391 million. Years 2025-26 through to 2027-28.	
Relocation of speed limit sign on Wairākei Drive.	LOS.	Do nothing.	Little improvement to safety at this intersection.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Relocate speed limit sign.	Improved traffic safety and flow.	\$127,000. Year 2018-19.	
Norman Smith Street intersection signalisation.	LOS.	Do nothing.	Increasing travel times and reduced safety.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Complete intersection signals.	Improve travel time and safety.	\$479,000. Years 2018-19.	
Second bridge crossing at the northern entry to Taupō.		Do nothing.	Increasing travel times and reduced safety.	Nil.	During Long-term Plan 2027-37 consultation in early 2027.
		Install second bridge.	Improve travel time and safety.	\$16.9 million. Years 2028-29 to 2029-30.	
Tongariro Street traffic calming.	LOS.	Do nothing.	Poor linkage between the town centre and the lake.	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Undertake traffic calming.	Improved linkage between the town centre and the lake.	\$160,000. Year 2021-22.	
CBD Lakefront Development.	LOS.	Do Nothing.	Poor linkage between the town centre and the lake.	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Undertake traffic calming.	Improved linkage between the town centre and the lake.	\$112,000. Year 2023-24.	
Broadlands Road Widening.	LOS.	Do nothing.	Continued conflict between cyclists and vehicles.	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Undertake road widening.	Reduced conflict between cyclists and vehicles.	\$4.35 million. Years 2023-24 to 2047-2048.	
In-berm car parking Tūwharetoa Street	Renewal.	Do nothing.	Car parking is not provided to cover the loss of carparks from construction of a new Council administration building on the Tuwharetoa Street car park (61 and 67).	Nil.	During the amendment of the Long-term Plan in mid-2019.
		Install in-berm car parking.	Car parking is provided to cover the loss of carparks from construction of a new Council administration building on the Tuwharetoa Street car park (61 and 67).	\$307,000. Years 2019/20.	

Facilities and parks and reserves continued

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Paetiki suburban shopping centre enhancements.	LOS.	Do nothing.	Current poor amenity remains.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Undertake improvements at the shopping centre.	Improved amenity at the shopping centre.	\$103,000. Year 2019-20 and 2020-21.	
Kinloch Hall.	LOS.	Do nothing.	Hall not fit for purpose.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Extend the hall.	Hall suitable for community use.	\$200,000 Year 2020-21.	
Turangi new public toilets.	LOS.	Do nothing.	Existing public toilets in Turangi are not fit for purpose.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Build a new toilet block.	Turangi public toilets fit for purpose.	\$510,000 Year 2019-20.	
Taupo Museum and Art Gallery.	Renewal.	Do nothing.	The on-going protection, care and display of the district's heritage is limited.	Nil.	During the amendment to the Long-term Plan 2018-28 in June 2019.
		Construct a Taupo Museum and Art Gallery.	The on-going protection, care and display of the district's heritage is increased.	About \$22.4 million Year 2020-21-2022-23.	

Investments

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
New Council administration building.	Renewal.	Enter into a long-term lease of a new council administration building.	Staff are all in one location.	Nil.	During the amendment to the Long-term Plan 2018-28 in mid-2019.
		Construct a new Council administration building on 72 Lake Terrace.	Staff are all in one location.	About \$21.6 million Year 2019/20 – 2021/22.	
		Construct a new Council administration building on Tuwharetoa Street car park (61 and 67 Tuwharetoa Street) including two levels of underground car parking.	Staff are all in one location.	About \$37.5 million Year 2019/20 – 2021/22.	
		Construct a new Council administration building on Tongariro Domain.	Staff are all in one location.	About \$25.0 million Year 2019/20 – 2021/22.	
Child and youth friendly centre.	LOS.	Do nothing.	Facilities for youth lacking and not located in close proximity.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Build a new youth hub. New building to bring together all youth facilities.	One location for youth related services making it easier and more convenient for youth to access these services.	468,000. Year 2020-21.	

LOOKING AFTER THE PLACE

we  e

for the next 10 years



Long-term Plan
2018-28
Taupō District Council



GREAT LAKE TAUPŌ
Taupō District Council

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A message from your Mayor and Councillors

Welcome to our Long-term Plan for 2018–2028.

As our guiding document for the next 10 years, this plan outlines the services, key projects and initiatives we are planning to deliver.

During the development of this plan, we spent some time looking at what makes our district special and setting a vision to help guide us when making decisions for the future. That vision is to make the Taupō District the most prosperous and liveable district in the North Island by 2022. To underpin that, we adopted a number of values which you can read about in the next few pages. This has helped us strike a good balance between what we need to do to maintain what we already have, and what we need to do to help drive our vision to meet our current levels of service. The partnerships within our community are vital to achieving this work.

Maintaining what we already have is fundamental to our district's success. In developing our infrastructure strategy, we have increased our renewals programme over the next decade from \$98 million to \$149 million. We have also set ourselves an ambitious capital expenditure programme and will begin work on a number of strategies that will help guide future development in a number of areas from transport to how we use our sports fields.

Providing clean safe drinking water to our communities is one of our key goals. We have set out a programme of water treatment upgrades planned to ensure safe, clean drinking water is supplied to all communities connected to a council supply. We will begin with the upgrade of Acacia Bay's water supply, which will be connected to the Taupō water treatment plant at an estimated total cost of \$4.5 million. We will soon be having a discussion with our communities about how we fund these upgrades going forward.

In terms of traffic, this plan provides for investigative work into the possibility of a new bridge downstream from the Control Gates Bridge. Following the hearing of submissions, we decided to place plans to improve traffic flow in other areas of the Taupō CBD on hold in favour of developing a comprehensive transport strategy which will include vehicular, pedestrian and cycle facilities as well as parking.

In terms of public spaces, we have allowed for the continuous upgrade of intersections in the Taupō CBD, the development of a destination play space in Taupō with play facilities for all ages and abilities, as well as looking after our environment with capital works for

erosion control in Kuratau and Ōmori, and in Taupō. We have also included \$15.7 million as a placeholder for a new council administration building until a masterplan is developed to guide the development of a proposed cultural precinct in the vicinity of the Great Lake Centre. We have also set aside \$2.5 million as a contribution to upgrading Taupō Airport, the gateway to our district for an increasing number of travellers. We have also ensured our other main settlements have not been forgotten, with a number of key projects provided for in Turangi, Kinloch and Mangakino.

We have increased our budget by \$350,000 in the 2018/19 year to increase our preventative work for wastewater spills and we have budgeted an additional \$220,000 per year for wastewater renewals, repairs, inspections and cleaning as we move to take a more proactive approach to the management of our wastewater network.

We will also be starting a review of our District Plan, the main document that sets the framework for managing land use and development within our district.

From a finance perspective, we have maintained our strong position and our financial strategy has seen rates increases limited to the Local Government Cost Index plus 1.5 per cent each year. By 2020, our rates revenue will no longer be subsidised by interest earned by the Taupō Electricity Limited (TEL) fund and that will allow us to create a community fund for worthwhile projects. The average rates increase for the 2018/19 year is set at 3.44 per cent, followed by 2.67 per cent in 2019/2020 and 2.59 per cent in 2020/2021.

Finally, we would like to acknowledge those who took the time to provide feedback to our draft plan. We received over 334 submissions. These submissions resulted in 28 separate decisions, which were a direct result of us listening and you being heard – such as our district pools becoming free to local children under five.

To those who took the time to have their say on the plan, thank you.

Your Council



David Trewavas
His Worship the Mayor



Rosie Harvey
Deputy Mayor



John Boddy
Taupō-Kaingaroa Ward Councillor



Barry Hickling
Taupō-Kaingaroa Ward Councillor



Rosanne Jollands
Taupō-Kaingaroa Ward Councillor



Tangonui Kingi
Turangi-Tongariro Ward Councillor



Anna Park
Taupō-Kaingaroa Ward Councillor



Christine Rankin
Taupō-Kaingaroa Ward Councillor



Maggie Stewart
Turangi-Tongariro Ward Councillor



Kirsty Trueman
Mangakino-Pouakani Ward Councillor



John Williamson
Taupō-Kaingaroa Ward Councillor

Statement of compliance

Council and management of Taupō District Council confirm that all the relevant statutory requirements of part six of the Local Government Act 2002 have been complied with.


Council and management of Taupō District Council accept responsibility for the preparation of the Long-term Plan and the prospective financial statements presented, including the assumptions underlying the prospective financial statements.

The prospective financial statements contained within this Long-term plan were authorised for issue on the 26 June 2018 by Council.

The opening balances in the prospective statement of financial position is derived from the most recently completed financial statements being 30 June 2017, adjusted according to the 2017/18 Annual Plan movements and/or any other forecast movements that are materially different from the 30 June 2017 closing position.

Future annual plans will be used to update the financial forecasts outlined in this Long-term Plan. The Long-term Plan will be formally reviewed every three years.

In the opinion of Council and management of Taupō District Council, the Long-term Plan for the 10 years commencing on 1 July 2018 provides a reasonable basis for long-term integrated decision making, co-ordination of the Taupō District Council's resources and provides a basis for accountability to the community about the activities of the Taupō District Council.



Signature

D Trewavas

Mayor

26 June 2018



Signature

G Green

Chief Executive

26 June 2018



Signature

AJ Menhennet

Head of Finance and Strategy

26 June 2018

Our Long-term District Strategy for 2018–2028

Taupō District Council's vision is 'To be the most prosperous and liveable district in the North Island by 2022'.

As your Mayor and Councillors, we want the Taupō District to be the 'Heartbeat of the North Island' not only by its geographical position but by creating world class, authentic and resilient communities that people want to be a part of. We want our district to be known for its charm, to be vibrant, and to also offer a quality experience for both residents and visitors, while creating real value in what we offer and by the way we do things. We will work closely and collaboratively with our partners to ensure the best possible outcomes are achieved for our community, including iwi, and to maximise any opportunities.

To help guide our strategy we have used a core set of values to underpin our decision-making when it comes to the services and activities we carry out as a Council. These are:



World Class

The work we do will maintain – and build on – our international reputation as a destination of choice. We will promote an excellent quality of life for our residents while protecting the natural environment that makes our district so special.



Vibrant

The vibrancy of our district will be created by well-connected communities who work together to create a positive, fun environment people want to call home.



Authentic

We will be open and transparent in the way we carry out our business and offer an experience that is genuine and real.



Quality

We enable people to prosper by working to keep unemployment low, housing affordable and ensuring whatever we do is the best it can be.



Resilient

Our plans, infrastructure and work programmes will be designed to ensure we are prepared to withstand or recover quickly from disasters and/or difficult situations. We will be flexible and respond quickly to change.



Value

We will retain and attract residents and businesses by ensuring the district remains affordable and ensuring the work we do creates a better life for people and their families.

This long-term strategy continues to align with the goals we set ourselves in the last Long-term Plan of:

- Ensuring that the Taupō District remains a great place to live;
- Promoting economic development;
- Protecting our water resources and using them wisely;
- Maintaining the quality infrastructure that we have and
- Keeping rates and debt affordable.



Charming

Our district's reputation will be built on the attractiveness of our towns, the diversity of the experiences we offer, and the friendliness of our people.

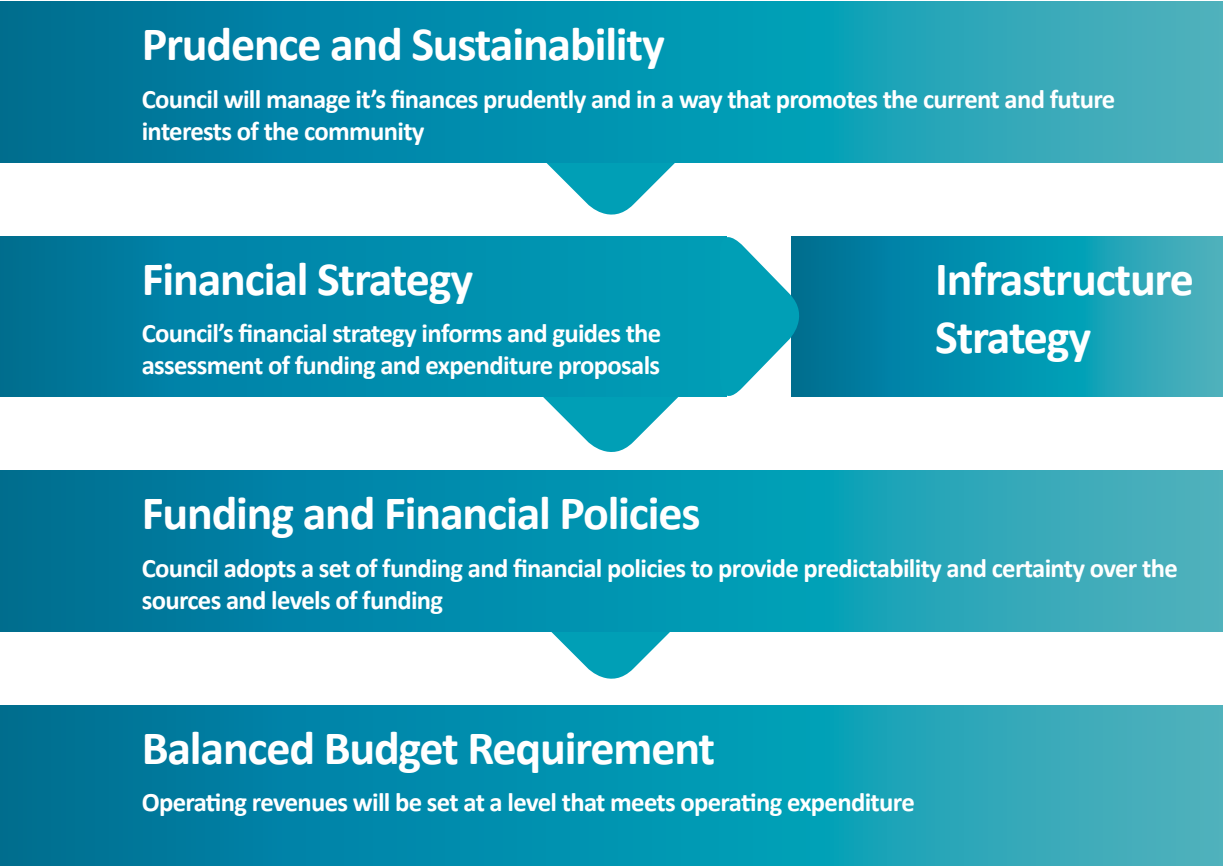
We want to build on the strong foundation we have built over the past three years.

Financial strategy

Introduction

This financial strategy continues the focus Council set in Long-term Plans 2012-22 and 2015-25 on prudently managing our investments and borrowings, keeping rates affordable and sustainable and looking after the assets we have while maintaining levels of service.

This strategy outlines Council’s financial vision for the next 10 years and the impacts on rates, debt, levels of service and investments. It will guide Council’s future funding decisions and, along with the Infrastructure Strategy, informs the capital and operational spending for the Long-term Plan 2018-2028. It identifies the challenges that we want to respond to with our financial goals.



In the previous strategies, we identified a number of financial challenges that faced the district and the measures to address them. This strategy supports this approach and illustrates how we are currently tracking against our objectives.

Council made significant investments in infrastructure and community assets from the mid 2000’s including the Eastern Arterial Bypass (ETA), the upgrade of the AC Baths, upgrades to water treatment plants in Taupō, Turangi and Mangakino to meet Ministry of Health drinking water standards, and wastewater treatment plant upgrades in Taupō, Mangakino and Turangi.

As these investments provide intergenerational benefit it is appropriate that they were funded by loans to share the cost across today’s and tomorrow’s ratepayers. This has resulted in Council’s current high gross debt level.

Up until the last couple of years Council’s revenue from sources other than rates was lower than projected. This was partially a consequence of the global financial crisis that resulted in a slow-down in the creation of new subdivisions and building activity. In addition, development and sales of Council land did not proceed as planned.



The package of interconnected measures Council implemented in 2012 to ensure we had a prudent and sustainable financial strategy for the future included:

- Selling some investment assets – we sold some land and forestry assets to fund previously capitalised interest payments and reduce debt
- A new funding model was introduced to improve fairness, sustainability and efficiency
- Reviewed infrastructure spending, operating costs and levels of service – we maintained operational levels of service, so that residents and ratepayers continued to enjoy the facilities we already have. We also deferred some infrastructure development, because growth, and therefore demand was lower, or because of the very high costs on small communities.
- Economic development investment for the district to attract new industries and create new jobs.
- Council has been successful over the last five years in implementing the planned financial strategy.

Rates have been within the limits set in the financial strategies of 2012 and 2015. Debt has reduced from a peak of \$168 million in 2014 to \$144 million by 2018 and we have maintained our levels of service.

We have continued with our strategy of selling surplus non-strategic land both as bare land parcels for private sector development and we have successfully completed a staged subdivision at Botanical Heights with all 39 sections sold.

Council harvested part of its forestry block at Tirohanga in 2017 and will look to harvest the remaining Tirohanga blocks over the next few years. Net proceeds from these sales will be set aside for debt reduction.

Challenges we have identified

Demographics

Council has prepared a Demographic Snapshot in 2017 to provide an overview of the population and demographic estimates for the district and main settlements. It provides one single source of information for population and demographic estimates and while there may be short-term peaks and troughs, it will reflect much longer-term trends. It uses data from Statistics New Zealand medium projections. The main population and demographic trends that are relevant for the financial strategy are outlined below. More information is available in the Demographic Snapshot.

Growth then decline in population

The population of the Taupō district has seen steady growth in recent times but projected growth into the future remains modest before peaking in late 2030s. The district population is projected to increase from 34,800 in March 2013 to a peak of 39,100 in 2038 before declining. This will have financial implications as Council will need to provide and fund infrastructure for this growth and then continue to fund it through the decline in the population. However, as discussed in the Infrastructure Strategy, we do not know how the decline in population and therefore the number of houses for sale will impact on the number of holiday homes in the district and how this will impact on the provision of infrastructure.

Aging population and affordability

While an aging population is a worldwide phenomenon, it is anticipated that this will be highly pronounced in the Taupō District over the next 30 years. Currently (2018) 18 per cent of the population is aged 65 years and over but this is projected to increase to 25.4 per cent in 2033 and 28.5 per cent in 2043. As most of these people will be retired and many on fixed incomes affordability of rates will be an issue for some. With increasing expenditure required for infrastructure in the next 30 years, the desire to reduce Council debt, and the aging of the population affordability of rates will need to be taken into account in future financial strategies.

Changes in numbers of dwellings

The long-term trend, for the past 50 years, has been for a decrease in the number of people living per dwelling. This is true across all ages but particularly with an increasing aging population. As retirees disinvest from larger family, to smaller homes suitable for one or two residents, the reduction in average occupancy per household will result in an increase in household formation. Projections show a growth in households at a rate slightly faster than the population. However, the growth in households also peaks in the 2038. The increase in households potentially enables a greater rate take but as many of these new households will be on fixed incomes, the ability to pay increased rates will be limited.

As these changes are long-term trends we need to keep monitoring them in subsequent Long-term Plans. We do not consider that there will be changes in capital and operating costs in this Long-term Plan in providing for these trends.

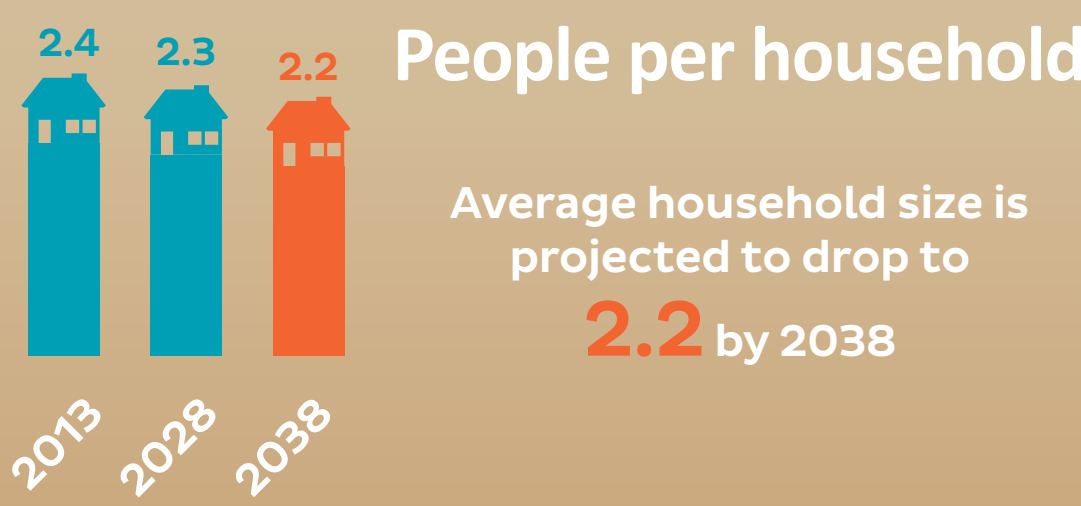
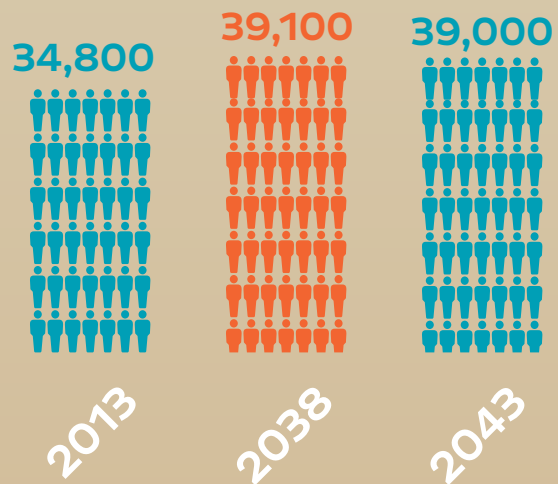
Ageing population

At least
1 in 4
people will be
aged 65+ by 2051



Population change

Population peaks at
39,100 in 2038



People per household

Average household size is
projected to drop to
2.2 by 2038

Infrastructure issues

The Infrastructure Strategy outlines the main themes and issues that arise from these over the next 30 years. These are:

Theme one:

Population and demographic change

Issue One:

New infrastructure is required to cater for growth, primarily in Taupō town and Kinloch

Issue Two:

An ageing population may drive a change in demand for the services that we provide

Issue Three:

An aging population on fixed incomes facing increasing infrastructure costs may result in rates that are unaffordable for our ratepayers

Issue Four:

It is projected that our population will decline but there is uncertainty about what the impact will be on the number of dwellings that need to be serviced by infrastructure

Theme two:

Protecting the health of our communities and the environment

Issue Five:

Some of our communities may face a health risk without safe and clean drinking water supplies

Issue Six:

The availability and supply of raw water will come under increased pressure

Issue Seven:

Protection of the environment will drive increased costs for Council's wastewater and stormwater discharges

Issue Eight:

Every year we have a number of wastewater overflows with many of these entering the lake. This is unacceptable to Council and community.

Theme three:

Maintaining and renewing our infrastructure

Issue Nine:

A range of Council's assets may be nearing the end or already at the end of their useful life and need renewal, however we do not know how many assets this issue potentially affects

Theme four:

Resilient infrastructure

Issue 10:

The district is vulnerable to a wide range of events, including natural hazards that could cause significant damage and disruption to Council's services at any time

Theme five:

Knowledge gaps

Issue 11:

We have knowledge gaps across facilities and parks and reserves which means we are not strategic in our provision of facilities and parks and reserves

Further information on these themes and issues can be found in the Infrastructure Strategy.

Dispersed infrastructure demands

The district has a number of water supply schemes (19) and wastewater treatment plants (11) dispersed around the district, many of them servicing smaller communities. The dispersed nature of these smaller networks can result in higher costs to operate them, from communications to enable automation and remote monitoring to staffing levels to respond to and maintain the networks and plants. There are also increased costs to ensure each of the plants/networks irrespective of size meets the required national standards and consent conditions. All these issues mean that dispersed infrastructure results in higher operating costs than in other districts with less dispersed infrastructure assets.

This has been addressed by the whole of the district contributing to the cost of most infrastructure across the district. For example, wastewater, transport and stormwater are rated district-wide. However, water is currently funded by fixed targeted rates specific to that particular scheme. Council treats, stores and distributes water for residential, commercial, rural and industrial properties in Taupō, Turangi, Mangakino and 16 other schemes in the district. The 2015-25 Long-term Plan signalled that Council will consider whether the current scheme-based approach to funding the provision of water is economically sustainable, or whether we should move to an alternative. This issue will be addressed within the first five years of this Long-term Plan as significant water projects are planned in the next 10 years, otherwise targeted rates for water may become unaffordable for the smaller communities.

Renewals

In the 2015-25 Long-term Plan we identified that we did not have complete information about the condition of our underground infrastructure. As a result we invested in condition assessment programmes over the last three years. The results of these investigations have shown us that we need to invest more in the renewal of our infrastructure assets over the next 10 years to ensure that we maintain levels of service. This has been reflected in this 2018-28 Long-term Plan where our 10 year renewals programme has increased from \$98 million to \$149 million.

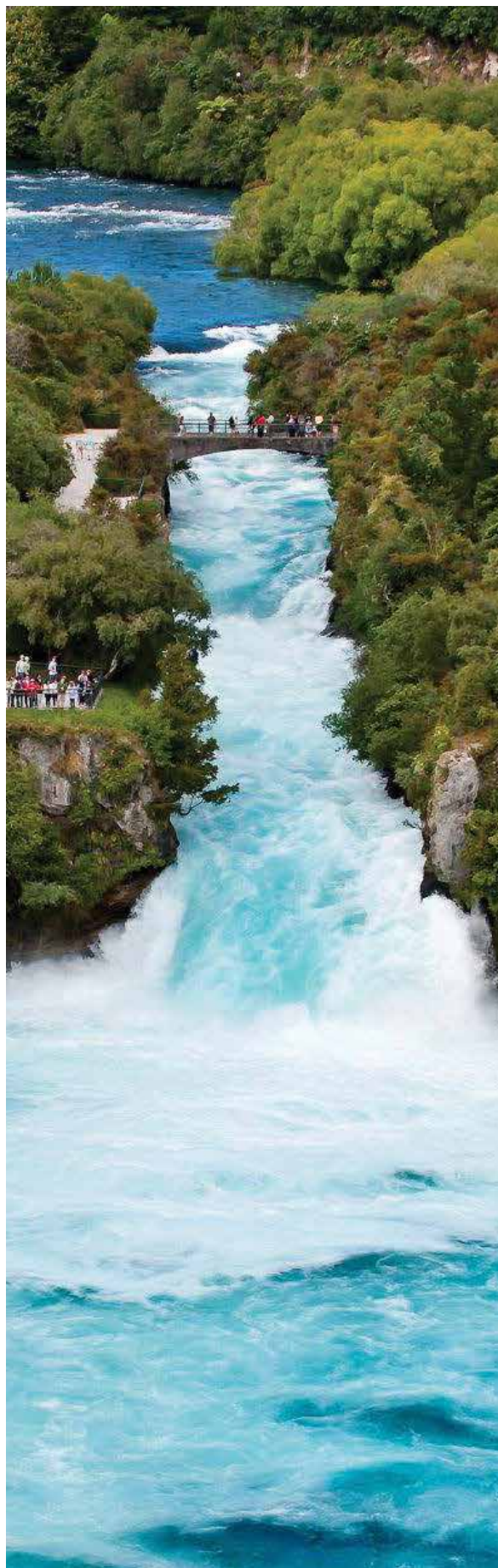
Capital expenditure

There have been a number of factors that have resulted in an increase to the capital expenditure programme within this Long-term Plan. These include the accelerated growth in some areas of the district such as Taupō town, which has required additional projects such as Tauhara Ridge reservoir to be included. Also we need to ensure our infrastructure is resilient to failures so we have included water security of supply projects such as the Poihipi reservoir (a component of this project is for growth and a component for resilience). Changes in legislative standards have caused a change in consent requirements, which have resulted in projects being brought forward (for example the Atiamuri wastewater project). There are projects in this Long-term Plan which will increase the level of service provided to the community such as the transportation projects relating to improving traffic flow through Taupō's CBD. Council has also set aside \$2.5 million as a contribution to an upgrade of the Taupō airport contingent on the Taupō Airport Authority being able to attract government funding. This Long-term Plan provides for upgrades to the remaining water schemes required to meet the NZ drinking water standards which will increase the levels of services to those communities.

Due to the success of the financial strategy over the last five years this has enabled Council to include place-making projects in this Long-term Plan. This supports Council's current vision of being the most prosperous and liveable district in the North Island by 2022.

Council offices

We have had to vacate our Council administration building due to high costs for earthquake strengthening and asbestos removal. Council is currently leasing six individual offices in the Taupō CBD and so is undertaking a project to identify the best solution for a future Council building. As part of the site selection process an opportunity has been identified to combine some civic/community functions on one of the possible sites. \$15.7 million has been included in years three and four of this Long-term Plan for this project.



Our approach going forward

We have set ourselves a number of financial goals that we intend to achieve by 2028. These goals support our three key principles of this financial strategy:

- Keeping rates affordable and sustainable;
- Looking after the assets we have while maintaining levels of service; and
- Prudent management of our investments and borrowings.

These goals are intended to assist in addressing the challenges that we have identified.

Financial Prudence	1. Run a balanced budget in every year of the Long-term Plan. This means that operating income will meet or exceed operating expenditure in each year.
	2. Maintain Council's AA Standard and Poor's (S&P) credit rating.
Income	3. Annually review fees and charges revenue to ensure that they are set at the appropriate levels.
	4. Continue the sale of surplus land assets to reduce debt.
	5. Investigate opportunities for growing non-rate revenue to reduce the reliance on rates.
Rates	6. Complete the removal of the TEL income rates subsidy by June 2020.
	7. Maintain the limit on rates revenue at 80 per cent of operating revenue.
	8. Limit rates increases to LGCI + 1.5 per cent in each year of the Long-term Plan.
Expenditure	9. Investigate taking a district-wide approach to the funding of the separate water schemes to achieve financial sustainability for the water activity.
	10. Continue to fund 100 per cent of the wearing out of assets over their lifetime (funding of depreciation) in each year of the Long-term Plan.
	11. Continue to fund the growth component of capital expenditure projects by development contributions and developer agreements.
	12. Improve the delivery performance of the planned capital expenditure programme by implementing a new planning and project management framework.
	13. Increase third party funding for new community projects by building closer relationships with other agencies, government departments and community groups.
Borrowing	14. Look after the assets we have by providing sufficient renewal budgets from reserve funds or loans to meet the asset renewal programmes outlined in the asset management plans.
	15. Maintain gross external borrowing below 200 per cent of operating revenue.
Levels of service	16. Maintain borrowing costs to below 10 per cent of revenue in each year of the Long-term Plan.
	17. Maintain levels of service as set out in the Long-term Plan 2018-28.
Planning for emergency events and contingencies	18. Grow the disaster recovery reserve contributions from \$100,000 per annum to \$500,000 per annum by 2028. This will grow the disaster recovery reserve to \$5 million by 2028. Due to the uncertainty of disaster events, no drawdown of the fund has been budgeted.
	19. Maintain the capital of the TEL community fund to be available as part of a disaster recovery fund.
	20. Maintain appropriate insurance cover, activity budgets and committed borrowing facilities to mitigate costs related to unexpected events.

Keeping rates affordable and sustainable

It is always a balancing act between meeting the wants and needs of our communities whilst keeping rates affordable and sustainable. This financial strategy has been prepared with this at the forefront of our thinking.

Financial prudence

Council will maintain a balanced budget in every year of the Long-term Plan. This means that Council will ensure that operating revenue is set at a level that meets or exceeds operating expenditure. Council aims to provide certainty around affordable rates increases over time and plans to avoid volatility of large rate increases in some years followed by smaller increases in other years. Council manages this by smoothing the capital works programme where appropriate and in the outer years of this strategy we plan to run some small surpluses. These surpluses will be applied to debt reduction.

Council has maintained its AA credit rating from Standard and Poor's (S&P). This is reflective of Council's strong financial management and budgetary performance. Council's strategy is to retain its AA credit rating by ensuring that it operates in a financially prudent manner and stays within the limits imposed within this financial strategy.

Income

Council's main source of operating revenue is from rates, both general and targeted. In addition to this Council receives revenue from fees and charges for a wide variety of the services that we deliver. Council's Revenue and Financing Policy sets out the funding sources for services that Council delivers. Council will review its fees and charges annually to ensure that they are set at appropriate levels and comply with the funding ranges set in the revenue and financing policy.

Council has identified surplus non-strategic land that it owns (which includes residential, commercial and industrial land), and has been actively marketing this land as market conditions allow. Council has forecast property sales throughout the 10 years of the Long-term Plan. The proceeds will be used for debt reduction. Given the nature of the property market the timing of these sales may vary to what has been forecast. This will have a flow on impact to the timing of debt reduction to what is forecast in the Long-term Plan. Council owns forests at Tirohanga and Rangitaiki, and these forests will be harvested as they reach maturity with the net proceeds to be applied to reducing debt.

Council will investigate opportunities for growing non-rate revenue to reduce the reliance on rates whilst remaining cognisant that the current rates revenue stream significantly shields Council from cycles in the national and regional economy.

This strategy continues Council's commitment to removing the rates subsidy provided by the TEL fund by June 2020 and establishing a "TEL community fund". The future income from the TEL community fund will be available as partnership funding for approved community projects

Rates

To help achieve what we think is a good balance we have set the following limits on rates:

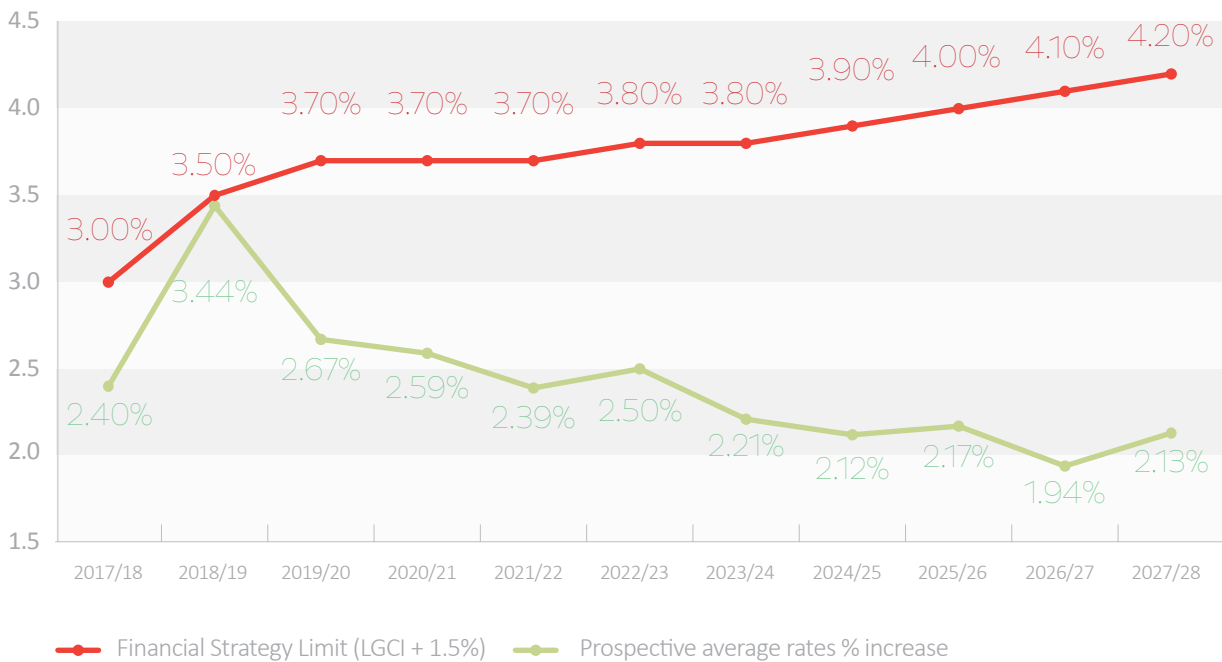
- Total rates revenue must not exceed 80 per cent of operating revenues
- Rate increases may not exceed the forecast Local Government Cost Index (LGCI) +1.5 per cent

On current economic projections, this equates to a rate increase limit of between 3.5 per cent- 4.2 per cent (after adjusting for growth in rateable properties) over the 10 years of the Long-term Plan.

Local government infrastructure costs, as measured by the Local Government Cost Index (LGCI) increase at a higher rate than the Consumer Price Index (CPI). We believe that the limits that we have set for rates still allow us to provide for and maintain existing levels of service and to meet any additional demand for services.

Council currently has a heavy reliance on rates as the main source of operating income. The current limit on rates revenue “that it must not exceed 80 per cent of total operating revenue” will be maintained in this strategy.

% Prospective average rates percentage increases



District-wide funding of water

In this Long-term Plan 2018 – 28 Council will give consideration to whether the current scheme based approach to funding the provision of water is economically sustainable, or whether to move to an alternative, like district-wide funding of residential water supply (similar to how wastewater is currently funded).

Providing clean, safe drinking water to our communities is one of the core services that Council provides. Access to water is also essential for economic development in the district.

Working towards meeting drinking water standards set by the Government, and ensuring security of supply, means that we need to upgrade a number of Council water treatment plants. We also need to continue to operate and maintain the 19 water schemes across the district.

The objectives for moving to a district-wide funding approach to water are:

- To ensure that the on-going provision of clean, safe drinking water is financially sustainable and affordable for all communities connected to a Council water supply scheme
- To create a simple and easily understood rating system for the provision of water services



Looking after the assets we have while maintaining levels of service

Council is tasked with providing good quality local infrastructure, local public services, and cost effective regulatory functions. This financial strategy is designed to maintain the level of services, facilities and regulatory functions provided by Council.

Expenditure

Council will continue to fund 100 per cent of depreciation of its assets over the assets' lifecycles. This methodology is used to provide intergenerational equity in that each year ratepayers are contributing to the consumption or wearing out of the assets used in that year. This also means that Council is setting aside funding for the eventual replacement of those assets.

Council will continue to use Development Contributions and developer agreements to fund the growth proportion of new assets required as a consequence of growth. This methodology ensures an equitable funding split to the cost of new assets.

Council has had a poor record of delivering all of its capital works programme in recent years. As a result we have implemented a new project management framework and have a focus on improving the planning and delivery of capital projects.

Council will investigate opportunities to grow its sources of third party funding for new capital projects. Council will achieve this by building closer relationships with other agencies, government departments and community groups. Recent examples of this are the Ministry of Health funding on upgrading water schemes. The government has also announced the tourism infrastructure and

regional economic development funds to which we have applied for funding.

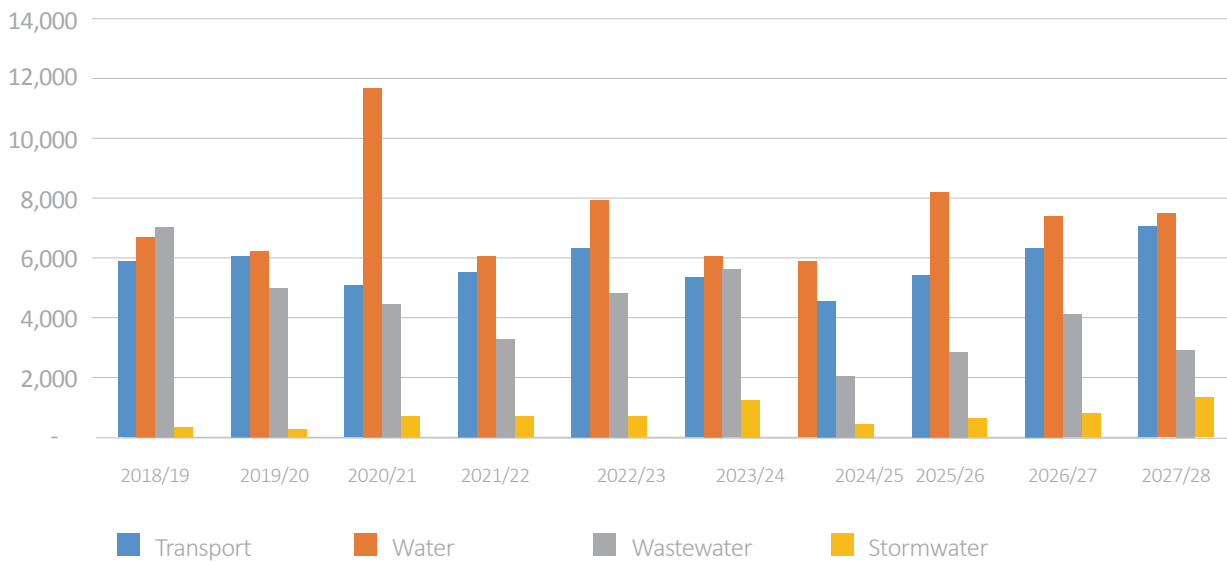
A key strand of Council's financial strategy for many years has been to look after the assets that we have whilst maintaining levels of service. Council will maintain its existing levels of service. Council will achieve this by continuing its investment in condition assessment programmes for its assets and also by continuing its investment in robust asset management systems that capture full information about the assets to enable Council to plan asset renewal programmes and provide for the funding of those renewals as outlined in the asset management plans. Due to the condition assessment programmes over the last three years we now better understand the condition of our assets which has resulted in a more accurate and increased renewals programme. The focus on increasing the knowledge of the condition of Council's assets will continue in this strategy.

Asset renewal planning is at various stages of maturity across Council's asset groups, from renewals based on detailed asset condition information to renewals based on life expectancy.

Our proposed capital programme reflects the existing capacity within our infrastructure network and is considered sufficient to cater for the expected changes in population and land use and maintain our current levels of service. The graph below illustrates our proposed combined capital and renewal expenditure for each of the network infrastructure activities over the 10 years of the plan.



\$,000
 Network infrastructure capital expenditure



Prudent management of our investments and borrowings

This strategy maintains Council’s current prudent and conservative approach to the management of its investments and borrowings to ensure that today’s and future generations of ratepayers share both the benefits and the costs of Council services.

This financial strategy continues to build capacity within our balance sheet through the management of our investments and borrowings to accommodate any unforeseen financial circumstances in the future.

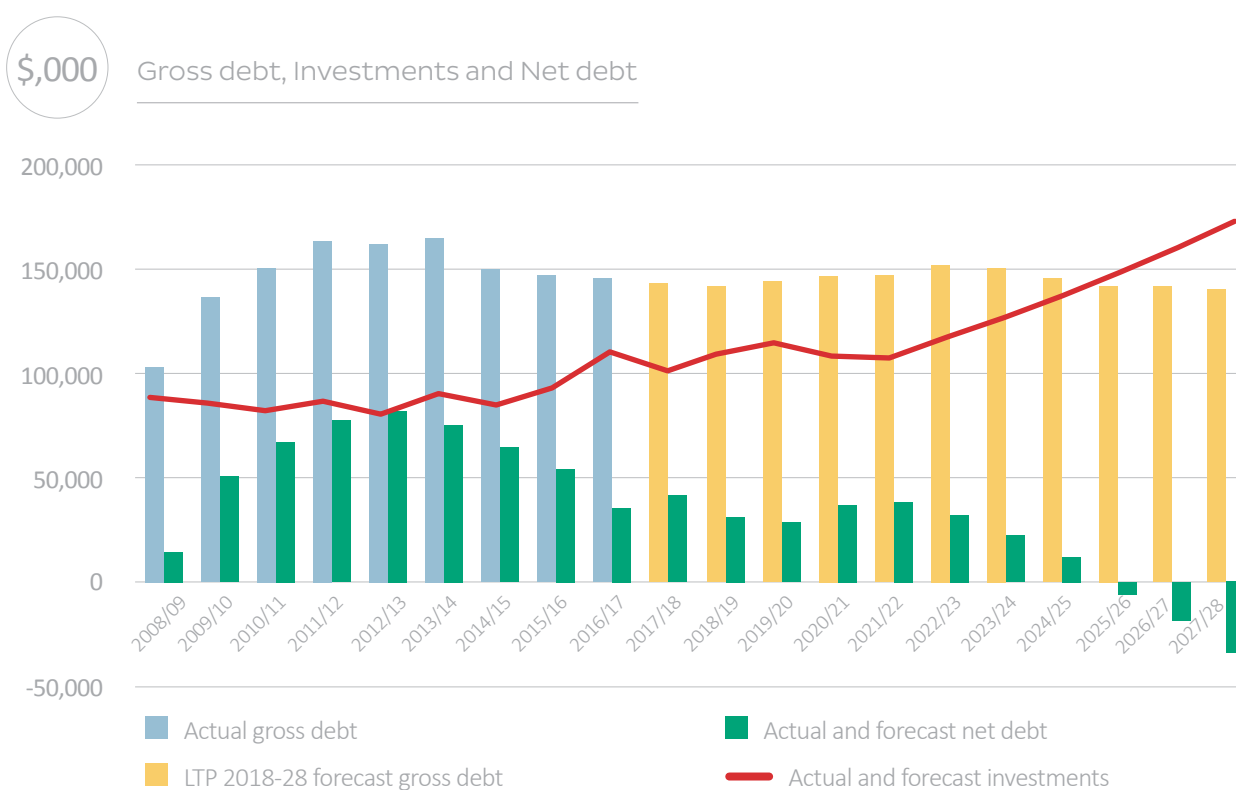
Borrowing

This strategy targets maintaining Council’s gross external borrowing below 200 per cent of operating revenue. This will be achieved by a combination of prioritising the timing of new capital expenditure and applying property and forestry sales to debt reduction. This approach needs to be actively managed and monitored by Council to achieve the goal.

Council currently meets the debt servicing benchmark (borrowing costs to be below 10 per cent of revenue) set by the Government’s financial prudence regulations. This strategy will ensure that Council continues to meet this benchmark. This will be achieved by a combination of managing debt levels, borrowing costs and increasing revenue.

Investments

Council has significant financial investments, including the TEL Fund, and these investments offset a relatively high level of gross debt, which results in a current net debt as at 30 June 2017 of \$36 million. This level of net debt is prudent and sustainable for the size of the district and the assets Council owns.



Planning for emergency events and contingencies

Council maintains a disaster recovery reserve as one element of planning for unexpected natural disasters. Currently Council contributes \$100,000 per annum to this reserve. This strategy aims to increase that contribution by \$50,000 per annum in each year of this strategy until the contribution reaches \$500,000 per annum in 2027. Provided no withdrawals are required from this disaster recovery fund over the 10 year life of this strategy the balance available in the fund in 2028 will be \$5 million.



Policy on giving security for borrowing

Council normally secures its borrowings against rates income. Council has a Debenture Trust Deed that provides the mechanism for lenders to have a charge over its rates income.

Council may provide security over specific assets. This is limited to where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. project finance);
- Council considers a charge over physical assets to be appropriate; and
- Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

For further information on Council's approach to borrowing, refer to the Liability Management Policy (part of the Treasury Management Policy).

Financial investments and equity securities

Financial Investments

In its financial investment activity, Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/return is always applied. Council will act effectively and appropriately to:

- Protect Council's investments;
- Ensure the investments benefit Council's ratepayers; and
- Maintain a prudent level of liquidity and flexibility to meet both planned and unforeseen cash requirements.

Council's general and special fund investment returns are benchmarked to a market interest rate. The market interest rate is the mid-point policy benchmark rate based on 0-12 months where there are enforced minimum percentages. The benchmark is constructed as follows:

50.0 per cent 6-month BKBM mid-rate (average of reporting month)

50.0 per cent 6-month BKBM mid-rate, six months ago (average of month)

= 100 per cent



TEL fund

The TEL fund was established after Taupō Electricity Limited (TEL) and Taupō Generation Limited (TGL) were sold in 1995. Council historically used the TEL revenue to fund Council projects and/or subsidise rates.

Council decided in 2015 to use the assets of the TEL Fund to create a community fund and that the revenue be used to fund community projects. Council has been steadily reducing the amount of income applied as a rates subsidy since 2015. This means that in June 2020 the TEL fund would be inflation proofed with a projected value of approximately \$59 million, and the income from the fund (projected to be \$1.3 million after inflation proofing) could be dedicated to community projects.

The TEL fund has additional benefits to our community. Council's Standard and Poor's (S&P) credit rating is enhanced by the high level of liquidity that the fund offers. In the event of a natural disaster Government funds 60 per cent of underground assets with Council being required to fund the rest. Having the TEL fund means that Council can fund its share without having to pay a significant insurance premium.

Council would like the TEL Fund Portfolio to earn at least a return of between 100 and 200 basis points higher than the 90 day bill rate.

Equity securities

Council maintains equity investments and other minor shareholdings. Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the Long-term Plan. Equity investments may be held where Council considers there to be strategic community value.

Council's main equity investments are held in the TEL Fund. Council also has an equity shareholding in the Taupō Airport Authority, the New Zealand Local Government Funding Agency Limited, and the New Zealand Local Government Insurance Corporation Limited.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment.

Taupō District Council also holds other asset investments. These comprise commercial, industrial and residential land investments, forestry investments, commercial and semi commercial property, including community housing and camping grounds.



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 Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its Long-term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

Rates affordability benchmarks

Council meets the rates affordability benchmark if:

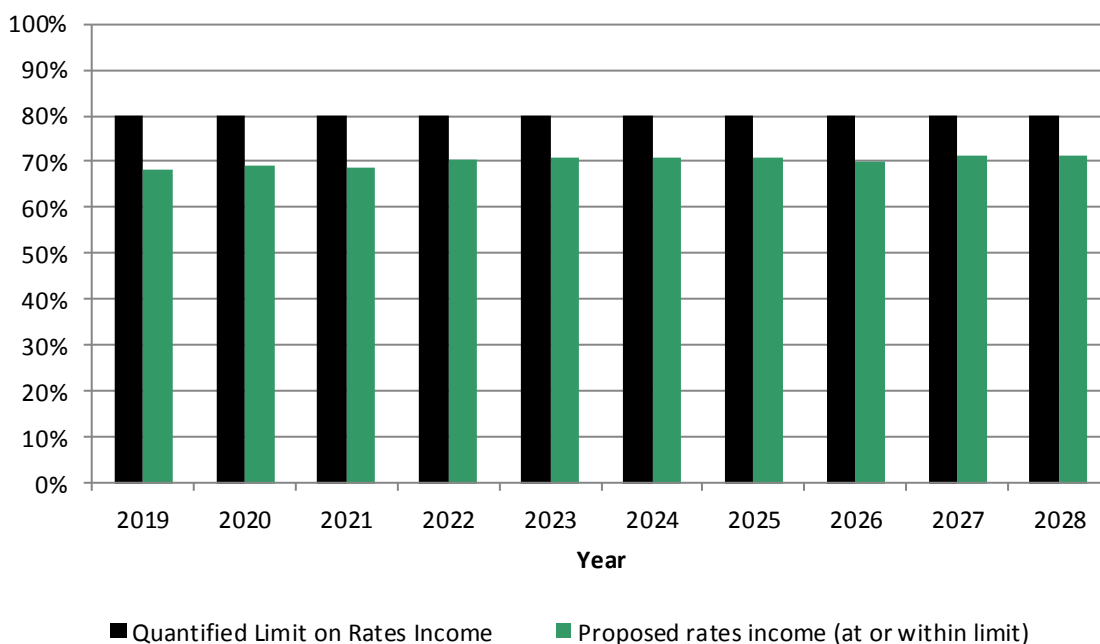
- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

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 that total rates revenue must not exceed 80 per cent of operating revenues.

Council meets this benchmark for the 10 years of the plan.

Rates (income) affordability



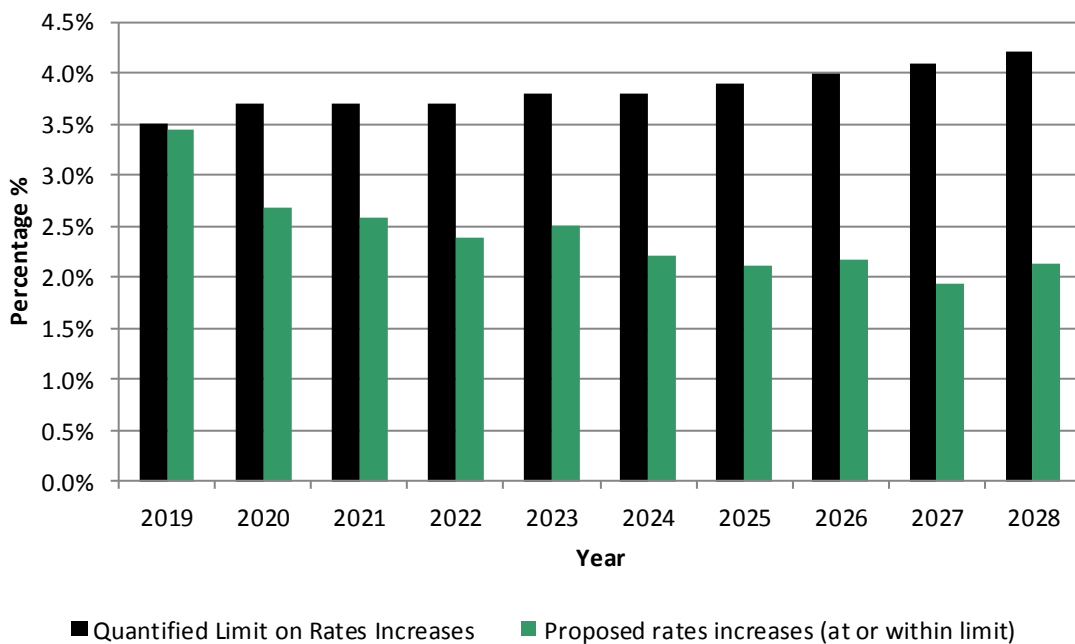


Rates (increases) affordability

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 LGCI + 1.5 per cent.

Council meets this benchmark for the 10 years of the plan.

Rates (increases) affordability



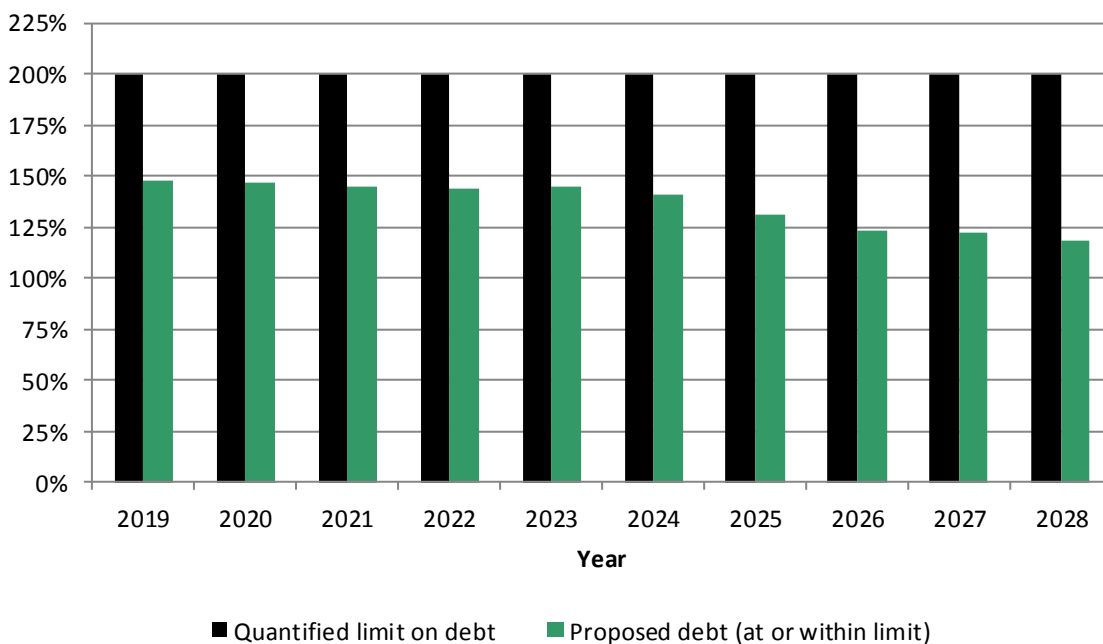


Debt affordability benchmarks

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 that gross external borrowing may not be more than 200 per cent of annual operating income.

Council meets this benchmark for the 10 years of the plan.

Debt affordability





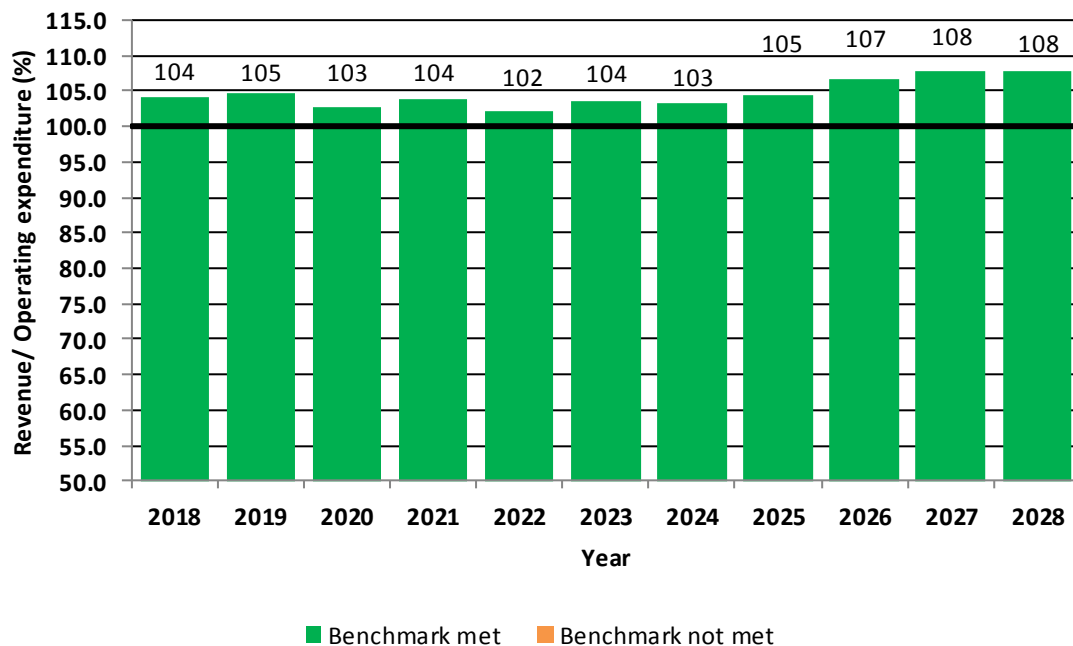
Balanced budget benchmark

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 derivate 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.

Council meets this benchmark for the 10 years of the plan.

Balanced budget benchmark





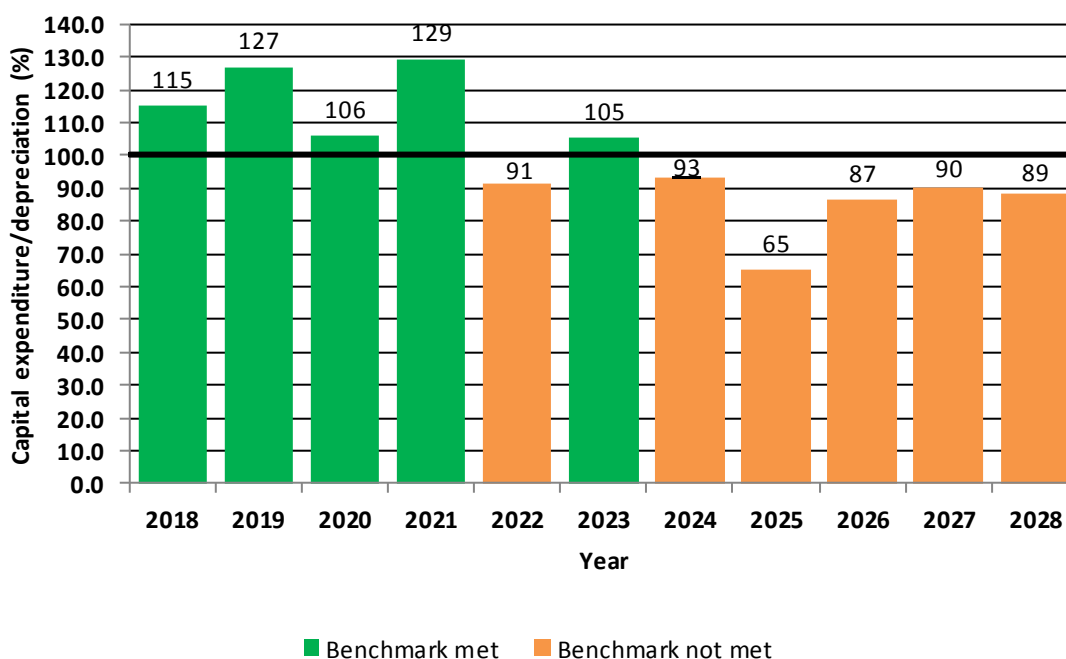
Essential services benchmark

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.

Council exceeds this benchmark in four out of five of the first five years of this plan. Council through its asset management plans has developed renewal programmes for its assets based on when they need replacing. The levels of these programmes fluctuate over the 10 years of this plan.

Essential services benchmark





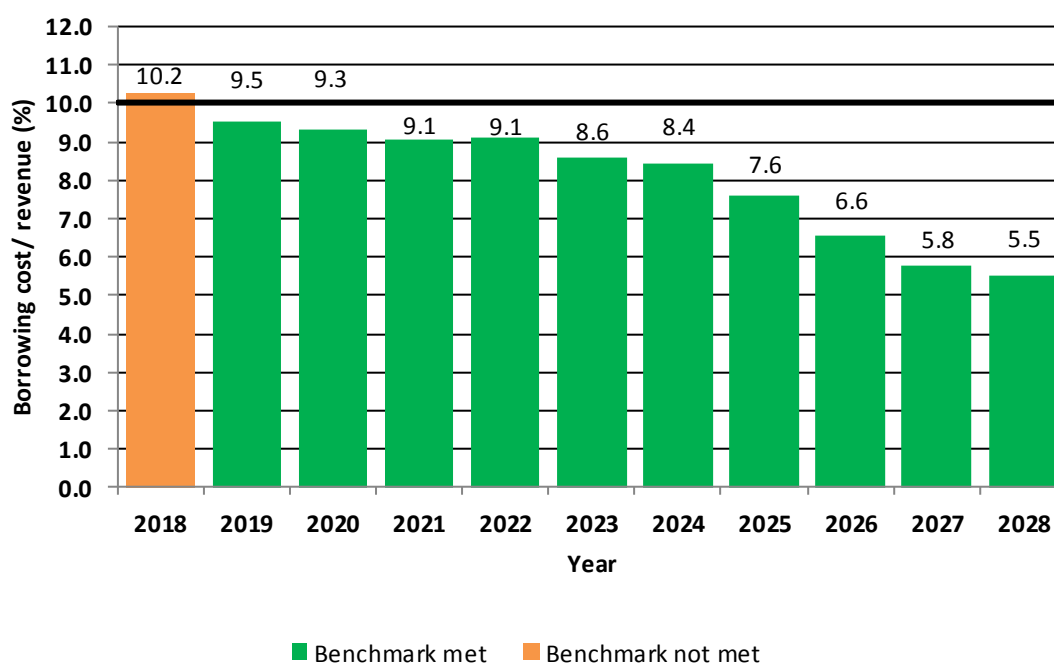
Debt servicing benchmark

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 our district’s population will grow more slowly than the national population is projected to grow, we meet the debt servicing benchmark if our planned borrowing costs equal or are less than 10 per cent of its planned revenue.

Council meets this benchmark for the 10 years of the plan.

Debt servicing benchmark



Whole of Council Funding Impact Statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	39,692	41,404	43,062	44,534	45,823	47,414	48,431	50,105	52,115	53,828	55,151
Targeted rates	22,773	24,166	24,673	25,453	26,353	27,057	28,087	28,452	28,562	28,869	29,644
Subsidies and grants for operating purposes	1,952	2,326	2,371	2,463	2,513	2,599	2,663	2,764	2,840	2,949	3,027
Fees and charges	9,706	11,071	10,866	11,015	11,258	11,593	11,778	12,062	12,447	12,659	13,037
Interest and dividends from investments	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Local authorities fuel tax, fines, infringement fees, and other receipts	990	1,121	1,144	1,167	1,192	1,219	1,247	1,276	1,307	1,339	1,375
Total operating funding (A)	78,243	83,878	85,972	88,873	91,322	94,177	97,052	99,981	103,156	106,143	109,404
Applications of operating funding											
Payments to staff and suppliers	51,174	54,140	55,138	55,917	57,138	58,397	59,798	61,317	62,913	64,236	65,852
Finance costs	8,642	8,510	8,376	8,452	8,617	8,464	8,470	7,877	7,075	6,364	6,258
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	59,816	62,650	63,514	64,369	65,755	66,861	68,268	69,194	69,988	70,600	72,110
Surplus (deficit) of operating funding (A – B)	18,427	21,228	22,458	24,504	25,567	27,316	28,784	30,787	33,168	35,543	37,294
Sources of capital funding											
Subsidies and grants for capital expenditure	4,572	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Development and financial contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Increase (decrease) in debt	(2,541)	(1,929)	2,320	2,532	71	4,682	(665)	(5,658)	(2,910)	(757)	(1,372)
Gross proceeds from sale of assets	2,023	6,773	3,310	3,239	870	2,609	2,084	1,270	2,174	2,174	870
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	5,328	9,001	10,675	10,232	5,512	11,642	5,727	168	4,071	5,333	3,736
Application of capital funding											
Capital expenditure	3,206	2,495	352	1,511	851	1,031	3,938	677	540	5,390	976
• to meet additional demand	10,017	14,211	14,083	21,988	17,662	13,688	7,792	5,503	9,132	6,211	10,350
• to improve the level of service	10,112	13,983	14,242	14,757	13,358	14,334	13,966	14,388	17,005	17,567	15,989
• to replace existing assets	420	(460)	4,456	(3,520)	(792)	9,905	8,815	10,387	10,562	11,708	13,715
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	23,755	30,229	33,133	34,736	31,079	36,958	34,511	30,955	37,239	40,876	41,030
Surplus (deficit) of capital funding (C – D)	(18,427)	(21,228)	(22,456)	(24,504)	(25,567)	(27,316)	(28,784)	(30,787)	(33,168)	(35,543)	(37,294)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-



Groups of activities

We deliver a range of services on behalf of the community. This section explains what Council does and why, key projects over the next three years, how we will measure our performance, how the activity will be funded and the cost of the service.

Council has 10 groups of activities:

- Community Services
- Water
- Transport
- Community Facilities
- Wastewater
- Solid Waste
- Stormwater
- Democracy and Planning
- Investments
- Economic Development

These groups of activities reflect the core services that Council must undertake as required by the Local Government Act 2002. It also reflects the local public services that the community has signalled support for Council to provide.

Over the 10 years of this plan, Council intends to provide the same level of service as is currently provided. This is reflected in the performance measures.

Council undertakes a Residents and Ratepayers Satisfaction Survey on a regular basis. The last survey was undertaken in 2017.

Council's community outcomes

Community outcomes outline the outcomes Council wants for the district. Our community outcomes were reviewed in 2011 and are:

- Economy – our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities;
- Environment – a shared responsibility for places we are proud of; and
- Engagement – Council is connected with its communities, advocating for their social and cultural well-being.



Community services

What we do

The activities in this group are community engagement, regulatory services and emergency management, which contribute to the engagement and environment community outcomes.

Why do we do community engagement?

We work to develop district neighbourhoods and communities by working directly with and alongside them. We work with community groups, organisations and central government agencies to promote co-operation and collaboration. Council's "Our Neighbourhood, Our Future" programme focuses on regenerating the social and physical aspects of our communities and their neighbourhoods. We will continue this programme, focusing on the contribution of young people as emerging leaders for local decision-making.

We work alongside Māori to inform them about Council issues and engage them in our decision making processes. We also encourage our staff to improve their knowledge of the Māori community and Te Reo Māori and the tikanga of our local iwi where needed.

Community grants are a part of Council's overall support function within the community. The total amount of annual funding for community grants is decided through the Long-term Plan and subsequently distributed in accordance with the Grants and Partnerships Policy 2015. This is done via a partnership agreement or through independent distributing agencies including the Turangi-Tongariro Community Board and Mangakino-Pouākani Representative Group.

We are a World Health Organisation (WHO) accredited safe community which means that we work with our community partners on four key issues – reducing alcohol related harm, intentional and unintentional injury, road safety and crime prevention.

We are an Age Friendly District, which means we work alongside a community steering group who have adopted Age Friendly concepts. We support youth through various programmes including our Youth Leadership programme (Leader in You), the Youth Awards, and Youth Week.

We engage with groups from our community on a range of issues. This partnership approach is in support of our community outcome engagement – Council is connected with its communities, advocating for their social and cultural well-being. The groups we work with include education and health providers.

We fund this activity through the general rate.

Why do we do regulatory services?

Regulatory services are provided to ensure rules and regulations are adhered to for things such as food safety, animal management and safe buildings. This includes:

- Registering, enforcing and ensuring compliance with regulatory functions relating to food premises, liquor outlets, electronic gaming machines, animal control and other bylaws and statutes;
- Enforcing limited time parking spaces in the Taupō CBD;
- Processing resource consent applications and ensuring compliance with the District Plan and consent conditions; and
- Processing building consent applications, inspecting buildings, and monitoring and enforcing the Building Act 2004.

We fund these activities through a mixture of fees and charges, the uniform annual general charge and the general rate.



Why do we do emergency management?

Civil Defence Emergency Management (CDEM) is a function and responsibility of regional, city and district councils. Our Civil Defence role includes community, organisational and business readiness, including public education and awareness, training and exercises, and local response planning.

We are part of the Waikato CDEM Group, which includes the Waikato Regional Council and all 10 district/city councils, as well as emergency services, welfare agencies and utility providers. We also work in partnership with other councils around us to ensure we have well integrated civil defence planning. If an emergency happens in our district, we need to know that our neighbouring councils are also well prepared to help us and vice-versa. We maintain an Emergency Operating Centre based in Taupō. We also have the ability to set up welfare centres in Taupō, Mangakino and Turangi in the event of an emergency.

In addition to enhancing response capabilities Council looks to:

- Continue to build a sustainable understanding of hazards and risks within the district;
- Reduce risks from hazards;
- Increase community preparedness and local ownership;
- Enhance capability to recover from emergencies; and
- Enhance partnerships with and within the community.

We fund this activity through the uniform annual general charge.

Key projects over the next three years

Year	Projects
2018/19	Base set radio.
	Body worn cameras.
	Generator inverter.
	CCTV fibre optic cable.
2019/20	Install fibre at camera locations.
2020/21	Development of community led centres to assist with the provision of welfare in a civil defence emergency.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline (2016/17 result) ¹	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
We continue to support the social and cultural wellbeing of the district.	Promote community led principles with events being community led.	13 community led events.	At least 13 community led events.	At least 13 community led events.	At least 13 community led events.	At least 13 community led events.
We provide community grants.	Percentage of distributing agencies that report annually to Council on the distribution of grants and costs of service for the distribution.	All distributing agencies reported annually on the distribution of grants and costs of services.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
We process resource consents consistently, efficiently and to a high standard, ensuring that property developments are in line with District Plan policy goals.	Percentage of resource consents processed within statutory timeframes as specified under the Resource Management Act 1991.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
	Percentage of resource consents monitored to ensure they comply with the conditions of consent. If consent holders are not complying with the conditions, then appropriate enforcement actions are undertaken expressed as a percentage.	100 per cent of resource consent conditions were monitored to ensure compliance.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
We provide an efficient and reliable building consent and inspection service.	Percentage of all building consents applications processed within 20 working days as specified under the Building Act 2004 Section 48(1).	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
	Percentage of Building Warrants of Fitness audited yearly to ensure the information is correct.	54 per cent.	At least 20 per cent.	At least 20 per cent.	At least 20 per cent.	At least 20 per cent.

¹ All baseline information is provided from the Taupō District Council Annual Report 2016/17 unless otherwise stated.

Level of service	Performance measures and targets	Baseline (2016/17 result) ¹	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
We register and enforce regulatory functions for animal control.	Percentage of known dogs that are registered each year.	99.6 per cent of known dogs were registered.	At least 99 per cent.	At least 99 per cent.	At least 99 per cent.	At least 99 per cent.
We respond efficiently to requests for service.	Percentage of noise complaints that are responded to within two hours.	99.3 per cent.	At least 99 per cent.	At least 99 per cent.	At least 99 per cent.	At least 99 per cent.
We respond efficiently to requests for service.	Food safety – Percentage of food complaints responded to within two working days.	83 per cent.	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.
	Dog control – percentage of initial response within 24 hours for dog control complaints.	99.83 per cent of complaints were responded to within 24 hours.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
We inspect premises regularly.	Percentage of health (funeral homes, camping grounds, hairdressers) premises that are registered and inspected annually to ensure they meet minimum legislative standards.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
	Percentage of food premises that are registered and inspected/audited as required to ensure they meet minimum legislative standards.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
	Percentage of liquor premises that are registered and inspected annually to ensure they meet the legislative minimum standards.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
We educate our communities on preparing for emergencies.	Maintain a work programme that specifically meets Council's individual and shared obligations in the Waikato CDEM Group Plan 2016-21. Measured by the percentage of actions completed within the specified timeframe.	New measure.	100 per cent.	100 per cent.	100 per cent.	100 per cent.

Community services funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	4,452	4,673	4,836	5,034	5,452	5,567	5,681	5,726	5,824	5,858	5,914
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	13	-	13	-	14	-	14	-	15	-
Fees and charges	1,994	2,283	2,323	2,371	2,421	2,473	2,530	2,590	2,651	2,715	2,785
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	423	440	449	458	468	478	489	500	512	524	538
Total operating funding (A)	6,869	7,409	7,608	7,876	8,341	8,532	8,700	8,830	8,987	9,112	9,237
Applications of operating funding											
Payments to staff and suppliers	6,649	7,183	7,384	7,653	8,121	8,316	8,486	8,620	8,780	8,909	9,035
Finance costs	58	53	47	42	38	33	29	25	21	16	14
Internal charges and overheads applied	1	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	6,708	7,236	7,431	7,695	8,159	8,349	8,515	8,645	8,801	8,925	9,049
Surplus (deficit) of operating funding (A – B)	161	173	177	181	182	183	185	185	186	187	188
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(83)	(88)	(88)	(68)	(68)	(68)	(53)	(53)	(53)	(51)	(51)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(83)	(88)	(88)	(68)	(68)	(68)	(53)	(53)	(53)	(51)	(51)
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	15	17	20	-	-	-	5	-	-	-	-
• to replace existing assets	103	130	160	105	135	324	285	100	219	144	99
Increase (decrease) in reserves	(40)	(62)	(91)	8	(21)	(209)	(158)	32	(86)	(8)	38
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	78	85	89	113	114	115	132	132	133	136	137
Surplus (deficit) of capital funding (C – D)	(161)	(173)	(177)	(181)	(182)	(183)	(185)	(185)	(186)	(187)	(188)
Funding balance ((A – B) + (C – D))	-	-	-	-	-	-	-	-	-	-	-

Community services schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Capex											
Increased Level of Service	15	17	20	-	-	-	5	-	-	-	-
Base set raido - inc battery & power pack & aerial	15	17	20	-	-	-	5	-	-	-	-
Generator inverter	-	2	-	-	-	-	2	-	-	-	-
CCTV fibre optic cable - GLC to Police	15	-	-	-	-	-	2	-	-	-	-
Install fibre at all camera locations	-	-	20	-	-	-	-	-	-	-	-
Body Worm Cameras	-	5	-	-	-	-	-	-	-	-	-
Taupo Street CCTV System additional hard drive	-	8	-	-	-	-	-	-	-	-	-
Renewal	103	130	160	105	135	324	285	100	219	144	99
Grand Total	118	147	181	105	135	324	289	100	219	144	99



Water

What we do and why we do it

Water is essential for life, health, recreation and the environment. In our district water is also essential for economic development, if industry has access to water, they are more likely to develop or start up here. This group of activities contributes to the environment and economy community outcomes.

Council treats, stores and distributes water for residential, commercial and industrial properties in Taupō, Turangi, Mangakino and 16 other settlements in the district. That water is supplied continuously, and we have strict requirements for our water contractors to fix any breaks quickly and cost-effectively. We also supply water for firefighting in urban areas.

The Waikato Regional Council allocates water from our lakes and rivers for household, commercial and industrial uses. Council currently has 27 resource consents to take water from lakes, rivers, bores and other sources in the district.

For water schemes that do not yet meet New Zealand Drinking Water Standards, Council investment is focused on ensuring security of supply so that communities can be confident that the supply of potable water is maintained.

Residential water schemes are funded by fixed targeted rates specific to that particular scheme. Rural water schemes are funded by a targeted rate based on land value; the Rakaunui Rd water scheme is also funded by a

land value based targeted rate. All properties other than residential are assessed for water rates on a metered basis. Units of water are provided at no charge up to the threshold at which the level of water usage multiplied by the rate per cubic metre matches the targeted rate. When the threshold is exceeded each cubic metre of water used is charged for at the tariff relevant to that scheme.

In general providing safe drinking water to the community has both public health and environmental benefits. There is however negative effects in providing this service, these include; the risk of contamination; the sustainability of water source; risk of water abstraction volumes getting reduced and difficulty in managing the implementation of demand management plan; cost of providing the service on rate payers, especially smaller communities and the cost of keeping up with drinking water standards requiring significant capital investment.

Variation between territorial authority's Long-term Plan and assessment of water and sanitary services and waste management plan

Water service proposals in this plan are generally consistent with those contained in the Water and Sanitary Services Assessment (2017). Any variations relate to changes in growth predictions and the consequent timing of capital expenditure, because Council's growth model has been revised to reflect the economic environment and the impact on predicted future land uptake. In addition, capital projects for water have different timing because of the need to ensure projects are only started when necessary, and taking community affordability into account.

Meeting the drinking water standards

Providing safe, clean drinking water to our communities connected to a Council supply is one of our key goals.

We have 19 water schemes around the district and are required under legislation to take all practicable steps to ensure we supply drinking-water that complies with the Drinking-Water Standards for New Zealand. We have a programme of water treatment upgrades planned over the next 10 years to ensure we can meet this requirement.

So far, we have upgraded the Taupō, Turangi and Mangakino water treatment plants. The next major upgrade is for the Acacia Bay supply.

When we consulted on our last Long-term Plan we signalled there would need to be a conversation with our communities regarding the funding of all or our water supplies in the future. We are currently developing documentation for a water funding discussion and working on the options however there is a need to upgrade the Acacia Bay supply before that conversation is had. We will be asking our communities for feedback in their near future about the draft strategy and how we plan to fund water in the near future.



Upgrading Acacia Bay's water supply

Our Acacia Bay water treatment plant supplies water to 742 Acacia Bay and 387 Māpara properties, including those in the Māpara Road rural water supply zone. We commissioned engineering consultants Mott McDonald to assess the options for meeting the drinking water standards. When we consulted with the community on the development of this plan, we sought feedback on two options. The first was to build a new water treatment plant in Acacia Bay at an estimated cost of \$6.2 million. The second was to connect the affected properties to the Taupō water treatment plant, meaning the water intake at Acacia Bay would no longer be required. This option also had lower operating costs. More than 70 submissions were received on the options with more than two thirds supporting connecting to the Taupō water treatment plant. Council has therefore included this option in the Long-term Plan as it had the lowest construction cost and lower ongoing operational costs. There was also a lower impact on ratepayers in the Acacia Bay and Māpara Road areas.

Key projects over the next three years

Year	Projects
2018/19	Upgrade the capacity of the Taupō Water Treatment Plant to 30 megalitres per day (MLD).
	Upgrade the Acacia Bay Water Supply to comply with the Drinking-Water Standards for New Zealand (DWSNZ).
	Upgrade the Kinloch security of supply.
	Ōmori water pre-treatment to address poor water quality in storm conditions.
	Tirohanga water intake structure improvements.
2019/20	Upgrade the Acacia Bay Water Supply to comply with the DWSNZ.
	Upgrade the Kinloch water supply to comply with the DWSNZ.
	Ōmori water pre-treatment.
	Tauhara Ridge new water main to supply development.
2020/21	Upgrade the Acacia Bay Water Supply to comply with the DWSNZ.
	Upgrade the Kinloch water supply to comply with the DWSNZ.
	Tauhara Ridge new water main to supply development.
	Reticulation of Five Mile Bay.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline (2016/17 results)	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
Safety of drinking water.	<p>The extent to which Council's drinking water supply complies with: Part 4 of the Drinking-water Standards for New Zealand (Bacteria compliance criteria).</p> <ul style="list-style-type: none"> All schemes. 	All schemes can currently achieve compliance with Part 4 (Bacteria compliance criteria).	All schemes compliant with Part 4 of the DWSNZ.	All schemes compliant with Part 4 of the DWSNZ.	All schemes compliant with Part 4 of the DWSNZ.	All schemes compliant with Part 4 of the DWSNZ.
	<p>The extent to which Council's drinking water supply complies with: Part 5 of the Drinking-water Standards for New Zealand (Protozoal compliance criteria).</p> <ul style="list-style-type: none"> All schemes. 	<p>Taupō, Turangi, and Mangakino schemes can currently achieve compliance with Part 5 (protozoa compliance).</p> <p>Upgrade plan as follows:</p> <ul style="list-style-type: none"> Atiamuri (compliant via section 10 alternative criteria). Waitahanui (from 2019/20). Acacia Bay (from 2021/22). Kinloch (from 2022/23). Ōmori (from 2022/23). Motuoapa (from 2023/24). Hatepe (from 2023/24). River Road (from 2023/24). Whakamaru (from 2024/25). Whareroa (from 2025/26). Tirohanga (from 2025/26). Waihaha (from 2025/26). Whakamoenga (from 2027/28). Bonshaw Park (from 2027/28). Rakaunui Road (from 2028/29). 	Taupō, Turangi, and Mangakino schemes are compliance with Part 5 of DWSNZ.	Taupō, Turangi, and Mangakino schemes are compliance with Part 5 of DWSNZ.	Taupō, Turangi, and Mangakino schemes are compliance with Part 5 of DWSNZ. Waitahanui becomes part of Taupō scheme.	All schemes are compliant with Part 5 of the DWSNZ as per upgrade plan.

Level of service	Performance measures and targets	Baseline (2016/17 results)	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
	<p>The extent to which Council's drinking water supply complies with:</p> <p>Part 8 of the Drinking-water Standards for New Zealand (chemical compliance criteria).</p> <ul style="list-style-type: none"> All schemes. 	<p>Taupō, Turangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru are compliant schemes are compliant with Part 8 (chemical compliance).</p> <p>Upgrade plan as follows:</p> <ul style="list-style-type: none"> Waitahanui (from 2019/20). Acacia Bay (from 2021/22). Kinloch (from 2022/23). Ōmori (from 2022/23). Motuoapa (from 2023/24). Hatepe (from 2023/24). River Road (from 2023/24). Whakamoenga (from 2027/28.) Bonshaw Park (from 2027/28). Rakaunui Road (from 2028/29). 	<p>Taupō, Turangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru are compliant with Part 8 of the DWSNZ.</p>	<p>Taupō, Turangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru are compliant with Part 8 of the DWSNZ.</p>	<p>Taupō, Turangi, Mangakino, Atiamuri, Waihaha, Tirohanga, River Road, Whareroa and Whakamaru are compliant with Part 8 of the DWSNZ.</p>	<p>All schemes compliant with Part 8 of the DWSNZ as per upgrade plan.</p>
Maintenance of the reticulation network.	<p>Percentage of real water loss from Council's networks reticulation system. Methodology in line with Water NZ "Water Loss guidelines"².</p>	<p>We were unable to report on this measure. We are working to resolve some issues with accuracy of our water measurement and reporting to enable meaningful water loss calculation. These improvements are in progress and likely to be finalised in the next three years. We expect to have a measure determined for inclusion in the Long-term Plan 2021-31.</p>	<p>No target until water loss percentage determined.</p>	<p>No target until water loss percentage determined.</p>	<p>No target until water loss percentage determined.</p>	<p>No target until water loss percentage determined.</p>

² Lambert, A., and Taylor, R., Water New Zealand, "Water Loss Guidelines", February 2010, https://www.waternz.org.nz/Folder?Action=View%20File&Folder_id=101&File=100503_waterloss_guidelines.pdf

Level of service	Performance measures and targets	Baseline (2016/17 results)	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
Fault response times.	Median time for attendance for urgent call-outs: from the time that Council receives notification to the time that the service personnel reach the site.	Median response time was 0.6 hours.	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.
	Median time for attendance for non-urgent call-outs: from the time that Council receives notification to the time that the service personnel reach the site.	Median response time was 7.7 hours.	Less than 6 days.	Less than 6 days.	Less than 6 days.	Less than 6 days.
Fault resolution times.	Median time for resolution of urgent call-outs: from the time that the local authority receives notification to the time that the service personnel confirms resolution of the fault or interruption.	Median response time was 2.25 hours.	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.
	Median time for resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that the service personnel confirms resolution of the fault or interruption.	Median response time was 1.12 days.	Less than 7 days.	Less than 7 days.	Less than 7 days.	Less than 7 days.
Customer satisfaction.	The number of complaints received by Council on (a) Drinking water clarity. (b) Drinking water taste. (c) Drinking water odour. (d) Drinking water pressure or flow. (e) Continuity of supply. (f) Council response to these issues. This measure is expressed per 1000 connections to Council networked reticulation.	7.5 complaints per 1000 connections.	Less than 8 complaints per 1000 connections.	Less than 8 complaints per 1000 connections.	Less than 8 complaints per 1000 connections.	Less than 8 complaints per 1000 connections.
Sustainable use of potable water.	The average consumption of drinking water per day per resident within the district expressed as m ³ /day/HEU.	The peak summer (January) water consumption was 1.4 m ³ /HEU per day.	Less than or equal to 1.5m ³ /day/HEU.	Less than or equal to 1.5m ³ /day/HEU.	Less than or equal to 1.5m ³ /day/HEU.	Less than or equal to 1.5m ³ /day/HEU.
Adequate water for firefighting in urban areas.	Percentage of hydrants tested annually to ensure water pressure in urban areas meets FW2 firefighting code of practice standards.	5.2 per cent.	At least 5 per cent.	At least 5 per cent.	At least 5 per cent.	At least 5 per cent.

Water funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform general charge, rates penalties											
Targeted rates	9,132	9,586	9,946	10,622	11,414	11,845	12,285	12,402	12,557	12,701	13,168
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	78	111	114	116	119	122	125	128	132	135	139
Internal charges and overheads recovered	330	271	277	283	289	295	302	310	317	325	334
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	9,540	9,968	10,337	11,021	11,822	12,262	12,712	12,840	13,006	13,161	13,641
Applications of operating funding											
Payments to staff and suppliers	4,112	4,305	4,407	4,601	4,847	5,042	5,125	5,225	5,315	5,377	5,555
Finance costs	1,905	1,961	2,040	2,319	2,657	2,743	2,857	2,732	2,601	2,504	2,605
Internal charges and overheads applied	55	53	55	56	57	59	60	62	63	65	67
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	6,072	6,319	6,502	6,976	7,561	7,844	8,042	8,019	7,979	7,946	8,227
Surplus (deficit) of operating funding (A - B)	3,468	3,649	3,835	4,045	4,261	4,418	4,670	4,821	5,027	5,215	5,414
Sources of capital funding											
Subsidies and grants for capital expenditure	971	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	506	484	733	771	671	609	627	609	603	475	469
Increase (decrease) in debt	895	2,434	1,433	8,737	1,953	4,254	1,077	(383)	3,418	2,641	2,946
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	2,372	2,918	2,166	9,508	2,624	4,863	1,704	226	4,021	3,116	3,415
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	1,000	1,750	-	-	-	-	-	-	18	2,804	-
• to improve the level of service	2,308	1,320	2,914	9,113	3,046	4,939	2,905	1,215	4,748	610	3,759
• to replace existing assets	1,896	3,651	3,452	3,290	3,049	3,019	3,060	3,415	3,495	4,024	3,790
Increase (decrease) in reserves	637	(155)	(365)	1,151	790	1,323	409	417	788	894	1,280
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	5,840	6,567	6,001	13,553	6,885	9,281	6,374	5,047	9,048	8,331	8,829
Surplus (deficit) of capital funding (C - D)	(3,468)	(3,649)	(3,835)	(4,045)	(4,261)	(4,418)	(4,670)	(4,821)	(5,027)	(5,215)	(5,414)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Water schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Capex	3,308	3,070	2,914	9,113	3,046	4,939	2,905	1,215	4,766	3,413	3,759
Growth	-	1,750	-	-	-	-	-	-	18	2,804	-
Mepara water pump station capacity increase	-	-	-	-	-	-	-	-	18	-	-
Taupo water Tauhara Ridge reservoir	-	-	-	-	-	-	-	-	-	2,194	-
Taupo water Tauhara Ridge reservoir - land purchase	-	-	-	-	-	-	-	-	-	610	-
Taupo water treatment plant capacity upgrade to 30 MLD	-	1,750	-	-	-	-	-	-	-	-	-
Increased Level of Service	3,308	1,320	2,914	9,113	3,046	4,939	2,905	1,215	4,748	610	3,759
Acacia Bay water DWSNZ upgrade	100	300	2,153	2,203	-	-	-	-	-	-	-
Bonshaw Park water DWSNZ upgrade	-	-	-	-	-	-	-	-	-	-	1,880
Districtwide portable generator	70	-	-	-	-	-	-	-	-	-	-
Districtwide water IT Server purchase	-	-	-	-	16	-	-	-	-	-	-
Hatepe water DWSNZ upgrade	-	-	-	-	54	660	-	-	-	-	-
Kinloch water DWSNZ upgrade	-	150	423	5,672	999	539	-	-	-	-	-
Kinloch water security of supply	1,000	500	-	-	-	-	-	-	-	-	-
Mepara water upgrade of Blue ridge rising main	-	-	-	-	-	-	-	-	237	-	-
Motuopa water DWSNZ upgrade	-	-	-	-	-	220	2,256	-	-	-	-
Omoroi water DWSNZ upgrade	-	-	-	-	537	2,970	-	-	-	-	-
Omoroi water pretreatment	-	50	256	-	-	-	-	-	-	-	-
Rakaunui Rd water DWSNZ upgrade	-	20	-	-	-	-	-	-	-	-	1,880
River Road water additional storage tank	-	-	-	-	-	-	-	-	-	-	-
River Road water DWSNZ upgrade	-	-	-	-	27	275	-	-	-	-	-
Taupo water Brentwood reservoir - land purchase	-	-	-	-	537	-	-	-	-	-	-
Taupo water Poihipi reservoir	-	-	-	-	-	-	-	347	4,511	-	-
Taupo water Poihipi reservoir - land purchase	-	-	-	-	-	-	564	-	-	-	-
Taupo water reticulation of Five Mile Bay	-	-	21	504	-	-	-	-	-	-	-
Taupo water Tamatea reservoir burst control valve	-	75	-	-	-	-	-	-	-	-	-
Taupo water Tauhara reservoir burst control valve	-	75	-	-	-	-	-	-	-	-	-
Taupo water Tauhara Ridge falling main to Wharewake East Limited	-	-	62	734	-	-	-	-	-	-	-
Taupo water Titoki reservoir burst control valve	-	75	-	-	-	-	-	-	-	-	-
Tirohanga water DWSNZ upgrade	-	-	-	-	-	-	28	289	-	-	-
Tirohanga water intake structure improvements	-	75	-	-	-	-	-	-	-	-	-
Titoki falling main upgrade	650	-	-	-	-	-	-	-	-	-	-
Waihaha water DWSNZ upgrade	-	-	-	-	-	-	28	289	-	-	-
Waihi Village water treatment plant upgrade	-	-	-	-	635	-	-	-	-	-	-
Waitahanui water DWSNZ upgrade	1,488	-	-	-	-	-	-	-	-	-	-
Whakamaru water DWSNZ upgrade	-	-	-	-	27	275	-	-	-	-	-
Whakamaru water Forest View Road water main	-	-	-	-	215	-	-	-	-	-	-
Whakamoenga Pt water DWSNZ upgrade	-	-	-	-	-	-	-	-	-	610	-
Whareroa water DWSNZ upgrade	-	-	-	-	-	-	-	-	-	-	-
Renewal	1,896	3,651	3,452	3,290	3,049	3,019	3,060	3,415	3,495	4,024	3,790
Grand Total	5,203	6,721	6,366	12,402	6,096	7,958	5,965	4,630	8,261	7,437	7,549



Transport

What we do and why we do it

Our transport network provides for the efficient movement of people and goods which is essential for the economic and social wellbeing of the community. Our road and traffic assets have a replacement value of approximately \$457 million (as valued at August 2017). This group of activities is funded through the general rate and this group of activities contribute to the economy and environment community outcomes.

We encourage and support people to use footpaths, cycleways and passenger transport. In particular, we work with Waikato Regional Council and the New Zealand Transport Agency (NZTA), and advocate for district projects, especially those that focus on road safety, or economic development. The district has a disproportionately high number of road traffic crashes that result in death or serious injury, mostly on state highways, which are managed by NZTA.

The subsidy we receive from NZTA is 51 per cent across all activities. Also, we will receive a 100 per cent subsidy for the next three years for Huka Falls Road (a special purpose road) which will reduce to 51 percent after 2021.

The aging population of Taupō will mean an increase in the use of alternative modes especially the number of mobility scooters. These will require wider footpaths and appropriate crossing points.

Passenger transport including the Total Mobility Scheme within the district is subsidised by us and administered by Waikato Regional Council. We currently fund two bus services, one which covers Wharewaka to Wairākei Village and the Taupō to Mangakino service. Patronage is now steady each month, with the main users of the service being students and Supergold card users.

In general, providing a safe road and footpath network has both positive and negative benefits/effects.

Negative aspects include emissions, potential runoff and transport related waste from roads, noise of heavy vehicles and traffic crashes which may result in death and injury. Council has a number of mitigation measures in place to address these negative effects.

Improving traffic flow projects put on hold pending development of a transport strategy

As part of the development of our draft Long-term Plan we consulted with the community on a series of short, medium and long-term options to help improve traffic flow through the Taupō CBD.

Following feedback from the community it was decided to put a hold on those plans in favour of developing a transport strategy that will look at the wider network for all road users, opportunities for walking and cycling infrastructure and traffic management. It was decided however to forge ahead with the installation of signals at the intersection of Norman Smith Street and Wairākei Drive to help ease congestion issues. This work will be done in the 2018/19 year.

Investigative work will also be carried out on the possibility of a new bridge downstream from the Control Gates Bridge, with all options, designs and costings being explored in addition to the potential to work with landowners.

Key projects over the next three years

Year	Projects
2018/19	Poihipi Road widening.
	Seal extension.
	Kinloch Road footpath.
	Norman Smith Street signals.
	Tirohanga Road widening.
	Minor safety improvements.
2019/20	Poihipi Road widening.
	Seal Extension.
	Minor Safety Improvements.
2020/21	Poihipi Road widening.
	Seal extension.
	Minor safety improvements.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline (2016/17 results)	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
The number of serious and fatal crashes on district roads is falling.	Reduction from the previous financial year in the number of fatalities and serious injury crashes on the local road network.	In 2016/17 there were 14 fatal and serious crashes on Taupō local roads.	Reduction of 1.	No change.	Reduction of 1.	Year 2022/-23: no change Year 2023/24: reduction of 1 Year 2024/25: no change Year 2025/26: reduction of 1 Year 2026/27: no change Year 2027/28: reduction of 1.
That our roading network is maintained and in good condition.	The average quality of ride on a sealed road network, measured by percentage of smooth travel exposure. Methodology in line with NZTA Smooth Travel Exposure (STE) Index for sealed roads.	The smooth travel exposure is 96 per cent.	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.
	The percentage of the sealed local road network that is resurfaced (measured in m ²).	214,342m ² (4 per cent) of the sealed local road network was resealed.	At least 3 per cent.	At least 3 per cent.	At least 3 per cent.	At least 3 per cent.
Footpaths are maintained and in good condition.	Percentage of footpaths in the district that fall within the level of service or service standard for the condition of footpaths that is set out in the Territorial Local Authorities (TLA's) Asset Management Plans (AMPs) (maintenance intervention when displacement greater than 10mm for Taupō CBD, Taupō urban areas and Turangi and other urban areas).	91 per cent.	80 per cent.	80 per cent.	80 per cent.	80 per cent.
Fix problems on the network promptly, or tell you why there are delays.	Percentage of customer service requests relating to roads and footpaths that are responded to within five working days.	89 per cent.	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.	At least 90 per cent.

Transport funding impact statement

	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	6,434	6,644	7,046	7,440	6,995	7,445	7,938	8,164	8,392	8,638	9,020
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	1,726	2,051	2,115	2,178	2,263	2,329	2,402	2,482	2,566	2,653	2,739
Fees and charges	115	142	145	148	152	155	159	163	167	172	177
Internal charges and overheads recovered	500	425	434	444	454	465	476	488	501	514	529
Local authorities fuel tax, fines, infringement fees, and other receipts	370	450	460	470	481	492	504	517	530	545	560
Total operating funding (A)	9,145	9,712	10,200	10,680	10,345	10,886	11,479	11,814	12,156	12,522	13,025
Applications of operating funding											
Payments to staff and suppliers	4,705	5,333	5,671	5,648	5,912	6,078	6,250	6,441	6,631	6,829	7,028
Finance costs	1,278	1,172	1,066	990	868	777	777	738	688	656	714
Internal charges and overheads applied	500	425	434	444	454	465	476	488	501	514	529
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	6,483	6,930	7,171	7,082	7,234	7,320	7,503	7,667	7,820	7,999	8,271
Surplus (deficit) of operating funding (A - B)	2,662	2,782	3,029	3,598	3,111	3,566	3,976	4,147	4,336	4,523	4,754
Sources of capital funding											
Subsidies and grants for capital expenditure	3,601	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Development and financial contributions	252	575	685	689	643	519	536	519	570	413	400
Increase (decrease) in debt	(1,143)	(2,408)	(513)	(1,844)	(2,662)	469	(130)	133	102	1,212	1,694
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	2,710	424	2,474	537	(4)	3,149	2,421	3,018	3,228	3,856	4,646
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	284	150	-	-	-	-	-	-	-	-	-
• to improve the level of service	3,719	3,077	2,356	1,108	1,420	1,809	1,206	1,615	1,702	2,474	3,081
• to replace existing assets	2,221	2,687	3,424	3,443	3,697	4,103	3,828	4,128	4,336	4,421	4,524
Increase (decrease) in reserves	(852)	(2,708)	(277)	(416)	(2,010)	803	1,363	1,422	1,526	1,464	1,795
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	5,372	3,206	5,503	4,135	3,107	6,715	6,397	7,165	7,564	8,359	9,400
Surplus (deficit) of capital funding (C - D)	(2,662)	(2,782)	(3,029)	(3,598)	(3,111)	(3,566)	(3,976)	(4,147)	(4,336)	(4,523)	(4,754)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Transport schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Capex	4,003	3,227	2,356	1,108	1,420	1,809	1,206	1,615	1,702	2,474	3,081
Growth	-	150	-	-	-	-	-	-	-	-	-
Footpath at 518 Lake Terrace	-	150	-	-	-	-	-	-	-	-	-
Increased Level of Service	4,003	3,077	2,356	1,108	1,420	1,809	1,206	1,615	1,702	2,474	3,081
Acacia Bay Rd/Wily Tce handrail	-	50	-	-	-	-	-	-	-	-	-
Accelerated renewal - road lighting LED conversion	2,500	-	-	-	-	-	-	-	-	-	-
Anzac Memorial Drive	-	-	204	-	-	-	-	-	-	-	-
Arrowsmith Ave/Napier Road/Kiddle Drive	-	-	-	-	-	-	-	-	59	1,150	1,182
Broadlands Road curve easing	-	-	-	-	-	-	-	-	18	236	243
Broadlands Road widening	-	-	-	-	-	-	56	287	295	-	-
Bus bay - Waikato Street Taupo	75	-	-	-	-	-	-	-	-	-	-
Bus Infrastructure	9	3	9	3	10	3	10	3	11	4	11
CBD Lakefront Development	-	-	-	-	-	22	22	23	24	24	25
Cycle facilities	30	80	61	65	21	-	-	-	-	-	-
Huka Falls footpath	-	150	153	-	-	-	-	-	-	-	-
Huka Falls Lookout carpark	-	200	204	-	-	-	-	-	-	-	-
Kinloch footpath construction	-	250	102	-	-	-	-	-	-	-	-
Lacebark Drive extension	-	100	-	-	-	-	-	-	-	-	-
Lake Terrace/Wharewaka roundabout	-	-	-	-	-	-	-	-	-	-	249
LED Infill lighting	-	-	41	42	-	-	-	-	-	-	-
Mangakino streets - upgrade program	5	40	5	42	5	44	6	46	-	-	-
Minor improvements	169	193	199	205	213	220	226	234	241	250	258
Napier Road & Lake Terrace intersection improvements	-	-	-	-	53	547	-	-	-	-	-
New signs & road marking	25	40	26	26	27	27	45	29	29	30	31
Norman Smith Street intersection investigation	100	-	-	-	-	-	-	-	-	-	-
Northern Access upgrade project - Phase 1	-	479	-	-	-	-	-	-	-	-	-
Northern Access upgrade project - Phase 1 - 50km sign on Wairakei Drive	-	127	-	-	-	-	-	-	-	-	-
On street parking	25	25	26	26	27	27	28	29	29	30	31
Paitiki Suburban Shopping Centre enhancements	-	-	51	52	-	-	-	-	-	-	-
Pedestrian facilities	75	190	143	146	150	153	157	161	165	169	174
Pedestrian facilities (bus shelters)	6	-	6	-	-	-	7	-	7	-	7
Pedestrian facilities (Huka Falls Rd footpath)	100	-	-	-	-	-	-	-	-	-	-
Poihipi Road seal widening	234	300	256	31	267	274	34	287	295	36	311
Retaining wall construction Wily terrace	-	100	102	-	-	-	-	-	-	-	-
Seal extension	400	400	460	470	481	492	504	517	530	545	560
Stock truck effluent facility	250	-	-	-	-	-	-	-	-	-	-
Tirohanga Road widening	-	300	307	-	-	-	-	-	-	-	-
Tongariro Street CISP traffic calming	-	-	-	-	160	-	-	-	-	-	-
Transport survey equipment - new	-	50	-	-	-	-	-	-	-	-	-
Renewal	2,221	2,687	3,424	3,443	3,697	4,103	3,828	4,128	4,336	4,421	4,524
Grand Total	6,224	5,914	5,780	4,552	5,118	5,912	5,034	5,743	6,038	6,895	7,606



Community facilities

What we do and why we do it

Our district offers a wide range of leisure and recreation opportunities and we encourage our residents and visitors to use them. Our strategy is to maintain our community facilities so that we can continue to enjoy them. This group of activities contributes to the engagement, environment and economy community outcomes.

We manage and service parks, reserves, playgrounds, open spaces, multi-purpose sports, entertainment and event venues, as well as pools, gyms and sports grounds throughout the district. This ensures there are sporting, aquatic and recreational opportunities for the community, as well as exercise facilities for the physical and mental well-being of everyone who spends time in the district, including visiting children and their families. We also support the learn-to-swim lessons sponsored by Contact Energy at all our pools. This is an annual agreement which we will continue to seek for this service.

The facilities we operate are:

- Libraries in Taupō, Turangi and Mangakino
- Taupō Museum and Art Gallery
- Great Lake Centre, Taupō Events Centre and community halls

- Parks, reserves, playgrounds and gardens
- Sports grounds
- AC Baths, Turangi Aquatic Centre, Mangakino Community Pool
- Community gyms
- Housing for the elderly
- Public toilets including the Superloo
- Cemeteries

We fund these activities through a combination of fees and charges and the general rate. The proportion of fees and charges recognises the contribution these activities make toward meeting the recreational, social and cultural needs of current and future generations. A small portion of the funding for cemeteries comes from the uniform annual general charge with the majority coming from fees and charges.

Variation between territorial authority's Long-term Plan and assessment of water and sanitary services and waste management plan

The sanitary services (cemeteries and public toilets) proposals in this Long-term Plan are generally consistent with those contained within the Water and Sanitary Services Assessment 2017. Any variations relate to changes in growth predictions and the consequent timing of capital expenditure, because Council's growth model has been revised to reflect the economic environment and the impact on predicted future land uptake. In addition, capital projects for cemeteries and public toilets have different timing because of the need to ensure projects are only started when necessary.



A destination for fun!

A destination play space is planned for Taupō with play facilities for all ages and abilities to be incorporated. A master plan for the new playground is currently being considered with the preferred location being the Tongariro Domain area, though community engagement will be sought over the coming months to finalise both the location and the key components of the playground.

The development will provide locals with a uniquely Taupō play space, as well as a family oriented destination to attract visitors to the district. It is expected that the play space will be linked to the lake and town centre, and any possible developments of a cultural precinct in the area will be taken into consideration by its planners. Community engagement is expected to begin in the coming months.

Lakeshore erosion projects

The Lake Taupō shoreline is a dynamic environment and can be subject to erosion from wave action. We have responsibilities under the Lake Taupō Erosion and Flood Strategy 2009 for undertaking physical works and maintenance of erosion control structures where required on Council reserves. Capital works priorities for the next three years are likely to focus on erosion control works at Ōmori and Kuratau where some offshore restructures are being considered. We also plan to do some design work and are seeking consent for controlling erosion control works on the shore of the lake's main bay, Tapuaeharuru.



Key projects over the next three years

Year	Projects
2018/19	Great Lake Walkway upgrade.
	Erosion control.
	Taupō CBD intersection upgrades.
	Library books.
	AC Baths Hydro slide tube replacement.
	District Sportsground and Recreation Strategy.
	Spa Park Reserve Management Plan review.
	Motutere Recreation Reserve Management Plan.
	New covering on deck at Taupō Events Centre.
2019/20	Turangi Parks equipment rationalisation.
	Erosion control.
	Taupō CBD intersection upgrades.
	Library books.
	Upgrade to private pools at AC Baths.
	Tongariro Domain Reserve Management Plan review.
	Upgraded reception area at Taupō Events Centre.
2020/21	Destination playground.
	Great Lake Walkway upgrade.
	Erosion control.
	Taupō CBD intersection upgrades.
	Tongariro Domain Reserve Management Plan review.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline (2016/17 results)	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
The library is accessible and offers a range of services for the community.	Percentage of the users/visitors that are satisfied with the range of services and variety of the collection.	96 per cent.	At least 75 per cent.	At least 75 per cent.	At least 75 per cent.	At least 75 per cent.
The Great Lake Centre and Taupō Events Centre are accessible and provide the community with a range of services.	The Great Lake Centre retains its Qualmark New Zealand four star rating.	Achieved.	Four star rating.	Four star rating.	Four star rating.	Four star rating.
	Percentage of the users/visitors that are satisfied with the Taupō Events Centre.	85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.
	Percentage of the users/visitors that are satisfied with the Great Lake Centre.	95 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.
Residents and visitors are satisfied with the exhibitions at the Taupō Museum and Art Gallery.	Percentage of the visitors to the museum that are satisfied.	97 per cent.	At least 55 per cent.	At least 55 per cent.	At least 55 per cent.	At least 55 per cent.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline (2016/17 results)	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
We provide a range of public open spaces that are accessible and enjoyed by our users.	Percentage of residential dwellings in urban areas that are within 400 metres of a publicly owned open space.	New measure.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.
	Percentage of users that are satisfied with the current availability of Council open spaces.	New measure.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.
	Percentage of users that are satisfied with the quality of Council-owned parks and open space.	94 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.
	Percentage of users that are satisfied with Council playgrounds.	89 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.
	Percentage of sportsgrounds users that are satisfied with Council's sportsgrounds.	92 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.
Our pools are safe, well-maintained, and attractive for users.	We maintain Pool Safe accreditation at AC Baths and Turtle Pools (formally Genesis Energy Turangi Aquatic Centre - GETAC).	Achieved.	Pool safe accreditation maintained.	Pool safe accreditation maintained.	Pool safe accreditation maintained.	Pool safe accreditation maintained.
	Percentage of users that are satisfied with the range of facilities at the AC Baths, the Turtle Pools (formally GETAC) and the Mangakino Pool.	New measure.	At least 75 per cent.	At least 75 per cent.	At least 75 per cent.	At least 75 per cent.
Public conveniences are clean, safe and fit for purpose.	Percentage of users that are satisfied with Council's public conveniences.	86 per cent.	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.
Council provides well-maintained and accessible cemeteries.	Percentage of users that are satisfied with the appearance and accessibility of Council cemeteries.	New measure.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.

Community facilities funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	16,500	17,760	18,043	18,517	19,018	19,417	19,742	20,019	20,310	20,605	21,015
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	111	142	134	147	122	125	128	131	134	137	141
Fees and charges	2,785	2,930	2,958	3,023	3,093	3,160	3,235	3,315	3,395	3,479	3,615
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	17	18	18	18	19	19	20	20	21	21	22
Total operating funding (A)	19,413	20,850	21,153	21,705	22,252	22,721	23,125	23,485	23,860	24,242	24,793
Applications of operating funding											
Payments to staff and suppliers	13,241	13,909	13,899	14,327	14,784	15,130	15,462	15,788	16,134	16,483	16,849
Finance costs	1,491	1,516	1,571	1,471	1,352	1,278	1,213	1,114	1,005	908	907
Internal charges and overheads applied	457	425	434	443	452	462	472	483	495	507	520
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	15,189	15,850	15,904	16,241	16,588	16,870	17,147	17,385	17,634	17,898	18,276
Surplus (deficit) of operating funding (A - B)	4,224	5,000	5,249	5,464	5,664	5,851	5,978	6,100	6,226	6,344	6,517
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	63	226	314	326	312	265	276	265	281	206	206
Increase (decrease) in debt	(753)	1,526	1,246	(4,282)	(304)	(731)	(994)	(439)	(596)	247	103
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(690)	1,752	1,560	(3,956)	8	(466)	(718)	(174)	(315)	453	309
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	245	595	250	619	260	646	272	677	285	709	300
• to improve the level of service	917	2,973	3,986	2,385	2,437	1,302	1,432	1,341	1,573	1,905	2,175
• to replace existing assets	2,417	3,368	2,472	3,035	2,708	3,082	3,167	3,280	3,716	4,884	3,409
Increase (decrease) in reserves	(45)	(184)	101	(4,531)	267	355	389	628	337	(701)	942
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	3,534	6,752	6,809	1,508	5,672	5,385	5,260	5,926	5,911	6,797	6,826
Surplus (deficit) of capital funding (C - D)	(4,224)	(5,000)	(5,249)	(5,464)	(5,664)	(5,851)	(5,978)	(6,100)	(6,226)	(6,344)	(6,517)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Community facilities schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Capex	1,162	3,568	4,236	3,005	2,698	1,948	1,704	2,017	1,858	2,615	2,475
Growth	245	595	250	619	260	646	272	677	285	709	300
Parks & Reserves - District											
Great Lake Walkway upgrade - widen and improve surface	-	350	-	364	-	380	-	398	-	417	-
Parks Development Contribution											
New neighbourhood reserves	245	245	250	255	260	266	272	279	285	292	300
Increased Level of Service	917	2,973	3,986	2,385	2,437	1,302	1,432	1,341	1,573	1,905	2,175
AC Baths - Pools											
Hydro slide tube replacement	-	1,060	-	-	-	-	-	-	-	-	-
Permanent umbrellas - Lifeguards	-	10	-	-	-	-	11	-	-	-	-
Connect generator to pool pumps	-	-	-	78	-	-	-	-	-	-	-
Bank lockers indoor 25	-	-	-	-	37	-	-	-	-	-	-
Bridge to bombing island	-	15	-	-	-	-	-	-	-	-	-
Private pool upgrade	-	-	1,178	-	-	-	-	-	-	-	-
Antislip trackside learn to swim	-	22	-	-	-	-	-	-	-	-	-
Cemeteries - District											
Cemeteries Interment Infrastructure	7	8	8	8	11	11	11	11	12	15	15
Cemetery Improvements	-	25	5	26	5	27	6	28	6	30	6
Historic Grave Improvements	-	25	-	-	-	-	-	-	-	-	-
New Cemetery	-	-	-	-	-	-	-	-	-	-	61
Community Halls - District											
Kinloch Hall redevelopment	-	-	-	208	-	-	-	-	-	-	-
GLC / Events Logistics Management											
Round conference tables	-	15	-	-	-	-	-	-	-	-	-
Great Lake Centre investigation	50	-	-	-	-	-	-	-	-	-	-
Install dividing wall between Conservatory & East Wing	-	-	-	-	27	-	-	-	-	-	-
Install external intercom system	-	8	-	-	-	-	-	-	-	-	-
Housing for the Elderly - District											
Heating System Konimi Street	-	100	-	-	-	-	-	-	-	-	-
Libraries - District											
Library books	310	310	316	323	330	337	344	352	361	370	379
Turangi Library entrance to improve wheelchair access	-	-	71	-	-	-	-	-	-	-	-
Museum - Taupo											
Environmental control system - Tuwharetoa Gallery	-	-	-	10	-	-	-	-	-	-	-
Barry Brickell sculpture renewal & preservation	-	25	-	-	-	-	-	-	-	-	-
Wifi installation - public	-	3	-	-	-	-	-	-	-	-	-
Digital scanner with feeder	-	1	-	-	-	-	-	-	-	-	-
Altar Stone installation (movable)	-	10	-	-	-	-	-	-	-	-	-
Building alarm upgrade	-	8	-	-	-	-	-	-	-	-	-
Parks & Reserves - District											
Brice St Basketball Court	-	-	36	-	-	-	-	-	-	-	-
CBD intersection upgrades	-	200	204	208	213	217	222	227	233	238	245

Community facilities schedule of capital expenditure continued

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Destination Playground	-	-	15	468	-	-	-	-	-	-	-
Hipapatua Improvements	-	-	-	-	-	-	-	34	582	596	612
Lock Rationalisation	-	20	10	-	-	-	-	-	-	-	-
Taupo Market relocation	-	25	77	-	-	-	-	-	-	-	-
Tongarirō Street upgrades	-	-	-	-	80	-	-	-	-	-	-
Spa Thermal Park new path construction - connect existing to new	-	-	-	-	-	-	-	-	-	-	-
Otumuheke Development	55	-	41	-	-	-	-	-	-	-	-
Fencing contributions (Fencing Act requirement)	20	20	20	21	21	22	22	23	23	24	24
Public Art	25	25	26	130	27	27	28	28	29	30	31
Kinloch lakefront reserve	100	-	-	-	-	-	-	-	-	-	-
CBD Laneway lighting	70	-	-	-	-	-	-	-	-	-	-
Playground Improvements - assist with renewals where like for like no longer appropriate	-	50	51	52	53	54	56	57	58	60	61
Improved Playground Softfall Material - bark to rubberised surfaces	-	20	20	21	21	22	22	23	23	24	24
Spa Park Improvements - Biodiversity based - remove pines and begin restoration along river	-	-	-	-	-	-	-	-	29	298	306
Accessibility Improvements - minor improvements which would not otherwise be done, e.g. ramps, paths etc.	-	10	10	10	11	11	11	11	12	12	12
Turangi Tongarirō National Park Gateway (Waharoa) - TTCB request	-	-	102	-	-	-	-	-	-	-	-
Paitiki Suburban Shopping Centre enhancements	-	-	51	52	-	-	-	-	-	-	-
Atiamuri i basket swing	-	13	-	-	-	-	-	-	-	-	-
Omori/Kuratau shade sail	-	20	-	-	-	-	-	-	-	-	-
Landscape lower Otumuheke Stream banks bathing area	40	-	-	-	-	-	-	-	-	-	-
Owen Delany Park and District Sportsgrounds Strategy	-	-	36	-	-	-	-	-	-	-	-
Turangi rationalisation & upgrade of playgrounds	120	-	-	-	-	-	-	-	-	-	-
Turangi parks equipment rationalisation	-	15	459	-	-	-	-	-	-	-	-
Parks Operations Management											
Mangakino Depot - alarm system upgrade & server provider change	-	12	-	-	-	-	-	-	-	-	-
Project Watershed											
Erosion Control - Kuratau Foreshore	100	110	321	328	75	72	73	75	77	79	81
Erosion Control - Taupo Bay including Lake Terrace Cliffs	-	130	-	389	571	449	459	470	128	131	135
Erosion Control - Erosion Protection Soft Options	-	-	61	-	-	-	-	-	-	-	-
Public Conveniences - District											
Turangi new public toilets	-	-	510	-	-	-	-	-	-	-	-
Sportsgrounds - District											
Hickling Park Sports Improvements	-	75	-	-	-	54	-	-	-	-	-
Mangakino Lakefront & Public Convenience Development	-	-	-	-	372	-	-	-	-	-	-
Public Convenience Reticulation	-	15	153	-	-	-	167	-	-	-	183

Community facilities schedule of capital expenditure continued

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Turangi open space upgrades	-	100	-	52	585	-	-	-	-	-	-
Mangakino Open Space Upgrades	-	200	-	-	-	-	-	-	-	-	-
Superloo Taupo											
Install 3 phase plug for Civil Defence	-	2	-	-	-	-	-	-	-	-	-
Taupo Events Centre - Stadium											
Additional stage units	20	-	-	-	-	-	-	-	-	-	-
Upgrade reception area	-	14	204	-	-	-	-	-	-	-	-
Steps from deck to plant room (Health & Safety)	-	20	-	-	-	-	-	-	-	-	-
Sun shades over deck	-	3	-	-	-	-	-	-	-	-	-
Conservatory over fitness deck - fixing leaking issue & future proofing	-	200	-	-	-	-	-	-	-	-	-
Gym	-	-	-	-	-	-	-	-	-	-	-
Turangi Turtle Pools											
Turangi Aquatic Centre - play equipment	-	30	-	-	-	-	-	-	-	-	-
Renewal	2,417	3,368	2,472	3,035	2,708	3,082	3,167	3,280	3,716	4,884	3,409
Grand Total	3,579	6,936	6,708	6,039	5,406	5,030	4,871	5,297	5,573	7,499	5,884



Wastewater

What we do and why we do it

Council collects, treats and disposes of wastewater from residential, commercial and industrial properties within designated drainage areas of the district, safeguarding the environment and protecting public health. We provide sufficient capacity to serve communities within current designated drainage areas of the district, on a continuous basis. Our wastewater services support our environment outcome.

Council treats and disposes of wastewater in an environmentally responsible way, meeting Waikato Regional Council consent conditions, including odour control at our treatment facilities. We are also responsible for reducing nitrogen discharge from our wastewater treatment plants into the Lake Taupō catchment by at least 20 per cent of 2005 levels by 2020, as part of the Lake Taupō Protection project.

Fats, oils and grease from commercial kitchens can cause sewer blockages and when they are discharged into the sewer they reduce the performance of the treatment plant. In 2010, Council introduced a Trade Waste Bylaw to control this discharge, which was reviewed in 2016.

We have a proactive approach to maintenance and condition assessment in place. This requires an increase in operational expenditure to collect data which will enable accurate forecasting of renewal requirements. It is anticipated that this will result in a reduction of blockages in the wastewater network and reduce overflows into Lake Taupō or waterways. We are also moving to enforce the trade waste bylaw more stringently to reduce the likelihood of blockages in the sewer network or mechanical equipment failure.

The wastewater service is funded by a district-wide targeted rate. This rate applies to every rating unit connected or available to be connected to a Council scheme on the basis of one charge per pan or urinal (with the exception of the residence of a single household which is only levied one charge).

In general, providing wastewater services to the community has both public health and environmental

Working to reduce wastewater spills

Every year, we spend about \$700,000 on renewing and repairing wastewater pipes, and another \$150,000 on inspecting and cleaning them in an effort to avoid any overflows.

Despite this, there are still a number of overflows that happen every year and many of the incidents see wastewater enter the lake. In an effort to make this stop, we have increased our budget by \$350,000 in the 2018/19 year to increase our preventative work and we have budgeted an additional \$220,000 a year each year thereafter for an increased ongoing maintenance programme.

There is also an ongoing issue with people flushing or putting things down the drains that shouldn't be there, with, cooking fat, wet wipes and tree roots causing the biggest issues so we have developed a public education programme to encourage people to do the right thing.

benefits. There are however negative effects in providing this service including the risk of overflows due to the concentration of the wastewater within the reticulation system and illegal connections and discharges.

Variation between territorial authority's Long-term Plan and assessment of water and sanitary services and waste management plan

The wastewater service proposals in this Long-term Plan are generally consistent with those contained within the Water and Sanitary Services Assessment 2017. Any variations relate to changes in growth predictions and the consequent timing of capital expenditure, because Council's growth model has been revised to reflect the economic environment and the impact on predicted future land uptake. In addition, capital projects for wastewater have different timings because of the need to ensure projects are only started when necessary, while also taking community affordability into account.

Key projects over the next three years

Year	Projects
2018/19	Kinloch wastewater land disposal system
	Turangi wastewater balance pond
2019/20	Kinloch wastewater Treatment Plant balance tank
	Taupō wastewater southern trunk main upgrade stage 1
2020/21	Taupō wastewater southern trunk main upgrade stage 1

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline (2016/17 results)	Year 2018/19	Year 2019/20	Year 2020/21	Years 2021/22 to 2027/28
Compliance with resource consents for discharge from the sewerage systems.	Number of abatement notices received by Council in relation to sewerage system resource consents.	0 abatement notices.	≤ 1.	≤ 1.	≤ 1.	≤ 1.
	Number of infringement notices received by Council in relation to sewerage system resource consents.	0 infringements.	0.	0.	0.	0.
	Number of enforcement orders received by Council in relation to sewerage system resource consents.	0 enforcement orders.	0.	0.	0.	0.
	Number of successful convictions received by Council in relation to sewerage system resource consents.	0 successful convictions.	0.	0.	0.	0.
Reduction in nitrogen discharged from wastewater treatment plants into Lake Taupō.	Reduce the total nitrogen discharged from wastewater treatment plants within the Lake Taupō catchment by at least 20 per cent of the benchmark average (10,310 kg/year) by 2020. From 2020 onwards, maintain this reduction.	Reduction of 23 per cent.	Reduction of at least 20 per cent.	Reduction of at least 20 per cent.	Maintain the reduction.	Maintain the reduction.
System and adequacy.	Number of dry weather sewerage overflows from Council's sewerage system that expressed per 1000 connections.	1.68	Less than 3.	Less than 3.	Less than 3.	Less than 3.
Fault response times.	Median attendance time: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system to the time that service personnel reach the site of the overflow or other fault.	0.6 hours.	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.	Less than 1 hour.
Fault resolution times.	Median resolution time: from the time that Council receives notification of a sewerage overflow resulting from a blockage or other fault in Council's sewerage system, to the time that service personnel confirm resolution of the fault or blockage.	2.4 hours.	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.	Less than 4 hours.
Customer satisfaction.	The number of complaints received by Council on: a) Sewerage odour, b) Sewerage system faults, c) Sewerage system blockages; and d) Council's response to issues with its sewerage system. This is expressed per 1000 connections to the sewage system.	9.4 complaints.	Less than 8.	Less than 8.	Less than 8.	Less than 8.

³ Dry weather sewerage overflow means sewerage that escapes a Council sewerage system and enters the environment during a day when less than 1 mm of rain has fallen during a continuous 24 hour period.

Wastewater funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	12,356	13,111	13,339	13,434	13,521	13,700	14,008	14,150	14,111	14,289	14,573
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,091	1,370	1,399	1,432	1,466	1,502	1,540	1,580	1,621	1,664	1,711
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	13,447	14,481	14,738	14,866	14,987	15,202	15,548	15,730	15,732	15,953	16,284
Applications of operating funding											
Payments to staff and suppliers	6,545	6,778	6,839	6,928	7,117	7,429	7,571	7,737	7,821	8,038	8,219
Finance costs	2,463	2,587	2,528	2,383	2,149	1,908	1,872	1,684	1,422	1,226	1,168
Internal charges and overheads applied	128	203	208	213	218	223	229	235	241	247	254
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	9,136	9,568	9,575	9,524	9,484	9,560	9,672	9,656	9,484	9,511	9,641
Surplus (deficit) of operating funding (A - B)	4,311	4,913	5,163	5,342	5,503	5,642	5,876	6,074	6,248	6,442	6,643
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	453	616	1,011	983	930	797	853	797	797	611	611
Increase (decrease) in debt	(484)	952	(1,479)	(2,816)	(6,042)	56	(481)	(3,028)	(2,479)	(648)	(1,417)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(31)	1,568	(468)	(1,833)	(5,112)	853	372	(2,231)	(1,682)	(37)	(806)
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	1,677	-	103	892	591	385	3,666	-	237	1,877	677
• to improve the level of service	1,170	4,255	1,743	-	1,207	2,662	79	81	261	85	88
• to replace existing assets	2,275	2,839	3,176	3,613	2,534	1,844	1,883	1,987	2,372	2,185	2,269
Increase (decrease) in reserves	(842)	(613)	(327)	(996)	(3,941)	1,604	620	1,775	1,696	2,258	2,803
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	4,280	6,481	4,695	3,509	391	6,495	6,248	3,843	4,566	6,405	5,837
Surplus (deficit) of capital funding (C - D)	(4,311)	(4,913)	(5,163)	(5,342)	(5,503)	(5,642)	(5,876)	(6,074)	(6,248)	(6,442)	(6,643)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Wastewater schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Capex	2,847	4,255	1,845	892	1,797	3,047	3,745	81	499	1,963	764
Growth	50	-	103	892	591	385	3,666	-	237	1,877	677
Taupo wastewater Control gate bridge siphon	-	-	-	105	591	-	-	-	-	-	-
Taupo wastewater Eastern trunk main capacity upgrade (stage 1)	-	-	-	-	-	-	-	-	178	1,280	-
Taupo wastewater Eastern trunk main capacity upgrade (stage 2)	-	-	-	-	-	-	-	-	-	73	677
Taupo wastewater Southern trunk main capacity upgrade (stage 1)	-	-	103	787	-	-	-	-	-	-	-
Taupo wastewater Southern trunk main capacity upgrade (stage 2)	-	-	-	-	-	110	846	-	-	-	-
Taupo wastewater Southern trunk main capacity upgrade (stage 3)	-	-	-	-	-	-	-	-	59	524	-
Eastern truck sewer extension investigation	50	-	-	-	-	-	-	-	-	-	-
Kinloch wastewater treatment plant capacity upgrade	-	-	-	-	-	275	2,820	-	-	-	-
Increased Level of Service	2,797	4,255	1,743	-	1,207	2,662	79	81	261	85	88
Districtwide water compliance reporting software	-	30	-	-	-	-	-	-	-	-	-
Districtwide water IT Server purchase	-	-	-	-	16	-	-	-	-	-	-
Kinloch wastewater land disposal system	-	2,200	-	-	-	-	-	-	-	-	-
Taupo wastewater Waitahanui septic tank replacement	-	-	-	-	161	77	79	81	83	85	88
Omori wastewater pond remediation	400	-	-	-	-	-	-	-	-	-	-
Storm flow diversion	50	-	-	-	-	-	-	-	-	-	-
Monitoring bore	40	-	-	-	-	-	-	-	-	-	-
Whakamaru treatment plant upgrade / optimisation	400	-	-	-	-	-	-	-	-	-	-
Turangi wastewater treatment/screen optimisation	60	-	-	-	-	-	-	-	-	-	-
Land disposal system	1,627	-	-	-	-	-	-	-	-	-	-
Acacia Bay wastewater treatment plant upgrade	220	-	-	-	-	-	-	-	-	-	-
Omori wasteater oxiation pond (Pukawa) fencing	-	25	-	-	-	-	-	-	-	-	-
Waihi Village wastewater treatment plant upgrade	-	-	-	-	976	-	-	-	-	-	-
Motutere wastewater treatment plant capacity upgrade	-	100	-	-	-	-	-	-	-	-	-
Kinloch wastewater treatment plant balance tank	-	100	1,743	-	-	-	-	-	-	-	-
Atiamuri wastewater treatment plant upgrade	-	-	-	-	54	385	-	-	178	-	-
District wide fat, oil & grease reception facility extension	-	1,800	-	-	-	-	-	-	-	-	-
Turangi wastewater balance pond	-	-	-	-	-	1,100	-	-	-	-	-
Turangi wastewater pond remediation	-	-	-	-	-	1,100	-	-	-	-	-
Turangi wastewater disposal system improvement	-	-	-	-	-	1,844	-	-	-	-	-
Renewal	2,275	2,839	3,176	3,613	2,534	1,844	1,883	1,987	2,372	2,185	2,269
Grand Total	5,122	7,094	5,021	4,504	4,331	4,891	5,628	2,068	2,870	4,148	3,034



Solid waste

What we do and why we do it

We provide a solid waste system for refuse and recyclables. Waste services include a landfill and resource recovery centre at Broadlands Road, five transfer stations, and litter and recycling bins. We manage solid waste to reduce the likelihood of harm to people and the environment, and to retain the districts' attractive appearance for residents and visitors. Solid waste services contribute to the environment and economic community outcomes.

Council was required to review its Waste Management and Minimisation Plan (WMMP) by the end of June 2018. It adopted the new WMMP in June 2018.

This review resulted in the following target for Council:

“By 2028 increase the quantity of material (tonnes) diverted from landfill from 46 per cent to 51 per cent

To achieve this target the review of the WMMP will look to implement a number of new actions.

- E-waste recycling
- Waste reduction educational support for district marae
- Waste minimisation grants to support community waste minimisation activities
- Increase the number of warranted litter offices within Council's existing staff
- Investigate ways to reduce construction and demolition waste going to landfill
- Support local schools to divert food waste
- Work with the local farming sector to provide waste reduction options

- Education support for local event organisers
- Implementation of a targeted litter reduction programme
- Support and facilitate the reduction of single use plastic bags

The Broadlands Road landfill is operated with individual “cells”, each with its own liner and reticulation system for leachate. When a cell is full, it is capped with soil so that decomposition does not cause adverse environmental effects (bad smells, methane, uncontrolled toxic leachate, etc.).

We also manage three closed landfill sites at Taupō, Mangakino and Turangi. Closed landfills have closure consents which requires Council to monitor them to ensure there are no adverse environmental effects from these sites.

Refuse collection is funded through fees and charges, while disposal is funded through a combination of fees and charges and a targeted rate applied to those areas where the service is available. Litter control is funded through the general rate.

Variation between territorial authority's Long-term Plan and assessment of water and sanitary services and waste management plan

The solid waste service proposals in this Long-term Plan are generally consistent with Council's current Waste Management and Minimisation Plan. Any variations relate to changes in growth predictions and the consequent timing of capital expenditure, because Council's growth model has been revised to reflect the economic environment and the impact on predicted future land uptake. In addition, capital projects for solid waste have different timings because of the need to ensure projects are only started when necessary, while also taking community affordability into account.



Minimising waste across our district

Taupō District Council's Waste Management Minimisation Plan is reviewed every six years, with the latest review being undertaken alongside consultation on the development of this plan. In 2017/18, our services diverted 21,411 tonnes of waste from landfill, including 5.24 million glass bottles, 15.2 million plastic containers, and 8,713 tonnes of green waste, so it is vital that our existing services and infrastructure are assessed to ensure refuse and recycling is managed in a safe, efficient and sustainable manner.

With this in mind, the review proposed a number of new ideas to address the changing waste environment, including an e-waste initiative, cooperation with marae and iwi, community grants to support waste reduction, and increased funding for our composting programme. Community support for these proposals was overwhelmingly positive, and all have now been incorporated into our new Waste Minimisation Management Plan.

Key projects over the next three years

Year	Projects
2018/19	Kinloch Refuse Transfer Station site upgrade.
2019/20	Street recycling bins.
2020/21	Turangi recycling building extension.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
Managing solid waste disposal within the district and increasing diversion from landfill.	The quantity of material (tonnes) diverted from landfill as a percentage of the total waste stream.	New measure.	At least 46 per cent.	At least 46.5 per cent.	At least 47 per cent.	2021/22 -47.5 per cent Increasing to 51 per cent by 2027/28- 51 per cent.
The district has a high level of satisfaction with their waste and recycling services.	Percentage of surveyed users that are satisfied with our recycling and refuse services.	New measure.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.	At least 85 per cent.
	Compliance with resource consent conditions for our landfills.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.

Solid waste funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	750	781	808	825	844	864	882	901	921	943	965
Targeted rates	1,042	1,226	1,141	1,146	1,161	1,248	1,524	1,624	1,612	1,590	1,607
Subsidies and grants for operating purposes	115	120	122	125	128	130	133	136	140	143	147
Fees and charges	2,716	2,821	2,809	2,866	2,927	2,990	3,059	3,131	3,205	3,282	3,368
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	4,623	4,948	4,880	4,962	5,060	5,232	5,598	5,792	5,878	5,958	6,087
Applications of operating funding											
Payments to staff and suppliers	3,963	4,209	4,290	4,389	4,498	4,595	4,857	5,056	5,148	5,244	5,377
Finance costs	223	212	195	175	160	172	196	183	158	133	122
Internal charges and overheads applied	9	9	9	9	9	10	10	10	10	11	11
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	4,195	4,430	4,494	4,573	4,667	4,777	5,063	5,249	5,316	5,388	5,510
Surplus (deficit) of operating funding (A - B)	428	518	386	389	393	455	535	543	562	570	577
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(318)	(135)	(347)	(305)	(298)	893	2	(175)	(312)	(261)	(218)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(318)	(135)	(347)	(305)	(298)	893	2	(175)	(312)	(261)	(218)
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	10	230	33	62	69	1,205	329	20	12	12	12
• to replace existing assets	60	136	138	125	134	112	144	251	140	125	175
Increase (decrease) in reserves	40	17	(132)	(103)	(108)	31	64	97	98	172	172
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	110	383	39	84	95	1,348	537	368	250	309	359
Surplus (deficit) of capital funding (C - D)	(428)	(518)	(386)	(389)	(393)	(455)	(635)	(543)	(562)	(570)	(577)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Solid waste schedule of capital expenditure

Description	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)
Capex	10	230	33	62	69	1,205	329	20	12	12	12
Increased Level of Service	10	230	33	62	69	1,205	329	20	12	12	12
Big Belly purchase rented bins from contractor	-	112	-	-	-	-	-	-	-	-	-
Broadlands intermediate capping	-	-	-	-	32	-	-	-	-	-	-
Broadlands landfill cell 2E	-	-	-	-	27	1,086	-	-	-	-	-
Broadlands sewer pipe upgrade	-	-	-	-	-	-	278	-	-	-	-
Kinloch site upgrade	-	45	-	-	-	-	-	-	-	-	-
Kinloch water supply	-	30	-	-	-	-	-	-	-	-	-
Landfill capping Turangi	-	15	-	-	-	-	-	-	-	-	-
Lighting / EFTPOS Omori	-	-	-	-	-	-	7	-	-	-	-
Mangakino kiosk & electrical	-	-	12	-	-	-	-	-	-	-	-
Omori seal green waste road	-	-	-	-	-	33	-	-	-	-	-
Turangi building extension	-	-	-	31	-	-	-	-	-	-	-
Turangi glass bays	-	-	10	-	-	-	-	-	-	-	-
Turangi weighbridge & comms	-	-	-	-	-	76	-	-	-	-	-
Turangi wood recovery pad and wall	-	18	-	-	-	-	-	-	-	-	-
Mangakino concrete pad	-	-	-	21	-	-	-	-	-	-	-
Omori water tank and pump	-	-	-	-	-	-	-	9	-	-	-
New street recycling bins	10	10	10	10	11	11	11	11	12	12	12
Omori power supply	-	-	-	-	-	-	33	-	-	-	-
Renewal	60	136	138	125	134	112	144	251	140	125	175
Grand Total	70	366	171	188	203	1,317	473	272	152	137	187



Stormwater

What we do and why we do it

Council provides a stormwater system to manage the surface water runoff from the district's urban catchments. Waikato Regional Council increasingly require Council to improve the quality of the stormwater particularly where it goes into lakes and rivers (as it does in the Taupō district) to reduce the adverse effects on the environment.

Council owns and maintains a number of gullies that transport stormwater to the lake, which need to be maintained to avoid sedimentation and enable stormwater quality to improve as it passes through the gullies. We monitor stormwater quality, testing for pollution for a range of contaminants, because we are committed to improving the quality of stormwater going into Lake Taupō. We also seek to minimise erosion damage from stormwater to roads, reserves, gullies and outfalls.

The discharge quality of stormwater is governed by the framework set down in the conditions of our comprehensive stormwater discharge consent.

Maintenance programmes are mainly reactive in nature although additional planting is planned to further protect gully walls from erosion. Other proactive measures include the removal of silt around lake outfalls which occurs with high lake levels.

A coordinated CCTV programme will continue to assess at least 10 per cent of the underground network per year.

This will enable Council to match age with condition and to develop an accurate forecast of the renewal required for the underground network. This programme of work complements the programme of work we are proposing for overland flow paths and improving the quality of stormwater discharges.

We fund this activity through the general rate. This group of activities primarily contributes to the environment community outcome.

In general providing stormwater services to the community has public health and environmental benefits. There is however negative effects in providing this service; the cost of providing the service on rate payers, especially smaller communities; the cost of keeping up with ever increasing environmental standards requiring significant capital investment and the long-term renewal cost of aging infrastructure

Variation between territorial authority's Long-term Plan and assessment of water and sanitary services and waste management plan

The stormwater service proposals in this plan are generally consistent with the Water and Sanitary Services Assessment (2008). Any variations relate to changes in growth predictions and the consequent timing of capital expenditure, because Council's growth model has been revised to reflect the economic environment and the impact on predicted future land uptake. In addition, capital projects for stormwater have different timing because of the need to ensure projects are only started when necessary, and taking community affordability into account.



Improving the quality of stormwater discharges

Lake Taupō is one of the key reasons the Taupō District is such a great place to live. Improving the quality of stormwater discharges to the lake is important to mitigate any adverse effects on the environments where it falls and flows (especially outfalls to waterways). Stormwater is discharged, untreated into our lakes, rivers and streams so we need to keep it as clean as possible.

A programme for the installation of Enviropods, which remove litter and debris, started in Taupō and Turangi central business districts in 2010. Since 2012 five Enviropods a year have been installed and we intend to continue this programme over the next 10 years at a cost of \$5,000 per year.

Council has also developed a programme to install quality improvement devices upstream of the major stormwater outlets to the lake and rivers. These devices use a vortex to separate sediments and floatable debris from the water and are cleaned out every four months with waste collected taken to landfill.

We also test stormwater for a range of pollutants. In future, when renewing discharge consents, conditions are likely to require a further improvement of quality of stormwater prior to disposal into waterways. Council will need to monitor improvements in technology to enable improvement in the quality of the urban storm water discharge.



What goes down the grate ends up in the Lake

For a long time now we have been educating our communities with this message. It is still as important as ever as there are still huge amounts of rubbish that our Enviropods stop going into the lake. We will continue this programme of education.

Key projects over the next three years

Year	Projects
2018/19	Installation of Enviropods.
	Kohineheke Reserve Quality Improvement Device.
2019/20	Installation of Enviropods.
	Two Mile Boat ramp Quality Improvement Device.
2020/21	Installation of Enviropods.
	Turanga Place Quality Improvement Device.
	Brentwood Gully culvert and erosion control contribution.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
We manage the stormwater network to protect public health and property without compromising the environment.	The number of flooding events that occur in a territorial authority district.	0.	0.	0.	0.	0.
	Number of properties for the year affected by flooding inside the habitable dwelling (one habitable floor) as a result of a flooding event (expressed per 1000 properties connected to the territorial authority's stormwater system).	0.	0.	0.	0.	0.
	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	7 minutes.	≤1hr.	≤1hr.	≤1hr.	≤1hr.
	The Non-Financial Performance Measures Rules 2013 require Council to report on the following measure: <ul style="list-style-type: none"> The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system. <p>There will be no reporting on this performance measure. Council's stormwater network drains the roading network. For industrial/commercial and residential areas Council's Code of Practice for the development of land requires the primary stormwater drainage system (on-site) to be designed to manage stormwater with minimal nuisance effects to adequately cater for rainfall events of 10 per cent annual exceedance probability (AEP) (10 year) rainfall event.</p>	Not applicable.	Not applicable.	Not applicable.	Not applicable.	Not applicable.

Level of service	Performance measures and targets	Baseline	Year 2018/19	Year 2019/20	Year 2020/21	Years 2022/23 to 2027/28
Compliance with our Resource Consent for discharge from our stormwater system.	Number of abatement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	0.	0.	0.	0.	0.
	Number of infringement notices received by Council in relation to Resource Consents for discharge from our stormwater system.	0.	0.	0.	0.	0.
	Number of enforcement orders received by Council in relation to Resource Consents for discharge from our stormwater system.	0.	0.	0.	0.	0.
	Number of convictions received by Council in relation to Resource Consents for discharge from our stormwater system.	0.	0.	0.	0.	0.

Stormwater funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	1,697	1,769	1,839	1,931	2,046	2,134	2,244	2,368	2,459	2,451	2,545
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	1,697	1,769	1,839	1,931	2,046	2,134	2,244	2,368	2,459	2,451	2,545
Applications of operating funding											
Payments to staff and suppliers	718	744	761	785	818	836	856	908	958	915	942
Finance costs	55	51	57	76	106	128	163	181	170	158	171
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	773	795	818	861	924	964	1,019	1,089	1,128	1,073	1,113
Surplus (deficit) of operating funding (A - B)	924	974	1,021	1,070	1,122	1,170	1,225	1,279	1,331	1,378	1,432
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	269	110	119	528	481	409	925	51	49	114	546
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	269	110	119	528	481	409	925	51	49	114	546
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	325	253	181	598	575	527	1,055	214	214	286	727
• to replace existing assets	111	138	155	169	200	232	271	331	472	530	681
Increase (decrease) in reserves	757	693	804	831	828	820	824	785	694	676	570
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,193	1,084	1,140	1,598	1,603	1,579	2,150	1,330	1,380	1,492	1,978
Surplus (deficit) of capital funding (C - D)	(924)	(974)	(1,021)	(1,070)	(1,122)	(1,170)	(1,225)	(1,279)	(1,331)	(1,378)	(1,432)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Stormwater schedule of capital expenditure

Description	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)
Capex	325	253	181	598	575	527	1,055	214	214	286	727
Increased Level of Service	325	181	181	598	575	527	1,055	214	214	286	727
Brentwood gully culvert	-	15	10	276	-	-	-	-	-	-	-
Brentwood Gully Lakeshore erosion control contribution	-	-	-	115	-	-	-	-	-	-	-
Elisabeth Street flooding options	-	-	-	-	-	-	-	23	-	-	-
Enviropod protection	5	5	5	5	5	6	6	6	6	6	6
Hawaii reserve detention pond	-	-	-	10	54	-	-	-	-	-	-
Hawaii Street improvement device	-	-	-	-	-	283	-	-	-	-	-
Kimberly Reserve detention pond & flooding solution	-	-	-	-	-	-	-	-	30	98	720
Mobile station Taupo lakefront improvement device	-	-	-	-	156	-	-	-	-	-	-
Norman Smith Street at Control gates improvement device	-	-	-	-	-	-	-	-	178	-	-
Overland flow paths / flood model	-	20	21	21	11	11	11	-	-	-	-
Te Ritukehu Street improvement device	-	-	-	-	-	-	-	185	-	-	-
Turanga Place improvement device	-	-	-	144	-	-	-	-	-	-	-
Two Mile Bay (Boat Ramp) improvement device	-	-	146	-	-	-	-	-	-	-	-
Kohineke Crescent Reserve improvement device	-	133	-	-	-	-	-	-	-	-	-
Overland flow path remediation	20	-	-	-	-	-	-	-	-	-	-
Quality improvement device	300	-	-	-	-	-	-	-	-	-	-
Kahu Street Mangakino reticulation	-	80	-	-	-	-	-	-	-	-	-
Puataata Road improvement device	-	-	-	-	-	-	180	-	-	-	-
Koha Road flooding prevention	-	-	-	-	11	88	857	-	-	-	-
Mangakino Golf Club detention pond & reticulation	-	-	-	-	19	140	-	-	-	-	-
Paenoa Road pipe diversion single barrel to south gully	-	-	-	26	319	-	-	-	-	-	-
Redoubt Street quality improvement device	-	-	-	-	-	-	-	-	-	183	-
Renewal	111	138	155	169	200	232	271	331	472	530	681
Grand Total	436	391	337	767	774	759	1,325	545	685	816	1,408



Democracy and planning

What we do and why we do it

Democracy

Council provides democratic local decision-making and actions by, and on behalf of, our district's many communities. We are focused on meeting 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. Democracy contributes to the engagement and community wellbeing outcomes.

Council acts as the district's advocate with regional and national governments to ensure that the needs of our communities are considered when policies and plans are being developed. We have a major programme of engagement with residents and ratepayers that includes a wide range of committee work and a communications programme.

Council works collaboratively with a wide range of other governing bodies, including central government, other councils (such as Waikato Regional Council), our three mana whenua iwi and local hapū, district health boards, and many others.

Ngāti Tūwharetoa is the final district iwi to complete negotiations with the Crown. Their Bill is before the house at present and when finalised will see significant assets transferred to their control. Council continues to develop the relationships with both iwi and their hapū using central government tools, as highlighted by the Joint

Management Agreements entered into with Raukawa and Te Arawa recently and with Ngāti Tūwharetoa in 2009. This is also highlighted by the commitments made by Council to the Office of Treaty Settlements, Te Kotahitanga o Ngāti Tūwharetoa and key hapū around the rohe involved in the Ngāti Tūwharetoa Claims Settlement Bill currently before parliament. These milestones focus us toward achieving stronger collaboration in our district.

Council meetings are webcast, with Council agendas available prior to meetings, to promote transparency and accountability of decision-making.

We fund the democracy activity through the uniform annual general charge. The funding for the Turangi-Tongariro Community Board is primarily through a targeted rate from the Turangi –Tongariro Ward with some funding from the general rate.

Planning

A major role for Council is planning for the district's future to meet the needs of our communities. Council uses a wide range of strategic and spatial planning tools to achieve these goals and meet its various obligations under the legislation such as the Local Government Act and the Resource Management Act.

We plan for and manage the effects of population change, economic trends and land use change through Long-term Planning, and spatial planning (structure plans, district planning), and policy work for all the other services of Council. We use two major planning processes to establish and advocate for the long-term wellbeing of the District: this Long-term Plan, and the District Plan.

In addition to planning for the future, we also control a wide range of activities such as how reserves are used and when and how people can connect to Council services. Through this variety of policies, plans and bylaws we help to guide the day-to-day management of many activities to provide a safe and enjoyable



environment.

Advocacy and leadership are essential for Council to ensure that the special qualities and particular needs of our district are considered when national and regional plans are being developed. We contribute to regional

planning and coordination, and work with a wide range of community partners to advocate for our communities.

This activity is funded through the general rate. This group of activities contributes to the environment, economic and engagement community outcomes.

Opportunities for Māori to contribute to decision-making processes

Council co-design with iwi for Representation Review

In 2017 Council was required to undertake a representation review that considered the establishment of Māori wards in the Taupō District. Following a series of engagements to review other councils' iwi arrangements and discussion with the District's iwi, Council resolved to not establish Māori wards. Instead, and with agreement from Ngāti Tūwharetoa, Raukawa and Ngāti Tahu/ Ngāti Whāoa, Council will co-design with those iwi a suitable way to include our iwi and Māori partners in decision-making.

The Māori wards decision will be reviewed by Taupō District Council in 2020 as opposed to the normal six-yearly cycle.

Our relationships with local iwi and taura here, or Māori from other areas, are important to Council

Within the local Government context, Te Tiriti o Waitangi / the Treaty of Waitangi provides a useful guide to Council's approach in fostering more positive and productive relationships with tangata whenua. The Crown is the primary Treaty partner however it delegates some responsibilities to local government. The Local Government Act 2002 places responsibilities on Council's to recognise and respect the Crown's responsibility and to take into account the Treaty principles. The act establishes baseline principles on how Council should maintain and improve opportunities for Māori to contribute to local government decision-making.

Iwi and Māori forums and agreements

Over a number of years we have entered into forums and agreements to make decisions on a range of issues that affect the district. These decision making forums have come about through Treaty or Land Court settlements, specific legislation or negotiated agreements between iwi and Council.



Current agreements and decision making forums

Management Protocol with the Tūwharetoa Māori Trust Board

Signed in 2004/05, the protocol enables the two chief executives to meet regularly to share information and seek advice from each another. The relationship is particularly important for discussing how the Board or specific hapū can participate in Council activities. Council is always interested in maintaining relationships with Tūwharetoa Māori Trust Board leadership.

Te Kotahitanga o Ngāti Tūwharetoa Trust

Formed as a result of the Ngāti Tūwharetoa Claims Settlement Bill, Council engages with Te Poari Mahi to ensure continued dialogue regarding obligations in the deed signed at Waitetoko. The Landing Reserve, Motutere Recreation Reserve and other key sites are a topic for discussion.

Lake Taupō Protection Trust Joint Committee

Council works in partnership with central government, Ngāti Tūwharetoa and Waikato Regional Council on the Protecting Lake Taupō Project, and the Tūwharetoa Māori Trust Board is represented on the project's joint Taupō District/ Waikato Regional Council Committee. The Committee oversees the Trust that allocates a public fund to reduce the amount of manageable nitrogen from pastoral land going into Lake Taupō by 20 per cent. The Trust completed the final nitrogen agreement in 2015 to achieve the project's overall target of a 170,300kg reduction in nitrogen levels. The project is now focussed on monitoring agreements which have been put in place to ensure the gains that have been made are not lost.

Cultural Sites of Significant Study

This is a joint project between Council and a hapū representative group – Rauhoto Land Rights Committee. This project mapped and recorded cultural sites from Rangatira Point to Aratiatia. The objective of the work was the protection of these sites.

Joint Management Agreement with Ngāti Tūwharetoa

This agreement relates to Māori multiply-owned and Māori freehold land within the district. Councillors and appropriately qualified persons on behalf of Ngāti Tūwharetoa can hear resource consents and private plan changes. When signed in 2009, the agreement was the first of its kind and has received a number of awards.

Joint Management Agreements with Raukawa and Te Arawa (Te Arawa River Iwi Trust)

The Ngāti Tūwharetoa, Raukawa and Te Arawa River Iwi Waikato River Act requires Council to form joint management committees with river iwi within the Taupō District and enter into agreements for the co-management of the Waikato River. Joint committees were formed and have seen agreements signed with both Raukawa (2013) and Te Arawa (2017). Ngāti Tūwharetoa have the ability to opt-in to the JMA process.



Waipāhīhī C75 Māori Reservation Trust

The Waipāhīhī C75 Trust has representatives of the Ngāti Hineure and Ngāti Hinerau hapū and Council, to oversee the foreshore area from north of the Two Mile Bay sailing centre to the former Sea Scouts den. The area has sites of significance for the hapū including the Taharepa Bath adjacent to the northern boundary and the Ōnekeneke Stream.

Tutemohuta Reservation Trust

The Trust is responsible for decision-making for the Tutemohuta Hall and Reserve at Waitahanui. Trustees are appointed by the Māori Land Court and include two representatives of Council, three for the Tauhara Middle 14 Trust and one community representative.

Ngāti Tūrangitukua Treaty of Waitangi Settlement

There are several obligations that Council has that resulted from this settlement, completed in 1999. Council is currently working with Ngāti Tūrangitukua and the Ngāti Tūrangitukua Charitable Trust to implement what was agreed to at that time. This includes the changes to the street names in Turangi, which have now been completed, and currently the co-management of Ngāti Tūrangitukua reserves.

A joint committee is currently working through the Reserves Management Plan, and ensuring better engagement with Ngāti Tūrangitukua.

Engagement Opportunities

Council has embarked on a journey to upskill our team and introduce them to the various parts of our community. Introductions to the locals and their surrounds are planned to enable our team to see and hear what is important and how to recognise the value that our local communities place on these places.

Council Meetings

Full Council meetings are held outside the Chamber twice a year. Once in the Mangakino Pouākani Ward and once in the Turangi-Tongariro Ward. Council is privileged to have been invited to hold these meetings at Marae, initially within those Wards. This will be further developed to enable discussions with the host hapū and include all marae throughout the Taupō district. This is an indication of the tangata whenua commitment to relationships and provides a platform for mutual understanding.

Community Commemorations

The efforts of our community to celebrate key events like Waitangi Day are important and are strongly supported by Council. This demonstrates a commitment to the spirit of working together as one community and one district. Waitangi Day celebrations continue to attract big crowds and along with other key kaupapa will remain a priority.

Annual Plan / 10 Year Plan

Going out to marae and engaging with tangata whenua has proven a valuable way of breaking down barriers and gaining meaningful contribution. It will become apparent that much more can be achieved through active participation at early stages of a plan process.

Review of the Taupō District Plan

The Resource Management Act requires us to review the provisions of our District Plan at least every 10 years. We had been planning to undertake a “rolling review” process progressively assessing parts of the plan, however we have decided that undertaking a comprehensive review all at once will deliver better outcomes for the community. A comprehensive review will:

- Make it easier to make sure all the parts of the Plan are integrated;
- Be able to respond faster to issues that we know about;
- Limit the period of time that we need to work with both a Proposed and an Operative District Plan;
- Mean that interested people will only need to submit once rather than multiple times over many years; and
- Ensure that we have a reviewed District Plan much quicker.

Our focus will be on understanding the issues that the community and District Plan users face, collecting information and evidence and preparing new draft provisions. At this stage we anticipate notifying the Proposed District Plan in the 2021/22 financial year.

We will look to engage with stakeholders and the broader community throughout the review process. At times this will be focused on specific groups and at other times we will look for feedback from the broader community. In addition, there will be a formal submission process to ensure that everyone has an opportunity to get involved.

Te Kaupapa Kaitiaki

The Government has introduced the Ngāti Tūwharetoa Claims Settlement Bill as part of the process of settling historical claims with the iwi. The Bill sets out a process for the development of Te Kaupapa Kaitiaki, a document that contains:

- The vision, objectives, desired outcomes, and values for the Taupō catchment;
- Any significant issues for the Taupō catchment; and
- Any other matters relevant to the Taupō catchment.

Once Te Kaupapa Kaitiaki has been prepared there

will be an opportunity for the community to provide feedback. After that Council will need to reflect Te Kaupapa Kaitiaki through the District Plan and future annual plans and Long-term Plans.

Te Kaupapa Kaitiaki will be prepared by Te Kōpua Kānapanapa, a joint committee of Waikato Regional Council and Taupō District Council established by the legislation. The joint committee will include membership from both councils and Ngāti Tūwharetoa.

At this point the timing and costs of this future work are unknown, however we do know that it is important to the future management of our district, and that we will be involved in partnership with Ngāti Tūwharetoa and the Waikato Regional Council.

Key projects over the next three years

Year	Projects
2018/19	Complete the Turangi Reserve Management Plan.
	Plan Change 34 – Flood Hazard.
	Review of the District Plan.
	Prepare the Annual Plan 2019/20.
	Review the Water Supply Strategy.
2019/20	Prepare the Transport Strategy.
	Review the Financial and Infrastructure Strategies.
	Prepare the Annual Plan 2020/21.
	Review the Grants and Partnerships Policy.
	Review of the District Plan.
2020/21	Undertake Triennial Local Body Elections.
	Prepare the Long-term Plan 2021-31.
	Review the Development Contributions Policy.
	Review the Class 4 Gambling Policy.
	Review the Trading in Public Places Bylaw.
	Review the Reserves and Public Places Bylaw.
	Review the Animals, Birds and Bees Bylaw.
	Review the Litter Bylaw.
Review the Objectionable Signs Bylaw.	
Review of the District Plan.	

Levels of service, performance measures and targets

Level of service	Performance measures and targets	2016/17 result	Year 2018/19	Year 2019/20	Year 2020/21	Years 2021/22 to 2027/28
Council performance is rated as very or fairly good.	Percentage of the district that rates the performance of the Mayor and Councillors as very good or fairly good.	62 per cent.	At least 55 per cent.	At least 55 per cent.	At least 55 per cent.	At least 55 per cent.
	Percentage of Turangi/Tongariro ward respondents that rate the performance of community board members as very good or fairly good.	43 per cent.	At least 55 per cent.	At least 55 per cent.	At least 55 per cent.	At least 55 per cent.
	Percentage of residents and non-resident ratepayers that rate the performance of Council staff as very good or fairly good.	67 per cent.	At least 69 per cent.	At least 69 per cent.	At least 69 per cent.	At least 69 per cent.
Council is on the right track.	Percentage of the district that feel informed about Council's long-term vision for the district.	New measure (Council has a new vision).	At least 49 per cent.	At least 49 per cent.	At least 49 per cent.	At least 49 per cent.
	Percentage of ratepayers that feel they are getting value from Council.	71 per cent.	At least 65 per cent.	At least 65 per cent.	At least 65 per cent.	At least 65 per cent.
Council consults widely with district communities, including Māori before making decisions.	Percentage of the district that is satisfied with the way Council involves the public in its decision-making.	48 per cent.	At least 55 per cent.	At least 55 per cent.	At least 55 per cent.	At least 55 per cent.
	Percentage of Māori residents who are satisfied with their involvement in Council's decision-making.	58 per cent.	At least 51 per cent.	At least 51 per cent.	At least 51 per cent.	At least 51 per cent.
Council operates an open and honest decision-making process that generates confidence and trust in the democratic system.	Percentage of residents and non-resident ratepayers that say they know how and where to find information on Council activities and services.	86 per cent.	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.	At least 80 per cent.
	Percentage of residents and non-resident ratepayers that are satisfied with the way Council provides information on Council services and facilities.	88 per cent.	At least 75 per cent.	At least 75 per cent.	At least 75 per cent.	At least 75 per cent.
	Percentage of requests for official information that are responded to within 20 working days.	99 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
	Percentage of existing bylaws that are reviewed within legislative timeframes to ensure they remain relevant.	New measure.	100 per cent.	100 per cent.	100 per cent.	100 per cent.

Democracy and planning funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	7,182	7,586	7,683	7,898	8,310	8,588	8,711	8,846	9,052	9,134	9,230
Targeted rates	80	80	82	83	85	87	89	91	93	95	98
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	1	1	83	1	1	88	1	1	94	1	1
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	7,263	7,667	7,848	7,982	8,396	8,763	8,801	8,938	9,239	9,230	9,329
Applications of operating funding											
Payments to staff and suppliers	7,253	7,655	7,836	7,969	8,383	8,751	8,788	8,925	9,227	9,217	9,316
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	7,253	7,655	7,836	7,969	8,383	8,751	8,788	8,925	9,227	9,217	9,316
Surplus (deficit) of operating funding (A - B)	10	12	12	13	13	12	13	13	12	13	13
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-	-
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	51	-	-	54	-	-	58	-	-
Increase (decrease) in reserves	10	12	(39)	13	13	(42)	13	13	(46)	13	13
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	10	12	12	13	13	12	13	13	12	13	13
Surplus (deficit) of capital funding (C - D)	(10)	(12)	(12)	(13)	(13)	(12)	(13)	(13)	(12)	(13)	(13)
Funding balance (A - B) + (C - D)	-	-	-	-	-	-	-	-	-	-	-

Democracy and planning schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Renewal	-	-	51	-	-	54	-	-	58	-	-
Grand Total	-	-	51	-	-	54	-	-	58	-	-

Investments

What we do and why we do it

Council generates income through investments and development of a range of assets that it owns. Income generated from investment assets is an important income stream for Council as it offsets some of the costs of providing services. Income from the sale of some investments is also used to pay off Council debt.

We aim to generate commercial returns from residential and commercial land property, the TEL fund, forestry and our general reserve funds. Most of the costs associated with the property component of this activity (including motor camps, residential and commercial land and property) are covered by those who use the properties and are recovered through fees and charges. Where there

are costs to maintain these properties, we use the general rate. This group of activities contributes to the economic community outcome.

Taupō District Council and the Crown, represented by the Ministry of Transport, own the Taupō Airport Authority equally. The Taupō Airport Authority is a Council-controlled organisation as defined by the Local Government Act 2002. Taupō District Council, under agreement with the Crown, manages the Taupō Airport Authority. A Committee of Council provides the governance of the airport operations. The committee consists of Council and business representatives.

Building a new future – where we are at with our new Civic Administration Building

In 2017/18, we were required to vacate our former administration building at 72 Lake Terrace due to a number of health and safety issues including the detection of friable asbestos and the need to undertake earthquake strengthening.

During the development of the Annual Plan 2017/18, we consulted with the community on a number of different options, from refurbishment to a new build, with the preferred option being to build a new building at the Lake Terrace site. However, following feedback the decision was made to build a new building, on a site to be determined. It was also decided to investigate lease options as an alternative to self-funding a new building.

The majority of staff relocated to five sites in the Taupō CBD during the year, and investigations continued into potential sites and funding options. Calls for expressions of interest from parties who may have been interested in leasing a building, site or both were made, and there were five responses, but all were discounted during the site selection process in October for various reasons.

Instead, Council decided to investigate the development of the area fronting on to Story Place near the Great Lake Centre and the library for the new building as its preferred option. The other two options, in order of preference, were to build on the

Tūwharetoa Street carpark or on the former site at 72 Lake Terrace.

It was hoped that the investigations would be complete in time to ask the community for feedback on options as part of this Long-term Plan. However, late last year we recognised an opportunity to take a good look at the wider picture and to ‘do it once and do it right’.

In February, we approved the development of a masterplan for the area by the Great Lake Centre to see what efficiencies can be made, what opportunities can be capitalised on, and to futureproof any development going forward. We think there is a real opportunity to include new cultural, arts and heritage facilities to replace the existing Taupō Museum, but we want to gain a better understanding of the details, including costs, before we make the decision to seek the community’s feedback. We also want to further investigate the potential to attract funding from outside sources as has been done in other centres.

We have included funding of \$15.7 million in the plan for a new building as a placeholder and it is likely we will amend our Long-term Plan following the development of the masterplan, community consultation and a decision on where our administration functions should be housed.

This will include options on what is or isn’t included in a new building, costs and timelines.



Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline	Year 2018/19	Year 2019/20	Year 2020/21	Years 2021/22 to 2027/28
We manage investment assets in accordance with the Treasury Management Policy.	The value of the TEL Fund is maintained relative to inflation.	\$56.3 million per 2016/17 Annual Report.	Baseline plus 2017/18 inflation plus 2018/19 inflation.	Actual 2018/19 plus inflation.	Actual 2019/20 plus inflation.	Actual 2020/21 plus inflation.
	The percentage yield on the TEL fund is greater than the minimum target set in the treasury management policy being >1 per cent above the 90 day bill rate.	2.98 per cent as at 30 June 2017.	3.05 per cent.	3.25 per cent.	3.45 per cent.	3.62 per cent- 4.30 per cent.
	The percentage yield on general and special reserve funds is greater than the minimum target set in the treasury management policy being 50.0 per cent 6-month BKBM mid-rate (average of reporting month) 50.0 per cent 6-month BLBM mid-rate, six months ago (average of month).	3.08 per cent as at 30 June 2017.	2.51 per cent.	2.89 per cent.	3.22 per cent.	3.45 per cent- 4.01 per cent.

Investments funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	(845)	(1,601)	(1,121)	(1,141)	(967)	(820)	(1,092)	(325)	662	1,579	1,744
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	927	1,414	1,036	1,057	1,079	1,103	1,128	1,154	1,182	1,210	1,242
Internal charges and overheads recovered	604	632	646	660	674	689	706	723	740	759	779
Local authorities fuel tax, fines, infringement fees, and other receipts	3,310	4,003	4,073	4,462	4,408	4,525	5,080	5,561	6,129	6,749	7,426
Total operating funding (A)	3,996	4,448	4,634	5,038	5,194	5,497	5,822	7,113	8,703	10,297	11,191
Applications of operating funding											
Payments to staff and suppliers	320	89	(25)	(566)	(1,623)	(2,163)	(2,090)	(1,961)	(1,782)	(1,576)	(1,368)
Finance costs	1,167	954	869	994	1,286	1,424	1,362	1,220	1,010	763	557
Internal charges and overheads applied	284	213	217	222	226	231	237	242	248	254	260
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,771	1,061	1,061	650	(111)	(508)	(491)	(499)	(524)	(559)	(551)
Surplus (deficit) of operating funding (A - B)	2,225	3,192	3,573	4,388	5,305	6,005	6,313	7,612	9,227	10,856	11,742
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(871)	(4,313)	1,954	2,588	7,016	(594)	(1,004)	(1,759)	(3,035)	(4,011)	(4,974)
Gross proceeds from sale of assets	2,023	6,773	3,310	3,239	870	2,609	2,084	1,270	2,174	2,174	870
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,152	2,460	5,264	5,827	7,886	2,015	1,080	(489)	(861)	(1,837)	(4,104)
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	1,550	2,086	2,850	8,721	8,908	1,243	782	1,018	623	839	508
• to replace existing assets	986	1,030	1,210	929	896	1,560	1,275	891	2,193	1,197	1,037
Increase (decrease) in reserves	841	2,536	4,777	565	3,387	5,217	5,336	5,214	5,550	6,983	6,093
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	3,377	5,652	8,837	10,215	13,191	8,020	7,393	7,123	8,366	9,019	7,638
Surplus (deficit) of capital funding (C - D)	(2,225)	(3,192)	(3,573)	(4,388)	(5,305)	(6,005)	(6,313)	(7,612)	(9,227)	(10,856)	(11,742)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Investments schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Capex	1,550	2,086	2,850	8,721	8,908	1,243	782	1,018	623	839	508
Increased Level of Service	1,550	2,086	2,850	8,721	8,908	1,243	782	1,018	623	839	508
Motutere Campground water DWSNZ upgrade	-	-	-	-	27	272	-	-	-	-	-
Commercial and residential land development	250	815	616	953	696	863	671	904	506	720	508
TDC Civic Building project	1,000	250	1,020	6,506	7,973	-	-	-	-	-	-
Child & Youth Friendly Centre	-	-	-	468	-	-	-	-	-	-	-
New software and technology projects	300	1,021	1,214	794	213	109	111	114	116	119	-
Renewal	986	1,030	1,210	929	896	1,560	1,275	891	2,193	1,197	1,037
Grand Total	2,536	3,116	4,060	9,651	9,804	2,803	2,058	1,908	2,816	2,037	1,545



Economic development

What we do and why we do it

The economic base of the Taupō District is intrinsically linked with the unique characteristics of Lake Taupō and its surrounding geography. Tourism, forestry, energy generation (hydro and geothermal) and agriculture therefore largely drive the Taupō economy. There is significant potential for investment to gain added value from these industries. This group of activities contributes to the economy and engagement community outcomes.

Council have signalled that economic development is to be a key focus for the district so that we can continue to live in a thriving and vibrant place where others want to live, invest, work and play.

We invest in economic development within our district so that we can focus on meeting the current and future needs of the community. A growing district can provide services more cost-effectively than a declining one – and without a growing economy there is a risk that our industries will shrink, our businesses will struggle, and people will move out of the district due to a lack of employment opportunities. We fund these activities through the general rate.

As a Council we undertake leadership (including partnership and facilitation), spatial planning and infrastructure, quality regulation, services (including three waters), business and industry development and social and community services. Specifically:

- An in-house events function that supports event organisers to run both commercial and community events. This support includes advice, relationship management, promotion, equipment, venues, hosting, funding and monitoring. Council also provides infrastructure, services and regulatory functions to enable events. Supporting events provides economic impact, gives the district a positive profile, creates vibrancy and diversity, delivers social benefits and provides opportunities for business.
- Promoting Taupō as a holiday and visitor destination through a Council-controlled organisation, Destination Great Lake Taupō (DGLT), and i-SITEs in Taupō, Turangi and an information desk in Mangakino. Tourism is estimated to be worth over \$600 million to our economy annually and accounts for a significant proportion of employment within the district. DGLT's key activities are destination management, destination consumer marketing, business events marketing, trade marketing and special interest marketing.
- Contracting Enterprise Great Lake Taupō (EGLT), an independent trust, to provide business development services throughout the district. Their mandate is to enrich our community through the creation of wealth and jobs for our region and their services include district-wide business growth support, entrepreneur and youth development, and new business attraction.
- Supporting the activities of Town Centre Taupō – a member-based organisation focused on enhancing and developing the social and economic wellbeing of the Taupō Central Business District by developing a vibrant, well-managed and innovative town centre. We also provide funding of \$20,000 per annum to assist Town Centre Taupō as they now provide services on our behalf.



Taupō Airport upgrade

Increasing passenger numbers, aging infrastructure, health and safety issues and projected tourism growth prompted us to take a good look at our airport facilities and the experience we offer to air travellers.

Towards the end of 2017 we presented a business case to the Minister of Transport outlining the need to upgrade the terminal building, carpark and entranceways as Taupō Airport is 50 per cent owned by the Crown.

Since then we have engaged with the Ministry of Business, Innovation and Employment and provided a business plan to the Regional Economic Development Fund seeking assistance with funding the upgrade. We have an opportunity to enhance the visitor experience and provide a fitting 'gateway' to the central North Island. We hope to attract some government funding to upgrade the facilities and have allowed \$2.5 million in the plan as our contribution.

Levels of service, performance measures and targets

Level of service	Performance measures and targets	Baseline	Year 2018/19	Year 2019/20	Year 2020/21	Years 2021/22 to 2027/28
We facilitate and support economic development in the district.	Enterprise Great Lake Taupō, Destination Great Lake Taupō and Town Centre report at least half-yearly to Taupō District Council on the manner of distribution of the grant as well as performance measures in line with their contracts for service and statements of intent.	New measure.	100 per cent report at least half yearly.	100 per cent report at least half yearly.	100 per cent report at least half yearly.	100 per cent report at least half yearly.
We attract, support and encourage sporting, cultural and other events around the district.	The district's overall events portfolio is maintained with at least three events in Turangi and Mangakino each year. Reporting to Council will consist of narratives on actual events including location and economic impact figures.	New measure.	At least 3 events Mangakino. At least 3 events Turangi.	At least 3 events Mangakino. At least 3 events Turangi.	At least 3 events Mangakino. At least 3 events Turangi.	At least 3 events Mangakino. At least 3 events Turangi.

Economic development funding impact statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Sources of operating funding											
General rates, uniform annual general charge, rates penalties	3,521	3,793	3,926	4,030	4,125	4,218	4,324	4,405	4,505	4,621	4,717
Targeted rates	163	163	166	169	173	177	181	185	189	194	199
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	3,684	3,956	4,092	4,199	4,298	4,395	4,505	4,590	4,694	4,815	4,916
Applications of operating funding											
Payments to staff and suppliers	3,665	3,939	4,076	4,183	4,283	4,381	4,491	4,576	4,680	4,800	4,902
Finance costs	3	3	2	2	2	1	1	-	-	-	-
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	3,668	3,942	4,078	4,185	4,285	4,382	4,492	4,576	4,680	4,800	4,902
Surplus (deficit) of operating funding (A - B)	16	14	14	14	13	13	13	14	14	15	14
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(53)	(6)	(6)	(6)	(6)	(6)	(6)	(4)	(4)	(1)	(1)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(53)	(6)	(6)	(6)	(6)	(6)	(6)	(4)	(4)	(1)	(1)
Application of capital funding											
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	4	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	43	4	4	49	4	4	52	5	5	56	5
Increase (decrease) in reserves	(84)	4	4	(41)	3	3	(45)	5	5	(42)	8
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	(37)	8	8	8	7	7	7	10	10	14	13
Surplus (deficit) of capital funding (C - D)	(16)	(14)	(14)	(14)	(13)	(13)	(13)	(14)	(14)	(15)	(14)
Funding balance ((A - B) + (C - D))	-	-	-	-	-	-	-	-	-	-	-

Economic development schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Renewal	47	4	4	49	4	4	52	5	5	56	5
Grand Total	47	4	4	49	4	4	52	5	5	56	5



Finances

Community services
Stormwater
Economic development
Democracy and Planning
Wastewater
Solid waste
Community facilities
Transport
Water
Investments

Prospective schedule of rates

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Total District											
General rates	40,746	42,537	44,225	45,729	47,051	48,676	49,731	51,444	53,494	55,250	56,619
Targeted rates	23,103	24,437	24,950	25,736	26,642	27,353	28,389	28,762	28,879	29,194	29,978
Total rates	63,849	66,974	69,175	71,465	73,693	76,029	78,120	80,206	82,373	84,444	86,597
Less internal rates	934	903	923	943	963	985	1,008	1,032	1,058	1,084	1,113
Less rates remission	850	850	867	885	904	923	944	966	989	1,013	1,040
Add rates penalties	400	350	350	350	350	350	350	350	350	350	350
Rates revenue per statement of comprehensive revenue and expense	62,465	65,571	67,735	69,987	72,176	74,471	76,518	78,558	80,676	82,697	84,794
% Change total rates	2.67%	4.89%	3.29%	3.31%	3.12%	3.17%	2.75%	2.67%	2.70%	2.51%	2.55%
% Change general rates	3.93%	4.40%	3.97%	3.40%	2.89%	3.45%	2.17%	3.44%	3.99%	3.28%	2.48%
% Change targeted rates	0.52%	5.77%	2.10%	3.15%	3.52%	2.67%	3.79%	1.31%	0.41%	1.09%	2.68%
Number of properties	22,204	22,330	22,644	22,779	22,940	23,102	23,253	23,375	23,501	23,623	23,757
Growth in property numbers	126	314	135	161	162	151	122	128	122	134	97
Number of properties to be rated	22,330	22,644	22,779	22,940	23,102	23,253	23,375	23,501	23,623	23,757	23,854
Costs to be recovered (GST excl)	63,849	66,973	69,175	71,465	73,693	76,029	78,120	80,206	82,374	84,445	86,598
All rateable properties included											
Average rates per property	2,859	2,958	3,037	3,115	3,190	3,270	3,342	3,413	3,487	3,555	3,630
Average property % increase	2.40%	3.44%	2.67%	2.59%	2.39%	2.50%	2.21%	2.12%	2.17%	1.94%	2.13%
Average property increase GST excl	67	98	79	79	75	80	72	71	74	68	76
Average property increase GST incl	77	113	91	90	86	92	83	81	85	78	87

Ratings base information
 The projected number of rating units within the district for 30 June 2018 is 22,644.
 The projected total capital value of rating units within the district for 30 June 2018 is \$15,400 billion.
 The projected total land value of rating units within the district for 30 June 2018 is \$7,507 billion.

Note – the shaded column provides the 2017/18 Annual Plan for comparative purposes. This is consistent throughout the Long-term Plan.

Prospective statement of comprehensive revenue and expense

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Revenue											
Rates	62,465	65,570	67,735	69,988	72,176	74,471	76,518	78,557	80,677	82,697	84,795
Subsidies and grants	6,524	4,582	4,674	4,155	4,528	4,759	4,678	5,131	5,395	5,159	5,578
Development and financial contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Fees and charges	9,706	11,071	10,866	11,015	11,258	11,593	11,778	12,062	12,447	12,659	13,037
Finance revenue	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Other revenue	3,439	9,147	8,394	9,487	7,882	7,991	7,599	7,495	8,772	7,445	6,760
Total revenue	86,538	96,060	98,268	101,655	102,583	105,299	107,712	110,757	115,427	116,164	119,026
Expenses											
Personnel costs	21,293	21,748	22,285	22,723	23,306	23,923	24,463	24,988	25,506	26,052	26,737
Depreciation and amortisation expense	21,257	22,905	23,950	25,175	26,751	28,126	29,128	30,015	30,930	31,849	32,878
Finance costs	8,642	8,510	8,376	8,452	8,617	8,464	8,470	7,877	7,075	6,364	6,258
Other expenses	29,881	32,392	32,854	33,196	33,832	34,472	35,334	36,331	37,404	38,184	39,113
Total operating expenses	81,073	85,555	87,465	89,546	92,506	94,985	97,395	99,211	100,915	102,449	104,986
Surplus/(deficit) before tax	5,465	10,505	10,803	12,109	10,077	10,314	10,317	11,546	14,512	13,715	14,040
Income tax (expense)/credit	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after tax	5,465	10,505	10,803	12,109	10,077	10,314	10,317	11,546	14,512	13,715	14,040
Other comprehensive revenue and expense											
Property, plant & equipment revaluations	12,673	26,782	20,034	17,693	34,294	24,137	19,527	39,463	28,144	22,757	45,386
Total other comprehensive revenue and expense	12,673	26,782	20,034	17,693	34,294	24,137	19,527	39,463	28,144	22,757	45,386
Total comprehensive revenue and expense	18,138	37,287	30,837	29,802	44,371	34,451	29,844	51,009	42,656	36,472	59,426
Reconciliation to Summary Funding Impact Statement											
Sources of operational funding											
General rates, uniform annual general charges, rates penalties	39,692	41,404	43,062	44,534	45,823	47,414	48,431	50,105	52,115	53,828	55,151
Targeted rates	22,773	24,166	24,673	25,453	26,353	27,057	28,087	28,452	28,562	28,869	29,644
Total rates revenue	62,465	65,570	67,735	69,987	72,176	74,471	76,518	78,557	80,677	82,697	84,795
Subsidies and grants for operating purposes	1,952	2,326	2,371	2,463	2,513	2,599	2,663	2,764	2,840	2,949	3,027
Fees and charges	9,706	11,071	10,866	11,015	11,258	11,593	11,778	12,062	12,447	12,659	13,037
Interest and dividends from investments	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Local authorities fuel tax, fines, infringement fees, and other receipts	990	1,121	1,144	1,167	1,192	1,219	1,247	1,276	1,307	1,339	1,375
Total operating funding	78,243	83,878	85,972	88,873	91,322	94,177	97,052	99,981	103,156	106,143	109,404
Add asset development and other gains / (losses)											
Subsidies and grants for capital expenditure	4,572	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Development and financial contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Add vested and first time recognition of assets	900	4,662	5,687	5,850	5,578	4,615	4,862	4,845	5,459	4,057	4,041
Add gain on sale	904	2,579	921	1,935	520	1,559	809	759	1,299	1,299	520
Add unrealised gains/(losses)	645	784	642	535	592	599	662	615	707	749	825
Total asset development and other gains / (losses)	8,295	12,182	12,295	12,781	11,261	11,124	10,661	10,775	12,272	10,021	9,624
Total revenue	86,538	96,060	98,267	101,654	102,583	105,301	107,713	110,756	115,428	116,164	119,028

Prospective statement of changes in net assets/equity

	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)
Net assets/equity at beginning of year	1,062,046	1,077,614	1,114,903	1,145,742	1,175,543	1,219,917	1,284,368	1,284,210	1,335,220	1,377,876	1,414,348
Net surplus/(deficits) for the year	5,465	10,506	10,804	12,110	10,079	10,314	10,315	11,547	14,512	13,716	14,039
Other comprehensive revenue and expenses	12,673	26,782	20,034	17,693	34,294	24,137	19,527	39,463	28,144	22,757	45,386
Total recognised revenues and expenses for the year	18,138	37,288	30,838	29,803	44,373	34,451	29,842	51,010	42,656	36,473	59,425
Total equity at end of year	1,080,184	1,114,902	1,145,741	1,175,545	1,219,916	1,254,368	1,284,210	1,335,220	1,377,876	1,414,348	1,473,773
Components of Equity											
Accumulated funds at beginning of year	788,730	788,268	799,336	805,368	823,569	834,510	834,571	836,137	837,359	840,925	842,987
Net surplus/(deficits) for the year	4,674	11,066	6,033	18,202	10,939	62	1,565	1,221	3,566	2,063	377
Accumulated funds at end of year	793,404	799,334	805,369	823,570	834,508	834,572	836,136	837,358	840,925	842,988	843,364
Council created reserves at beginning of year	100,249	112,426	111,865	116,637	110,546	109,685	119,936	128,686	139,012	149,958	161,610
Transfers to/(from) reserves	791	(560)	4,771	(6,091)	(861)	10,251	8,751	10,326	10,946	11,652	13,663
Council created reserves at end of year	101,040	111,866	116,636	110,546	109,685	119,936	128,687	139,012	149,958	161,610	175,273
Revaluation reserves at beginning of year	173,067	176,920	203,702	223,736	241,429	275,723	299,860	319,387	358,849	386,993	409,750
Revaluation surplus/(deficits) for the year	12,673	26,782	20,034	17,693	34,294	24,137	19,527	39,463	28,144	22,757	45,386
Revaluations reserves at end of year	185,740	203,702	223,736	241,429	275,723	299,860	319,387	358,850	386,993	409,750	455,136
Total equity at end of year	1,080,184	1,114,902	1,145,741	1,175,545	1,219,916	1,254,368	1,284,210	1,335,220	1,377,876	1,414,348	1,473,773

Prospective Statement of Financial Position

Prospective Statement of Financial Position

	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	2023/24 (\$'000)	2024/25 (\$'000)	2025/26 (\$'000)	2026/27 (\$'000)	2027/28 (\$'000)
ASSETS											
Current assets											
Cash and cash equivalents	5,961	6,831	5,294	4,282	5,499	5,912	6,737	7,634	8,207	8,427	9,155
Other financial assets	41,048	43,840	45,943	42,052	41,666	46,285	50,414	55,049	58,188	61,333	62,484
Trade and other receivables	4,922	5,282	5,368	5,499	5,615	5,736	5,868	6,006	6,148	6,296	6,460
Inventories	766	1,453	1,482	1,513	1,545	1,578	1,614	1,652	1,691	1,732	1,777
Prepayments	879	929	929	929	929	929	929	929	929	929	929
Non-current assets held for sale	2,228	8,914	11,630	11,196	13,455	13,274	14,194	15,857	17,156	17,150	16,800
Total current assets	55,804	67,249	70,666	65,471	68,709	73,714	79,756	87,127	92,319	95,867	97,615
Non-current assets											
Other financial assets	47,322	59,761	63,761	62,761	61,261	66,261	70,261	75,261	82,261	90,761	102,761
Investment in COO and other similar entities	3,237	3,460	3,460	5,960	5,960	5,960	5,960	5,960	5,960	5,960	5,960
Intangible assets	885	722	736	752	767	784	802	821	840	861	883
Investment properties	29,994	13,719	11,325	10,666	8,949	8,302	7,977	6,040	4,110	3,492	3,754
Investments in associates	-	-	-	-	-	-	-	-	-	-	-
Biological assets - forestry	5,003	5,804	4,581	5,115	5,707	6,306	6,042	6,658	7,365	8,115	8,940
Property plant and equipment	1,114,910	1,141,575	1,171,178	1,207,591	1,251,692	1,281,148	1,301,181	1,335,805	1,364,912	1,388,793	1,432,396
Total non-current assets	1,201,351	1,225,041	1,255,041	1,292,845	1,334,336	1,368,761	1,392,223	1,430,545	1,465,448	1,497,982	1,554,694
Total assets	1,257,155	1,292,290	1,325,707	1,358,316	1,403,045	1,442,475	1,471,979	1,517,672	1,557,767	1,593,849	1,652,309
LIABILITIES											
Current liabilities											
Trade and other payables	8,676	9,929	10,125	10,336	10,555	10,780	11,029	11,289	11,554	11,834	12,144
Employee benefit liabilities	2,098	2,241	2,266	2,333	2,382	2,434	2,490	2,548	2,609	2,671	2,741
Borrowings	49,985	17,165	19,485	22,016	22,087	26,769	26,104	20,446	17,536	16,779	15,407
Total current liabilities	60,759	29,335	31,896	34,685	35,024	39,983	39,623	34,283	31,699	31,284	30,292
Non-current liabilities											
Provisions	68	92	101	110	120	131	143	156	169	184	199
Derivative financial instruments	21,780	22,443	22,443	22,443	22,443	22,443	22,443	22,443	22,443	22,443	22,443
Borrowings	94,015	125,142	125,142	125,142	125,142	125,142	125,142	125,142	125,142	125,142	125,142
Employee benefit liabilities	349	376	384	391	400	408	418	428	438	448	460
Total non-current liabilities	116,212	148,053	148,070	148,086	148,105	148,124	148,146	148,169	148,192	148,217	148,244
Total liabilities	176,971	177,388	179,966	182,771	183,129	188,107	187,769	182,452	179,891	179,501	178,536
Net assets (assets minus liabilities)	1,080,184	1,114,902	1,145,741	1,175,545	1,219,916	1,254,368	1,284,210	1,335,220	1,377,876	1,414,348	1,473,773
EQUITY											
Accumulated funds	793,404	799,335	805,368	823,570	834,508	834,572	836,137	837,359	840,925	842,988	843,365
Council created reserves	101,040	111,865	116,637	110,546	109,685	119,936	128,686	139,012	149,958	161,610	175,273
Revaluation reserves	185,740	203,702	223,736	241,429	275,723	299,860	319,387	358,849	386,993	409,750	455,135
Total equity	1,080,184	1,114,902	1,145,741	1,175,545	1,219,916	1,254,368	1,284,210	1,335,220	1,377,876	1,414,348	1,473,773

Prospective statement of cashflows

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Cash flows from operating activities											
Rates	62,465	65,570	67,735	69,988	72,176	74,471	76,518	78,557	80,677	82,897	84,795
Subsidies	1,952	2,326	2,371	2,463	2,513	2,599	2,663	2,764	2,840	2,949	3,027
Interest revenue	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Fees and charges	9,707	11,071	10,866	11,015	11,258	11,593	11,778	12,062	12,447	12,859	13,037
Other revenue	989	1,121	1,144	1,167	1,192	1,219	1,247	1,276	1,307	1,339	1,375
Payments to suppliers	(29,555)	(32,392)	(32,853)	(33,195)	(33,831)	(34,475)	(35,335)	(36,329)	(37,407)	(38,184)	(39,115)
Payments to employees	(21,293)	(21,748)	(22,285)	(22,723)	(23,306)	(23,923)	(24,463)	(24,986)	(25,506)	(26,052)	(26,737)
Interest on public debt	(8,642)	(8,503)	(8,369)	(8,444)	(8,609)	(8,455)	(8,460)	(7,867)	(7,063)	(6,352)	(6,245)
Net cash flow (outflow) from operating activities	18,753	21,235	22,465	24,512	25,576	27,324	28,794	30,797	33,180	35,555	37,307
Cash flows from investing activities											
Proceeds from sale of property, plant, equipment & biological assets	2,023	6,773	3,310	3,239	870	2,609	2,084	1,270	2,174	2,174	870
Development/financial contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Capital subsidies	4,572	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Net decrease in investments	4,079	-	-	2,500	2,000	-	-	-	-	-	-
Purchase & development of property, plant & equipment	(23,335)	(30,689)	(28,677)	(38,256)	(31,871)	(29,053)	(25,696)	(20,566)	(26,678)	(29,166)	(27,315)
Net increase in investments	-	(6,000)	(6,000)	-	-	(9,500)	(8,000)	(9,500)	(10,000)	(11,500)	(13,000)
Net cash flow from investing activities	(11,387)	(25,759)	(26,322)	(28,056)	(24,430)	(31,593)	(27,304)	(24,242)	(29,697)	(34,576)	(35,207)
Cash flows from financing activities											
Loans raised	9,264	17,114	14,688	25,355	20,011	16,555	13,111	7,064	10,882	13,778	13,275
Repayment of public debt	(1,805)	(19,043)	(12,368)	(22,823)	(19,840)	(11,873)	(13,776)	(12,722)	(13,792)	(14,535)	(14,647)
Net cash flow from financing activities	(2,541)	(1,929)	2,320	2,532	71	4,682	(665)	(5,658)	(2,910)	(757)	(1,372)
Net increase (decrease) in cash held	4,824	(6,453)	(1,537)	(1,012)	1,217	413	825	897	573	220	728
Add cash at start of year	1,137	13,284	6,831	5,294	4,282	5,499	5,912	6,737	7,634	8,207	8,427
Cash and cash equivalents at end of year	5,961	6,831	5,294	4,282	5,499	5,912	6,737	7,634	8,207	8,427	9,155

Prospective statement of borrowings

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Debt Balances											
Opening debt	146,000	144,236	142,307	144,627	147,158	147,229	151,911	151,246	145,588	142,678	141,921
New borrowing requirements	9,264	17,114	14,688	25,354	20,011	16,555	13,111	7,064	10,882	13,778	13,275
Borrowing requirements for prior year capital expenditure brought forward	541	-	-	-	-	-	-	-	-	-	-
Debt repayments	(11,805)	(19,043)	(12,368)	(22,823)	(19,940)	(11,873)	(13,776)	(12,722)	(13,792)	(14,535)	(14,647)
Closing external debt	144,000	142,307	144,627	147,158	147,229	151,911	151,246	145,588	142,678	141,921	140,549
Debt Servicing Costs											
Interest	8,642	8,510	8,376	8,452	8,617	8,464	8,470	7,877	7,075	6,364	6,258
Debt repayments	11,805	19,043	12,368	22,823	19,940	11,873	13,776	12,722	13,792	14,535	14,647
Total external debt servicing costs	20,447	27,553	20,744	31,275	28,557	20,337	22,246	20,599	20,867	20,899	20,905

Prospective whole of council schedule of capital expenditure

Description	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Capex	13,219	16,706	14,435	23,499	18,513	14,719	11,730	6,180	9,672	11,602	11,326
Growth	295	2,495	352	1,511	851	1,031	3,938	677	540	5,390	976
Water	-	1,750	-	-	-	-	-	-	18	2,804	-
Transport	-	150	-	-	-	-	-	-	-	-	-
Community Facilities	245	595	250	619	260	646	272	677	285	709	300
Wastewater	50	-	103	892	591	385	3,666	-	237	1,877	677
Increased Level of Service	12,924	14,211	14,083	21,988	17,662	13,688	7,792	5,503	9,132	6,211	10,350
Community Services	15	17	20	-	-	-	5	-	-	-	-
Water	3,308	1,320	2,914	9,113	3,046	4,939	2,905	1,215	4,748	610	3,759
Transport	4,003	3,077	2,356	1,108	1,420	1,809	1,206	1,615	1,702	2,474	3,081
Community Facilities	917	2,973	3,986	2,385	2,437	1,302	1,432	1,341	1,573	1,905	2,175
Wastewater	2,797	4,255	1,743	-	1,207	2,662	79	81	261	85	88
Solid Waste	10	230	33	62	69	1,205	329	20	12	12	12
Stormwater	325	253	181	598	575	527	1,055	214	214	286	727
Investments	1,550	2,086	2,850	8,721	8,908	1,243	782	1,018	623	839	508
Renewal	10,116	13,983	14,242	14,757	13,358	14,334	13,966	14,388	17,005	17,567	15,989
Renewal	10,116	13,983	14,242	14,757	13,358	14,334	13,966	14,388	17,005	17,567	15,989
Community Services	103	130	160	105	135	324	285	100	219	144	99
Water	1,896	3,651	3,452	3,290	3,049	3,019	3,060	3,415	3,495	4,024	3,790
Transport	2,221	2,687	3,424	3,443	3,697	4,103	3,828	4,128	4,336	4,421	4,524
Community Facilities	2,417	3,368	2,472	3,035	2,708	3,082	3,167	3,280	3,716	4,884	3,409
Economic Development	47	4	4	49	4	4	52	5	5	56	5
Wastewater	2,275	2,839	3,176	3,613	2,534	1,844	1,883	1,987	2,372	2,185	2,269
Solid Waste	60	136	138	125	134	112	144	251	140	125	175
Stormwater	111	138	155	169	200	232	271	331	472	530	681
Democracy and Planning	-	-	51	-	-	54	-	-	58	-	-
Investments	986	1,030	1,210	929	896	1,560	1,275	891	2,193	1,197	1,037
Grand Total	23,335	30,689	28,677	38,256	31,871	29,053	25,696	20,568	26,678	29,168	27,315

Prospective schedule of reserve funds

Reserve Name	Projected Opening	Expected Deposits	Expected Withdrawals	Expected Balance@	Purpose of the Fund
	Balance 01/07/18 (\$'000)	01/07/18-30/06/28 (\$'000)	01/07/18-30/06/28 (\$'000)	30/06/28 (\$'000)	
Development Contribution Reserves					
Community Infrastructure - District	708	148	-	856	To fund for District Development Contribution capital expenditure, loan repayments & interest for Community Infrastructure
District Wide Parks	391	1,208	(1,145)	455	To fund for District Wide Parks Development Contribution capital expenditure, loan repayments & interest
Parks & Reserves Land (Residential)	2,727	1,322	(2,400)	1,649	To fund for Residential Parks Reserve Land Development Contribution capital expenditure, loan repayments & interest
Transport & Stormwater - District	35	5,550	(5,569)	15	To fund for District Wide Transport Development Contribution capital expenditure, loan repayments & interest
Wastewater - Aitiamuri	2	-	-	2	To fund for Aitiamuri Wastewater Development Contribution capital expenditure, loan repayments & interest
Wastewater - Kinloch	119	409	(450)	79	To fund for Kinloch Wastewater Development Contribution capital expenditure, loan repayments & interest
Wastewater - Taupo	265	7,595	(7,787)	73	To fund for Taupo Wastewater Development Contribution capital expenditure, loan repayments & interest
Water - Kinloch	200	175	(280)	94	To fund for Kinloch Water Development Contribution capital expenditure, loan repayments & interest
Water - Mapara Road	56	298	(285)	69	To fund for Mapara Road Water Development Contribution capital expenditure, loan repayments & interest
Water - Omori/Pukawa/Kuraia	37	112	(128)	21	To fund for Omori/Pukawa/Kuraia Water Development Contribution capital expenditure, loan repayments & interest
Water - River Road	5	-	-	5	To fund for River Road Water Development Contribution capital expenditure, loan repayments & interest
Water - Taupo	138	5,467	(3,755)	1,850	To fund for Taupo Water Development Contribution capital expenditure, loan repayments & interest
Water - Turangi/Tongariro	14	-	-	14	To fund for Turangi/Tokaanu Water Development Contribution capital expenditure, loan repayments & interest
Depreciation Reserves					
Buildings - District	3,976	59,839	(48,553)	15,263	To fund for renewals, capital expenditure & loan repayments for Buildings - District
Land Subdivision - District	1,274	-	(568)	706	To fund for renewals, capital expenditure & loan repayments for Land Subdivision - District
Operational assets - District	3,576	45,640	(46,661)	2,556	To fund for renewals, capital expenditure & loan repayments for Operational assets - District
Solid Waste - District	853	2,768	(3,476)	145	To fund for renewals, capital expenditure & loan repayments for District Solid Waste
Transport & Stormwater - District	7,260	85,498	(71,784)	20,974	To fund for renewals, capital expenditure & loan repayments for Transport & Stormwater - District
Wastewater - District	7,235	56,619	(53,783)	10,072	To fund for renewals, capital expenditure & loan repayments for Wastewater - District
Water - Acacia Bay	261	1,952	(2,186)	27	To fund for renewals, capital expenditure & loan repayments for Water - Acacia Bay
Water - Aitiamuri	169	252	(412)	9	To fund for renewals, capital expenditure & loan repayments for Water - Aitiamuri
Water - Bonshaw Park	21	366	(318)	69	To fund for renewals, capital expenditure & loan repayments for Water - Bonshaw Park
Water - Centennial Drive	(10)	1,570	(1,040)	520	To fund for renewals, capital expenditure & loan repayments for Water - Centennial Drive
Water - Hatepe	87	400	(380)	108	To fund for renewals, capital expenditure & loan repayments for Water - Hatepe
Water - Kinloch	1,639	2,404	(2,360)	1,683	To fund for renewals, capital expenditure & loan repayments for Water - Kinloch
Water - Mangakino	222	1,472	(1,692)	2	To fund for renewals, capital expenditure & loan repayments for Water - Mangakino
Water - Mapara	470	526	(277)	719	To fund for renewals, capital expenditure & loan repayments for Water - Mapara
Water - Motuoaapa	105	944	(937)	112	To fund for renewals, capital expenditure & loan repayments for Water - Motuoaapa
Water - Omori	1,026	1,739	(1,118)	1,648	To fund for renewals, capital expenditure & loan repayments for Water - Omori
Water - River Road	152	332	(271)	213	To fund for renewals, capital expenditure & loan repayments for Water - River Road
Water - Taupo	728	23,887	(22,794)	1,820	To fund for renewals, capital expenditure & loan repayments for Water - Taupo
Water - Tirohanga	558	1,008	(644)	922	To fund for renewals, capital expenditure & loan repayments for Water - Tirohanga
Water - Turangi	1,239	3,195	(4,434)	(0)	To fund for renewals, capital expenditure & loan repayments for Water - Turangi
Water - Waitaha	516	649	(355)	810	To fund for renewals, capital expenditure & loan repayments for Water - Waitaha
Water - Waitahanui	20	806	(416)	410	To fund for renewals, capital expenditure & loan repayments for Water - Waitahanui
Water - Whakamaru	(203)	457	(157)	96	To fund for renewals, capital expenditure & loan repayments for Water - Whakamaru
Water - Whakamoenga	52	214	(238)	29	To fund for renewals, capital expenditure & loan repayments for Water - Whakamoenga
Water - Whakarua	278	470	(477)	270	To fund for renewals, capital expenditure & loan repayments for Water - Whakarua
Water - Whareroa	43	321	(339)	25	To fund for renewals, capital expenditure & loan repayments for Water - Whareroa
Other Reserves					
Disaster Recovery Fund	1,818	3,200	(60)	4,958	To provide funds for CARFF insurance scheme annually for disaster coverage
District Airport Reserve	67	-	-	67	To provide for heavy periodic maintenance charges on assets such as buildings, roads etc & for future capital works of this nature
Parking	69	-	-	69	For the purchase or development of parking
Forestry	4,541	5,189	(1,241)	8,489	To be used in the establishment, maintenance & operation of Councils forestry blocks
Strategic Property Purchase - District	11,058	18,352	(17,777)	11,634	To fund specific strategically based property purchases & associated projects - District
TEL	58,623	27,041	-	85,665	As per Treasury Management Policy
Total Reserves	112,426	369,393	(306,546)	175,273	

Accounting policies

1 Statement of accounting policies

1.1 Reporting entity

Taupō District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Council has not presented group prospective financial statements because Council believes that the parent prospective statements are more relevant to the users.

The main purpose of prospective financial statements in the Long-term Plan is to provide users with information about core services that Council intends to provide to ratepayers, the expected cost of those services and, as a consequence, how much Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements presented.

The primary objective of Council is to provide goods and services to the community for social benefit, rather than for making financial return. Accordingly Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

2 Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

The prospective financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP). The prospective financial statements have also been prepared in accordance with Tier 1 PBE accounting standards. The statements comply with PBE FRS 42 Prospective Financial Statements and other applicable Financial Reporting Standards as appropriate for public benefit entities. The prospective financial statements use opening balances from the period ending 30 June 2017; estimates have been restated accordingly if required. The prospective financial statements are prepared using the historical cost basis, except for assets and liabilities, which are recorded at fair value. These are detailed in the specific policies below.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements. The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Council is New Zealand dollars.

2.2 Standards issued and not yet effective and not early adopted

Standards, interpretations, and amendments issued but not yet effective that have not been early adopted, and which are relevant to Council are:

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 interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

Council plans to apply the new standards in preparing the 30 June 2020 financial statements. Council has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 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 application 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; and
- 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 has not yet assessed the effects of the new standard.

2.3 Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

2.4 Goods and Services Tax (GST)

Items in the financial statements are stated exclusive of GST except for receivables and payables, which are shown on a GST-inclusive basis. 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.

2.5 Cost allocation

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below:

- Direct costs, are costs directly attributable to a significant activity, and are charged directly to that significant activity; and
- Indirect costs are costs which cannot be identified in an economically feasible manner, with a specific significant activity, and are charged to significant activities using appropriate cost drivers such as staff time, computer devices, staff numbers and floor area.

2.6 Critical accounting estimates and judgements

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, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings and infrastructural assets;
- Estimating the retirement and long service leave obligations; and
- Estimating the landfill aftercare provision.

Critical judgements in applying accounting policies

- Classification of property.

Council owns a number of properties, which are

maintained primarily to provide housing to pensioners. Receipt of market based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's social housing policy. These properties are accounted for as property, plant and equipment.

2.7 Revenue

Revenue is measured at fair value.

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

Rates revenue

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

Revenue from water by meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remissions policy.

Rates collected on behalf of Bay of Plenty Regional Council are not recognised in the financial statements, as Council is acting as their agent.

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 subsidies and grants

Other subsidies and 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.

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 developers, 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 (for example, land that 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.

Sales of goods

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

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.

Entrance fees

Entrance fees are fees charged to users of Council's local facilities, such as pools, museum, and Superloo. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing waste at Council's landfill and transfer stations are recognised as the waste is disposed of by users.

Rental revenue

Rental revenue from investment property is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

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.

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the shareholder's right to receive payment is established.

Third party transfer payment agencies

Council collects monies for many organisations. Where collections are processed through Council books, any monies held are shown as trade payables in the statement of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

2.8 Borrowing costs

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

2.9 Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

2.10 Grant expenditure

Council's awarded grants have no substantive conditions attached.

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 grants has been received.

Discretionary grants are those grants where 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.

2.11 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 expense reduction of rental expense over the lease term.

2.12 Income tax

Local authorities are only subject to income tax on income derived from any Council controlled organisation and as a port operator.



Income tax expense includes components relating to current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit or taxable profit.

Current and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenues and expenses or directly in equity.

2.13 Equity

Equity is the community's interest in Council as measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds;
- Council-created reserves;
- asset revaluation reserves; and
- available-for-sale revaluation reserve.

Reserves are a component of equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by Council. Council-created reserves are reserves established by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Asset revaluation reserves arise from certain asset classes being revalued, with these classes including land, buildings, infrastructural assets and restricted assets. The treatment of revaluation movements is detailed in 2.19 of the policies.

Available-for-sale revaluation reserves arise from available-for-sale investments being revalued to current fair value. The treatment of revaluation movements is detailed in 2.17 of the policies.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand and 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 included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and within borrowings in current liabilities on the statement of financial position.

2.15 Receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

2.16 Inventory

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no

charge or nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value; and
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When sections of land for sale are transferred from non-current assets held for sale, investment property or property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

2.17 Financial assets

Financial assets (other than shares in subsidiaries) 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.

Term deposits and community loans (loans and receivables)

Loans made at nil or below market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument.

After initial recognition, term deposits and community loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If the assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Listed bonds (held-to-maturity)

After initial recognition, listed bonds (designated as held-to-maturity) are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the statement of comprehensive revenue and expense.

At year-end, the assets are assessed for indicators of impairment. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Council does not use this category presently.

Listed shares (fair value through surplus or deficit)

This category has two sub categories: financial assets held for trading (Council does not use this category), and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Council's equity investments fall into this category.

Available for sale (fair value through other comprehensive revenue and expense)

Financial assets available for sale 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 management intends to dispose of, or realise, the investment within 12 months of balance date. Council 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, 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 is reclassified from equity to the surplus or deficit.

Council's shareholding in Civic Assurance and the holdings of Government and corporate bonds are currently classified as available for sale.

2.18 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value, less costs to sell.

Any impairment losses for write downs of the asset 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.

Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

2.19 Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – These include land, buildings, office furniture and fittings, library books, heritage assets, plant and equipment, and motor vehicles.

Restricted assets – Restricted assets are parks and reserves owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets – Infrastructure assets are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function, for example, wastewater reticulation includes reticulation piping and pump stations.

Land and land under roads (operational and restricted) are measured at fair value, and buildings (restricted and operational) and infrastructural assets (roads, water, wastewater and stormwater) are measured at fair value less accumulated depreciation. All other asset classes, excluding heritage assets, are measured at cost less accumulated depreciation and impairment losses. Heritage assets are measured at cost.

Revaluation

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

Revaluation movements 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 asset revaluation reserves 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 or 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 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.

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 Council and the cost of the item can be measured reliably.

Additions between valuations are shown at cost, except vested assets. Certain infrastructural assets and land have been vested in Council as part of the subdivision consent process. Vested land reserves are initially recognised at the most recent rating valuation. Vested infrastructural assets are valued based on the actual quantities of infrastructure components vested, and the current “in the ground” cost of providing identical services.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the asset. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line or diminishing value basis on all property, plant and equipment other than land and heritage assets, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as per the following chart:

Class of asset depreciated	Estimated useful life	Depreciation rates
Operational assets:		
Land.	not depreciated.	Nil.
Buildings.		
Site Value.	13 years.	7.69 per cent SL.
Structure.	20 - 80 years.	1.3 per cent - 5 per cent SL.
Roof.	20 - 40 years.	2.5 per cent - 5 per cent SL.
Services.	20 - 45 years.	2.5 per cent - 5 per cent SL.
Internal fit-out.	15 - 35 years.	2.9 per cent - 6.7 per cent SL.
Plant.	20 - 30 years.	3.3 per cent - 5 per cent SL.
Machinery..	2 - 20 years.	5 per cent - 50 per cent SL.
Computer equipment.	4 years.	25 per cent SL.
Office equipment.	4 - 10 years.	13.33 per cent - 25 per cent SL.
Leased assets.	3 - 5 years.	20 per cent - 33.3 per cent SL.
Furniture and fittings.	2 - 10 years.	10 per cent - 50 per cent SL.
Park furniture.	2 - 25 years.	4 per cent - 50 per cent SL.
Vehicles.	4 - 10 years.	10 per cent - 25 per cent SL.
Library books.	6.5 years.	15.5 per cent SL.
Infrastructural assets:		
Buildings.		
Site Value.	13 years.	7.69 per cent SL.
Structure.	20 - 80 years.	1.3 per cent - 5 per cent SL.
Roof.	20 - 40 years.	2.5 per cent - 5 per cent SL.
Services.	20 - 45 years.	2.5 per cent - 5 per cent SL.
Internal fit-out.	15 - 35 years.	2.9 per cent - 6.7 per cent SL.
Roads.		
Top surface.	3 - 20 years.	5 per cent - 33 per cent SL.
Pavement.	45 - 65 years.	1.5 per cent - 2.2 per cent SL.
Formation.	not depreciated.	Nil.
Culverts.	55 - 80 years.	1.3 per cent - 1.8 per cent SL.
Footpaths.	50 - 80 years.	1.3 per cent - 2 per cent SL.
Kerbs.	60 years.	1.7 per cent SL.
Signs.	15 years.	6.7 per cent SL.
Street lights.	25 - 60 years.	1.7 per cent - 4 per cent SL.
Bridges.	90 - 100 years.	1 per cent - 1.1 per cent SL.
Land under roads.	not depreciated.	Nil.
Water reticulation.		
Pipes.	45 - 100 years.	1 per cent - 2.2 per cent SL.
Valves, hydrants.	40 years.	2.5 per cent SL.
Pump stations.	10 - 60 years.	1.7 per cent - 10 per cent SL.
Tanks.	25 - 80 years.	1.3 per cent - 4 per cent SL.

Sewerage reticulation.		
Pipes.	65 - 100 years.	1 per cent - 1.5 per cent SL.
Manholes.	80 years.	1.3 per cent SL.
Treatment plant.	5 - 80 years.	1.3 per cent - 20 per cent SL.
Stormwater systems		
Pipes.	50 - 120 years.	0.83 per cent - 2 per cent SL.
Manholes, cesspits.	75 - 100 years.	1 per cent - 1.3 per cent SL.
Flood control systems.	50 - 100 years.	1 per cent - 2 per cent SL.
Solid waste.	4 - 24 years.	4.166 per cent - 25 per cent.
Restricted assets:		
Land.	not depreciated.	Nil.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and 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 its 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. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases in the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

2.20 Forestry assets

Forestry assets are predominantly standing trees which are managed on a sustainable yield basis.

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less cost to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

2.21 Intangible assets

Software acquisition and development

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 attributable to the development of the software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and 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.

Amortisation

The carrying value of an 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 de-recognised. The amortisation charge for each financial year is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software 3-8 years 12.5 per cent- 33.33 per cent

Impairment of intangible assets

For further details, refer to the policy for impairment of property, plant and equipment in 2.19. The same approach applies to the impairment of intangible assets.

2.22 Investment property

Properties leased to third parties under operating leases and properties held for capital appreciation 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.

2.23 Payables and deferred revenue

Short term creditors and other payables are recorded at their face value.

2.24 Employee entitlements

Short-term employee entitlements

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

A liability and an expense are recognised for bonuses where Council has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligations can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

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



2.25 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 assessment of the time value of money and the risk 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”.

2.26 Borrowings and other financial liabilities

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

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

Finance leases

A finance lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

2.27 Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to interest rate risk arising from Council’s financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The associated gains or losses are recognised in the surplus or deficit.

3 Prospective financial information

The financial information contained in this document is prospective financial information in terms of accounting standard PBE FRS42. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flow of Council. The actual results achieved for any particular year are also likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Revenue and financing policy

This policy sets out who pays for the activities that Council undertakes on behalf of the community and how these activities will be funded. When deciding how to fund an activity Council must consider the requirements as set out in the LGA s101(3) and s103.

Council has prepared a s101(3) document which sets out the rationale for how and why each activity will be funded in a particular way and should be read in conjunction with this Revenue and Financing Policy. A copy of this document can be found at www.taupo.govt.nz

Council's funding policy

Council's funding policies are determined with consideration of the requirements of s101 (3) including consideration of who benefits, intergenerational equity, who contributes to the need for the activity, distinct funding and the overall impact of the method of funding.

Where we have been able to clearly identify a direct relationship between users and the service provided by Council and it is efficient and effective to do so, Council has applied either a targeted rate or fees and charges. Where the level of service provides a benefit to the community as a whole, is of a uniform nature, or where we are not able to identify the direct relationship between users and the service we use general rates. In a number of instances we use a mix of the general rate and fees and charges whilst also recognising the overall impact on the community and ability to pay. This philosophy also extends to the use of capital value as the basis for the general rate. The combination of capital value and a low uniform annual charge supports our long-term strategic direction of balancing wants and needs with affordable and sustainable rates.

We also believe that individuals, groups and communities should pay for the services they receive at the time that they are using them (intergenerational equity). This is particularly important when we build significant infrastructure with an expected long life. Council seeks to match the term of borrowings with the average life of assets when practical, with a maximum loan term of 25 years. This enables Council to best match charges placed on the community against the period of benefits from capital expenditure.

Where possible other sources of revenue are collected including subsidies and grants. Good examples of this include the grants that we have successfully obtained from central government for water treatment in Turangi, Mangakino and Waitahanui. Development contributions are collected where possible for developments which

create the need for additional infrastructure or place an additional demand on our existing infrastructure.

Operating expenditure

Council funds operating expenditure from the general rate, targeted rates, fees and charges, interest and dividends from investments, grants and subsidies and other operating revenue. Council may choose to fund operating expenditure by other sources than those listed if it becomes available over the life of the Long-term Plan.

The LGA 2002 requires Council to produce a Funding Impact Statement that provides details on the funding mechanisms to be used for each year covered by the Long-term Plan. The Funding Impact Statement shows how Council intends to implement the Revenue and Financing Policy each year. It also shows the amounts to be collected from each available source, including how various rates are to be applied.

General Rate

General rates are used to fund activities where Council believes there is a public benefit to the community as a whole or to a portion of the community. Some individuals may or may not use or access the service however there is no practical or cost effective method for charging individual users. Having a strong general rate funded system creates a simpler structure making it easier for ratepayers to understand how they are being rated and it is a more efficient and effective rating system to administer. Council uses a capital valuation system for the general rate.

Differentials

Council applies differentials to some categories of rateable land to recognise that there are differences in the level of service and therefore the benefits each differential rating category derives from the various services provided by Council. In some cases costs to provide some services are higher for some rating categories and this is considered when setting differentials and applying them to rating categories.

Uniform Annual General Charge (UAGC)

A Uniform Annual General Charge set under section 15 of the Local Government (Rating) Act 2002 is assessed on every separately used or inhabited part of a rating unit in the district. For the avoidance of doubt, where a rating unit is divided into separate parts for rating purposes, each separate part is treated as if it were a separate rating unit for the application of this Uniform Annual General Charge. The Uniform Annual General Charge will be used to fund leadership, governance, advocacy, emergency management, animal control and cemeteries.



Targeted rates

A targeted rate means a rate to be used exclusively to pay for that operating expense where it can be targeted based on service provision or location. Targeted rates are used to target ratepayers who benefit exclusively from a service, or when Council believes that the benefits from the service are such that the principles of general rating (noted above) are not sufficient.

The activities or services where a targeted rate is applied are:

- Sewage disposal – assessed on every rating unit connected or available to be connected to an accessible Council scheme on the basis of one charge per pan or urinal (with the exception of the residence of a single household, which shall be assessed only one charge);
- Sewer loan servicing rate – assessed on every rating unit within a sewer loan servicing scheme where no election was made to pay by way of lump sum contribution;
- Water supply – fixed targeted rate specific to residential schemes, a targeted rate based on land value for some rural or fully commercial schemes and metered water supplies for other commercial and rural users;
- District Refuse Disposal Charge- assessed on each separately used or inhabited part with the application of a differential to certain categories of rateable land;
- Whakamaru fire protection- assessed on specified rating units within the Whakamaru Village as a fixed amount per rating unit;
- Whareroa Refuse rate- assessed on all rating units in the Whareroa rating area as a fixed amount per rating unit;
- Town Centre Taupō Management rate – assessed on each separately used or inhabited part of industrial/

commercial rating units within the defined central business district of Taupō town; and

- Turangi-Tongariro Community Board- assessed on each separately used or inhabited part of all rating units within the Turangi-Tongariro ward.

Council's Funding Impact Statement contains more details on these rates.

Fees and charges

Fees and charges are used where there is a direct benefit to an individual. The fee or charge is determined by considering the efficiency of imposing the fee or charge, considering the value that the service provides to the community (particularly in regards to community facilities) and the overall cost of providing the service. The activities where we have fees and charges and the proportion to be collected for a particular activity are illustrated in the table below. The actual fees can be found in the Fees and Charges Schedule on our website www.taupo.govt.nz

Interest and dividends from investments

The interest and dividends from the general and special fund investments are used as an offset against general rates. The management of these investments is governed by the Treasury Management Policy. A portion of interest and dividends from the TEL Fund is used as an offset against general rates in the 2018/19 and 2019/20 years with the balance being applied back to the capital of the fund. Council's Financial Strategy for the 10 years is to finish offsetting against the general rate by the end of the 2019/20 financial year. From 2020/21 Council will first apply interest and dividends (to an amount equal to inflation proofing the capital of the fund) back to the capital of the fund, and then apply the balance to a TEL Fund distribution reserve to be available for Council to distribute or accumulate in accordance with the TEL fund guiding principles.



Grants and subsidies and other operating revenue

Where possible Council applies for grants for specific projects, which helps to reduce the cost to the community. NZTA subsidies are received for maintenance of the local road network including passenger transport and community programmes. Other operating revenue includes but is not limited to rental income from property and petrol tax.

Capital expenditure

Council funds capital expenditure from borrowing, development and financial contributions, operating surpluses, sale of assets, subsidies, depreciation reserves and other financial reserves. Council may choose to fund capital expenditure by other sources than those listed if it becomes available over the life of the Long-term Plan.

Borrowing

Council adopts a prudent approach to debt and its capital programme. Borrowing is managed within the framework specified in the Treasury Management Policy. While seeking to minimise interest costs and financial risks associated with borrowing, access to funding is of primary importance. Council seeks to match the term of borrowings with the average life of assets when practical, with a maximum loan term of 25 years. This enables Council to best match charges placed on the community against the period of benefits from capital expenditure.

Council's overall borrowing requirement is reduced to the extent that other funds are available to finance capital expenditure including the sources outlined below. The Forecast Financial Statements included in the Long-term Plan contain a Prospective Statement of Borrowings. This Statement provides a summary of forecast borrowing levels, identifying the impact of capital expenditure and the various other capital funding sources listed above.

Development and financial contributions

The charges under the Development Contributions Policy are used to fund the portion of capital expenditure which relates to growth. In reaching the requirement for contribution, any increase in level of service or renewal of asset is identified and funded from other funding mechanisms. Where growth related infrastructure is funded by development contributions, debt servicing costs on that infrastructure may also be recovered through development contributions.

Sale of assets

We have an on-going land disposal process with the net proceeds to be used to reduce debt. Assets which are no longer required for strategic or operational purposes may be sold with the net proceeds to be used to reduce debt. We will harvest Council owned forests as they reach maturity with the net proceeds to be applied to debt reduction.

Depreciation reserves and other financial reserves

These reserves are used to fund the asset renewal programme, capital expenditure and loan repayments.

Subsidies

Council receives NZTA subsidies for renewals and new capital expenditure for the District's transportation network. Where subsidies are available from central government for activities that Council undertakes we will apply for these and if successful this will reduce the amount of loan funding required. An example of this type of subsidy is the Ministry of Health subsidy for compliance with the Drinking Water Standards.

Summary of funding for Council's activities

Note: these are target ranges and are subject to a number of variables that may occur over any given financial year.

Group of Activities	Activity	Uniform charge	General rate	Targeted rate	Fees & charges
Community services.	Community engagement.		100%.		
	Building compliance and development.		25%-40%.		60%-75%.
	District Plan compliance.		40%-60%.		40%-60%.
	Liquor and health licensing.		35%-45%.		55%-65%.
	Animal control.		50%-70%.		30%-50%.
	Parking.		100%.		
	Emergency management .	100%.			
Water.	Water supply (by scheme).			100%.	
	Whakamaru Fire Protection.			100%.	
Transport.	Transport.		100%.		
Community facilities.	Parks and reserves.		90%-100%.		0%-10%.
	Sportsgrounds.		90%-100%.		0%-10%.
	AC Baths.		55%-65%.		35%-45%.
	Turangi Aquatic Centre and Mangakino Pool.		85%-95%.		5%-15%.
	Taupō Events Centre.		65%-75%.		25%-35%.
	Great Lake Centre.		75%-85%.		15%-25%.
	Community halls.		90%-100%.		0%-10%.
	District libraries .		90%-100%.		0%-10%.
	Taupō Museum.		85%-95%.		5%-15%.
	Housing for the elderly.		40%-60%.		40%-60%.
	Public toilets.		100%.		
	Superloo.		50%-70%.		30%-50%.
	Cemeteries.	0%-20%.			80%-100%.
Solid Waste.	Litter control.		100%.		
	Refuse collection.				100%.
	Solid waste disposal and minimisation.			51%.	49%.
Stormwater.	Stormwater .		100%.		
Wastewater.	Wastewater.			100%.	
Democracy and planning.	Leadership, governance and advocacy.	100%			
	Turangi-Tongariro Community board.		20%.	80%.	
	Planning for the future.		100%.		
Investments.	Investments.		100%.		
	Property.		10%-30%.		70%-90%.
Economic development.	Economic development.		100%.		

Funding impact statement

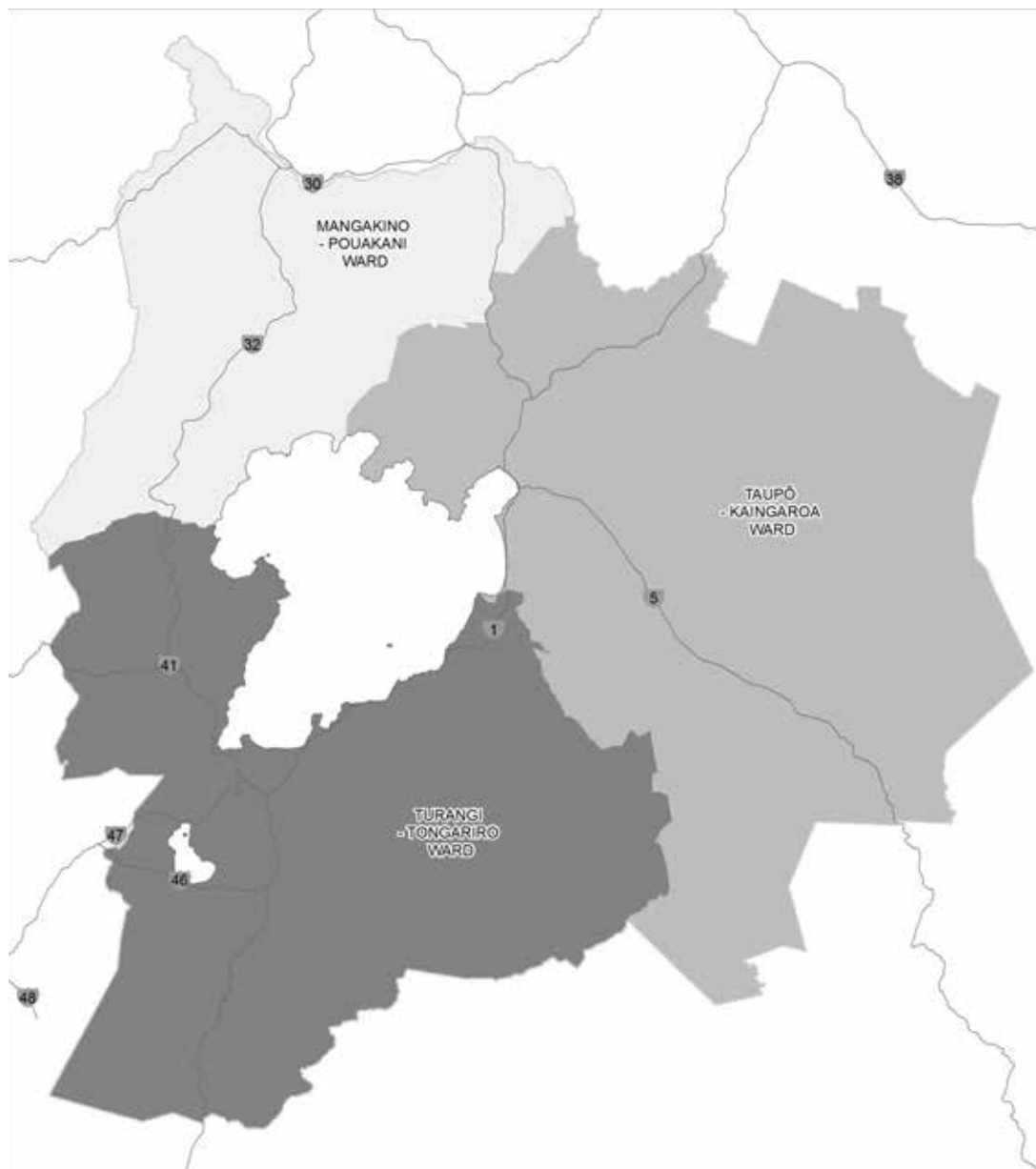
1. Introduction

This Funding Impact Statement details the Rating Policy and the rates funding requirements for 2018/19.

2. Ward boundaries and rating areas

Council has one rating area for the whole district. Where services benefit the whole community, these services will be paid from general rates. Where services benefit individuals or identifiable groups in the community, user charges or targeted rates may be assessed. The rating system used by Council is capital value, and the property valuations are produced by Opteon Technologies Limited. The effective date of the valuations is 1 July 2016 and they are used for the 2018/19 rating year. It should be noted that some targeted rates for water supply are calculated using the land value of that rating unit.

Figure 1 Taupō District and Wards



3. Categories of rateable land

Council adopts the following as its definitions of categories of rateable land for the 2018/19 financial year. These categories are used as described elsewhere in this policy, and as required, for setting some of the targeted rates. The categories are defined using the use to which the land is put (clause 1 of schedule 2 of the Local Government (Rating) Act 2002) and the zoning of the land under the Council's District Plan (clause 2 of schedule 2 of the Local Government (Rating) Act 2002). The categories are as follows.

- Residential – all residential rating units used for one or more household units.
- Rural – all rating units used predominantly for agricultural, horticultural, forestry or farming purposes.
- Utilities assets and utility networks – all utility service rating units.
- Electricity Generators – all rating units used for the purposes of generating electricity for commercial purposes.
- Industrial/Commercial – all rating units used for industrial, commercial or retail purposes; all vacant rating units zoned commercial or industrial under the District Plan; all rating units used for offices, administrative or government purposes (including state-owned enterprises, central and local government).
- Accommodation – all accommodation complexes including rating units within accommodation complexes used to provide visitor accommodation, including (without limitation) motels, hotels, timeshares, serviced apartments, holiday parks, camping grounds and backpacker lodges.
- Other – all other rating units not falling within the other differential categories.

3.1 It should be noted that:

- (a) Vacant land – the differential classification will be determined by the underlying zone classification of the rating unit.
- (b) Separately used or inhabited part (SUIP) – this refers to separate parts of a rating unit; whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long-term basis by someone other than the owner as an independent residence; or in the case of a rating unit used for commercial or industrial business, the availability for use of part or parts of the rating unit

for independent trading operations. In a residential situation a separately used or inhabited part will only be classified if all of the following apply: separate kitchen including a bench top and sink, separate living facilities, separate toilet and bathroom facilities and separate access (including access through a common area such as a lobby, stairwell, hallway or foyer etc.). In a business situation a separately used or inhabited part will be classified where the property has been set up to accommodate, or is accommodating, separate lessees, tenants, or the like, operating separate businesses from the same rating unit. A rating unit with one use or part is one separately used or inhabited part.

- (c) Where separate parts of a rating unit fit within more than one category of rateable land (3 above) for setting rates or where separate parts of a rating unit qualify for a rates remission, a rating division will be created to accurately assess rates and/or apply remission.
- (d) Rates payments will be allocated to the oldest debt outstanding first.
- (e) Penalties will not be added to rating units where there is a Direct Debit authority to pay the full amount of rates owing by regular payments within the current rating year, and any default is promptly rectified.

3.2 Targeted rates based on land use

Council will target rates based on land use to assess:

- District Refuse Disposal Rate (1 and 2 below)

The following categories will apply:

1. All industrial, commercial, accommodation, utility assets/networks, and electricity generator rating units.
2. All residential, rural and other rating units.

3.3 Targeted rates based on location

Council will use targeted rates based on location to assess rates for:

- Turangi-Tongariro Community Board Rate (see 1 below).
- Town Centre Taupō Management Rate (2 below).
- Whareroa Refuse Rate (3 below).

The following categories will apply:

1. Turangi/Tongariro Ward – (assessed on each separately used or inhabited part of a rating unit) see figure 1 of this document
2. Industrial/Commercial rating units within the defined

central business district of Taupō town. (Assessed on each separately used or inhabited part of a rating unit.) See figure 5 in this document.

3. All rating units on the Whareroa valuation roll. (see figure 4 in this document.)

3.4 Targeted rates based on availability of service

Council will use targeted rates based on availability of service to assess rates for:

- Water supply and sewage disposal (1, 2, 3, 4 and 5 below).
- Water and sewer loans to fund capital costs (6 below).
- Whakamaru Fire Protection Charge (7 below).

The following categories will apply:

1. Connected – each separately used or inhabited part of a rating unit that is connected to a Council operated water scheme or is connected to a public sewerage drain.
2. Serviceable (available to be connected) – any separately used or inhabited part of a rating unit that is not connected to an accessible sewage drain but is within 30 metres of such a drain; or any separately used or inhabited part of a rating unit that is not connected to an accessible Council operated water scheme but is within 100 metres of any part of the waterworks.
3. Sewer multi connections – rating units with more than one pan or urinal.
4. Water multi connections – rating units with more than one separately used or inhabited part.
5. Metered water supply – rating units with a water meter.
6. Rating units where no election was made to pay by lump sum contribution.
7. Defined rating units within the Whakamaru village.

4. General and targeted rates

The Council adopts the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing on 1 July 2018 and ending on 30 June 2019.

4.1 General rate

A General Rate, set under section 13 of the Local Government (Rating) Act 2002 on every rating unit in the district and calculated on the capital value of each rating unit.

The General Rate is used to fund activities and services

including: community engagement, community grants, building compliance and development, district plan compliance, health and liquor, parking, transport, parks, reserves and sports grounds, swimming pools (AC Baths, Turtle Pools, Mangakino Pool), Taupō Events Centre, Great Lake Centre, Libraries, Taupō Museum and Art Gallery, community halls, public toilets (including the Superloo), housing for the elderly, litter control, stormwater, planning for the future, Turangi-Tongariro Community Board, investments, Council property, destination marketing and economic development.

Valuation basis for general rates

Council uses capital value as the basis for general rates.

Rating Unit Category	Rate per \$ of CV 2017/18 GST incl	Rate per \$ of CV 2018/19 GST incl
Residential.	0.0025776/\$	0.0026666/\$
Rural.	0.0025776/\$	0.0026666/\$
Utility Assets and Networks.	0.0025776/\$	0.0026666/\$
Electricity Generators.	0.0025776/\$	0.0026666/\$
Industrial/ Commercial.	0.0046397/\$	0.0047999/\$
Accommodation.	0.0046397/\$	0.0047999/\$
Other.	0.0025776/\$	0.0026666/\$

4.2 Differentials

Council uses a 1.8 differential for Industrial/Commercial, and Accommodation property categories. All other categories of rating unit will pay the standard rate (differential = 1).

Property Categories	Differential Factors
Residential.	1.000
Rural.	1.000
Utility Assets and Networks.	1.000
Electricity Generators.	1.000
Industrial/Commercial.	1.800
Accommodation.	1.800
Other.	1.000

4.3 Uniform Annual General Charge

A Uniform Annual General Charge set under section 15 of the Local Government (Rating) Act 2002 on every separately used or inhabited part of a rating unit in the district (as defined in section 3.1.b of this document). For the avoidance of doubt, where a rating unit is divided into separate parts for rating purposes, each separate part is treated as if it were a separate rating unit for the application of this Uniform Annual General Charge. The Uniform Annual General Charge will be used to fund leadership, governance, advocacy, emergency management, animal control and cemeteries.

Per SUIP	2017/18 GST incl	2018/19 GST incl
Uniform Annual General Charge.	\$250.00.	\$250.00.

4.4 Sewage disposal

A targeted rate to fund sewage disposal, as outlined in the Groups of Activities – Wastewater section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on every rating unit connected or available to be connected (serviceable) to an accessible Council scheme on the basis of one charge per pan or urinal (with the exception of the residence of a single household – which shall be assessed only one charge). For the avoidance of doubt the words ‘a single household’ do not restrict the charge to one pan/urinal in the situation where a rating unit has separately used or inhabited parts (as defined in section 3.1.b of this document). In such a situation each separately used or inhabited part is regarded as a separate household, and a charge applied, at the sliding scale, for each separately used or inhabited part of the rating unit (serviceable – rating units within 30 metres of an accessible sewage drain).

The sewer schemes are: Taupō Township, Acacia Bay, Kinloch, Waitahanui/Five Mile Bay, Whakamaru, Mangakino, Atiamuri, Turangi Township/Tokaanu, Ōmori/Kuratau/Pūkawa, Motutere, Whareroa and Motuoapa.

Targeted Sewer Disposal charges per SUIP are:

Factor	Liability	2017/18 GST incl (per pan)	2018/19 GST incl (per pan)
Connected (1st pan/urinal).	per pan/urinal.	\$681.76	\$714.54
Connected (2 – 10 pans/urinals).	per pan/urinal.	\$511.32	\$535.91
Connected (10 + pans/urinals).	per pan/urinal.	\$340.88	\$357.27
Connected (schools 10 + pans/urinals).	per pan/urinal.	\$170.44	\$178.64
Serviceable (available to be connected) .	per rating unit.	\$340.88	\$357.27

4.5 Sewer loan servicing

A targeted rate to fund for sewer scheme loans, as outlined in the Groups of Activities – Wastewater section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed as a fixed amount per rating unit on every rating unit within a sewer loan servicing scheme where no election was made to pay by way of lump sum contribution (see figure 2 below).

Targeted Sewer Scheme Loan Charges are:

Sewer Loan	2017/18 GST incl	2018/19 GST incl
Waitahanui/Five Mile Bay.	\$298.90	\$161.20

Figure 2 Waitahanui/Five Mile Bay Sewer Loan Servicing Rate



■ Waitahanui / Five Mile Bay Sewer Loan Servicing Rate

4.6 Water supply

Water schemes with fixed charge targeted rates.

A targeted rate to fund water supply, as outlined in the Groups of Activities – Water section of this document, set under section 16 of the Local Government (Rating) Act, assessed on a targeted rate on each separately used or inhabited part (as defined in section 3.1.b of this document) of a rating unit, and being a rating unit which is connected, or is available to be connected, to an accessible Council scheme. A full charge will be made for each connected separately used or inhabited part of the rating unit and a half charge for serviceable separately used or inhabited parts of a rating unit (those within 100 metres of any part of the water scheme).

The water schemes and targeted water charges on any separate part of a rating unit described above are:

Water Scheme	2017/18	2017/18	2018/19	2018/19
	GST incl	GST incl	GST incl	GST incl
	Serviceable	Connected	Serviceable	Connected
Taupō.	\$223.73	\$447.46	\$227.69	\$455.38
Kinloch.	\$199.73	\$399.46	\$220.31	\$440.62
River Road.	\$342.77	\$685.54	\$335.24	\$670.48
Mangakino Township.	\$231.12	\$462.24	\$229.11	\$458.22
Atiamuri.	\$435.74	\$871.48	\$447.40	\$894.80
Whakamaru.	\$503.14	\$1,006.28	\$585.05	\$1,170.10
Turangi Township/Tokaanu.	\$148.25	\$296.50	\$164.45	\$328.90
Motuoapa.	\$247.27	\$494.54	\$257.42	\$514.84
Ōmori/Kuratau/Pūkawa.	\$138.51	\$277.02	\$153.22	\$306.44
Hatepe.	\$378.61	\$757.22	\$443.59	\$887.18
Whareroa.	\$211.32	\$422.64	\$201.61	\$403.22

Note: The Taupō scheme provides water to Taupō Township, Waitahanui, Wairākei Village, Acacia Bay and the wider Māpara area.

Water schemes with charges based on land value

All rating units within the water supply areas as below (whether connected or not) are assessed on the basis of land value without differentials. These are targeted rates, set under section 16 of the Local Government (Rating) Act 2002.

The water schemes and targeted water rates are:

Water Scheme	2017/18 GST incl	2018/19 GST incl
Whakaroa.	0.0016243/\$	0.0016973/\$
Rakaunui Road.	0.0025235/\$	0.0023838/\$
Centennial Drive (untreated).	0.0049223/\$	0.0054910/\$
Bonshaw Park.	0.0045694/\$	0.0047789/\$
Whakamoenga Point.	0.0014503/\$	0.0013488/\$
Waihaha.	0.0031049/\$	0.0031319/\$
Tirohanga.	0.0007640/\$	0.0010481/\$

4.7 Metered water supply

Note: Water meter charges will be invoiced separately from rate invoices at various times throughout the year (depending on the water scheme).

Targeted rates for metered water supply, set under section 19 of the Local Government (Rating) Act 2002, and assessed on the volume of water supplied to every rating unit with a water meter (excluding meters read for monitoring purposes only). These metered water charges apply for supply over and above the relevant targeted rate charge for water schemes as shown in 4.6 above. The supply allocation is the amount of the relevant targeted rate, divided by the relevant rate per m³ as shown below. It is only when this threshold is exceeded that water meter charges at the rates set below will be applied.

Council installs water meters to various properties throughout the district that are used to measure consumption for future planning purposes, to identify any leaks, or where excessive water use is suspected; these meters are read for monitoring purposes only.

The rates per cubic metre are:

Water Supply	2017/18 GST	2018/19 GST
	incl	incl
	Cents/ m ³	Cents/ m ³
Taupō Township/ Wairākei.	227	227
Kinloch.	144	144
Whakaroa.	229	229
Bonshaw Park.	291	291
Whakamoenga Point.	161	161
River Road.	162	162
Mangakino Township.	178	178
Tirohanga.	93	93
Turangi Township.	69	69
Motuoapa.	110	110
Tokaanu.	131	131
Hatepe.	259	259
Ōmori/Kuratau/ Pūkawa.	148	148
Whakamaru.	152	152
Atiamuri.	178	178
Rakaunui Road.	63	63
Centennial Drive (untreated).	51	51



4.8 District Refuse Disposal Charge

A targeted rate to fund district refuse disposal, solid waste operations and waste minimization initiatives, as outlined in the Groups of Activities – Solid Waste section of this document, set under section 16 of the Local Government (Rating) Act 2002 and assessed on each separately used or inhabited part (SUIP- as defined in section 3.1.b of this document) of each rateable rating unit in the district on the basis that properties categorised as residential, rural or other shall be assessed with one charge per SUIP, and industrial/commercial, accommodation, electricity generator and utility asset and network rating units shall be assessed with twice the charge per SUIP. For the avoidance of doubt, where a rating unit is divided into separate parts for rating purposes, each separate part is treated as if it were a separate rating unit for the application of this District Refuse Disposal Charge.

The targeted District Refuse Disposal Charge is:

	2017/18 GST incl	2018/19 GST incl
Accommodation, Industrial/ Commercial, Electricity Generators, Utility Assets and Networks.	\$90.88	\$105.88
Residential, Rural or Other.	\$45.44	\$52.94

4.9 Whakamaru Fire Protection Rate

A targeted Whakamaru Fire Protection Rate, as outlined in the Groups of Activities – Water section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on specified rating units within the Whakamaru Village (see figure 3 below) as a fixed amount per rating unit.

The targeted Whakamaru Fire Protection Rate is:

	2017/18 GST incl	2018/19 GST incl
Whakamaru Fire Protection.	\$167.71	\$164.28

Figure 3
Whakamaru Fire Protection area



■ Whakamaru Fire Protection Rate

4.10 Whareroa Refuse Rate

A targeted Whareroa Refuse Rate, to fund the 24 hour turnstile access to the Whareroa Refuse Station, as outlined in the Groups of Activities – Solid Waste section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on all rating units in the Whareroa rating area (see Figure 4 below) as a fixed amount per rating unit.

The targeted Whareroa Refuse Rate is:

	2017/18 GST incl	2018/19 GST incl
Whareroa Refuse Rate.	\$90.90	\$90.90

Figure 4
Whareroa Refuse area



■ Whareroa Refuse Collection Rate

4.11 Town Centre Taupō Management Rate

A targeted Town Centre Taupō Management Rate, to fund services to enhance and develop the social and economic wellbeing of the Taupō central business district, as outlined in the Groups of Activities – Economic Development section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on each separately used or inhabited part (as defined in section 3.1.b of this document) of industrial/commercial rating units within the defined Taupō Town Centre boundary (see Figure 5 below).

The targeted Town Centre Taupō Management Rate is:

	2017/18 GST incl	2018/19 GST incl
Town Centre Taupō Management.	\$353.44	\$354.78

Figure 5 Taupō Town Centre



□ Town Centre Taupō Boundary

4.12 Turangi-Tongariro Community Board Rate

A targeted Turangi-Tongariro Community Board Rate, as outlined in the Groups of Activities – Democracy and Planning section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on each separately used or inhabited part (as defined in section 3.1.b of this document) of all rating units within the Turangi-Tongariro ward (as highlighted in figure 1 of this document)

	2017/18 GST incl	2018/19 GST incl
Turangi-Tongariro Community Board Rate.	\$16.71	\$16.62

5. Examples of rates per type of property

Residential properties - Taupō

	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Rating Valuation	\$284,000 CV \$	\$284,000 CV \$	\$453,000 CV \$	\$453,000 CV \$	\$565,000 CV \$	\$565,000 CV \$	\$810,000 CV \$	\$810,000 CV \$
Targeted Rates.	1,175	1,223	1,175	1,223	1,175	1,223	1,175	1,223
General Rates.	982	1,007	1,418	1,458	1,706	1,757	2,338	2,410
Total Rates.	2,157	2,230	2,592	2,681	2,881	2,979	3,513	3,633
\$ change per week.		1.41		1.70		1.89		2.31
% change.		3%		3%		3%		3%

Residential properties - Turangi

	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Rating Valuation	\$162,000 CV \$	\$162,000 CV \$	\$186,000 CV \$	\$186,000 CV \$	\$208,000 CV \$	\$208,000 CV \$	\$466,000 CV \$	\$466,000 CV \$
Targeted Rates.	1,040	1,113	1,040	1,113	1,040	1,113	1,040	1,113
General Rates.	668	682	729	746	786	805	1,451	1,493
Total Rates.	1,708	1,795	1,770	1,859	1,827	1,918	2,492	2,606
\$ change per week.		1.67		1.71		1.75		2.19
% change.		5%		5%		5%		5%

Residential properties - Mangakino

	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Rating Valuation	\$111,000 CV \$	\$111,000 CV \$	\$157,000 CV \$	\$157,000 CV \$	\$218,000 CV \$	\$218,000 CV \$	\$320,000 CV \$	\$320,000 CV \$
Targeted Rates.	1,189	1,226	1,189	1,226	1,189	1,226	1,189	1,226
General Rates.	536	546	655	669	812	831	1,075	1,103
Total Rates.	1,726	1,772	1,844	1,894	2,001	2,057	2,264	2,329
\$ change per week.		0.89		0.97		1.07		1.25
% change.		3%		3%		3%		3%

Residential properties - Kinloch

	0	0	0	0	0	0	0	0
Rating Valuation	\$286,000 CV \$	\$286,000 CV \$	\$450,000 CV \$	\$450,000 CV \$	\$565,000 CV \$	\$565,000 CV \$	\$800,000 CV \$	\$800,000 CV \$
Targeted Rates.	1,127	1,208	1,127	1,208	1,127	1,208	1,127	1,208
General Rates.	987	1,013	1,410	1,450	1,706	1,757	2,312	2,383
Total Rates.	2,114	2,221	2,537	2,658	2,833	2,965	3,439	3,591
\$ change per week.		2.06		2.34		2.53		2.94
% change.		5%		5%		5%		4%

Industrial Commercial properties

	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Rating Valuation	\$485,000 CV \$	\$485,000 CV \$	\$800,000 CV \$	\$800,000 CV \$	\$1,100,000 CV \$	\$1,100,000 CV \$	\$2,800,000 CV \$	\$2,800,000 CV \$
Targeted Rates.	1,220	1,276	1,574	1,631	2,596	2,702	2,085	2,166
General Rates.	2,500	2,578	3,962	4,090	6,073	6,274	13,241	13,690
Total Rates.	3,720	3,854	5,535	5,721	8,669	8,976	15,326	15,856
\$ change per week.		2.57		3.56		5.91		10.20
% change.		4%		3%		4%		3%

Rural properties

	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Rating Valuation	\$615,000 CV \$	\$615,000 CV \$	\$1,050,000 CV \$	\$1,050,000 CV \$	\$6,115,000 CV \$	\$6,115,000 CV \$	\$10,030,000 CV \$	\$10,030,000 CV \$
Targeted Rates.	45	53	45	53	45	53	227	265
General Rates.	1,835	1,890	2,956	3,050	16,012	16,556	27,103	27,996
Total Rates.	1,881	1,943	3,002	3,103	16,057	16,609	27,331	28,261
\$ change per week.		1.20		1.94		10.61		17.89
% change.		3%		3%		3%		3%

Schedule to the Funding Impact Statement

	2017/18 (\$000)	2018/19 (\$000)	2019/20 (\$000)	2020/21 (\$000)	2021/22 (\$000)	2022/23 (\$000)	2023/24 (\$000)	2024/25 (\$000)	2025/26 (\$000)	2026/27 (\$000)	2027/28 (\$000)
Revenue											
General rate	32,955	34,348	35,733	37,029	37,875	39,200	40,133	41,672	43,520	45,185	46,446
Targeted rates											
Uniform annual general charge	6,337	6,706	6,979	7,155	7,598	7,863	7,948	8,082	8,245	8,293	8,355
Lake protection	-	-	-	-	-	-	-	-	-	-	-
Water	9,129	9,562	9,942	10,618	11,410	11,842	12,281	12,398	12,553	12,697	13,164
Sewage disposal	12,350	13,108	13,339	13,434	13,521	13,700	14,008	14,150	14,111	14,289	14,573
Refuse disposal	1,026	1,210	1,125	1,130	1,145	1,233	1,508	1,609	1,596	1,574	1,591
Whareroa refuse collection rate	16	16	16	16	16	16	16	16	16	16	16
Turangi Tongariro Community Board rate	80	80	82	83	85	87	89	91	93	95	98
Taupo Town Centre management rate	163	163	166	169	173	177	181	185	189	194	199
Waitahanui sewer loan	6	3	-	-	-	-	-	-	-	-	-
Whakamaru fire protection	4	4	4	4	4	4	4	4	4	4	4
Rates penalties	400	350	350	350	350	350	350	350	350	350	350
Fees and charges	9,706	11,070	10,866	11,015	11,258	11,590	11,778	12,063	12,446	12,659	13,034
Other revenue	989	1,121	1,144	1,167	1,192	1,219	1,247	1,276	1,307	1,339	1,375
Operating subsidies	1,952	2,326	2,371	2,463	2,513	2,599	2,663	2,764	2,840	2,949	3,027
Interest	3,130	3,790	3,856	4,241	4,183	4,295	4,846	5,322	5,885	6,499	7,170
Capital contributions											
Development contributions	1,274	1,900	2,743	2,769	2,556	2,190	2,293	2,190	2,251	1,705	1,686
Other gains & losses	1,549	3,364	1,563	2,470	1,111	2,158	1,470	1,374	2,006	2,048	1,345
Vested assets	900	4,662	5,687	5,850	5,578	4,615	4,882	4,845	5,459	4,057	4,041
Capital subsidy	4,572	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Total operating revenue	86,538	96,060	98,268	101,655	102,583	105,299	107,712	110,757	115,427	116,164	119,026
Operating expenditure											
Operating expenses	51,174	54,140	55,139	55,919	57,138	58,395	59,797	61,319	62,910	64,236	65,850
Interest expense	8,642	8,510	8,376	8,452	8,617	8,464	8,470	7,877	7,075	6,364	6,258
Depreciation	2,1257	22,905	23,950	25,175	26,751	28,126	29,128	30,015	30,930	31,849	32,878
Total operating expenses	81,073	85,555	87,465	89,546	92,506	94,985	97,395	99,211	100,915	102,449	104,986
Operating surplus/(deficit) before asset development and other gains/(losses) and tax	5,465	10,505	10,803	12,109	10,077	10,314	10,317	11,546	14,512	13,715	14,040
Other expenses											
Capital expenditure	23,335	30,689	28,677	38,256	31,871	29,053	25,696	20,568	26,678	29,168	27,315
Debt repayments	11,805	19,043	12,368	22,823	19,940	11,873	13,776	12,722	13,792	14,535	14,647
Transfers to special reserves	8,102	9,269	8,552	9,378	8,341	9,339	8,920	10,281	12,733	13,444	13,889
Recognition of vested assets	900	4,662	5,687	5,850	5,578	4,615	4,882	4,845	5,459	4,057	4,041
Depreciation not funded	(3,537)	(3,425)	(3,435)	(3,117)	(3,841)	(3,639)	(3,487)	(3,579)	(3,680)	(3,785)	(3,890)
Total net cost	35,140	49,733	41,046	61,081	51,812	40,927	39,470	33,291	40,470	43,704	41,962
Funded by:											
General rates	-	-	-	-	-	-	-	-	-	-	-
Loans raised	9,264	17,114	14,688	25,355	20,011	16,555	13,111	7,064	10,882	13,778	13,275
Development, financial & other contributions	-	-	-	-	-	-	-	-	-	-	-
NZTA and other subsidies	4,572	2,257	2,302	1,692	2,015	2,161	2,015	2,366	2,556	2,211	2,552
Transfers from reserves	2,1304	30,362	24,056	34,034	29,786	22,211	24,344	23,861	27,032	27,715	26,135
Total net funding	35,140	49,733	41,046	61,081	51,812	40,927	39,470	33,291	40,470	43,704	41,962

Infrastructure Strategy

Introduction

Infrastructure is essential to all aspects of modern living. We use it on a daily basis, and the business community relies on it to create and deliver goods and services to customers. While essential, infrastructure is expensive to build and maintain. Council provides much of the essential infrastructure that we use every day. We need to plan carefully to ensure this Council managed infrastructure is maintained and managed appropriately for future communities and scenarios. We have adopted this Infrastructure Strategy to help Council and community make informed choices about major decisions and investments that will need to be made for its infrastructure. There are five themes that will influence the decisions we make about maintaining and managing our infrastructure over the next 30 years. These themes are:

- Population and demographic change;
- Protecting the health of our communities and the environment;
- Maintaining and renewing our infrastructure;
- The resilience of our infrastructure; and
- Knowledge gaps.

By understanding these themes mentioned above, the strategy will identify the issues facing our infrastructure and then discuss the options available for responding to the issues. As part of the discussion, this strategy will:

- Outline the most likely scenario for managing our infrastructure assets over the next 30 years, and;
- Show the projected capital and operating expenditure associated with managing our assets;
- Identify the significant decisions about capital expenditure that Council expects it will have to make; and
- Include the assumptions on which the scenario is based and provide information of the level of certainty or uncertainty associated with the scenario.

This strategy will be updated every three years to reflect the changing themes, knowledge of our assets and assumptions and to identify the impacts of these changing circumstances. Over time our knowledge will improve through improved performance and condition information. This will enable improved accuracy of asset renewal profiles and better investment decisions. Providing infrastructure is an important part of our role – it is expected that in 2018-19, spending on infrastructure will account for about 76 per cent of operational expenditure and 89 per cent of capital expenditure.

The Local Government Act requires Council to include the water supply, sewerage and the treatment and disposal of sewage, stormwater drainage and the provision of roads and footpaths infrastructure assets in the infrastructure strategy.

In the 2015 Infrastructure Strategy, we only included these mandatory infrastructure assets. However for this Infrastructure Strategy we have decided to include the following Council infrastructure assets:

- Water supply;
- Sewage treatment and disposal;
- Stormwater drainage;
- Roads and footpaths;
- Solid waste;
- Community facilities like the AC Baths, the Taupō Events Centre, the Great Lake Centre and community halls; and
- Parks and reserves.

While there are some limitations to the information we hold on our community facilities and parks and reserves we have included these assets as we consider it is important to outline the complete picture for Council's infrastructure assets. The main gaps in the information we hold on our facilities is condition information and strategic direction for both parks and reserves and facilities, and therefore limited knowledge of financials for years 11 to 30. We will gather more information over the course of this strategy so we can improve our knowledge of our facilities and parks and reserves. This will enable us to plan for more effective long-term management of this infrastructure in the future. In the future we will also consider including assets within Council's investment portfolio, such as forestry and property, in subsequent versions of the infrastructure strategy.

Assumptions

The following assumptions have been made in preparing this infrastructure strategy.

<p>Natural Environment</p>	
<ul style="list-style-type: none"> • Our district is at risk of a range of natural hazards such as earthquakes, flooding, tsunami, debris flows, slips, tornado, fire and volcanic activity. 	<ul style="list-style-type: none"> • Limited structural change to population for years 1-3, increased aging structure by year 10 and until year 30. An aging population will put added pressures on specific services and may require different services.
<ul style="list-style-type: none"> • Our district is susceptible to many environmental processes, such as erosion. 	<ul style="list-style-type: none"> • The percentage of property owners that do not live in the district will remain unchanged between years 1 and 3. We need to do more work to understand what this will be beyond year 3.
<ul style="list-style-type: none"> • Climate change impacts will not be significant between the 2018 and 2028 infrastructure strategies but we will review data on an ongoing basis to see if this needs to change for infrastructure strategies from 2031. 	
<p>Service Delivery</p>	<p>Land use</p>
<ul style="list-style-type: none"> • When we are required to renew the resource consents, that we hold for our infrastructure, consent conditions will get more restrictive. 	<ul style="list-style-type: none"> • The level of growth for the district occurs as forecast in the Demographic Snapshot.
<ul style="list-style-type: none"> • Infrastructure needed for growth related development will be paid for by development contributions. 	<ul style="list-style-type: none"> • Capacity for residential land which is already zoned will be more than sufficient for the next 30 years. Industrial/commercial land which is already zoned will be sufficient for at least the next 10 years. Further assessment of and provision of industrial/commercial zoned land will be undertaken as part of the district plan review.
<ul style="list-style-type: none"> • The agreed levels of service are maintained. 	
<ul style="list-style-type: none"> • No change to the method used to deliver services. 	<p>Knowledge of state of infrastructure</p>
<ul style="list-style-type: none"> • No change to the management of services. 	<ul style="list-style-type: none"> • Current knowledge about the condition of underground infrastructure is not as comprehensive as we would like, but over the past three years we have gained a greater understanding of the condition of our assets, especially the wastewater network in Atiamuri and Mangakino and the condition of our AC water mains. More work will be done over years 1 to 7, to further improve this knowledge.
<p>Economy</p>	<ul style="list-style-type: none"> • We have undertaken modelling on our roading network to help us determine more appropriate profiles for the renewal of both our road surfacing and pavements. Although there is further work to do the early results suggest that both surfacing and pavement renewal programmes will need to be increased.
<ul style="list-style-type: none"> • The wider economy remains stable. 	<ul style="list-style-type: none"> • Current knowledge about the condition of our facilities is also not as comprehensive as we would like. This will be further developed over the first three years of the 2018 Long-term Plan.
<ul style="list-style-type: none"> • There will be economic influences that will impact on Council's business that are out of its control. 	
<ul style="list-style-type: none"> • There will be contractors available to deliver the projects identified. 	
<p>Legislation</p>	<p>Funding</p>
<ul style="list-style-type: none"> • No new unfunded mandates from central government. 	<ul style="list-style-type: none"> • Funding levels agreed within the Long-term Plan are maintained across the first 10 years of the strategy.
<ul style="list-style-type: none"> • Central government's water allocation strategy is consistent with current policy. 	<ul style="list-style-type: none"> • Inflation is consistent with BERL LGCI predictions.
<ul style="list-style-type: none"> • Legislative change is anticipated over the next 10 years. Where direction has been provided by Central Government this has been taken into consideration. If unknown, the status quo has provided the baseline for decisions. 	<ul style="list-style-type: none"> • All financial figures in this document are inflation adjusted.
<ul style="list-style-type: none"> • Legislation changes beyond 10 years are unknown. 	<ul style="list-style-type: none"> • NZTA financial assistance rates will remain at the current level for the period of the strategy.
<p>Population and demographics</p>	<ul style="list-style-type: none"> • The increasing aging population is likely to affect the affordability of rates for a large proportion of the aging population.
<ul style="list-style-type: none"> • There will be a continued focus on environmental quality and therefore an increase in environmental standards. 	
<ul style="list-style-type: none"> • There is no reorganisation of local government that affects Taupō District Council. 	
<ul style="list-style-type: none"> • Population growth across our district is expected to reflect the medium population projections provided by Statistics New Zealand and outlined in the Taupō District Demographic Snapshot. 	

Uncertainties	Level of uncertainty H/M/L	Potential effects
Growth.	L	We may not be able to provide infrastructure for growth at the appropriate time and location. Council will ensure that we keep monitoring growth and adjust timing of projects accordingly.
Decline.	L	We may experience population decline in some areas. This may cause surplus infrastructure capacity, resulting in affordability issues. We will keep monitoring and adjust the timing of projects and assess whether the projects are needed at all.
Demographic change.	L	Demographic changes could result in a change in the demand for the types of infrastructure that we provide and we may not have programmed or allocated funding for this. This may mean that infrastructure will not be provided when required. We need to ensure that we understand the demands of the community to ensure that we know what infrastructure is needed, when and where the infrastructure is needed and that projects are programmed and that funding is allocated accordingly.
Peak population.	M	The timing and intensity of our peak population (as a result in an influx of visitors) could result in a greater number of people for our current infrastructure to cope with. We need to gather information on the timing, quantum and location of peak population; keep monitoring and adjust the timing of projects accordingly.
Non-resident population.	H	A change in our resident /non-resident percentages could change the capacity required in our infrastructure at certain times of year. In 2016, 42 per cent of our property owners did not reside in the district. Surplus housing stock from declining populations in some parts of the district, could be purchased as holiday homes resulting in a higher non-resident population. We need to understand whether this may happen and what the impacts on infrastructure could be.
Condition of assets.	M	Although we have gained some knowledge of the condition of our underground assets over the past three years we still have further condition assessment work to be done. This means that some of our renewals decisions are still planned on when we expect the end of life of the asset to occur, rather than making decisions based on the actual condition of the asset. This may compromise levels of service and means that there is an increased risk of an asset failing, resulting in increased replacement costs. Once we have complete information on the condition of all our assets we can then accurately forecast the timing of replacement and forecast finances.
Future funding.	M	We may not be able to do projects that are planned in the capital schedule as future funding is not certain. We will prioritise projects, decide not to do projects or change the timing of them.
Natural hazard.	M	We do not know the timing or quantum of natural hazards or even if they will happen at all. This could result in a loss of some or all services. Recovery from an event may be delayed and more expensive.
Legislative changes.	M	We do not know the timing or content of legislation changes so the impacts could be far reaching. We do know that environmental standards are increasing, however we do not know the extent of these changes. This will result in increasing compliance costs to meet these new standards which could result in affordability issues.
Level of service and types of services required by community.	M	We do not know what changes in levels of service the ratepayer will request over the 30 years. With an aging population they are likely to be things such as wider footpaths, more walkways and cycleways and leisure facilities as well as demand for services to those that do not currently have them. This could result in higher costs and affordability issues.
Technology.	H	Advances in technology such as electric and autonomous vehicles and the treatment of wastewater, are all underway. However we are uncertain how soon they will be available and at what cost and therefore how they will affect the provision of Council infrastructure services.

Council vision and long-term district strategy 2018–28

Council vision

Our infrastructure contributes significantly to our Council vision, 'To be the most prosperous and liveable district in the North Island by 2022'. Infrastructure that is safe, efficient and meets the needs of our community will assist us in achieving our Council values of 'world class, authentic, resilient, charming, vibrant, quality, value.'

The long-term district strategy

The long-term district strategy outlines the ways that Council will reach our vision. Its key strategic guidelines are:

- Ensuring the Taupō District remains a great place to live;
- Promote economic development;
- Protect our water resources and use them wisely;
- Maintain the quality infrastructure that we have; and
- Keep rates and debt at a reasonable level while making us more resilient to future changes.

If we focus on achieving the strategic guidelines above, it will help ensure that the Taupō District is a prosperous and liveable district.

Our existing infrastructure network is in good condition and we have planned to ensure that we have enough capacity to cater for the expected changes in population and land use. Our operating and renewal programmes are based on maintaining what we have while delivering the current level of service. We will also be assessing the condition of our underground assets and community facilities, in particular to help ensure we are spending money on the right things at the right time.

One of the components of creating a strong financial foundation is ensuring that we maintain our

infrastructure to meet the current and future needs of the community. We need to look after what we already have. Infrastructure is also important for economic development. Building and maintaining quality infrastructure is one of the critical parts of the foundation required for a resilient and growing economy.

Along with the basic three waters and transport infrastructure, Council provides a range of community infrastructure. Facilities like libraries and parks are provided to enhance the social environment and encourage a closer-knit and well-functioning community. These facilities also provide an important economic benefit, creating a community environment that is attractive for people to live and work. We also provide a landfill, transfer stations and rubbish and recycling collections to ensure that waste in our district is disposed of safely.

There is a fine line balancing wants and needs with affordability and sustainability and working within our financial strategy. Therefore we need to prioritise our capital spend on the need for infrastructural upgrades for drinking water and wastewater to meet legislation and consent requirements along with those place-making projects that drive a prosperous community.

Looking after our environment, especially our water, has implications for this infrastructure strategy. Our water takes, use of water and treatment and disposal of wastewater, construction and maintenance of roads can all have impacts on our environment.

Council is required to prepare a financial strategy as part of its Long-term Plan. The purpose of the financial strategy is to facilitate prudent financial management by the local authority. The financial strategy and infrastructure strategy are interrelated as we cannot achieve our goals for infrastructure if we are not able to adequately fund this work. Conversely, it is difficult to keep rates affordable and sustainable and prudently manage our borrowings when new and upgraded infrastructure is required as a result of changing environmental standards and changes in demographics.

Where we want to be in 30 years

In particular in 30 years we want to:

- **Have safe, good quality drinking water;**
- **Protect the environment;**
- **Understand the condition of all assets so we can accurately forecast renewals to maintain assets at the required level of service;**
- **Recognise and respond to the potential increase/decrease in demand on infrastructure from population growth/decline in the district and parts of the district;**
- **Recognise and respond to changing demographics (in particular an aging population) of the district and parts of the district and the desire for changes in the provision of services; and**
- **Understand the implications of our high non-resident population and peak holiday population and recognise that this makes us different to other districts and how this impacts on the provision of services.**

Financial strategy

The financial strategy continues the focus set out in the Long-term Plan 2012-22 and 2015-25 on prudently managing our investments and borrowings, keeping rates affordable and sustainable and looking after the assets we have while maintaining levels of service.

The strategy outlines Council's financial vision for the next 10 years and the impacts on rates, debt, levels of service and investments. It will guide Council's future funding decisions and, along with the Infrastructure Strategy, informs the capital and operational spending for the Long-term Plan 2018-2028. It identifies the challenges

that we want to respond to with our financial goals.

We have set ourselves a number of financial goals that we intend to achieve by 2028. These goals support our three key principles for this financial strategy:

- Keeping rates affordable and sustainable;
- Looking after the assets we have while maintaining levels of service; and
- Prudent management of our investments and borrowings.

These goals are intended to assist in addressing the challenges that we have identified.

Financial Prudence	1. Run a balanced budget in every year of the Long-term Plan. This means that operating income will meet or exceed operating expenditure in each year.
	2. Maintain Council's AA Standard and Poor's (S&P) credit rating.
Income	3. Annually review fees and charges revenue to ensure that they are set at the appropriate levels.
	4. Continue the sale of surplus land assets to reduce debt.
	5. Investigate opportunities for growing non-rate revenue to reduce the reliance on rates.
	6. Complete the removal of the TEL income rates subsidy by June 2020.
Rates	7. Maintain the limit on rates revenue at 80 per cent of operating revenue.
	8. Limit rates increases to LGCI + 1.5 per cent in each year of the Long-term Plan.
	9. Investigate taking a district-wide approach to the funding of the separate water schemes to achieve financial sustainability for the water activity.
Expenditure	10. Continue to fund 100 per cent of the wearing out of assets over their lifetime (funding of depreciation) in each year of the Long-term Plan.
	11. Continue to fund the growth component of capital expenditure projects by development contributions and developer agreements.
	12. Improve the delivery performance of the planned capital expenditure programme by implementing a new planning and project management framework.
	13. Increase third party funding for new community projects by building closer relationships with other agencies, government departments and community groups.
	14. Look after the assets we have by providing sufficient renewal budgets from reserve funds or loans to meet the asset renewal programmes outlined in the asset management plans.
Borrowing	15. Maintain gross external borrowing below 200 per cent of operating revenue.
	16. Maintain borrowing costs to below 10 per cent of revenue in each year of the Long-term Plan.
Levels of service	17. Maintain levels of service as set out in the Long-term Plan 2018-28.
Planning for emergency events and contingencies	18. Grow the disaster recovery reserve contributions from \$100,000 per annum to \$500,000 per annum by 2028. This will grow the disaster recovery reserve to \$5 million by 2028. Due to the uncertainty of disaster events, no drawdown of the fund has been budgeted.
	19. Maintain the capital of the TEL community fund to be available as part of a disaster recovery fund.
	20. Maintain appropriate insurance cover, activity budgets and committed borrowing facilities to mitigate costs related to unexpected events.

It is always a balancing act between meeting the wants and needs of our communities whilst keeping rates affordable and sustainable. The financial strategy was prepared with this at the forefront of our thinking.

Context

Geographic

The Taupō District is located at the centre of the North Island and has a total area of 6,970km². This is made up of 6,354km² of land area and the remainder in waterbodies. The district makes up a significant part of the Taupō Volcanic Zone and straddles the Taupō Fault Zone. Lake Taupō was formed in the crater of a volcanic caldera. Its geomorphology means that at times it experiences earthquakes and volcanic activity.

There is an estimated usually resident district population of 32,907 people (Census 2013).

Settlement is characterised by the two principal towns of Taupō and Turangi that provide functions and services typical of provincial New Zealand towns. Taupō, the largest town, has a population of about 20,850 and is located on the northern shores of Lake Taupō. Turangi is situated on the southern shores of the lake. Mangakino is on the shores of Lake Maraetai at the northern end of the district and is the third largest settlement.

Lake Taupō is one of the district's most distinguishing features and is a resource of national significance. The lake is the largest body of fresh water in New Zealand and is an integral part of major power generating schemes. It offers some of the best trout fishing in the world, and provides for a wide range of other active and passive recreational activities. The district is characterised by pumice, free-draining soils.

Geothermal resources significantly characterise the district, with features including mud pools, hot mineral springs, steam and sulphur and various geothermal fields such as Mokai, Ohaaki, Rotokawa, Tauhara, Tokaanu and Wairākei. A number of power stations, supported by these fields, add significantly to the local economy. In the Taupō Volcanic Zone, there are elevated levels of arsenic in soils and waters as a result of geothermal activity. Some lakes and rivers have arsenic concentrations above the World Health Organisation's limit for arsenic in drinking water (0.01 mg/L).

Funding

Council funds the management of infrastructure assets through targeted rates, the general rate and subsidies from central government, for example the New Zealand Transport Agency and Ministry of Health.

Under Section 101(3) of the Local Government Act Council is required to outline how each group of activities that Council undertakes are funded and the reasons why. The infrastructure groups of activities are funded in the following ways for the following reasons:

Water supply 100 per cent targeted rate (by users of the scheme)

Reason: Individual property owners connected to or accessing Council's water supply benefit and are identifiable so a targeted rate for each scheme is considered the most effective way to charge for this activity. Metered water supplies (rural and commercial) are also charged.

Transport 100 per cent general rate

Reason: A strong and safe transport network benefits the community as a whole and is a key component of the district's social and economic development. Users of the roads receive a direct benefit through an integrated road network. The general rate is the most effective way of funding this activity. Subsidies from central government (which include the district's share of petrol taxes) and development contributions are the most efficient way of targeting contributors.

Stormwater 100 per cent general rate

Reason: The service is provided primarily for its environmental benefits to mitigate pollution and erosion effects on waterways. Stormwater services are also provided, to a lesser degree, for public safety (flooding risk from stormwater).

Wastewater 100 per cent targeted rate (charged on a sliding scale)

Reason: Direct users of the wastewater system clearly receive the benefit. There is also a high public benefit in relation to the promotion of public health. A targeted general rate is applied to ratepayers that are connected to a wastewater scheme. This is considered the most efficient method of funding as the benefit users receive is the same regardless of volume. It is also not considered practical to measure and make specific household charges.

Parks and reserves 90 per cent-100 per cent general rate, 0 per cent-10 per cent fees and charges

Reason: As the majority of parks and reserves in the district are available for the enjoyment of the public at any time the general rate is an effective way of funding this activity. Where Council is able to charge for specific parks and reserves fees and charges are the most appropriate funding mechanism. A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Sportsgrounds 90 per cent-100 per cent general rate, 0 per cent-10 per cent fees and charges

Reason: The community benefits from being able to use the facilities for general recreation, while clubs and individuals also benefit from the grounds at other times. There is also an economic benefit through national and regional sports tournaments that bring sports people and their families to the district. These services can be partly funded separately by fees and charges, but there



are limits to how much clubs, especially for school sports, can pay. This is reflected in the small fee and charge component. A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Facilities

Pools: AC Baths 35 per cent-45 per cent fees and charges, 55 per cent-65 per cent general rate, Mangakino Pool and Turangi Aquatic Centre 5 per cent-15 per cent fees and charges 85 per cent-95 per cent general rate

Reason: Users are clearly identifiable. However, swimming pools provide a range of benefits to our communities. The Turangi and Mangakino pools recognise a significant public funding component (85 per cent-95 per cent) on the basis of wider social responsibility.

A public funding input (55 per cent-65 per cent) for the AC Baths is based on the economic and social benefits accruing to the wider community from the operation of the pool facility. There is also a wider range of services provided at the AC Baths which accounts for the higher level of fees applied. A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Taupō Events Centre: 25 per cent-35 per cent fees and charges, 65 per cent-75 per cent general rate

Reason: The venue is used by groups and individuals which creates the ability to apply fees and charges. Council supports the use of the venue as it assists in meeting the social needs of current and future generations. This support is recognised in the split between fees and charges and the general rate. Increasing the fees and charges is likely to result in a reduction in community use. A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Great Lake Centre: 15 per cent-25 per cent fees and charges, 75 per cent-85 per cent general rate

Reason: The venue is used by groups and individuals

which creates the ability to apply fees and charges. Council supports the use of the venue as it assists in meeting the social needs of current and future generations. This support is recognised in the split between fees and charges and the general rate. Increasing the fees and charges is likely to result in a reduction in community use. A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Community halls: 0 per cent-10 per cent fees and charges, 90 per cent-100 per cent general rate

Reason: The primary beneficiaries are those that use the Community Halls. However, the wider community benefits through enabling communities to be active and connected.

A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Public toilets: 100 per cent general rate

Reason: Given the impracticality of charging individuals and the wider community benefit of providing amenities for residents and visitors to the district the general rate is considered the most appropriate source of funding.

100 per cent general rate is therefore considered the most appropriate and efficient funding source.

Superloo: 30 per cent-50 per cent fees and charges, 50 per cent-70 per cent general rate

Reason: The district benefits from having visitors and providing public amenities is part of ensuring visitors enjoy their stay. Beyond user charges, the costs are only borne efficiently by the whole community and limited transparency benefits from distinct funding would be less than the transaction costs. The Superloo was built to offer a first class service and a fee reflects the enhanced service applied.

A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

District libraries: 0 per cent-10 per cent fees and charges, 90 per cent-100 per cent general rate

Reason: The District Libraries provide social and cultural benefits to the individuals that visit. There is also a wider community benefit which includes an ability to encourage education, a social environment and an important source of supplying public information. These community benefits are recognised in the split between fees and charges and the general rate.

A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Taupō Museum and Art Gallery: 5 per cent-15 per cent fees and charges, 85 per cent-95 per cent general rate

The Museum and Art Gallery provides cultural or recreational benefits to the individuals that visit. There is also a wider community benefit which includes economic, social and cultural benefits of protecting our history. These community benefits are recognised in the split between fees and charges and the general rate. Increasing the fees and charges is likely to result in a reduction in use.

A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Housing for the elderly: 40 per cent-60 per cent fees and charges, 40 per cent-60 per cent general rate

The beneficiaries are the tenants who receive accommodation at affordable prices. There is a public and social benefit in having housing for the elderly units as it reflects a community that cares.

A split of fees and charges and the general rate are therefore considered the most appropriate and efficient funding sources.

Cemeteries: 0 per cent-20 per cent UAGC, 80 per cent-100 per cent fees and charges

Reason: Interment and maintenance of the district's cemeteries are mainly of private benefit. The users are the deceased and those related to the deceased and as such can be linked to individuals. There is an element of public good in terms of ensuring that public health requirements are maintained.

A split of fees and charges and a UAGC are therefore considered the most appropriate and efficient funding sources.

When considering the funding of infrastructure assets, Council must consider the period over which the benefits of infrastructure assets occur to ensure the costs are shared fairly between today's beneficiaries and future beneficiaries. This is referred to as intergenerational equity. Infrastructure assets are made up of parts such

as pipes, pump stations, manholes, tanks, buildings and playground equipment. All these components have a different estimated life, which are outlined in the Property, plant and equipment Accounting Policies, ranging from two to 100 years. The capital costs for these projects need to be shared by the beneficiaries over the lifetime of the assets. For operating costs, the period of benefit for the rates share is generally ongoing as Council regularly provides the service. The capital costs are shared over the generations that will benefit from the asset.

Asset management plans

Council manages \$1.2 billion worth of infrastructure and other assets such as our water networks and community facilities. Council uses the asset management approach to ensure assets are managed in an affordable, efficient, sustainable and effective manner to minimise the financial impact on Taupō District ratepayers and residents.

Asset Management Plans (AMPs) have been developed for water, wastewater, stormwater, transportation, solid waste, parks and reserves and facilities. Asset management plans, except those for parks and reserves and facilities, set out a 30-year programme for the management of specific groups of assets. They are tactical plans for achieving strategies resulting from the strategic planning process. AMPs are a key component of the Council planning process, linking with the infrastructure strategy, the 10-Year Plan and the Annual Plan.

They combine management, financial, engineering and technical practices to ensure that the level of service required by customers is provided at the lowest long-term cost to the community. They demonstrate that Council is managing the assets responsibly. The main benefits derived from Asset Management planning are:

- Improved understanding of service level options and standards;
- Minimum lifecycle (long-term) costs are identified for an agreed level of service;
- Better understanding and forecasting of asset related management options and costs;
- Managed risk of asset failure;
- Improved decision making based on costs and benefits of alternatives;
- Clear justification of forward works programmes and funding requirements;
- Improved accountability over the use of public resources; and
- Improved customer satisfaction and organisational image.

Assumptions on the life cycle of key assets can be found within the Accounting Policies.



Levels of service

Our target levels of service for each type of asset are identified in the asset management plans. They are derived from the following principles:

- **Community Outcomes:** Provide guidelines for the scope of current and future services offered and manner of service delivery, and define general levels of service which the community wishes to receive;
- **Customer Expectations:** Information gained from customers on expected quality and price of services;
- **Statutory Requirements:** Legislation, regulations, environmental standards and Council bylaws that impact on the way assets are managed (i.e. resource consents, building regulations, health and safety legislation). These requirements set the minimum level of service to be provided; and
- **Strategic and Corporate Goals:** Provide guidelines for the scope of current and future services offered and manner of service delivery, and define specific levels of service which the organisation wishes to achieve.

As part of the development of the Long-term Plan 2018-28 Council identified the need for a review of “levels of service” for several areas of service. Council regularly measures resident and non-resident ratepayer’s satisfaction with services, the most recent measure was commissioned in August 2016. Analysis of this information together with data available through complaints, suggestions, reviews and service requests, identified the following services would benefit from a review:

- Footpaths
- Cycle ways and other cycle facilities
- Litter control
- Noise control
- Dog control (barking, roaming)
- Water (leaks, toby issues)
- Street lighting issues

The purpose of this level of service review was to understand the levels of satisfaction with current service levels, whether there is any desire to reduce or increase service levels, and the cost implications. As a result of that review no significant changes were proposed to the current levels of service for footpaths, cycle ways and other cycle facilities, litter control, noise control, dog control (barking, roaming), water (leaks, toby issues) and street lighting other than that provided by the upgrading of water schemes to meet the drinking water standards (a legislative requirement). This will be an increase in the level of service for those schemes

There are several projects included in this Long-term Plan which will increase the level of service provided to the community, such as the transportation projects relating to improving traffic flow through Taupō’s CBD and place-making. These have largely arisen due to community feedback since the review in 2016.

In the latter years of this strategy it will be necessary to review the investment in infrastructure to maintain services at current levels. Council will need to consider the services, the level at which they are provided and what the district can afford. This needs to be monitored in subsequent reviews of the infrastructure strategy.

Themes

Five themes have been identified through the development of the Infrastructure Strategy and the underlying Asset Management Plans that describe the changing environment within which we will need to plan for, maintain and build infrastructure. These themes often relate to more than one type of infrastructure. As the Infrastructure Strategy covers 30 years we will need to continually monitor and update these themes to ensure we are working with the most up-to-date information.

Theme one: population and demographic change

The Demographic Snapshot outlines that the population and demographics of the district are going to substantially change over the next 30 years. The projections show that:

- The districts population will continue to grow to 2038 and will then decline;
- The urban areas of Taupō town and Kinloch will continue to grow until 2038 and then start to decline. The population of Taupō town will increase from 24,190 in 2013 until it peaks at 27,260 in 2038 before slowly starting to decline. In Kinloch the population is projected to increase from 520 in 2013 to 780 in 2028 and then remain stable. The towns of Turangi and Mangakino have been experiencing population decline for some time and it is projected that this decline will continue;
- Currently there are an average of 2.4 people in each household. This is expected to decrease to 2.2 people per household in 2038. This trend towards fewer people in one household is driven by a number of factors, but is heavily influenced by our aging population;
- The projected increase in population for Taupō town and Kinloch coupled with the declining household size will result in greater growth in the number of households in these areas in the next 20 years. In 2013, there were 10,079 households in Taupō town, which is projected to increase to 11,709 in 2028 and 12,391 in 2038. In Kinloch the 217 households in 2013 are projected to increase to 339 in 2028 and peak at 355 in 2038;
- The aging population is demonstrated by the projected increase in the percentage of the district's population aged over 65 years. It is expected to nearly double from 5,800 in 2013 (17 per cent of the population) to 11,100 in the next 25 years (28 per cent of the population);
- In 2016, 42 per cent of our property owners did not live in the district and in 2013 32 per cent of our dwelling stock was unoccupied. This indicates that

about 30 per cent of our housing stock across the district is used as holiday homes. This methodology for calculating the number of holiday homes across the district is rather simplistic and likely to be inaccurate; and

- There are large variations in the percentage of holiday homes across the district. For example we believe that in places such as Taupō approximately 30 per cent of the houses are holiday homes, whereas in settlements such as Kuratau, Whareroa, and Ōmori, approximately 90 per cent are holiday homes.

These population and demographic projections have important implications for the infrastructure and services that we provide over the next 30 years and beyond.

Theme two: protecting the health of our communities and the environment

An important part of providing infrastructure is protecting the health of our communities and ensuring that our use of natural resources and discharges do not adversely affect our environment and therefore our attractiveness as a visitor destination and future economic development.

The use of natural resources and the discharges to the environment are managed through regional plans. These plans require resource consents for the use of natural resources, such as water, and discharges to the environment, such as to water, land and air. The approach to natural resource allocation and use in regional plans is changing as water bodies become fully allocated to users and monitoring is showing environmental degradation from resource use and discharges. Legislation and regional plans, which regulate natural resource use, are being changed to include more stringent environmental standards for resource use and allocation. For example, the 2017 changes to the National Policy Statement for Freshwater Management are aimed at ensuring freshwater quality improves nationally over time. Variation No. 5 - Lake Taupō Catchment to the Waikato Regional Plan, which became operative in July 2011, seeks to protect the health of Lake Taupō by reducing the nitrogen leaching from land uses in the catchment entering the lake. This introduced policy and rules to manage land use in the Lake Taupō catchment by controlled farming practices and placing tighter controls on new urban development in the catchment.

The treaty settlement process has resulted in the introduction of legislation that settles historical grievances. This legislation has set up processes to improve the quality of important cultural sites like rivers such as the Rangitaiki River Forum and the Waikato

River Authority. Both these forums are likely to result in changing environmental standards in regional plans to ensure the health and the mauri of the Waikato, Waipa and Rangitaiki rivers are restored. An example is the Healthy Rivers/Wai Ora Proposed Waikato Regional Plan Change 1 which addresses the issue of declining water quality in the Waipa and Waikato rivers by introducing regulations that further control land and resource use within the catchment of these rivers. The Ngāti Tūwharetoa Claims Settlement Bill requires the establishment of a joint committee, Te Kōpua Kānapanapa, to prepare and approve Te Kaupapa Kaitiaki which will promote the sustainable and integrated management of the Taupō Catchment environment for the benefit of Ngāti Tūwharetoa and all people in the Taupō Catchment. The document needs to be prepared within 18 months of settlement date and Taupō District Council must recognise and provide for the vision, objectives, desired outcomes, and values of Te Kaupapa Kaitiaki when it prepares or reviews its District Plan.

Also communities and Council are more aware of the environment and seek to ensure damage to the environment is avoided or reduced.

All these factors have resulted in increasing environment standards, particularly in regional plans, especially for discharges that affect water quality and as a result of:

- Increased environmental and cultural expectations from our community;
- New legislation from central government, such as the National Policy Statement for Freshwater Management; and
- Legislation resulting from Treaty Settlements.

Council treats, stores and distributes water for residential, commercial and industrial properties in Taupō, Turangi, Mangakino and 16 other settlements in the district. Demand for water changes throughout the year peaking in the summer months, Easter and around the main events when many visitors are in Taupō. This water comes from Lake Taupō, rivers and bores and is regulated through consents from Waikato Regional Council. Much of this raw water comes from Lake Taupō where all of the available water has already been allocated. While Council has consent to take more water than it is currently distributing we need to ensure that we have access to sufficient raw water to provide for our population, economic growth and seasonal variations. This means it will be increasingly difficult for Council to not only retain our existing consent volumes but also get consents for increased water takes in the future to meet this increasing demand and it is likely that any increased demand for water will have to be catered for within our existing allocation. Council will either have to look for new

sources of raw water or reduce the use of drinking water by ensuring it is all used wisely. In the 2016/17 year the average urban daily household water consumption was approximately 1.25m³/day/HEU. This is a high average urban daily water usage which we believe results from water not being used wisely, as by using treated water to irrigate gardens.

Due to the dispersed nature of our settlements in the district, Council provides water through 19 water schemes. It is important that drinking water provided by these schemes is safe to drink. The contamination of the Havelock North's water supply in August 2016 and the subsequent Government Inquiry has demonstrated this. To safeguard the health of our communities we must ensure that all our water schemes comply with the drinking water standards and our water safety plans. The water safety plan for each scheme sets out how we will manage our water supplies to ensure that the water is safe to drink. Taupō, Mangakino, Turangi and Atiamuri water schemes are fully compliant with the drinking water standards and Waitahanui will be by June 2018 when it is connected to the Taupō scheme. The other 14 water schemes all comply with bacterial compliance of the drinking water standards but not protozoa or chemical compliance and need upgrading to comply fully with the drinking water standards and ensure all health risks are minimised. These upgrades come at considerable cost. Currently the users of each scheme fund the costs associated with upgrading each water scheme so affordability is an issue.

Much of Council's infrastructure requires consents from the Waikato Regional Council to operate as it uses natural resources, for example discharges to land from our wastewater treatment plants. Council focuses on reducing the impacts of the operation of its infrastructure on the environment to an acceptable level in order to protect the environment and ensure that the district is a great place to live.

Every year, we inspect and clean part of our wastewater network in an effort to avoid any overflows. Despite this, there are still a number of wastewater overflows that happen every year. There is an ongoing issue with people flushing or putting things down the drains that shouldn't be there, with cooking fat and wet wipes causing the biggest issues. They tend to collect and build up quickly in areas where there is tree root intrusion causing blockages. Larger objects that have been found in the system include building materials, rubbish, clothes, and curtains. Many of these overflow incidents see raw effluent entering the lake. This is unacceptable to both the community and Council.

Environmental requirements are increasing and will continue to become more stringent in the future. This is driven by:

- More stringent environment standards in regional plans, especially for discharges that affect water quality;
- Increased environmental and cultural expectations from our community;
- New legislation from central government, such as the National Policy Statement for Freshwater Management; and
- Legislation resulting from Treaty Settlements.

This is already making getting consents, for water takes for water supply, discharges to land from wastewater treatment plants, the discharge of stormwater to water and the discharge of solid waste and leachate to land, more time consuming, more difficult and more costly. This will continue in the near future and we will be required to invest in more sophisticated treatment and new technology, particularly for wastewater and stormwater treatment. This will result in greater capital costs for these infrastructure projects.

Theme three: maintaining and renewing our infrastructure

A key strand of Council's district strategy for many years has been to look after the infrastructure assets that we have whilst maintaining levels of service. Generally, the majority of our infrastructure network is in good condition. It is important that we look after and maintain this infrastructure by undertaking renewals at the appropriate time. This will maximise the investment that we have in our infrastructure and avoid the infrastructure failing, resulting in expensive repairs. It will also ensure that there is no interruption in service to communities.

When components of our infrastructure are due to reach their expected end of life, we replace these components. This is undertaking renewals. If we carry out renewals too early, then this is an unnecessary cost to Council. If we wait too long to carry out renewals, then there is the risk that the asset may fail, resulting in expensive repair costs and possible disruptions to our infrastructure networks. Asset renewal planning is at various stages across the asset groups, from renewal based on detailed asset condition information to renewal based on life expectancy. It is difficult to assess the useful life of an asset. While there are standard useful lives and while manufacturers often give a minimum useful life, there are a number of factors that can dictate the ultimate useful life of an asset. These relate to a range of aspects, including construction methods, environmental constraints, topography and soil types. Using life expectancy can result in additional unbudgeted expense and disruption to the service if assets fail before

they are due to be renewed based on life expectancy assessments. For example the AC water main in Rifle Range Road that burst in November 2014 was due for renewal in 2015/16 based on its life expectancy. Also, the condition information that we hold about our assets varies. Generally, we have better condition information about our above surface assets than we have about our underground assets.

We identified in the Long-term Plan 2015-25 that we did not know enough about the condition of our underground pipe networks. So we included a 10 year programme to better understand the condition of our underground networks, principally wastewater and water pipes, in the Long-term Plan 2015-25. During the first three years of this project we have completed the assessment of the Mangakino and Atiamuri wastewater networks and have commenced condition assessment in Turangi and Taupō. The assessment work we have completed to date has enabled us to develop accurate renewal programmes for the wastewater network for both Mangakino and Atiamuri based on comprehensive condition information. The information we have collected has also enabled us to better target future condition assessment work of the wastewater network.

The majority of stormwater assets have an expected life cycle of 100+ years and are approximately 50 per cent through that period. We have completed assessing the condition of 35 per cent of the underground stormwater network. This showed that it is anticipated that some of the older assets (35 per cent of assets) will meet or exceed their anticipated design lives.

The condition assessment completed so far on water mains has identified the need for renewal of some 135 km of asbestos concrete pipes and 42km of galvanised pipes across the district over the next 10 years. There is also a further 35km of AC pipe that needs renewal beyond the 10 years. This has been programmed in the Long-term Plan 2018-28 Asset Management Plans will be updated to reflect a renewals programme based on this accurate condition assessment as it is obtained.

Modelling has recently been completed on our roading network to help us determine more appropriate profiles for the renewal of both our road surfacing and pavements. Although there is further work to do, the early results suggest that both surfacing and pavement renewal programmes will need to be increased. This has been included in the Long-term Plan 2018-28 and will be further refined as data integrity is improved.

Parks and reserves renewals are based on the condition and lifespan of the asset. This work has been undertaken to provide a robust renewals programme for 10 years. However our asset management programmes are not mature enough to provide detailed financial information for parks and reserves for years 11 to 30.

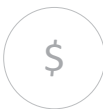
Community facilities renewals are based on life expectancy. Except for essential services like the server room for our information technology, facility component, community facility assets are replaced when they fail. In the past, we have focused on the cosmetic condition of our facilities. We do not have detailed structural, seismic, asbestos and fire risk information for all of our buildings. We need to gather this condition information and then ensure buildings are bought up to standard where required. This will require some significant expenditure between years 1 and 3.

Due to the condition assessment programmes over the last three years we now better understand the condition of our water, wastewater and stormwater underground assets which has resulted in a more accurate and refined renewals programme particularly for our underground water, wastewater and stormwater underground infrastructure assets over the next 10 years. This will ensure that we continue to maintain levels of service. The focus on increasing the knowledge of the condition of Council's assets will continue in this strategy. Council will achieve this by continuing its investment in condition assessment programmes for its assets and also by continuing its investment in robust asset management systems that capture the full the information about

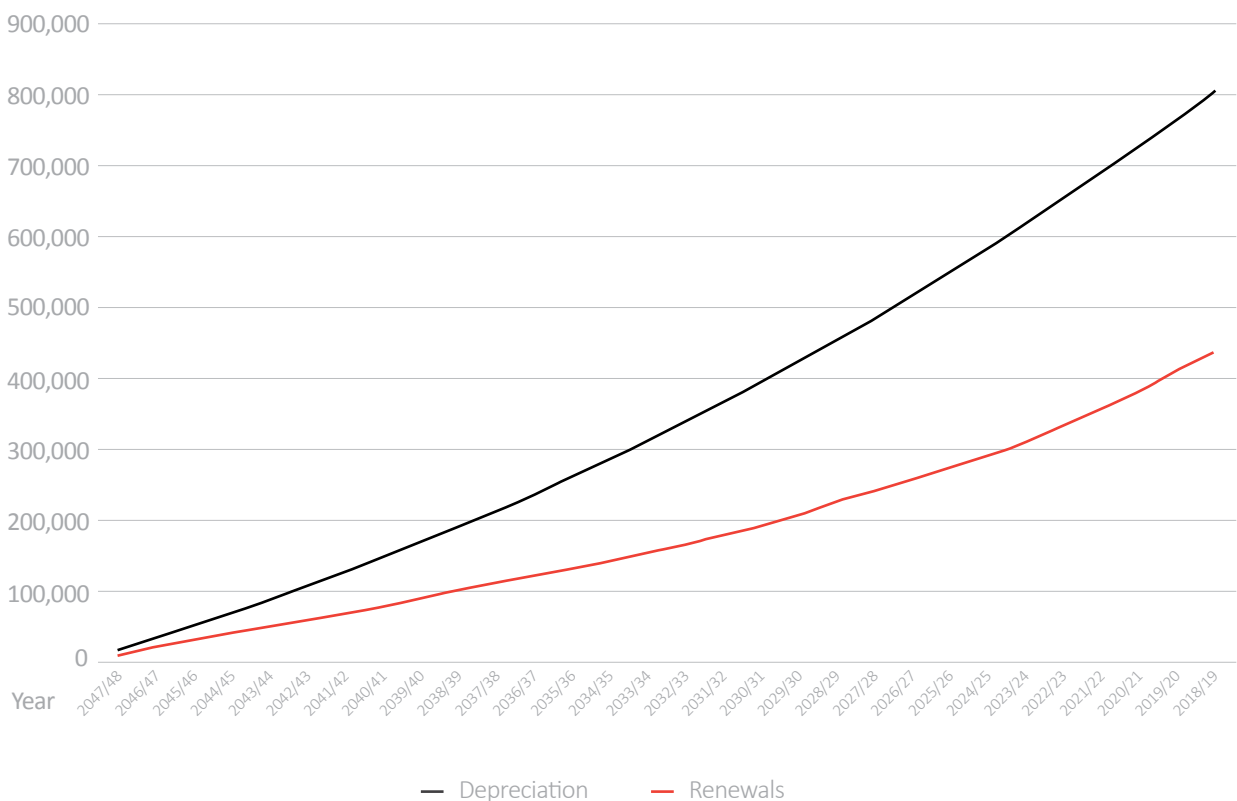
the assets to enable Council to plan asset renewal programmes and provide for the funding of those renewals as outlined in the asset management plans.

Council funds 100 per cent of depreciation of its assets over the assets lifecycle. Depreciation is the reduction in the value of an asset over time, due in particular to wear and tear. The funding of depreciation is designed to ensure that today's ratepayers pay their "fair share" for the amount of Council's assets that they consume, essentially through wear and tear. This means that Council is setting aside funding for the eventual replacement of these infrastructure assets.

A review of the expected renewal expenditure against the depreciation to be funded across the core infrastructure assets for the 30 year period shows that across all those assets the value of the renewal expenditure varies from 40 per cent- 60 per cent of the value of depreciation collected. See graph below. Depreciation reserves collected during the period will be required to fund anticipated forward renewal programmes beyond the 30 year time horizon. As asset condition and associated modelling becomes more refined then renewal profiles can be developed with more certainty.



Accumulative Depreciation versus Expenditure for Core Assets 2018–2048





Water renewals are at the higher end of the range at 60 per cent primarily due to the targeting the renewal of AC and galvanised water mains over the next 15 years. These mains represent approximately 30 per cent of the pipe network. The balance of the network is mainly plastic pipe with a life expectancy in the order of 100 years with much of it in the earlier stage of that period.

Wastewater renewals tend to be more focussed by geographical area with the current renewal programme focused on the Mangakino township. Based on age the next significant period of renewals is likely to be in the 30- 50 year time horizon. This profile is being further refined with the conditions assessment programme that commenced in the Long-term Plan 2015-25.

The majority of stormwater assets have an expected age of 100+ years and are approximately 50 per cent through that period. Based on recent condition assessment of some of the older assets (35 per cent of assets) it is anticipated that the stormwater asset will meet or exceed their anticipated design lives. That being the case depreciation collected on these assets is unlikely to be required until at least the second or third 30 year period.

Transport renewals are primarily renewing the pavement or resurfacing it. There is also a relatively small stock of bridges and larger culverts the majority of which are also in the first half of an expected age in the order of 100 years. Due to this age, renewal of these assets are unlikely until beyond the 30 year time horizon.

Pavement deterioration modelling run in 2017 identified an increase in the pavement renewal or resurfacing programme from \$2.5m to \$4m. There is however

further work required to improve the accuracy of the data on which the modelling is based to enable a more accurate programme to be confirmed.

With the investment in condition assessment/renewal planning and subsequent renewals it is anticipated that any theoretical backlog based on age will be significantly refined and reduced during this Long-term Plan cycle.

Theme four: resilient infrastructure

We need to ensure our communities are resilient to disruptions to our infrastructure networks. These can be from failures in the network, such as a water main bursting, or from natural hazards such as flooding and earthquakes. Infrastructure is necessary so we need to make sure it's resilient and can continue uninterrupted in times of network failure and all but catastrophic natural hazards.

Natural hazards can include such events as storms, flooding, landslip, earthquake and volcanic eruption. Whilst we cannot predict exactly when such natural hazards may occur we do hold information that provides us with likelihood and severity of events that may occur. As a result of climate change we know that the number of significant weather events will increase, that rainfall events will worsen, droughts will occur more often and seas will rise. While sea level rise isn't a concern for the Taupō District we need to take into account the other impacts of climate change and other natural hazards, such as flooding and earthquakes, when managing our infrastructure to ensure our communities are resilient to natural hazards. The continued operation of Council infrastructure and services is important during and

after natural hazard events (e.g. a resilient water supply that people can rely on). The Christchurch earthquakes showed how communities can be significantly impacted and that planning ahead of an event is critical for how a community can cope. In addition, resilience can be developed by ensuring planning is done which leads to new and renewed infrastructure being designed to cope with such events. For example, as we are expecting greater rainfall events then we need to ensure that new and renewed stormwater infrastructure is able to cope with the size and intensity of these rainfall events. (e.g. pipe sizing).

There is also the potential for disruption in supply to customers of essential services due to a component of one of our infrastructure networks failing. For example, there could be serious economic impacts to businesses if there is a disruption to the water supply because many businesses would no longer be able to operate. For example a water main on Tamamutu Street burst in April 2017 and resulted in loss of water supply for surrounding dwellings for a number of hours. System failure can happen because loss of power, mechanical or electrical malfunction. It is important to design resilience in to the supply of services so if failures occur backup systems can be used and service can continue. In particular Council needs to ensure security of supply for water especially in areas of growth. A number of water supply reservoirs are planned in the next 30 years to ensure there is security of supply for water.

Theme five: knowledge gaps

In the 2015 infrastructure strategy we did not include our parks and reserves and facilities infrastructure as it was not mandatory to do so. For the 2018 strategy we have decided to include both of these asset classes because although there are some limitations in the information we hold on our facilities and parks and reserves we consider it is important to outline the complete picture for Council's infrastructure assets. The main gaps in the information we hold on our facilities is condition information and strategic direction for both parks and reserves and facilities and therefore limited knowledge of financials for years 11 to 30. Over the years we have focused our asset management on our essential infrastructure of water, wastewater, stormwater, solid waste and transportation with less emphasis on parks and property.

Whilst we have included parks and reserves and facilities in the strategy we recognise that we have a number of knowledge gaps in these areas principally relating to the lack of strategic direction, a lack of understanding about community needs, lack of condition assessment and no policy or process for acquisition and disposal. As a consequence of this we also lack a clear financial picture for both parks and facilities beyond the 10 years of the Long-term Plan.

Parks and reserves

Currently parks and reserves planning is piecemeal as we do not have a strategic direction for our parks and reserves.

We do not have a good knowledge about the use of and the community needs and requirements for our parks and reserves in different part of the district. Different communities in the district have different needs. This means that in some areas we may be providing a higher levels of service than our communities need and under providing in other areas. If we don't understand our community's needs, we don't know whether our parks and reserves are fit for purpose.

We also do not have guidelines for the minimum standard of acceptable developed land that we receive from developers. Often when a residential development occurs, the developer will vest new reserve land with Council. Currently we do not have any guidelines for whether land that we are offered is acceptable or not.

Facilities

We have a legacy of inheriting buildings, often in poor condition with no current users from other organisations. For example, when a sports club or community group that owned club rooms that were located on Council reserve has disbanded there has been an expectation that Council would take over the ownership of these buildings. Often, these buildings are in a poor condition and Council incurs large costs to maintain and find new uses for these buildings or remove them. We have no criteria for what buildings we accept nor any process for the acquisition or disposal of buildings.

We do not have a comprehensive understanding of the condition of all of our facilities. In the past we have focused on the cosmetic condition of our facilities. We do not have detailed structural, seismic, asbestos and fire risk information for all of our buildings. We need to gather this information and then ensure buildings are bought up to standard where required and health a safety requirements are met. This will require some significant expenditure.

An example of this is Council administration building on Lake Terrace. Assessments of the building identified significant health and safety issues with the building, including the presence of friable asbestos and a requirement to undertake earthquake strengthening. The majority of staff relocated to five sites in the Taupō CBD during the year, and investigations continued into potential sites and funding options. Council is now undertaking a project to identify the best solution for a future Council building.

Infrastructure overview

Water

Council has 19 water schemes across the district. Each scheme has its own consent to take water from lakes, rivers, streams and bores within the district. Peak water demand across the district is high, mainly because of irrigation (gardens, golf courses, other recreation), and leaks from the system. Council has developed a water demand management plan to reduce the demand for water.



Water Assets and Value

Asset – Water	Quantity
Asset value.	\$133,000,000 (August 2017)
Water take consents.	20
Bores.	14
Intake structures at lakes, springs, streams, rivers.	20
Reservoirs.	62
Pump stations and buildings.	47
Pipes (km).	673
Metered water connections.	2187
Fire hydrants.	2033

The overall confidence rating for the water asset information is B-.

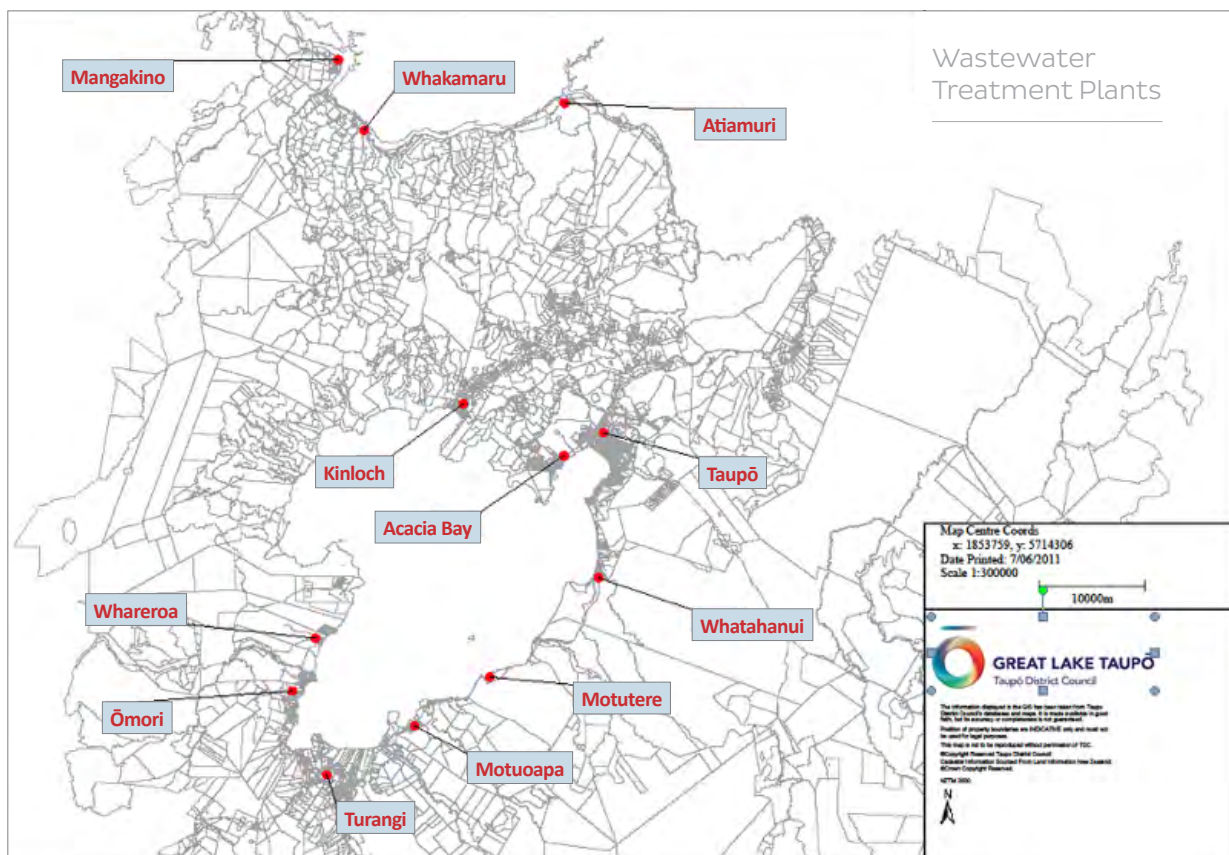
Water supply is a discrete service that directly benefits the households supplied so each water scheme is funded by a 100 per cent targeted rate on the users of that scheme.

Council has upgraded Taupō, Turangi and Mangakino treatment plants to meet required drinking water standards and has commenced connection of Waitahanui to the Taupō scheme. Council's other smaller water supply systems will also need to be upgraded, at considerable cost to those communities.

Council's water reticulation network is relatively new as much of the district's growth has occurred within the last 30 years. We have however determined that much of the AC pipe laid in the earlier years is nearing the end of its life. Renewal of the majority of this pipe has been provided for in the first 10 years of the strategy. The pipe networks within Turangi and Mangakino (both hydro construction towns) are nearing the end of their predicted life.

Wastewater

Taupō District Council provides wastewater services for 12 towns and communities in the district. Council has 15 consents from Waikato Regional Council to dispose of treated water and control odour. In addition Council is responsible for reducing its nitrogen discharge into the Lake Taupō catchment by at least 20 per cent of 2005 levels by 2020, as part of the Lake Taupō Protection project.



Wastewater Assets and Value

Wastewater Asset	Quantity
Asset Value.	\$182,500,000 (Aug 2017)
Pipes.	411 km
Treatment plants.	11
Pumping stations.	118

The overall confidence rating for the wastewater asset information is B-.

Ratepayers connected to a Council wastewater scheme pay a district-wide targeted rate. This is because users of the wastewater system clearly receive a benefit but there is also a high public benefit in relation to the promotion of public health and a benefit to the environment, especially lake water quality, in treating effluent.

In the past 10 years, Council has upgraded the Turangi, Taupō, Mangakino and Motuoapa plants to meet capacity and consent requirements. Council has also connected the Waitahanui township to the Taupō plant. As consents for other discharges are renewed plant upgrades are planned to meet the new consent requirements.

Council's wastewater reticulation network is relatively new as much of the district's growth has occurred within the last 30 years, although the pipe networks within Turangi and Mangakino (both hydro construction towns) are nearing the end of their predicted life. Extensive condition assessment of the Mangakino network has been completed and renewals prioritised over the first five years of the strategy.

Stormwater

Taupō District Council provides stormwater services for 20 towns and communities in the district. Council has three comprehensive discharge consents from Waikato Regional Council to discharge untreated stormwater into lakes, rivers and streams across the district.

Stormwater Assets and Value

Stormwater Asset	Quantity
Asset value.	\$85,000,000 (Aug 2017)
Pipes.	216 km
Catchpits.	921
Standard manholes.	3507
Inlets.	25
Attenuation ponds.	31
CDS units.	3
Enviropods.	207
Outlets.	498

The overall confidence rating for the stormwater asset information is B-.

The key issues for stormwater management are flooding, degradation in the functioning of overland flow paths, degradation of Lake Taupō, the Waikato River system and other aquatic environments in terms of local effects on water quality and public health and safety.

Climate change is predicted to increase the severity of weather events, so that there will be more intense flows, more of 10.

Council's stormwater reticulation network is a combined network of pipes and overland flow paths which are relatively new as much of the district's growth has occurred within the last 30 years, although the pipe networks within Turangi and Mangakino (both hydro construction towns) are nearing the end of their predicted life.

Transport

Taupō District Council provides a transport network of 781km of sealed and unsealed roads and 297km of footpaths to allow goods and people to move around the district safely and efficiently by any transport mode including cycling, walking or passenger transport. State highways represent a significant amount of the roading within the district, including State Highway 1 which is the main north-south route for the North Island. State highways are not included in the quantities below.

Transport Assets and Value

Transport Asset	Quantity
Asset value.	Value (excl land under roading)- \$457 million (30 June 2017)
Roads – sealed.	708km
Roads – unsealed.	73km
Footpaths.	297km
Street lighting.	4,169 lanterns 3,000 poles
Traffic services.	28,118 signs and markings
Bridges.	21 road bridges (2 with shared ownership) 4 foot bridges
Culverts.	61 large culverts (diameter greater than 2m) 2,373 small culverts (diameter less than 2m)
Drainage.	490 km
Cycle ways.	38 km
Parking.	97,708m ²
Structures.	9 Taupō urban bus shelters



The overall confidence rating for the transportation asset information is B+.

Approximately 50 per cent of transport funding comes from the New Zealand Transport Authority.

Council’s transport network is relatively young and as the Taupō district has free draining soils roads generally last longer than in other parts of the country.

Community facilities

We look after 209 buildings. Some of these buildings are community facilities that members of the public visit and some of these facilities assist the running of Council business such as depots and offices housing Council staff. Some of the buildings are owned by Council and leased out to community groups.

Community Facilities Assets and Value

Community Facility Asset	Quantity
Asset value.	\$166,700,000
Swimming pools.	3
Social housing.	40 units in Taupō, 6 units in Turangi and 11 units in Mangakino
Venues.	7
Libraries.	2
Museum.	1
Community halls.	12
Council administration property.	9

We don’t have comprehensive condition assessments for all of our buildings. In addition to this, some of the buildings that we own we have inherited and were in a poor condition.

Parks and reserves

Parks and reserves play an important part of the daily lives of our residents and are also focal points for visitors to our district. The open spaces that we provide range from lakefront reserves and playgrounds through to cemeteries and sportsgrounds.

Parks and Reserves Assets and Value

Parks and Reserves Asset	Quantity
Asset value.	\$30,000,000
Parks.	236
Sportsgrounds.	6
Playgrounds.	57
Cemeteries.	3
Public toilet facilities.	57
Lakeshore erosion protection assets.	23

We will focus on developing a strategic vision for the acquisition and disposal of our reserve land.

Solid waste

Taupō District Council manages solid waste to reduce the likelihood of harm to people and the environment. This asset management plan enables Council to manage and demonstrate its stewardship of solid waste assets on behalf of its communities in order to provide services cost-effectively, both now and into the future.

Solid Waste Assets and Value

Solid Waste Asset	Quantity
Asset Value.	\$3,900,000 (30 Jun 2017)
Landfill.	1
Transfer stations.	5

Council provides a landfill and resource recovery centre at Broadlands Road, transfer stations at Turangi, Mangakino, Kinloch, Ōmori and Whareroa along with closed landfills at Taupō, Mangakino and Turangi. Council also provides 500 street litter and recycling bins and 35 Big Belly solar waste compactors for its communities.

The overall confidence rating for solid waste asset information is B.



Issues and options

Theme one: population and demographic change

Issue one: New infrastructure is required to cater for growth, primarily in Taupō town and Kinloch.

A growing population, combined with fewer people in each house means that the growth in new dwellings is likely to be greater than the growth in population. These new dwellings are expected to be built mainly in Taupō town and Kinloch. Where they are built on land that is currently undeveloped (such as rural land), it will mean that new infrastructure, such as roading, stormwater, water, wastewater and reserves will need to be provided. If development occurs in existing built-up areas, or new infrastructure is to be connected to existing infrastructure, then this may result in upgrades being required to existing infrastructure.

If we build new infrastructure in advance of development this would not be efficient use of funding and could result in significant cost to ratepayers. There is the risk that the development may not occur in the area, or development may take longer to occur than we expect. This would mean that Council would be paying for the cost of this development, without receiving any development contributions or new ratepayers to contribute towards these costs. This could have a significant impact on rates. This is why Council prefers to work alongside developers to ensure that new infrastructure is constructed, when it is required.

Options	Implications
We build infrastructure in anticipation of where and when we expect growth to occur.	Capital funds invested in infrastructure before it is required. Funding infrastructure before it is required will result in infrastructure lying idle. This option would not be a good use of funding.
We work alongside developers to ensure infrastructure is in place, when and where it is required (the status quo).	Installing infrastructure when it is required by working with developers will result in maximising the use of capital funding.

Preferred option: We work alongside developers to ensure the infrastructure is in place as required in time for development.

Additional work required to support the preferred option.

- Continue to update the demographic snapshot every three years.
- Continue to update the growth model every three years.
- Ensure this revised population, demographics and expected growth information is provided to asset managers so it can be used in the infrastructure strategy and asset management plans.

Issue two: An ageing population may drive a change in demand for the services that we provide.

Having a higher proportion of the population who are aged 65+ years is likely to result in demand for different services, or changes in the way we deliver some services. Because of this Council may need to adjust the services that it provides to the community. An aging population is likely to result in a wide range of demand from fit retirees to less mobile aged persons. Examples of this are ensuring that our footpaths are mobility friendly and the provision of additional easy mountain biking tracks, particularly for e-bikes. It may also result in people wanting to live within walking distance of our town centres. In turn this is likely to drive demand for an increased number of smaller houses and sections in the town peripheries, which will have an impact on our infrastructure such as water, wastewater and stormwater.

Council needs to ensure that it can respond to changes in services that our customers require. As these demands are likely to change with the changing demographics of our communities we need to regularly ask the community what services and levels of service it wants. Then we can adjust service delivery accordingly. Council uses surveys and commissions research to understand the levels of services and services required by our community and to monitor the performance of Council’s various business units.

Options	Implications
Continue with service delivery for existing services and at existing levels (the status quo).	Cost of existing service levels are generally known. Service delivery and levels of service are unlikely to meet the community’s needs and desires.
Understand the ongoing service delivery needs of our community, and adjust service delivery and levels of service accordingly.	Small cost to regularly survey the community to ascertain what services and levels of service they require. Likely to result in a wide range of demands for service which may be costly. Should result in service provision and level of service matching the community’s demands.

Preferred option: Deliver services and levels to meet changing demands.

Additional work required to support the preferred option.

- Regularly survey (every six years) the community to find out what additional services the community desires.

Issue three: An aging population on fixed incomes facing increasing infrastructure costs may result in rates that are unaffordable for our ratepayers.

Having an aging population and increasing infrastructure costs could result in substantial financial burden on the ratepayer. A declining population with more people on fixed incomes puts pressure on future funding of infrastructure as there are fewer people to contribute towards the cost of paying for maintenance and upgrades of the infrastructure networks. This challenge will make maintaining levels of service difficult. We may need to look at alternative ways of service delivery or innovative solutions as communities may struggle adapting to lower levels of service. There may be alternative funding models that could be considered to pay for increasing infrastructure costs.

We have assumed that an increase in people aged 65+ will mean that a greater proportion of our ratepayers will be on small fixed incomes. However a proportion of our ratepayers may also retire with substantial funds.

Options	Implications
Do nothing.	Rates are likely to rise and may become unaffordable for some who will then move out of the district.
Maintain current levels of service by looking at innovative solutions.	The success of this will depend on the reason rates have increased and whether there is an innovative solution for addressing the increase. For example, an increase in water rates for ensuring compliance with drinking water standards for a small settlement could be addressed by changing the funding model for water and spreading the costs across the district rather than across the small settlement.
Lower levels of service.	Whilst this should keep rates affordable it may be unacceptable to the community.

Preferred option: Where possible maintain current levels of service by looking at innovative solutions.

Additional work required to support the preferred option.

- Undertake a project to establish projections for the proportion of our ratepayers that will be on a low fixed income.
- Ensure affordability is a consideration during the development of the financial strategy.

Issue four: It is projected that our population will decline but there is uncertainty about what the impact will be on the number of dwellings that need to be serviced by infrastructure.

It is projected that in the long-term, most of rural New Zealand will experience population decrease. However for the Taupō District the impact of this population decline is unknown due to the high number of holiday homes in our district. We do not know how this projected decline in population and therefore number of houses for sale will impact on the number of holiday homes in the district and therefore the demands on the current infrastructure serving the existing housing stock. For example the recent decline in population in Mangakino has resulted in an increased holiday home ownership in the town and no decline in the use of infrastructure at peak holiday times. If the population decline results in more of the existing housing stock owned as holiday homes there will be little or no impact on the provision of infrastructure. Also there will be similar number of ratepayers (although a higher proportion will reside elsewhere) to fund the provision of infrastructure.

We need to know more about the numbers and location of dwellings we will need to service in the long-term future to better plan for the provision and maintenance of our infrastructure.

Options	Implications
Do nothing.	We will continue to provide infrastructure services to all dwellings in declining areas whether required or not. This is not an effective use of funding. We may have higher incidents of unpaid rates as houses sit empty.
Provide infrastructure and long-term capacity for the projected number of households.	This will enable better long-term infrastructure planning.

Preferred option: Provide infrastructure and long-term capacity for the projected number of households.

Additional work required to support the preferred option.

- Undertake a project to accurately identify the numbers of and future trends for holiday home ownership in the district and in particular how holiday home ownership will respond to declining populations.

Theme two: protecting the health of our communities and the environment

Issue five: Some of our communities may face a health risk without safe and clean drinking water supplies.

For each of Council’s 19 water schemes we are required to produce a water safety plan which describes the health risks facing each scheme and what we will do to mitigate the risks. The water safety plans also describe when the scheme will be upgraded to meet the Drinking Water Standards. Because of the cost involved and the resources required to upgrade our drinking water schemes, we have prioritised the order of the upgrades based on risk. Generally this is based on how many people they service, because if something were to go wrong, more people will be affected. The upgrades to the Taupō, Turangi and Mangakino water schemes have already been completed with Waitahanui expected to be connected to the Taupō scheme by June 2018. The upgrades to the other water schemes need to be programmed. A number of small settlements in the district are not connected to reticulated water supplies but rely on water from bores or rivers. These supplies can easily be contaminated and put the health of communities at risk. The Waihi Village water take is from a spring located within the path of the Waihi landslip. The community has sought and obtained funding at 85 per cent subsidy assistance from the Ministry of Health to connect to the Turangi supply. They have also sought funding assistance from Council. Because of this risk and the willingness of the community, Council has agreed to provide that additional funding and connect Waihi Village with reticulated water supply from the Turangi water treatment plant.

Options	Implications
Ensure upgrades to our water supplies are in line with the timeframes set out in the Long-term Plan 2018-28 and our water safety plans. These timeframes are developed and prioritised based on risk.	Cost of \$25 million over 10 years. Compliance with water safety plan. Ensures communities are not at risk.
Take longer to upgrade our water supplies than what is specified in our water safety plans.	Spreads the cost over longer time period but puts communities at risk for a longer period of time.

Preferred option: Ensure we upgrade our water supplies in line with the timeframes set out in water safety plans. These timeframes are developed and prioritised based on risk.

Issue six: the availability and supply of raw water will come under increased pressure.

It will become increasingly difficult to retain our existing consent volumes of raw water and in the future it will be very difficult to obtain consents for more raw water from the Lake Taupō/Waikato River catchment to meet the demand from new industries and households. So any significant growth of residential and/or industrial development will likely need to be met from our current allocation of raw water. At the current time, this is not an issue because a growth component has been included in our current water take. However we need to decide how we are going to address this issue in the future.

Currently our average urban daily household water consumption is high. This can be reduced and make our existing allocation go further by using water demand management measures to encourage users to reduce their water use. These techniques can range from communication and education programmes on using water responsibly right through to water metering. Council already uses education on water demand techniques and imposes restrictions on use during drought periods and when our population (and consequently our water use) increases during peak periods. Council needs to seriously consider tougher water demand measures within the next six years to reduce urban daily household water consumption to ensure there will be adequate water for future new industries and households.

Options	Implications
Do nothing.	No cost but we might restrain economic development. This will have impact on the future economic growth of the district.
Take a proactive approach to water demand management.	Costs range from education and communication which can be catered for within existing budgets, to water meters which will incur not only the cost of implementation but also the ongoing operational costs.

Preferred option: Take a more proactive approach to water demand management by undertaking a project in the next six years to evaluate the different options and implement the preferred option to reduce urban daily household water consumption.

Additional work required to support the preferred option.

- Continue to monitor average urban daily household water consumption.

Issue seven: Protection of the environment will drive increased costs for Council’s wastewater and stormwater discharges.

There has, and will continue to be, an increase in environment standards particularly in regional plans for discharges that affect water quality. These increasing environmental standards are a result of:

- Increased environmental and cultural expectations from our community;
- New legislation from central government, such as the National Policy Statement for Freshwater Management; and
- Legislation resulting from Treaty Settlements.

Council holds regional Council consents for discharges to water and land, particularly for discharges of treated wastewater, stormwater and solid waste. More stringent regional Council controls over the quality of discharges (both direct and point source) into Lake Taupō were introduced in 2005 and became operative in 2011 and are currently being introduced to the Waikato River catchment.

This impacts on the management of wastewater in the Lake Taupō and Waikato River catchments. While large reductions of nitrogen across all of our wastewater treatment plants have already occurred in the Lake Taupō catchment it is important that these gains are maintained and work is programmed to improve discharges in the Waikato River catchment. The programme of upgrades identified in the Long-term Plan 2018-28 to these wastewater treatment plants is to ensure we meet anticipated or existing consent requirements. A project to reticulate wastewater for Waihi was submitted through the Long-term Plan process. Council has agreed that it be included as the current treatment by septic tanks so close to the lake poses a risk for the health of Lake Taupō and as water is being reticulated in the village undertaking wastewater reticulation at the same time is cost effective.

Council is also coming under increasing pressure from both the public and Waikato Regional Council to improve the quality of stormwater discharges. Stormwater is discharged into our lakes, rivers and streams and we recognise the importance of keeping these clean and healthy and protecting our environment so we have implemented a programme of installing Enviropods, which remove litter and debris from stormwater, along the lake and treatment devices at stormwater outlets. However further improvements are likely to be required when our comprehensive stormwater consent is renewed in 2027.

Further upgrades are likely to be required for both our wastewater and stormwater discharges in the 30 year period as environmental standards become more stringent. Such upgrades will require innovative technology and will be expensive.

Options	Implications
Ensure that we improve our discharges to protect the environment, in line with resource consent requirements (the status quo).	Provided for within existing budgets. Improvements in wastewater treatment plants to meet consent requirements will cost \$13 million.
Improve our discharges to levels beyond what we are required to by resource consent conditions.	Costs unknown but will be in excess of what is provided for in existing budgets. Improvements to stormwater discharges \$1.6 million.

Preferred option: Ensure we are improving our discharges to protect the environment and comply with consent requirements.

Additional work required to support the preferred option.

- Continue to monitor the quality of wastewater and stormwater discharges.
- Early engagement with regional Council for consent renewals.
- Continue to be involved in the formulation of Healthy Rivers/Wai Ora: Proposed Waikato Regional Plan Change 1 following on from lodging a submission in 2017.
- Become involved in any other plan changes to the regional plan that will affect our wastewater and stormwater discharges.

Issue eight: Every year we have a number of wastewater overflows with many of these entering the lake. This is unacceptable to Council and community.

Every year, we inspect and clean a portion of our wastewater network in an effort to avoid any overflows. Despite this, there is an increasing trend of wastewater overflows occurring. There is an ongoing issue with people flushing or putting things down the drains that shouldn't be there, with cooking fat and wet wipes causing the biggest issues. They tend to collect and build up quickly in areas where there is tree root intrusion causing blockages. Larger objects that have been found in the system include building materials, rubbish, clothes, and curtains. Many of these overflow incidents see raw effluent entering the lake. This is unacceptable to both the community and Council.

Council currently spends about \$700,000 annually on renewing and repairing wastewater pipes, and another \$150,000 inspecting and cleaning them in an effort to avoid any overflows. We are also developing a public education programme to encourage people to stop flushing and putting things down the drains that they shouldn't.

However, we need to invest more heavily in a preventative programme that will allow us to proactively identify potential blockages in a timely manner. Such a programme would include using blockage detection technology and water jetting to clear the blockages, and increasing the amount of camera surveillance we undertake to ensure any potential issues are identified and addressed early.

Options	Implications
We continue our current programme of spending about \$700,000 on renewing and repairing wastewater pipes, and another \$150,000 on inspecting and cleaning.	No change to existing annual budgets of about \$700,000 for renewal and repair of wastewater and sewerage pipes, and about \$150,000 for inspecting and cleaning wastewater and sewerage pipes. Likelihood of overflows to the lake remains the same.

Our preferred option is to increase our annual operational budgets to undertake more preventative work. We have increased our budget by \$2.33 million over the 10 years of the Long-term Plan for the work to take place. This would be in addition to the \$700,000 we currently spend on renewing and repairing wastewater, and the \$150,000 we spend on inspecting and cleaning each year. It would also mean we would expect to have less spills to the lake and we would reflect this in our performance targets.

Preferred option: Our preferred option is to increase our annual operational budgets to undertake more preventative work. We have increased our budget by \$2.33 million over the 10 years of the Long-term Plan for the work to take place. This would be in addition to the \$700,000 we currently spend on renewing and repairing wastewater, and the \$150,000 we spend on inspecting and cleaning each year. It would also mean we would expect to have less spills to the lake and we would reflect this in our performance targets.

Additional work required to support the preferred option.

- Undertake a public education programme to encourage people to stop flushing things down the drains that shouldn't be there.

Theme three: maintaining and renewing our infrastructure

Issue nine: A range of Council’s assets may be nearing the end, or are already at the end, of their useful life and need renewal, however we do not know how many assets this issue potentially affects.

A key component of Council’s district strategy for many years has been to look after the infrastructure that we have while maintaining levels of service. Council programmes renewals of infrastructure assets based on detailed asset condition where possible or on life expectancy. Using life expectancy can result in additional unbudgeted expense and disruption to the service if assets fail before they are due to be renewed based on life expectancy assessments. To accurately programme renewals we need accurate condition assessment of our infrastructure assets. This coupled with robust asset management systems that capture the full information about the assets enables Council to plan asset renewal programmes and provide for the funding of those renewals as outlined in the asset management plans.

Council started a 10 year condition assessment programme of some of our assets in 2015. So we now better understand the condition of our roading, water, wastewater and stormwater underground assets and now have a more accurate and increased renewals programme particularly for our water main and roading infrastructure assets over the next 10 years. This will ensure that we maintain levels of service.

Whilst we have much more information on the condition of our roading, the renewals of some of our wastewater, water and stormwater assets are still being based on life expectancy. This can result in additional unbudgeted expense and disruption to the service if assets fail before they are due to be renewed based on life expectancy assessments.

We have also programmed a comprehensive condition assessment of our facilities in years one to three in this Long-term Plan to ensure that they meet health and safety standards for structural, seismic, asbestos and fire risk for all of our buildings. We need to gather this condition information and then ensure buildings are bought up to standard where required. This will require some significant expenditure.

Options	Implications
Infrastructure is renewed based on life expectancy.	No cost for condition assessment but costs of replacing assets that fail before they are due to be renewed under life expectancy assessment is usually high. Possible loss of service due to asset failure.
Provide for condition assessment programmes for water, stormwater and facilities. Infrastructure renewal is planned (optimisation based on investigation).	Costs for undertaking condition assessment projects. Optimising the life of the network and optimising the costs associated with renewals. Less costs in the long run. No loss of service for ratepayers.

Preferred option: Condition assessment is programmed for all infrastructure assets and infrastructure renewal is planned (optimisation based on investigation).

Theme four: resilient infrastructure

Issue 10: The district is vulnerable to a wide range of events (including natural hazards) that could cause significant damage and disruption to Council’s services at any time.

Council needs to ensure that our infrastructure and our communities are resilient to disruptions to our infrastructure networks, whether it be through a natural hazard, such as flooding and earthquakes, or failures in the network, such as a water main bursting. Resilience can be developed by ensuring planning for new and renewed infrastructure being designed to cope with such events. For natural hazards this means taking account of these when planning new or upgrading existing infrastructure. For example, as we are expecting greater rainfall events we need to ensure that new and renewed stormwater infrastructure is able to cope with the size and intensity of these rainfall events (e.g. pipe sizing). For security of supply, we need to ensure that there are contingencies when there is a failure in the network. For example, five water reservoirs are planned over the 30 years of the strategy. We are also planning to install burst control valves in our existing reservoirs. This will ensure storage capacity is retained in the event of a significant network failure.

Options	Implications
Accept that we live with the risk of natural hazards and disruptions to our infrastructure networks.	No cost. Likelihood of disruptions to supply as a result of network failures or natural hazards.
Plan for failures in infrastructure and natural hazards and build in feasible contingencies.	Some costs but communities will have necessary services in the event of a failure in the network or natural hazard. When we build new infrastructure we include resilience in the project. We do not plan for resilience for large scale natural hazards.

Preferred option: Plan for natural hazards and network failures and build in feasible contingencies.

Additional work required to support the preferred option.

- Continue to obtain information on the extent and likelihood of known natural hazards.
- Continue to obtain up-to-date climate change information.

Theme five: knowledge gaps

Issue 11: We have knowledge gaps across facilities, parks and reserves which mean we are not strategic in our provision of parks and reserves and facilities.

We have some knowledge gaps for our parks and reserves and facilities. For parks and reserves these gaps are:

- A lack of understanding about community needs for parks and reserves;
- A lack of overall vision for our parks and reserves;
- No agreed level of service across the district;
- No criteria to ensure suitable spaces are acquired for future parks and reserves;

The knowledge gaps for facilities are:

- No understanding of whether they are meeting community needs;
- No criteria for what buildings we accept from other parties;
- No process for the acquisition or disposal of buildings; and

- No comprehensive understanding of the condition (structural, seismic, asbestos and fire risk) of all of our facilities and what is required to bring them up to standard and ensure that health and safety requirements are met.

In the future, Council would like to be a lot more strategic about the development of its parks and reserves and the buildings that it owns.

We need a long-term vision and strategic goals and objectives for our parks and reserves across the district. Such a strategy will ensure that our parks and reserves meet the needs of the local community, good networks of parks and reserves are created that meet an overall vision, each community has a similar level of service, and suitable spaces are acquired for future parks and reserves.

We would like to maximise the return on what we spend on our facilities by ensuring that we own and maintain buildings that are meeting a community need and meet the required health and safety standards. We may consider disposing of some buildings that are receiving low or little use and we need some specific criteria to determine which buildings we accept from other parties.

Options	Implications
Do nothing.	The community is likely to be dissatisfied with their parks and reserves and facilities. Facilities may not meet health and safety requirements. Different parts of the district will receive different levels of service. Inefficient use of funding especially for the maintenance of unused facilities.
Develop separate strategies for parks and reserves and facilities and improve our knowledge and condition of facilities.	Small cost to develop the strategies but this can be funded within existing budgets. Will result in increased expenditure for implementation of the strategies. Will result in parks and reserves and facilities that meet the community's needs and meet health and safety requirements.

Preferred option: Develop separate strategies for parks and reserves and facilities and improve our knowledge and condition of facilities.

Financials

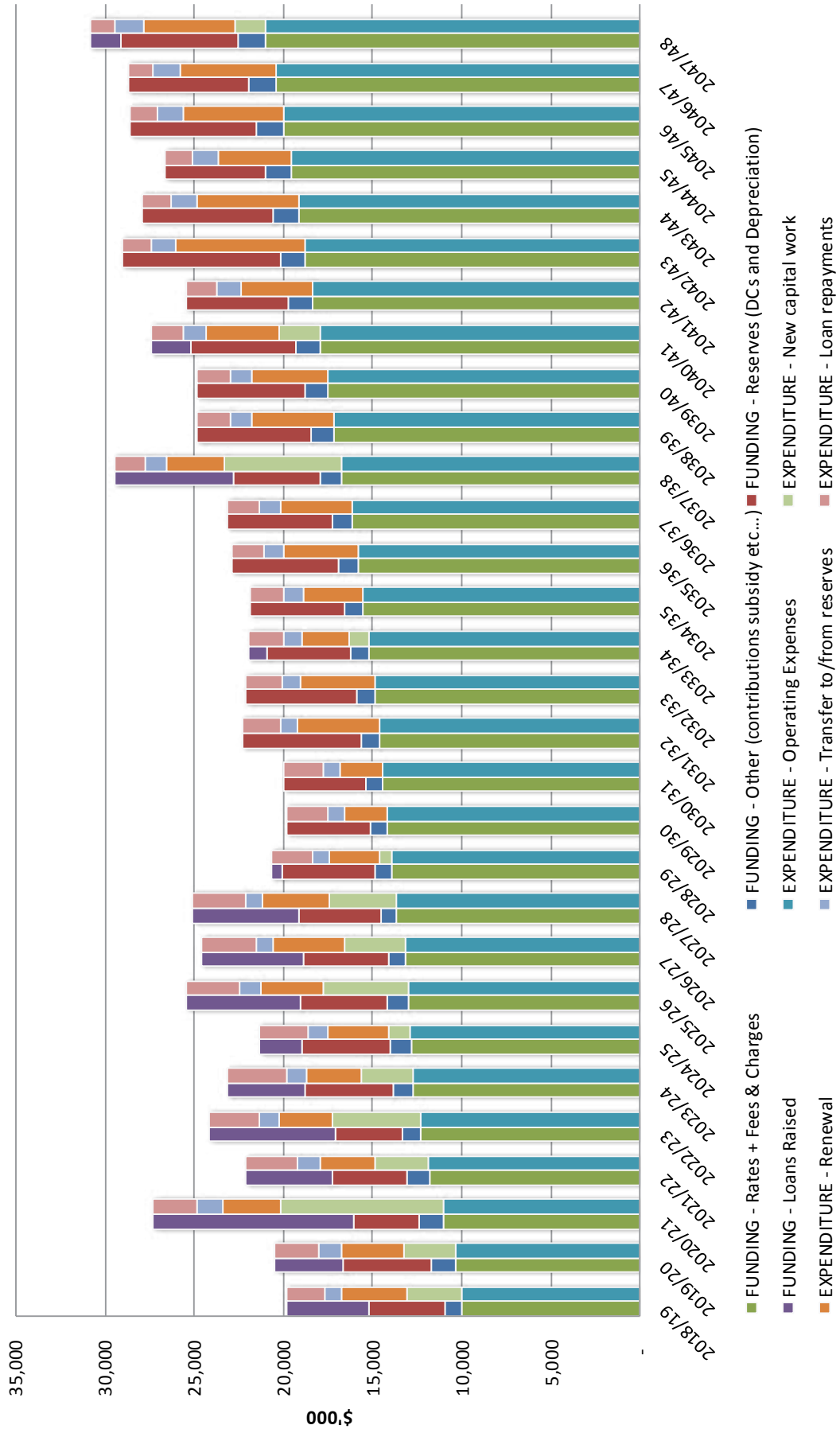
This section outlines the financial implications of Council's response to the issues which are outlined earlier in this strategy. The financial projections (most likely scenario) contained in the following graphs for capital, renewal and operational expenditure are based on the following influences:

- Levels of service are largely maintained at current levels;
- The need to increase standards for wastewater treatment as resource consents expire;
- The need to increase standards for water treatment to meet the requirements of the Drinking-Water Standards for New Zealand;
- Modest growth is likely until around 2038 when population will decline, with increasing population of older residents;

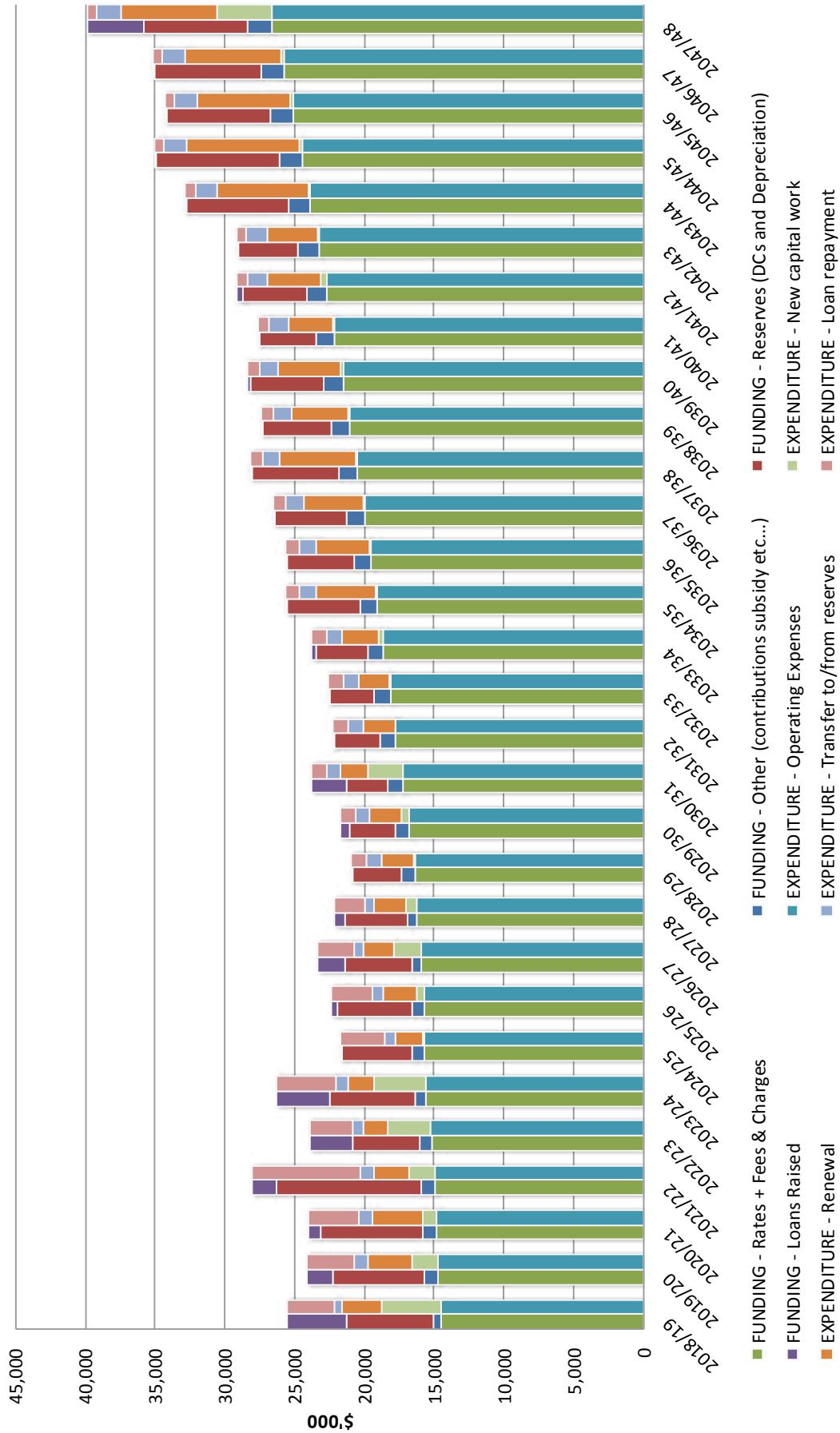
- More reliable forecasts of renewal profiles for underground assets will continue as more asset condition is acquired. Tables and graphs below allow for inflation projections that are in line with those forecast by BERL for LGCI over the 30 years; and
- Funding gap in transportation is unfunded depreciation representing the NZTA subsidy on renewals.

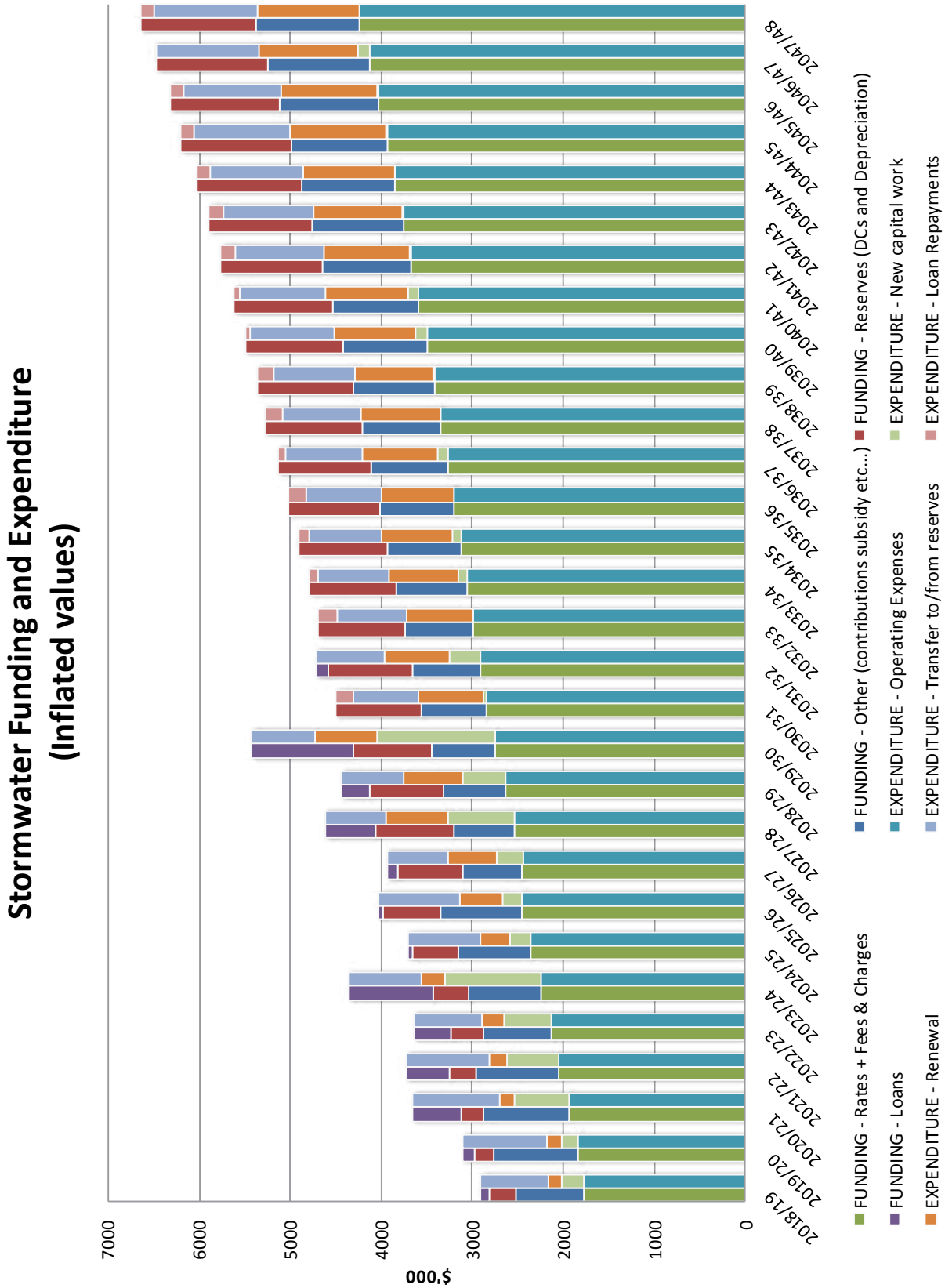
The financial projections are shown for 30 years except for parks and reserves and facilities which are for 10 years. The total projected spend over the next 30 years for water, wastewater, stormwater, solid waste and transportation and for 10 years for parks and reserves and facilities are outlined in the following graphs.

Water Funding and Expenditure (Inflated values)

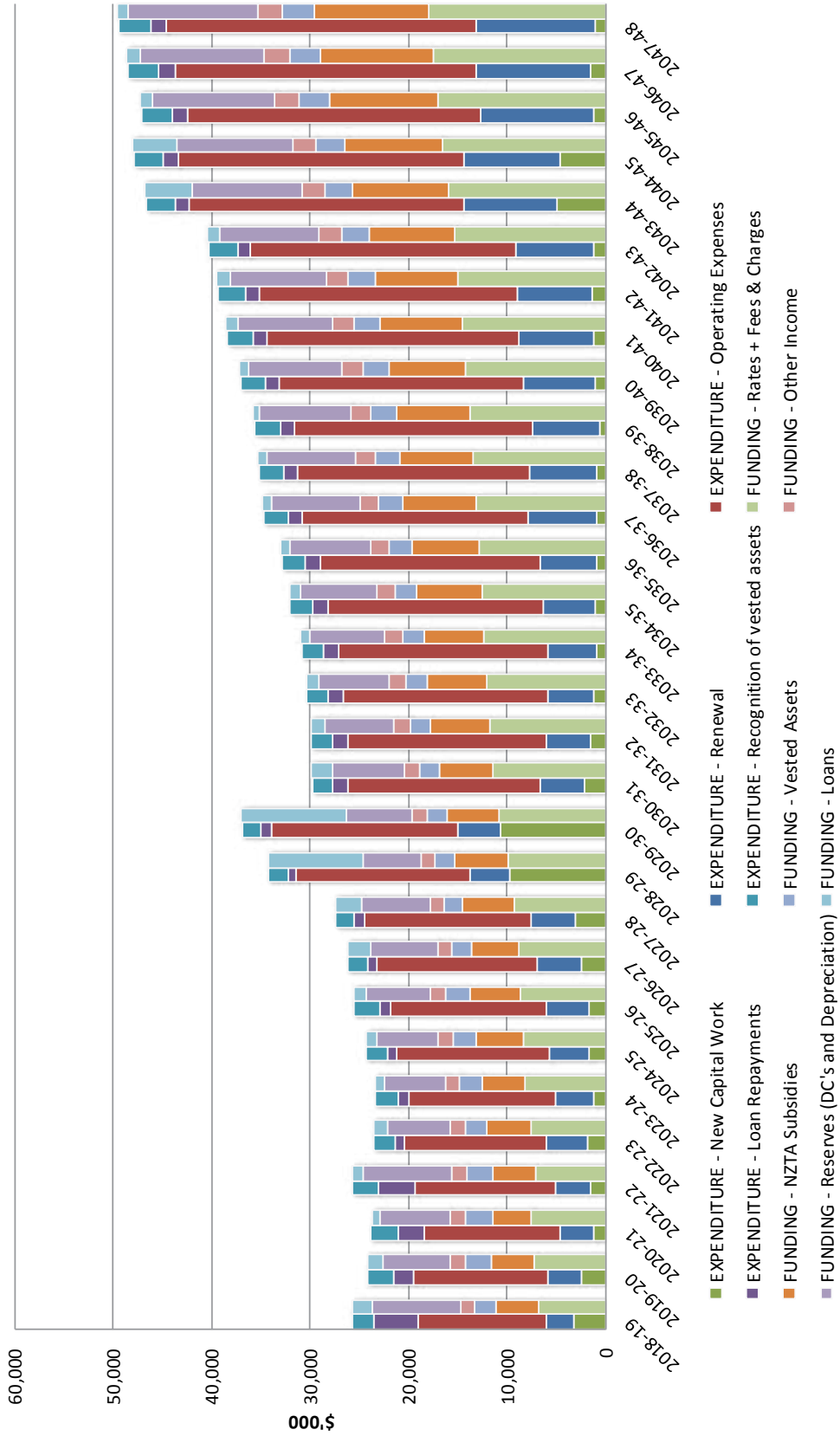


Wastewater Funding and Expenditure (Inflated values)

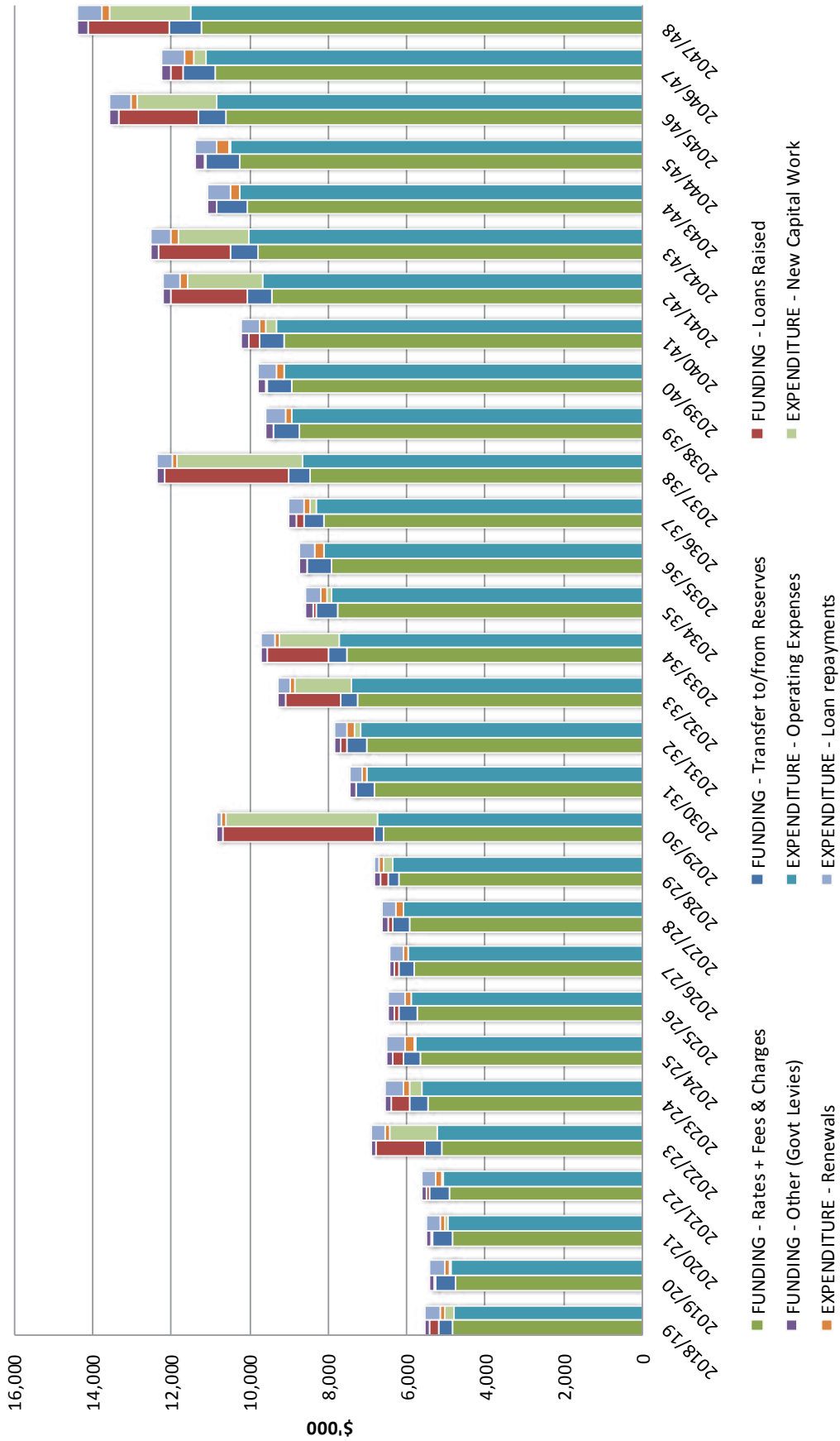




Transportation Funding and Expenditure (Inflated Values)

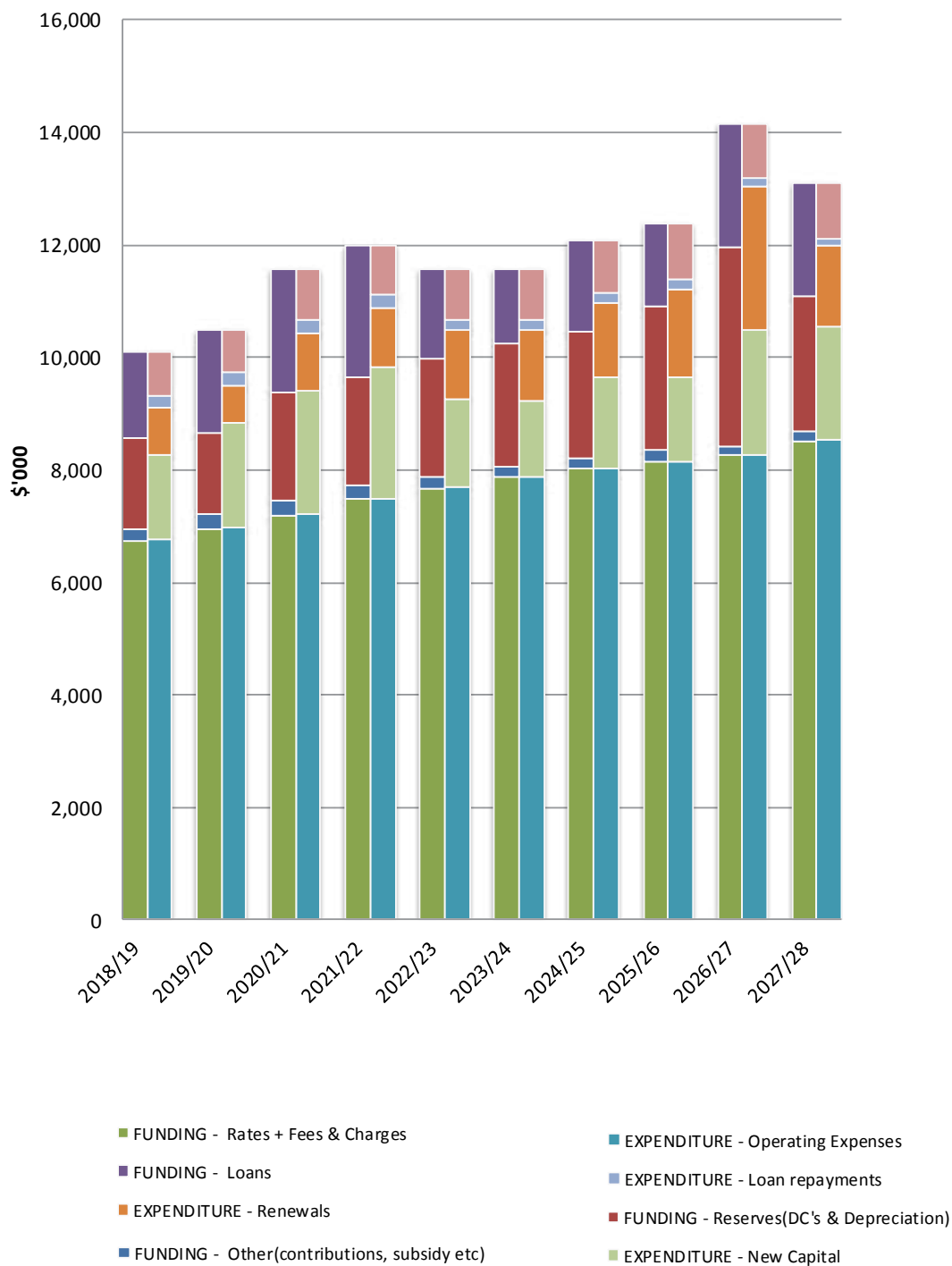


Solid Waste Funding and Expenditure (Inflated values)

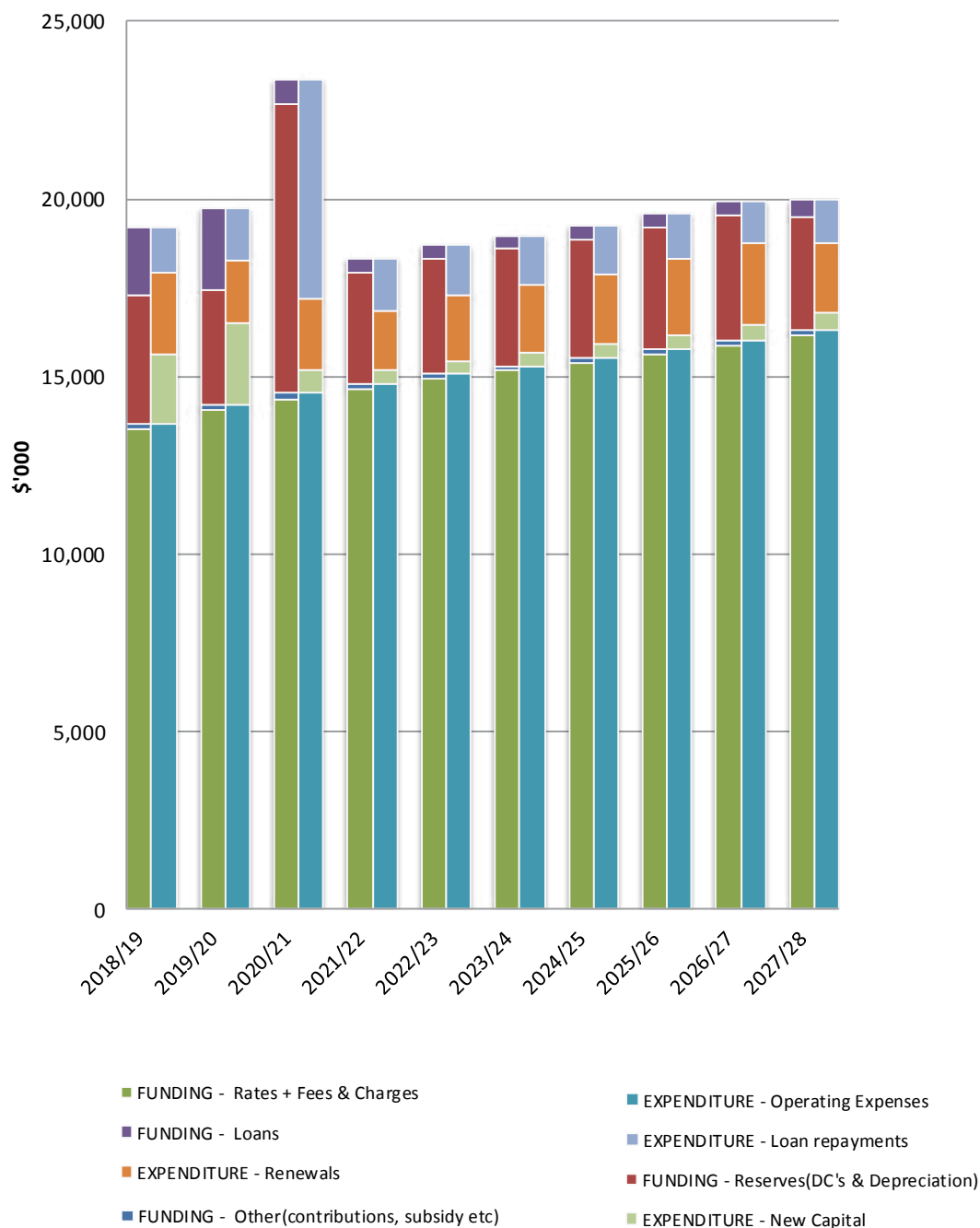


Proposed budget for Parks and Reserves expenditure 2018-28
 (Only 10 years of funding and expenditure information is available)

Parks & Reserves Funding and Expenditure (Inflated values)

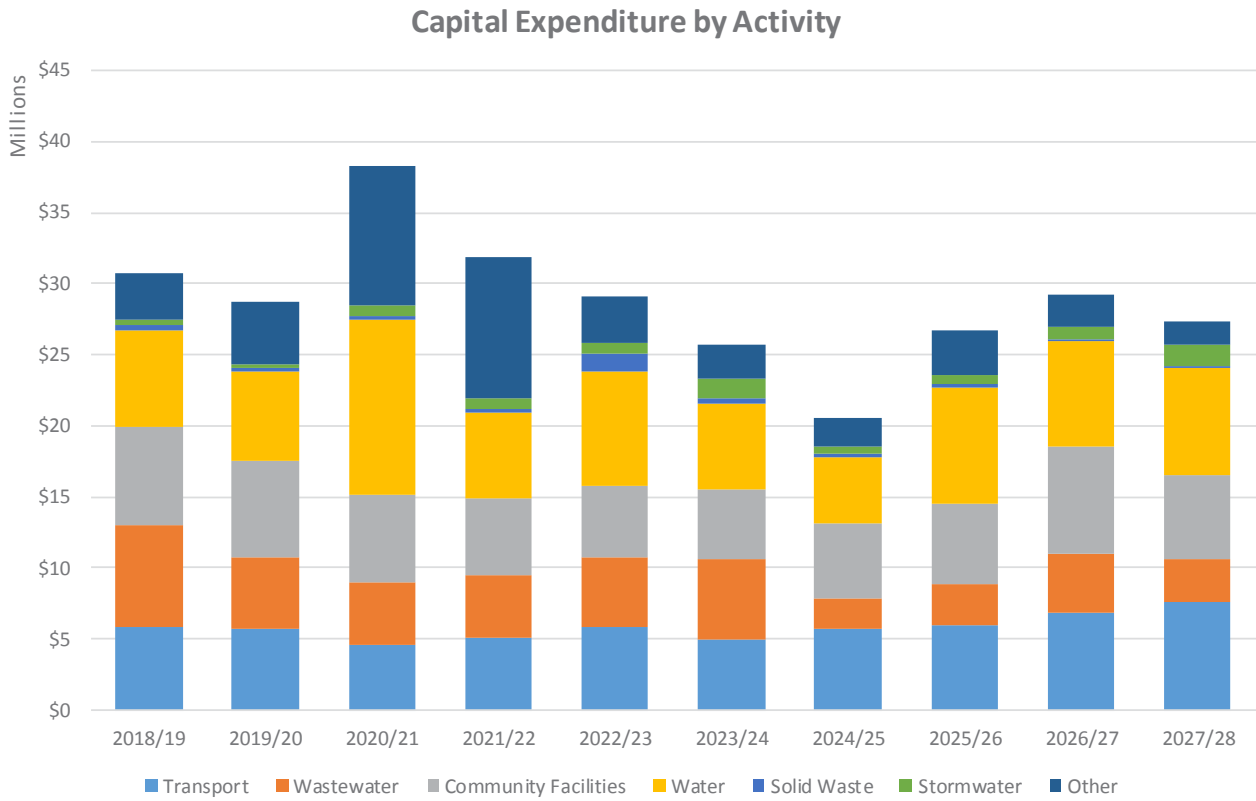


Facilities Funding and Expenditure (Inflated values)



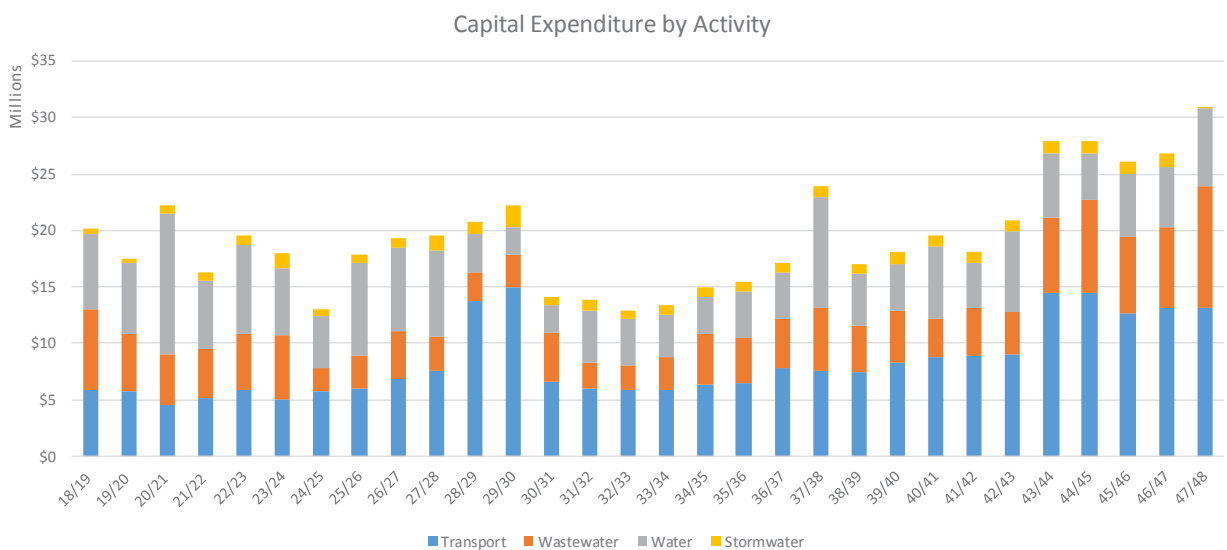
The graph below illustrates the proposed capital and renewal expenditure for each group of activities over the first 10 years of the plan.

Capital expenditure by activity 2018-28



Note - Other includes the groups of activities Economic Development, Community Services, Investments and Democracy and Planning.

Capital expenditure by transport, wastewater, water and stormwater activities 2018-48



Note: This does not include the Solid Waste and Community Facilities activities.

Proposed projects

This section outlines the significant decisions about capital expenditure that we expect will have to be made, when we expect to make them, the principal options that we expect to consider and the extent of the costs involved with each decision. For each project we have identified where the project is required to maintain or increase level of service (LOS), to cater for growth (Growth) or is a renewal (Renewal). This classification has not been completed for projects beyond 10 years (2028 onwards). The values included in the tables below have been inflated consistent with BERL LGCI predictions.

Through deliberations on the submissions to the Long-term Plan 2018-2028 Council decided to remove the medium and long-term transport projects for improving the traffic flow through Taupō's CBD and develop a transport strategy that would inform the development of projects for the improved traffic flow.

We have identified the significant decisions about capital expenditure by identifying the capital projects that we believe will have high community interest. They are as follows.

Water

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost and when project will occur	When the decision will be made
Upgrades to the Acacia Bay water supply to comply with the Drinking Water Standards NZ (DWSNZ).	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$4.656 million. Years 2018-19 to 2020-21.	During Long-term Plan 2018-28 consultation in March/April 2018.
Upgrades to the Bonshaw Park water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$1.8 million. Year 2027-28.	During Long-term Plan 2024-34 consultation in early 2024.
Upgrades to the Hatepe water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$714,000. Years 2021-22 to 2022-23.	During Long-term Plan 2021-31 consultation in early 2021.
Upgrades to the Kinloch water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$8.8 million. Years 2018-19 to 2022-23 and 2033-34.	During Long-term Plan 2018-28 consultation in March/April 2018.
Upgrades to the Motuoapa water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$2.476 million. Years 2022-23 to 2023-24.	During Long-term Plan 2021-31 consultation in early 2021.
Upgrades to the Ōmori water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$3.507 million. Years 2021-22 to 2022-23.	During Long-term Plan 2018-28 consultation in March/April 2018.

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost and when project will occur	When the decision will be made
Upgrades to the Rakaunui water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$1.88 million. Year 2027-28.	During Long-term Plan 2027-37 consultation in early 2027.
Upgrades to the River Road water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$302,000. Year 2021-22 to 2022-23.	During Long-term Plan 2021-31 consultation in early 2021.
Upgrades to the Tirohanga water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$317,000. Years 2023-24 and 2024-25.	During Long-term Plan 2021-31 consultation in early 2021.
Upgrades to the Waihaha water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$317,000. Years 2023-24 to 2024-25.	During Long-term Plan 2021-31 consultation in early 2021.
Upgrades to the Whakamaru water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$302,000. Years 2021-22 to 2022-23.	During Long-term Plan 2021-31 consultation in early 2021.
Upgrades to the Whakamoenga Point water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$610,000. Year 2026-27.	During Long-term Plan 2024-34 consultation in early 2024.
Upgrades to the Whareroa water supply to comply with the DWSNZ.	LOS.	Complete upgrades.	Compliance with Drinking Water Standards.	\$317,000. Years 2023-24 to 2024-25.	During Long-term Plan 2021-31 consultation in early 2021.
Taupō water reticulation of Five Mile Bay.	LOS.	Do nothing.	Untreated private supply of water.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Reticulate Five Mile Bay.	Provision of reticulated water that complies with the Drinking Water Standards.	\$525,000. Years 2019-20 to 2020-2021.	
Waihi Village water treatment plant upgrade.	LOS.	Do Nothing.	Untreated private supply of water.	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Reticulate Waihi Village by connecting to the Turangi Water scheme.	Provision of reticulated water that complies with the Drinking Water Standards.	\$635,000 in year 2021-22.	

Wastewater

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost and when project will occur	When the decision will be made
Waihi Village wastewater treatment plant upgrade.	LOS.	Do nothing.	Wastewater treated by septic tanks. Potential for contamination of the lake.	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Reticulate wastewater for Waihi Village.	Provision of reticulated wastewater for Waihi Village.	\$976,000 in year 2021-22.	

Stormwater

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Improvements to our stormwater infrastructure to improve the quality of the water that is discharged.	LOS.	Do nothing.	No improvement to water quality in Lake Taupō.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018, during Long-term Plan 2021-31 consultation in early 2021, during Long-term Plan 2024-34 consultation in early 2024 and during Long-term Plan 2027-37 consultation in early 2027.
		Undertake improvements.	Improvements to water quality in Lake Taupō.	\$1.6 million. Years 2018-19 through to 2027-28.	

Transport

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Investigation and installation of a roundabout at the Arrowsmith/Kiddle and Napier-Taupō Road intersection.	LOS.	Do nothing.	Minor improvement to safety at this intersection.	Nil.	During Long-term Plan 2024-34 consultation in early 2024.
		Install a roundabout.	Improved traffic safety and flow.	\$2.391 million. Years 2025-26 through to 2027-28.	
Relocation of speed limit sign on Wairākei Drive.	LOS.	Do nothing.	Little improvement to safety at this intersection.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Relocate speed limit sign.	Improved traffic safety and flow.	\$127,000. Year 2018-19.	
Norman Smith Street intersection signalisation.	LOS.	Do nothing.	Increasing travel times and reduced safety.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Complete intersection signals.	Improve travel time and safety.	\$479,000. Years 2018-19.	
Second bridge crossing at the northern entry to Taupō.		Do nothing.	Increasing travel times and reduced safety.	Nil.	During Long-term Plan 2027-37 consultation in early 2027.
		Install second bridge.	Improve travel time and safety.	\$16.9 million. Years 2028-29 to 2029-30.	
Tongariro Street traffic calming.	LOS.	Do nothing.	Poor linkage between the town centre and the lake.	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Undertake traffic calming.	Improved linkage between the town centre and the lake.	\$160,000. Year 2021-22.	
CBD Lakefront Development.	LOS.	Do Nothing.	Poor linkage between the town centre and the lake.	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Undertake traffic calming.	Improved linkage between the town centre and the lake.	\$112,000. Year 2023-24.	
Broadlands Road Widening.	LOS.	Do nothing.	Continued conflict between cyclists and vehicles.	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Undertake road widening.	Reduced conflict between cyclists and vehicles.	\$4.35 million. Years 2023-24 to 2047-2048.	

Transport continued

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Poihipi Road widening.	LOS.	Do nothing.	Continued conflict between cyclists and vehicles.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Undertake road widening.	Reduced conflict between cyclists and vehicles.	\$5 million. Years 2018-2019 to 2043-2044.	
Waipapa Road widening.		Do nothing.	Continued conflict between road users.	Nil.	During Long-term Plan 2036-46 consultation in early 2036.
		Undertake road widening.	Increased safety for road users.	\$2.8 million. Years 2038-39 to 2046-2047.	
Tirohanga widening.	LOS.	Do nothing.	Continued conflict between road users and increasing cost of road maintenance from wear to edge of road.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Undertake road widening.	Increased safety for road users and decreased maintenance costs.	\$607,000. Years 2018-19 to 2019-20.	
Broadlands Rd curve easing (11.5-11.7km) and (23.3-23.5km).	LOS.	Do nothing.	Continued poor alignment	Nil.	During Long-term Plan 2024-34 consultation in early 2024.
		Undertake curve easing.	Improved alignment leading to improved safety.	\$497,00. Years 2025-26 to 2027-28.	
Four-laning Spa Road.		Do nothing.	Increasing travel time.	Nil.	During Long-term Plan 2039-49 consultation in March/April 2039.
		Undertake four-laning.	Improving traffic flow along Spa Road.	\$8.3 million. Years 2041-42 to 2044-45.	
Tauhara/Spa intersection upgrade.		Do nothing.	Little improvement to safety and travel times at this intersection.	Nil.	During Long-term Plan 2027-37 consultation in early 2027.
		Undertake intersection upgrade.	Improved safety and travel times at the intersection.	\$1.6 million. Years 2029-30 to 2030-31.	
Acacia Bay/ Māpara Collector.		Do nothing.	Increase in travel time.	Nil.	During Long-term Plan 2027-37 consultation in early 2027.
		Construct new collector road.	Improved travel times.	\$1.44million. Years 2028-29 to 2030-31.	

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Seal extensions.	LOS.	Do nothing.	Continued health, safety and environmental issues.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018, during Long-term Plan 2021-31 consultation in early 2021, during Long-term Plan 2024-34 consultation in early 2024 and during Long-term Plan 2027-37 consultation in early 2027.
		Seal extensions.	Improved health, safety and environmental outcomes.	\$4.959 million. Years 2018-19 to 2027-28.	
Tirohanga widening .	LOS.	Do nothing.	Continued conflict between road users.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Undertake road widening	Increased safety for road users	\$607,000. Years 2018-2019 to 2019-20.	
Anzac Memorial Drive.	LOS.	Do nothing.	Substandard width of road for volume and type of traffic.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Upgrade the road.	Appropriate width of road for volume and type of traffic.	\$204,000 Year 2019-20.	
SH 5/Lake Terrace.	LOS	Do nothing	Little improvement to safety and travel times at this intersection	Nil.	During Long-term Plan 2021-31 consultation in early 2021.
		Undertake intersection upgrade.	Improved safety and travel times at the intersection.	\$600,000. Years 2021-22 to 2022-23.	
Paetiki suburban shopping centre enhancements.	LOS.	Do nothing.	Current safety issues remain.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Undertake improvements at the shopping centre.	Improved safety at the shopping centre.	\$103,000. Year 2019-20 and 2020-21.	

Facilities and parks and reserves

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Erosion control at Kuratau foreshore.	LOS.	Do nothing.	Continuing loss of reserve land.	Nil	During Long-term Plan 2018-28 consultation in March/April 2018, during Long-term Plan 2021-31 consultation in early 2021, during Long-term Plan 2024-34 consultation in early 2024 and during Long-term Plan 2027-37 consultation in early 2027.
		Undertake erosion control.	Reduced loss of reserve land due to erosion.	\$1.291 million. Years 2018-19 through to 2027-28.	
Erosion control at Taupō Bay.	LOS.	Do nothing.	Continuing loss of reserve land.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018, during Long-term Plan 2021-31 consultation in early 2021, during Long-term Plan 2024-34 consultation in early 2024 and during Long-term Plan 2027-37 consultation in early 2027.
		Undertake erosion control.	Reduced loss of reserve land due to erosion.	\$2.862 million. Years 2018-19 through to 2027-28.	
Upgrades to the private pools at AC Baths which includes upgrading the system to heat the complex.	LOS.	Do nothing.	Private hot pools not available for public use.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Undertake a full upgrade to the private pools.	Private hot pools available for public use and system operates more efficiently.	\$1.178 million. Year 2019-20.	
CBD intersection upgrades.	LOS.	Do nothing.	Reducing amenity benefit.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018, during Long-term Plan 2021-31 consultation in early 2021, during Long-term Plan 2024-34 consultation in early 2024 and during Long-term Plan 2027-37 consultation in early 2027.
		Undertake improvements to CBD intersections.	Improved amenity at the intersection.	\$2.207 million. Years 2018-19 to 2027-28.	
A new destination playground in Taupō.	LOS.	Do nothing.	Less families stopping in Taupō.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Install a destination playground.	Improved desirability for Taupō as a destination for families.	\$483,000. Years 2019-20 and 2020-21.	

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Parks equipment rationalisation in Turangi.	LOS.	Do nothing.	Poor quality equipment in neighbourhood parks.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Rationalise parks.	Improved quality and diverse playground equipment.	\$474,000. Years 2018-19 and 2019-20.	
Great Lake Walkway upgrade – widen and improve surface in certain locations.	Growth.	Do nothing.	Congestion on the walkway and reduced user experience.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018, during Long-term Plan 2021-31 consultation in early 2021, during Long-term Plan 2024-34 consultation in early 2024 and during Long-term Plan 2027-37 consultation in early 2027.
		Undertake upgrades.	Enhanced experience of users and enabling more people to use the walkway.	\$1.909 million. Years 2018-19, 2020-21, 2022-23, 2024-25 and 2026-27.	
Turangi open space upgrades.	LOS.	Do nothing.	No facilities available for sports field users.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Install temporary toilet/changing facilities and then construct permanent toilet/changing facilities.	Changing facilities, showers and toilets available for sports fields users.	\$100,000 Year 2018-19. \$637,000 Years 2020-21 to 2021-22.	
Mangakino open space upgrades.	LOS.	Do nothing.	No facilities available for sports field users.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Install changing facilities, showers and toilets.	Changing facilities, showers and toilets available for sports field users.	\$200,000. Year 2018-19.	
Mangakino Lakefront and public convenience development.	LOS.	Do nothing.	Poor condition of toilets.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Install toilet facilities.	Renewal of toilets due to condition Enhanced experience for users of the lakefront.	\$372,000. Year 2021-22.	

Facilities and parks and reserves continued

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
Paetiki suburban shopping centre enhancements.	LOS.	Do nothing.	Current poor amenity remains.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Undertake improvements at the shopping centre.	Improved amenity at the shopping centre.	\$103,000. Year 2019-20 and 2020-21.	
Kinloch Hall	LOS	Do nothing	Hall not fit for purpose	Nil	During Long-term Plan 2018-28 consultation in March/April 2018
		Extend the hall	Hall suitable for community use	\$200,000 Year 2020-21	
Turangi new public toilets	LOS	Do nothing	Existing public toilets in Turangi are not fit for purpose	Nil	During Long-term Plan 2018-28 consultation in March/April 2018
		Build a new toilet block	Turangi public toilets fit for purpose	\$510,000 Year 2019-20	

Investments

Project	Growth/ LOS/ Renewal	Principal options	Implications	Capital cost	When the decision will be
New Civic Administration Building.	LOS.	Do nothing.	Staff located across five sites in the Taupō CBD.	Nil.	During the amendment to the Long-term Plan 2018-28. Consultation anticipated in 2018-19/2019-20.
		Build a new civic administration building.	The majority of staff in one location.	\$15.749 million. Years 2018-19 through to 2021-22.	
Child and youth friendly centre.	LOS.	Do nothing.	Facilities for youth lacking and not located in close proximity.	Nil.	During Long-term Plan 2018-28 consultation in March/April 2018.
		Build a new youth hub. New building to bring together all youth facilities.	One location for youth related services making it easier and more convenient for youth to access these services.	468,000. Year 2020-21.	



Future infrastructure strategies

This infrastructure strategy has improved on the 2015 infrastructure strategy by including issues and 10 year financial information for facilities and parks and reserves activities. Further improvement of future infrastructure strategies is required to outline the complete picture for Council's infrastructure assets. This will enable us to plan for more effective long-term management of this infrastructure in the future.

We will gather more information over the course of this strategy so we can undertake the following improvements in our next infrastructure strategy:

- Continued development of parks and facilities financial information so it can be included in the next 30 year infrastructure strategy;
- Development of a section on critical assets to identify our critical assets and how we are going to manage them;
- Work towards providing indicative operational costs for the projects identified in the significant decisions about capital expenditure section; and
- Consider including assets within Council's investment portfolio, such as forestry and property.

Appendix 1 planned infrastructure capital expenditure related to

Activity	Funding area	Project name	Planned capital expenditure	Planned capital expenditure funded from development contributions	Planned capital expenditure funded from other sources
Transport.	District-wide.	Poihipi Seal widening.	905,000	507,876	397,124
Transport.	District-wide.	Second Bridge Crossing.	12,000,000	5,658,782	6,341,218
Transport.	District-wide.	Oakdale Drive Extension.	100,000	2,635	97,365
Transport.	District-wide.	Māpara Road Footpath.	50,000	2,446	47,554
Transport.	District-wide.	Kinloch Footpath.	350,000	10,210	339,790
Transport.	District-wide.	S18 Lake Terrace Footpath.	150,000	113,333	36,667
Transport.	District-wide.	Huka Falls Road Footpath.	300,000	13,587	286,413
Water.	Kinloch.	Kinloch WTP upgrade.	7,390,000	2,198,454	5,191,546
Water.	Māpara.	Māpara water pump station capacity increase.	15,000	9,729	5,271
Water.	Māpara.	Māpara water upgrade station capacity increase.	200,000	90,977	109,023
Water.	Taupō.	Taupō WTP Capacity Upgrade.	1,750,000	1,049,711	700,289
Water.	Taupō.	Poihipi Reservoir Land.	500,000	165,000	335,000
Water.	Taupō.	Poihipi Reservoir Land.	4,100,000	1,353,000	2,747,000
Water.	Taupō.	Tauhara Ridge Reservoir Land.	500,000	500,000	-
Water.	Taupō.	Tauhara Ridge Reservoir.	1,800,000	1,800,000	-
Water.	Pūkawa/Ōmori/Kuratau.	Ōmori water DWSNZ upgrade.	3,200,000	167,665	3,032,335
Water.	Whareroa.	Whareroa water DWSNZ upgrade.	275,000	63,462	211,538
Wastewater.	Kinloch.	Effluent Disposal Field.	2,200,000	605,926	1,594,074
Wastewater.	Kinloch.	Kinloch Wastewater TP Balance Tank.	1,800,000	492,225	1,307,775
Wastewater.	Kinloch.	WWTP Upgrade.	2,750,000	2,241,362	805,638
Wastewater.	Taupō.	Control Gates Bridge Siphon 2020-2022.	650,000	650,000	-
Wastewater.	Taupō.	Eastern trunk main capacity upgrade (stage 1) 2025-2027.	1,800,000	1,194,683	605,317
Wastewater.	Taupō.	Southern trunk main upgrade (stage 1) 2019-2021.	2,180,000	1,741,162	438,838
Reserve Land.	Kinloch.	Reserve Purchase Programme.	612,500	612,500	-
Reserve Land.	Taupō.	Reserve Purchase Programme.	1,837,500	1,837,500	-
District Parks.	District-wide.	Great Lake Walkway upgrade.	1,750,000	1,750,000	-
Total Planned capital expenditure			49,165,000	24,832,225	24,332,775



Summary of significance and engagement policy

Council makes many decisions on a wide range of issues. Most of these are made by the elected members, but some day-to-day operational issues are decided upon by officers. There are provisions in the Local Government Act (2002) to guide how Council makes these decisions.

Council has a Significance and Engagement Policy to assist in these decision making processes. The policy enables Council and the community to identify the degree of importance attached to particular issues or decisions, and it provides clarity around how and when communities can expect to be engaged in decisions made by Council.

The policy identifies that there are multiple opportunities for Council and communities to engage on issues. Sometimes it is important to involve people at the start of a process to help identify the scope of an issue, while other times we are more focused on getting feedback

on a range of potential solutions. Council's decisions on when and how to engage are informed by a series of criteria in the policy. Importantly, there may also be times when Council chooses not to engage on matters, for example there may be issues of confidentiality or the matter may have already been addressed through existing policies and plans.

Every issue and decision is different, with its own characteristics, so the policy sets out a range of matters to help determine the degree of importance of an issue or a decision. These include aspects like the financial implications, how many people might be affected and the degree of community interest.

The Significance and Engagement Policy can be found on our website www.taupo.govt.nz

Council controlled organisations

Taupō District Council has a controlling interest in two Council Controlled Organisations (CCOs). These are the Taupō Airport Authority (TAA) and Destination Great Lake Taupō Trust (DGLT).

Taupō District Council also has an interest in four other Council-controlled organisations:

- The Lake Taupō Protection Trust – the settlors of this trust are Taupō District Council, Waikato Regional Council and the Ministry for the Environment;
- Local Authority Shared Services Limited – Council has a shareholding interest in this company together with other local authorities in the Waikato Region;
- Bay of Plenty Local Authority Shared Services Ltd (BoP Local Authority Shared Services Ltd) – Council has a shareholding interest in this company together with other local authorities in the Bay of Plenty Region; and
- New Zealand Local Government Funding Agency (NZLGFA) – Council has a shareholding interest in this company together with the other local authorities in New Zealand.

Taupō District Council also has a controlled interest in two organisations exempted under Section 7 of the Local Government Act 2002 from the definition of ‘Council-controlled organisation.’ These are Data Capture Systems Limited and Destination Lake Taupō Limited.

Please note that the following information has been taken from the draft 2018/19 Statements of Intent. The final Statement of Intent will be adopted by Council July 2018 and can be found on our website www.taupo.govt.nz

Destination (Great) Lake Taupō Trust (DGLT)

The role of DGLT is to ensure that the Great Lake Taupō region is marketed as a visitor destination to maximise the long-term benefits to the Taupō regional economy and to increase visitor numbers to the region. The Trust has chosen to align itself with the Great Lake Taupō brand and operates under the brand name Destination Great Lake Taupō (DGLT).

DGLT has no subsidiaries

Significant policies and objectives in relation to ownership and control

To deliver on DGLT’s mission of a destination that is relevant for all visitors that reflects the strength of the region’s people and natural environment DGLT has the following key objectives.

There are two main groups of objectives covered in this Statement of Intent:

- A series of objectives aimed at implementing the vision in the 2016-2026 strategic document (the focus of our work); and
- A series of objectives around DGLT Trust operations (the way we work).

3.1 Our focus - Establish Great Lake Taupō as ‘THE North Island holiday destination’, centred around our natural environment and attractions.

We have identified four objectives in our 2016-2026 Strategic Document:

3.1.1 Diversify what we do to grow both domestic and international visitor numbers.

Domestic tourism is growing but there is competition for these visitors both within New Zealand and from long-haul destinations. Whilst we are already a strong family destination, there is great potential for growth in couples and new New Zealanders. New Zealand is experiencing high growth in international arrivals and we need to ensure we are getting our share of this growth. Key growth markets include Australia, the US, China and India.

3.1.2 Create a thriving year-round tourism destination by filling capacity in quieter times and locations.

We will continue to market the Great Lake Taupō region as a short break destination, but we will also work to lengthen the perceived summer season by targeting marketing activities in Oct/Nov and March/April. We will promote a winter holiday focus with links to ski, snow and après ski experiences. We will grow international markets by increasing awareness of the destination through increased activity with the travel industry trade. We will also attempt to grow visitation for Turangi through a more targeted approach.

3.1.3 Encourage and support new investment in product development.

Thoughtful, strategic and quality investment will significantly enhance attractions, increase the vibrancy of our towns and strengthen our market reach. New product is key to providing reasons to visit at all times of the year and fill periods when there is capacity in the region, and to making sure our offerings are well suited to existing and future target markets.

This means working with both existing operators, new investors and Enterprise Great Lake Taupō to support new product development, further monetise existing attractions and market existing attractions to the travel trade. This will include a specific focus on Turangi, work alongside Ngāti Tūwharetoa to develop cultural product and a focus on additional soft adventure/wet weather attractions.

3.1.4 Ensure the destination meets future challenges and encourages development opportunities.

Whilst this strategy is largely about growth and change, Great Lake Taupō is already a must-visit summer destination, particularly for families and international backpackers. It is critical that we don't take our eye off these areas.

Given the aspiration for both rapid and significant growth in visitors, Great Lake Taupō as a destination must also be engineered to deal with the development challenges and opportunities that will arise. The growth trajectory is positive, but we need to ensure we continue to deliver a world class experience to increasing numbers of domestic and international tourists.

3.2 Our approach - run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.

Our other key objectives are around the efficiency and effectiveness of the organisation. We have identified two objectives:

3.2.1 Take industry with us, and work collaboratively.

On-going effective industry and stakeholder communication is vital to ensuring that the district operates as a coherent whole. DGLT will continue to actively engage with operators and stakeholders throughout the strategy implementation.

3.2.2 Be fiscally responsible in the way we do business.

DGLT will focus on responsible business practice, cost efficiencies and sustaining revenue streams in conjunction with marketing programmes.

Nature and scope of activities

DGLT has planned for a continuation of business as usual activity for the 2018/19 year.

Business as usual activity (funded under current resourcing levels) includes the following:

- Planning and delivery of destination marketing programmes that grow the inbound visitor market

(including both domestic and international visitors) to the Great Lake Taupō district jointly with operators and other groups;

- Promotion of the district to the international market collaboratively with the Explore Central North Island grouping of regional tourism organisations and with Tourism New Zealand;
- Provision of tourism market information and insights as appropriate for operators to assist in their marketing initiatives;
- Work with local, national and international media to gain maximum positive exposure for the district;
- Provision of regional visitor information that enables our key markets to make decisions on holidays in Great Lake Taupō;
- Operation of the two i-SITES within the Great Lake Taupō district;
- Convention and incentive marketing and facilitation of business conversion;
- Delivery of trade and media familiarisations to build profile and opportunity;
- Active involvement in discussions about infrastructure and destination management projects;
- Representation of the district at tourism trade shows;
- Management of greatlaketaupo.com and other digital marketing functions;
- Event marketing and leveraging the visitor opportunities around events;
- Planning and delivery of joint marketing activity for Turangi and Mangakino;
- Work alongside Ngāti Tūwharetoa to interpret and promote cultural stories; and
- Professional development / capability building for operators.

Changes to status quo activity for 2018/19 include the following:

Taupō District Council has produced a draft Long-term Plan which includes the following changes in relation to economic development funding (for 2018/19):

- Separation of the funding for marketing and i-SITE operations so that there are two separate grants (with less co-dependency) and an increase to i-SITE funding in recognition of the increasing costs of this service (caused by declining revenue). A fixed funding environment over a number of years, combined with a need to increase international activity, has resulted in some erosion of domestic and conference/incentive marketing. A separation of i-SITE funding, and an increase in i-SITE funding to mitigate

decreasing revenue, will enable some reinstatement of domestic/direct to consumer marketing activity. This will be largely deployed into digital marketing.

- A renewal of funding to enable continuation of winter/ski campaign activity with Tourism New Zealand, Ruapehu Alpine Lifts (RAL) and Auckland International Airport. In March 2017 Taupō District Council agreed to provide an additional funding allocation per annum for an Australian winter marketing campaign in conjunction with Tourism New Zealand, RAL and Visit Ruapehu. RAL is planning \$100 million of investment at Whakapapa Ski Field over the next few years, and with a plan that will transform the visitor experience on the mountain. As part of this development RAL has identified that it needs to reorient and position alongside Taupō as the primary winter resort town to service visitors to the mountain and especially for international visitors. This marketing campaign is being led by Tourism New Zealand and is designed to raise awareness of the North Island ski proposition and significantly shift both skier days and visitor expenditure. DGLT is anticipating that this funding will be retained in the Long-term Plan, enabling this activity to be retained for 2018/19 and then onward to 2021. The funding is provided directly to Tourism New Zealand by Taupō District Council and DGLT will support this campaign activity with its own activity and resourcing.

DGLT will support these changes via the submissions process. For the purposes of this Statement of Intent DGLT has assumed that the funding changes in the draft Long-term Plan will be retained following the submissions and then deliberations process.

Focus of activities for 2019/20 to 2020/21

DGLT has not programmed full implementation of the Strategic Plan in 2018/19, recognising what is possible with funding limitations. Work/actions have been prioritised into 2019/20, 2020/21 and beyond.

For our international markets, we will focus work in 2019-2021 to continue/expand work in Australia (in support of the Tourism NZ campaign activity), plus we will do more marketing with the inbound travel trade around the US. We are prioritising this activity ahead of work offshore targeting UK/Europe, China and India.

Work will be required in the 2019-2021 period in the area of product development, to support new activities and infrastructure to meet the needs of new and emerging markets. Work will also be required to ensure the destination is 'China ready', including supporting operators and increasing the amount of translated content available in the region. Chinese visitation to the district is increasing rapidly, but still off a low base. To be prepared for growth from this market, we will need to ensure that Taupō as a destination is able to generate the

visitor feedback that will in turn generate repeat business and ensure that it is a "must visit" destination. This means local actions to build capability among industry, signage and collateral development and training/knowledge investment. Such work would need to occur in partnership with Enterprise Great Lake Taupō, the Chamber of Commerce and Industry, Town Centre Taupō and Taupō District Council.

In the future, if either of the Taupō or Turangi i-SITE buildings are replaced, significant work will be required for new fit-out and displays. Given recent upgrades in both centres no capital work has been programmed in either building over the period 2018- 2021.

Significant work will be required alongside Go Tongariro, the Turangi community and Enterprise Great Lake Taupō to implement any actions arising out of the Turangi Economic Assessment, but at this stage there is no additional resourcing for this purpose.

As the Ngāti Tūwharetoa treaty settlement occurs it is likely that significant work will be required to realise their tourism aspirations, but at this stage specific projects are unclear.

Key performance targets and other measures

Performance measures

Analysis of performance against principal objectives:

Performance against the principal objectives shall be assessed using the following success measures. Objective 1 – Establish Great Lake Taupō as ‘THE North Island holiday destination’, centred around our natural environment and attractions.

As measured by	Data sources	Baseline data	YE 2017-18	YE 2018-19	YE 2019 - 20
Growth in tourism expenditure.	Monthly Regional Tourism Estimates.	Total direct tourism expenditure of \$627M for year ended December 2017. Based on \$424M domestic and \$203M international.	4.8 per cent annual growth.	4.8 per cent annual growth.	4.8 per cent annual growth.
Visitor experience / satisfaction.	Annual AA Travel Monitor.	2017: Net promoter score to be released next quarter 2016: Net promoter score of 49. 2015: Net promoter score of 44.	Net promoter score of 49.	Net promoter score of 49.	Net promoter score of 49.

Objective 2 - Run an efficient and effective regional tourism organisation, strongly supported by the local tourism industry.

As measured by	Data source	Baseline data	YE 2017-18	YE 2018-19	YE 2019 - 20
Visitation numbers in the Taupō and Turangi i-sites.	i-SITE door counters.	Achieved 291,244 visits to Taupō and Turangi i-SITES. Taupō i-SITE: 194,610 visits. Turangi i-SITE: 96,634 visits.	Achieve 260,000 visits to Taupō and Turangi i-sites.	Achieve 240,000 visits to Taupō and Turangi i-sites.	Achieve 220,000 visits to Taupō and Turangi i-sites.
Support for DGLT collateral.	Number of operators advertising on GreatLakeTaupo.com . Number of operators with brochures in the Taupō and Turangi i-SITES.	861 listings on GreatLakeTaupō.com. 212 Local operators stocking brochures in the Taupō and Turangi i-SITES.	Listing numbers maintained or growing.	Listing numbers maintained or growing.	Listing numbers maintained or growing.

Taupō Airport Authority (TAA)

Taupō District Council and the Crown, represented by the Ministry of Transport, own the Taupō Airport Authority (TAA) equally. The Taupō Airport Authority is a Council-controlled organisation as defined by the Local Government Act 2002. Taupō District Council, under agreement with the Crown, manages the TAA. The governance of the airport operations is provided by a Committee of Council. The committee consists of Council and business representatives.

Significant policies and objectives in relation to ownership and control

The objective of TAA is to operate a successful commercially viable business providing land and infrastructure for the safe, appropriate and efficient air transport needs of the Taupō District.

Nature and scope of activities

TAA is engaged in a number of activities which contribute towards the air transport needs of the District.

Key performance targets and other measures

- To maintain facilities so as to avoid any diversion or cancellation of scheduled flights other than for weather or airline problems.
- The airport will be operated in such a way as to continue to hold CAA Part 139 certification.
- The airport will manage health and safety risks and provide a safe and healthy environment for everyone affected by the activities of TAA including employees, customers, tenants, contractors and visitors.
- That TAA will be self-funding in terms of its own cash flow.

TAA shall continue to review its performance targets to reflect the future growth and development of its services and operations.

The Lake Taupō Protection Trust (LTPT)

The Lake Taupō Protection Trust (the Trust) was established on 9 February 2007 to administer public funds to achieve an improvement in the water quality of Lake Taupō. Taupō District Council, Waikato Regional Council, and the Crown (together called the 'Funding Bodies') have agreed to provide funding on an annual incremental basis to the Trust for this work to be undertaken.

Significant policies and objectives in relation to ownership and control

- The Trust will operate in alignment with the Trust Deed, this Statement of Intent, annual operating targets and in compliance with the provisions applicable to it under the Local Government Act.
- The cash flow projection is to be reported to the Joint Committee on or before December 2018 and to show the ability of the project to complete within budget.
- Continue to administer Trust Nitrogen Reduction Agreements to ensure outstanding contracts are fulfilled by 30th June 2019.
- Operate and report on the outcomes of nitrogen research project(s) approved by the Trust.
- Continue to undertake responsibilities identified for the Trust under the approved Taupō Catchment Compliance Monitoring Plan and generally support the operation of that Plan with other joint parties including the Trust's support of the Lake Taupō Protection Project's Communication Plan.

Nature and scope of activities

The nature and scope of activities for the year 1 July 2018 to 30 June 2019 are as detailed below.

Fund Management:

Review the Trust's Treasury Policy, Delegation and Sensitive Expenditure Policies by July 2018 and implement their requirements throughout the ensuing year.

Future Direction:

- All policies and operations will be reviewed to match the different and ongoing responsibilities of the Trust.
- Continue with research funding which complements completion of the project and supports positive economic outcomes for the catchment landowners.
- Maintain relationships with all contracted parties and with major partners to ensure any issue of contention is proactively settled.
- Work with the Waikato Regional Council to consider ways that monitoring can be carried out effectively and efficiently and support the delivery of the Nitrogen Monitoring Plan and in particular undertake a trial of how quality management processes could assist a no surprises approach to enforcement and monitoring.
- Where necessary take legal action to remedy any contractual failure by any party to reduce nitrogen.

Key performance targets and other measures

The high line governance performance objectives are:

Actions	Performance Measures
Oversee the financial position of the Trust to meet and maintain a positive cash flow projection.	Cash flow projection in place and being operated to achieve a positive outcome at 30th June 2019.
Ensure that all LTPT nitrogen reduction contracts are being complied with to achieve the overall nitrogen reduction target of 170,300kgs and where relevant in conjunction with Waikato Regional Council.	Nitrogen reduction contracts are being met and any contractual failure is addressed to achieve repatriation of any loss of nitrogen reduction.
Monitor/track that compliance monitoring results are received on an ongoing basis for LTPT N reduction deals.	Monitoring compliance results received in accordance with monitoring plan timelines; and Audit NZ notified of the results.
Report to Trust Board on compliance monitoring results (received from WRC) for LTPT N reduction purchases.	Trust Board up-to-date with compliance monitoring results.
Manage Trust funded research projects that have been previously approved by the Trust.	Research outcomes reported on.
Participation and assistance in the annual audit of the Trust.	Positive audit result.
Carry out Trust responsibilities identified in the Taupō Catchment Compliance Monitoring Plan and provide support in the operation of the plan with other joint parties which includes the Trust's support of the Lake Taupō Protection Project's Communication Plan.	Trust actions completed and the Taupō Catchment Compliance Monitoring Plan supported on an ongoing basis.
Provide ongoing support as required in the operation of the Lake Taupō Catchment Compliance Framework.	Support provided as required to achieve the aims of the Lake Taupō Catchment Compliance Framework.
Undertake any Trust actions arising from the Joint Committee's consideration of the (2016) project review report recommendations, and work with project partners as required on any other related matters where Trust assistance or input is required including any transitional planning and action requirements.	Trust actions arising from the Project Review report are achieved.

Local authority shared services limited

Waikato Authority Stored Services (WLASS) is a CCO solely owned by the 12 Waikato local authorities – Waikato Region, Hamilton City, Hauraki District, Matamata-Piako District, Otorohanga District, Rotorua District, South Waikato District, Taupō District, Thames-Coromandel District, Waikato District, Waipa District and Waitomo District.

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

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

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

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

More detailed information about WLASS can be found at www.waikatolass.co.nz

The LASS has no subsidiaries.

Significant policies and objectives in relation to ownership and control

The objectives of WLASS are to:

- Enable the Waikato councils to collectively be more effective as a region on the national stage;
- Contribute to building central government's confidence in the Waikato region, and to encourage central government investment;
- Achieve effectiveness and efficiency gains;

- Reduce duplication of effort and eliminate waste through repetition;
- Make it easier for customers to engage with councils in the Waikato region;
- Promote and contribute to the development of best practice; and
- Promote business transformation to improve customers' experiences.

Nature and Scope of Activities

There are currently four major initiatives operating under the WLASS umbrella, plus a support role for the collaborative work streams of the Waikato Mayoral Forum.

- 1. Shared Valuation Data Service (SVDS).** This service provides timely and accurate valuation data to the 10 member councils (Waikato Regional, Hamilton City, Hauraki, Matamata-Piako, Rotorua, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils). The SVDS has become the accepted valuation database for the region. Data sales significantly reduce costs to participating councils.
- 2. Road Asset Technical Accord (RATA).** RATA was initially established as a centre of excellence for road asset planning in 2014, as a work stream under the Mayoral Forum. The activity transferred to WLASS on 1 July 2016. The aim of RATA is to achieve best practice in road asset management by improving capability, capacity and outcomes through effective collaboration. By leading asset management best practice, RATA delivers better decision making through the effective collection and use of good quality data, and the implementation of good practice processes and systems for data collection, analysis and management. Waipa District Council currently acts as the host Council for RATA, providing accommodation and overheads (which are fully recovered from the participating councils), and managing the employment agreements/relationships with the three staff members. This activity is fully funded by the nine participating councils (Hamilton City, Hauraki, Matamata-Piako, Otorohanga, South Waikato, Thames Coromandel, Waikato, Waipa and Waitomo District Councils, supported by the NZ Transport Agency) and operates as a separate cost centre.
- 3. Waikato Regional Transportation Model (WRTM).** This model became fully operational in February 2010. It provides accurate information to councils and to external users (for a charge) for their transport modelling requirements. The WRTM is the only recognised strategic transport modelling resource in the Waikato Region, and is jointly funded by the NZ Transport Agency. WRTM is making a significant

contribution to strategic planning of land use and infrastructure within the region, and has been involved in regionally and nationally significant investigations including: the Waikato Expressway Network Plan; the Waikato Regional Land Transport Strategy and Regional Policy Statement; and transport impact assessments in relation to the development of Ruakura. The activity is fully funded by the seven participating councils (Waikato Regional, Hamilton City, Matamata-Piako, Taupō, Thames Coromandel, Waikato, and Waipa District Councils, supported by the NZ Transport Agency) and operates as a separate cost centre. The WRTM has been managed by RATA since 1 July 2016.

4. **Waikato Building Consent Group (WBCG).**

The WBCG was initially set up by five Waikato local authorities in 2004 to foster co-operation, collaboration and consistency in building functions, legislative interpretation and process documentation across the partnering councils. The group now comprises eight councils (Hamilton City, Hauraki, Matamata-Piako, Otorohanga, Thames Coromandel, Waikato, Waipa and Waitomo Districts.) The WBCG has developed a common quality assurance system with associated supporting documentation and media that meet the legislative requirements of the Building Act 2005 and the Building (Accreditation of Building Consent Authorities) Regulations 2006. These regulations cover all aspects of the operational management and compliance of a Building Consent Authority (BCA).

5. **Future Proof.** This is a collaborative partnership between Hamilton City, Waikato and Waipa Districts, Waikato Regional Council and tāngata whenua, with assistance from the New Zealand Transport Agency. The partners have jointly developed the Future Proof Growth Strategy and Implementation Plan – a 50-year vision and implementation plan specific to the Hamilton, Waipa and Waikato sub-region (Future Proof sub-region), which was adopted by the partners on 30 June 2009.

The accommodation, overhead and employment arrangements of the Future Proof Planner are managed by Hamilton City Council. The activity is fully funded by the participating councils, and operates as a separate cost centre. Future Proof transferred to WLASS on 1 July 2016.

6. **Energy Management.** WLASS entered into a Collaboration Agreement with the Energy Efficiency Conservation Authority (EECA) in February 2016. This arrangement is estimated to bring in up to \$210,000 in revenue from EECA over three years, subject to meeting specific energy saving targets. The activity is fully funded by the 11 participating councils (Matamata-Piako was not eligible, as it has previously received EECA funding), and operates as a separate

cost centre.

7. **Joint Procurement Initiatives.** WLASS is a party to numerous joint procurement contracts between the company, shareholding councils and suppliers. Some contracts (e.g. insurance brokerage services, various collective insurance policies, courier and postal services and historic aerial photography) involve all of the shareholding councils. Other joint procurement contracts have been negotiated, but only some of the shareholding councils have chosen to participate (e.g. the Professional Services Panel, computer-generated print, mail house and e-services, IT Professional Services Panel and Internal Audit Services). A part-time procurement specialist was engaged in February 2018 for a period of one year, to:

- Assist all councils to utilise the existing WLASS contracts, AoG contracts and syndicated contracts that are appropriate for each Council, to ensure that opportunities for savings are being maximised;
- Develop standard regional procurement policies, templates and procedures and provide training in each Council; and
- Manage the existing WLASS contracts to improve relationship management and ensure that their value is being maximised.

The contractor is working directly with staff in each Council to ensure that contract savings are being maximised and that good procurement systems and processes are in place.

8. **Historic Aerial Photos.** In May 2015, WLASS entered into a Memorandum of Understanding with LINZ to scan the Waikato Historic Aerial Photos archive. The LINZ Crown archive contains over 500,000 historic aerial photo negatives captured by surveys flown over New Zealand between 1936 and 2005. All of the shareholding councils are participating in this four-year project, which includes a subsidy of \$56,000 from LINZ. The project is running ahead of schedule and is now expected to be completed by the end of 2018. The information is now freely available to the public on a website (retrolens.nz/Map/), which acknowledges the participation of WLASS.

9. **Waikato Regional Aerial Photography Service (WRAPS).** WRAPS was set up in the 1990s for the supply of colour, digital, ortho-rectified, aerial photography for the Waikato Region. So far, there have been five WRAPS contracts – 2002, 2007, 2012, and 2016. The current WRAPS contract is scheduled for completion by June 2018. Consideration is currently being given to changing the frequency of coverage to four-yearly. WRAPS became a WLASS project in December 2014 and is fully funded by the 12 participating councils.

10. Aligned Resource Consent Planning. The toolkit developed last financial year to provide regional consistency and best practice processes in the administration of resource consenting has now been implemented, and is being used by 10 councils (Taupō and Otorohanga are not participating). WLASS controls the documentation on the WLASS website, and a Steering Group manages the process for making updates and amendments to the templates and documents in the toolkit.

11. Regional Infrastructure Technical Specifications (RITS). The RITS document sets out how to design and construct transportation, water supply, wastewater, stormwater and landscaping infrastructure in the eight participating councils' areas (Hamilton City, Hauraki, Waikato, Waipa, Matamata-Piako, Otorohanga, Waitomo, and South Waikato District Councils). Prior to developing RITS, each Council had

its own Infrastructure Technical Specifications, which resulted in different standards having to be met across the Waikato region. The purpose of RITS is to provide a single regional guide and specifications for building public infrastructure.

RITS is published on the WLASS website (www.waikatolass.co.nz/), and ongoing maintenance of the document is the responsibility of a Project Co-ordinator, managed by WLASS.

12. Local Government Contractor Health and Safety Pre-qualification Scheme. The contract with SHE Assure to manage the Local Government Health and Safety Contractor Pre-qualification Scheme, which was developed by WLASS, continues to operate well. Twenty councils and one CCO are now using the scheme and over 1,500 contractors have registered, which enables them to be pre-qualified to work for any of the participating councils.

Key performance targets and other measures

To ensure that the Company continues to operate effectively and efficiently, the performance targets for 2018/19 are as follows:

Target	Method	Measure
Procurement		
Joint procurement initiatives for goods and services for WLASS councils will be investigated and implemented.	Procurement is from sources offering best value, service, continuity of supply, and/or opportunities for integration.	The Procurement Specialist has developed standard regional procurement policies, templates and procedures and provided training in each council by the end of the financial year. New suppliers are awarded contracts through a competitive tender process.
Collaborative Projects		
Priorities for collaboration are identified, business cases are developed for the highest priority projects, and the projects are implemented.	The focus is on shared services which will benefit all councils.	A minimum of three priority projects for collaboration are identified per annum. If considered of value, business cases are developed for approval by the Board, and the projects are implemented.
Existing WLASS Contracts		
Existing contracts are managed and renegotiated as required.	Appointed vendors deliver on the terms of their contracts and deliver value to the shareholders.	The WLASS Contracts Register is maintained and managed. Contracts which are due for renewal are tested for competitiveness and either renegotiated or re-tendered through a competitive process.
Cashflow		
The company shall maintain a positive cashflow position.	The Financial Accountant reviews cashflow monthly, and the WLASS Board reviews the financial statements quarterly.	The WLASS Board reviews the financial statements at least quarterly.

Target	Method	Measure
Cost Control		
Administration expenditure shall be managed and monitored.	The Financial Accountant and Chief Executive review expenditure monthly.	Administration expenditure shall not exceed budget by more than five per cent, unless prior approval is obtained from the Board.
Reporting		
Six-monthly reports provided to Shareholders.	The Chief Executive prepares a written report for the WLASS Board every meeting.	The Board shall provide a written report on the business operations and financial position of WLASS to the shareholders every six months.
	One six-monthly and one Annual Report are prepared for shareholders.	Every second report shall be the Annual Report, which includes a report that all of the statutory requirements of the WLASS are being adhered to.
Waikato Mayoral Forum		
The company shall provide administrative support to the Mayoral Forum work streams and to the Mayoral Forum.	Mayoral Forum projects shall be managed financially through the WLASS.	Approved invoices for Mayoral Forum projects are paid by the 20th of the month following their receipt.
Shared Valuation Data Services (SVDS)		
The SVDS is reliable, well maintained and available to all users.	A Contract Manager is appointed for SVDS.	The SVDS is available to users at least 99 per cent of normal working hours.
	The Contract Manager monitors performance of the contractors and reports quarterly to the SVDS Advisory Group.	The SVDS Advisory Group meets at least six-monthly.
	Risks associated with the SVDS are well managed.	The Annual Business Plan is accepted by the Advisory Group by 31 March 2019, and includes consideration of strategic and operational risks, a disaster recovery plan, and a business continuity plan.
	The long-term provision of SVDS services is achieved.	The timetable and milestones for implementing the long-term provision of SVDS Services (as agreed by the Board), are being achieved.
Insurance		
Achieve the relevant KPIs in Appendix 4 of the Insurance Brokerage contract with Aon.	The Insurance Broker delivers on the terms of their contract and provides value to the participating councils.	Strategic advice provided by Aon on the insurance programme structure is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils. The day-to-day service provided by Aon is assessed as satisfactory in the annual WLASS Shareholders' survey by the participating councils.
RATA		
Deliver better data for decision making across the Waikato Region, enabling more consistent best practice.	Quarterly update reports are provided to all stakeholders participating in the data collection contracts. Data supplied by contractors is of good quality and meets all of the participating councils' requirements.	Reports are presented to stakeholders in October, January, April and July each year. Reports on progress presented to WLASS Board as at 30 December and 30 June. All data are reviewed for compliance and all good practice requirements are met.

Target	Method	Measure
Lead engagement and increase capability within the sector.	<p>Innovation: Identify opportunities to modify standard approaches and/or develop new approaches that will lead to optimal asset management.</p> <p>Leadership: Lead engagement and increase capability within the sector.</p>	<p>Procurement of services complies with WLASS and NZTA's procurement requirements.</p> <p>Present to a national conference on RATA innovations at least once per year.</p> <p>At least two RATA guidance documents detailing good practice are produced each year.</p> <p>RATA Forums are held two-monthly to share learnings and experience.</p>
Waikato Regional Transport Model (WRTM)		
The WRTM is reliable, well maintained and available to all users.	<p>RATA manages the WRTM on behalf of the participating councils, and monitors the performance of the model supplier (currently Traffic Design Group).</p> <p>RATA reports quarterly to the WRTM Project Advisory Group.</p>	<p>All modelling reports requested from the model supplier are actioned within the agreed timeframe, scope and budget.</p> <p>A report from RATA on any new developments and on the status of the model is provided to the WLASS Board at least every six months.</p> <p>The quality of the base model complies with NZTA guidelines (as set out in the NZTA's Economic Evaluation Manual), and is independently peer reviewed each time the model is updated.</p>
Waikato Building Consent Group		
Provide strategic direction and actively pursue improvements in Building Control across the Waikato region.	Implement the strategic priorities detailed in the "Build Waikato" May 2017 strategic review document.	<p>Milestones for the five strategic review work streams are achieved for:</p> <ul style="list-style-type: none"> • Digital experience and technology: a common online customer experience. Success is defined as user friendly, convenient, quick, end-to end management and communication, measured by customer surveys and systems comparisons; • People capability. Success is defined as a successful recruitment and training programme, measured by compliance with BCA Reg. 8-11; • Quality assurance. Success is defined as continued accreditation and increased service consistency, measured by accreditation outcomes, BCA annual audits, and customer surveys; • Lift industry competency and compliance. Success is measured by increased industry compliance, with reduced RFIs, and reduced percentages of application or building consent rejection; and • Central government: engagement and legislative influence. Success is measured by legislative submissions and outcomes.

Target	Method	Measure
	Fulfil the roles and responsibilities set out in Clause 9 of the WBCG's Memorandum of Understanding, 2016.	<p>There is a common understanding and buy-in by all BCAs for the WBCG vision and actions that are taken to achieve this vision, measured by:</p> <ul style="list-style-type: none"> i. Full participation in WBCG projects and programmes; ii. Audits demonstrating implementation and compliance with the agreed QA systems; and iii. Consistency in service delivery, measured by customer surveys. <p>Risk management is visible through regular reviews of the Risk Register.</p> <p>All funding requirements are met by each of the participating councils.</p> <p>Minimum of two reports presented to the WLASS Board on the Group's activities.</p>
Shareholder Survey		
Shareholders are satisfied with the performance of WLASS.	An annual survey of shareholders is undertaken to assess satisfaction levels with WLASS.	A survey of shareholders is undertaken each year, and the results are reported to all shareholders.
Review of Benefits		
Shareholders are informed of the benefits being provided to shareholding councils by WLASS.	The benefits of WLASS (including financial and non-financial achievements) are regularly analysed and reported to shareholders.	<p>Information on the financial and non-financial benefits being achieved by WLASS are included in the six-monthly reports and Annual Report to shareholders.</p> <p>The WLASS website is regularly maintained and updated.</p>

Bay of Plenty Local Authority Shared Services Limited (BOP LASS)

Councils that operate within the Bay of Plenty and Gisborne Regions have formed a CCO to investigate, develop and deliver Shared Services, Joint Procurement and communications where and when that can be done more effectively for any combination of some or all of councils.

The expected benefits that can be achieved through Shared Services are:

- Improved levels and quality of service;
- A co-ordinated and consistent approach to the provision of services;
- Reductions in the cost of support and administrative services;
- Opportunities to develop new initiatives; and
- Economies of scale resulting from a single entity representing many councils in procurement.

These benefits and opportunities can apply to all councils irrespective of location or size.

Significant policies and objectives in relation to ownership and control

Working together with the full support and involvement of staff, we will provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement

Being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services

Being the participation of two or more councils in the provision of a common service which may be jointly or severally hosted.

Nature and scope of activities

The principle nature and scope of the activities of BOPLASS Ltd is to:

- Establish the underlying technology, framework, platform and policies to enable and support the delivery of Shared Services;
- Use Joint Procurement to add value to goods and services sourced for its constituent councils;
- Facilitate Shared Services that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value;
- Pursue best practice in the management of all activities to obtain best value and minimise risk;
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available;
- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly;
- Actively monitor and engage with Shared Service developments across the public sector to identify opportunities for further development and establishing best practice.; and
- Represent the collective views of its Shareholders in matters with which it is associated.

Key performance targets and other measures

To ensure the Company continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.	Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration. (Current identified projects are listed in Appendix B.)	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than five per cent and/or improved service levels to the participating councils.
Provide support to BOPLASS councils that are managing or investigating Shared Services projects.	BOPLASS to provide 0.25 FTE resource and expertise to assist councils in shared services developments and projects.	Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.
Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Increase usage of the Collaboration Portal by providing support and training material for new and existing users. Proactively market the benefits to councils.	Number of listed projects to increase by 20 per cent per year. Number of Team Sites to increase by 20 per cent per year. Portal is operational outside of the LASS groups with a minimum of 10 additional councils or local government related organisations having utilised the portal.
Ensure appointed vendors remain competitive and continued best value is returned to shareholders.	Manage and/or renegotiate existing contracts.	Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.
Review governance performance and structure to ensure it supports BOPLASS' strategic direction.	Perform self-assessment reviews of governance.	Affirmative feedback received from shareholding councils at least annually.
Communicate with each shareholding council at appropriate levels.	Meeting with each Executive Leadership Team.	At least one meeting per year.
Ensure current funding model is appropriate.	Review BOPLASS expenditure and income and review Council contributions and other sources of funding	Performance against budgets reviewed quarterly. Company remains financially viable.

New Zealand Local Government Funding Agency (LGFA)

The LGFA is a significant initiative by the Local Government sector to provide the sector with long-term access to debt funding at attractive and stable margins. The LGFA is enabled under the Local Government Borrowing Act 2011 and is a Council Controlled Organisation for the purposes of the Local Government Act 2002. On the 30 August 2011 Council resolved to participate in the LGFA as a Principal Shareholding Local

Authority.

Significant policies and objectives in relation to ownership and control

Principal Objectives

In accordance with the Local Government Act 2002, in carrying on its business, the principal objectives of LGFA will be to:

- Achieve the objectives and performance targets of the shareholders (Shareholders) in LGFA (both commercial and non-commercial) as specified in this SOI;

- Be a good employer;
- Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- Conduct its affairs in accordance with sound business practice.

Primary Objective

LGFA will operate with the primary objective of optimising the debt funding terms and conditions for Participating Local Authorities. Among other things this includes:

- Providing savings in annual interest costs for all Participating Local Authorities;
- Making longer-term borrowings available to Participating Local Authorities;
- Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice; and
- Offering more flexible lending terms to Participating Local Authorities.

LGFA will monitor the quality of the asset book so that it remains of a high standard by ensuring it understands each Participating Local Authority's financial position and the general issues confronting the Local Government sector. This includes:

- LGFA will review each Participating Local Authority's financial position, its financial headroom under LGFA policies and visit each Participating Local Authority on an annual basis;
- LGFA will commence work on analysing finances at Council group level. Previously the analysis was undertaken at Council parent level; and
- LGFA will work closely with the Department of Internal Affairs (DIA), Office of the Auditor General (OAG) and Local Government New Zealand (LGNZ) on sector and individual Council issues.

Additional objectives

LGFA has a number of additional objectives which complement the primary objective. These objectives will be measurable and achievable and the performance of the company in achieving its objectives will be reported annually. These additional objectives are to:

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated Dividend Policy set out in Section 6;
- Provide at least 50 per cent of aggregate long-term debt funding for Participating Local Authorities;

- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses set out in Section 4;
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency;
- Achieve the Financial Forecasts set out in Section 4;
- Meet or exceed the Performance Targets outlined in Section 5; and
- Comply with its Treasury Policy, as approved by the Board.

Nature and Scope of Activities

LGFA will raise debt funding either domestically and/or offshore in either New Zealand dollars or foreign currency and provide debt funding to New Zealand local authorities, and may undertake any other activities considered by the Board of LGFA to be reasonably related or incidentally to, or in connection with, that business.

The LGFA will only lend to local authorities that enter into all the relevant arrangements with it (Participating Local Authorities) and comply with the LGFA's lending policies.

In lending to Participating Local Authorities, LGFA will:

- Operate in a manner to ensure LGFA is successful and sustainable in the long-term;
- Educate and inform Participating Local Authorities on matters within the scope of LGFA's operations;
- Provide excellent service to Participating Local Authorities
- Ensure excellent communication exists and be professional in its dealings with all its stakeholders; and
- Ensure its products and services are delivered in a cost-effective manner.

Nature and Scope of Activities

LGFA has the following performance targets.

The average margin above LGFA's cost of funds charged to the highest rated Participating Local Authorities for the period to:

- 30 June 2019 will be no more than 0.10 per cent.
- 30 June 2020 will be no more than 0.10 per cent.
- 30 June 2021 will be no more than 0.10 per cent.

The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.

LGFA's annual issuance and operating expenses (excluding AIL) for the period to:

- 30 June 2019 will be less than \$5.58 million.



- 30 June 2020 will be less than \$ 5.71 million.
- 30 June 2021 will be less than \$5.83 million.

Total lending to Participating Local Authorities¹ at:

- 30 June 2019 will be at least \$8,020 million.
- 30 June 2020 will be at least \$8,261 million.
- 30 June 2021 will be at least \$8,297 million.

Savings on borrowing costs for Council borrowers:

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

Data Capture Systems Limited (DCSL)

Taupō District Council is the 100 per cent owner of Data Capture Systems Limited (DCSL).

Data Capture Systems Limited was a Council-controlled organisation (CCO) as defined by the Local Government Act 2002. In February 2006 the directors of Data Capture Systems Limited resolved that it would cease operations. In June 2006, resolutions were passed to wind down the company during the course of the 2006/07 year. The company is now exempt, under section 7 of the Local Government Act 2002, from definition as a Council-Controlled Organisation.

Destination Lake Taupō Limited (DLTL)

Taupō District Council is the 100 per cent owner of Destination Lake Taupō Limited (DLTL).

Destination Lake Taupō Limited is a non-trading company that is held only for name-protection purposes. It has no revenue or expenditure, assets or liabilities. Council has passed a resolution, under Section 7 of the Local Government Act 2002, making Destination Lake Taupō Limited exempt from definition as a Council Controlled Organisation.

Forecasting assumptions

All assumptions have medium or low uncertainty unless otherwise specified. The significant lives of assets can be found in the Accounting Policies and the sources of funding for future expenditure can be found in the Revenue and Financing Policy.

Assumptions are also included in the Infrastructure Strategy and Development Contributions Policy. Although the assumptions in these documents are specific to that document they are consistent with the forecasting assumptions used as the basis for the Long-term Plan.

Our assumptions are as follow.

- Population growth across our District is expected to reflect the population projections provided by Statistics New Zealand. Refer to the Demographic Snapshot at www.taupo.govt.nz.
 - Limited structural change to population for years 1-3, increased aging structure by 2028 and until 2048. An aging population will put added pressures on specific services.
 - 40-45 per cent of the district's properties will be owned by non-resident ratepayers (mainly holiday home owners, but also others). As at June 2016, 42 per cent of the district's properties are owned by non-resident ratepayers.
 - Approximately 30 per cent of the district's properties will be holiday homes.
 - Our expectation is that the wider economy will remain stable. There will be economic influences that will impact on Council's business that are out of Council's control.
 - 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 Long-term Plan 2018-28, it will not have agreement about the level of NZTA funding it expects to receive, with an announcement currently set for 31 August 2018. The forecast financial statements are based on the assumption that Council will be able to claim 51% of all maintenance and renewal costs for district roads in line with currently known NZTA work categories and classifications (the FAR for the special purpose road (Huka Falls Road) will continue to be 100% reducing to 51 % in the fourth year of the Long-term Plan). 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 programmes to within the Council's affordability of local share.
- Growth in the number of rateable properties is set out in Council's Growth Model 2018 and is based on information contained in the Demographic Snapshot 2016/17. (For expected growth numbers see the Prospective Schedule of Rates.)
 - Long-term inflation is consistent with BERL's Local Government Cost Index (LGCI) forecasts (updated in September 2017). If inflation rates were to rise faster than forecast it is expected that Council rate increases would also need to increase to maintain the current levels of service.
 - Climate change impacts will not be significant between the 2018 and 2028 infrastructure strategies but we will review data on an ongoing basis to see if this needs to change for infrastructure strategies from 2031. Refer to the Challenges Paper 2016/17 at www.taupo.govt.nz. This assumption has a high level of uncertainty. Central government have undertaken modelling to understand the possible impacts but there is always the chance that there might be variations between the impacts and what happens in reality. The implications of this is that the expected changes in climate will be different to what has been modelled.
 - Waikato Regional Council will continue to push for higher wastewater quality via consent conditions, with consequential impacts on infrastructure capital and operating costs
 - There are no substantial natural disasters within the district. Council has not made financial provision to remedy the consequences of a significant natural disaster. The level of uncertainty for this assumption is high. A major natural disaster will be expensive.
 - That no re-organisation of local government which affects the Taupō District Council occurs in the first three years of the Long-term Plan.
 - Legislative change is likely over the next 10 years. Where direction has been provided by Central Government this has been taken into consideration. If unknown, the status quo has provided the baseline for decisions.
 - Taupō Airport upgrades - Towards the end of 2017 Council submitted a business case to the Minister of Transport outlining the need to upgrade both the terminal building, carpark and entranceways as Taupō Airport is 50 per cent owned by the Crown. Since then we have engaged with the Ministry of Business, Innovation and Employment and provided a business plan to the Regional Economic Development Fund seeking assistance with funding the upgrade. We

hope to attract some Government funding to upgrade the facilities and have allowed \$2.5 million in the plan as our contribution. If Council is unsuccessful in attracting Government funding then the project will be reassessed based on what is affordable for the community.

Finance

The main financial assumptions that underpin this Long-term Plan relate to:

- Asset revaluations;
- Lifecycle of significant assets;
- Financial ratios;
- Income from the sale of Council property;
- Income from the harvest of Council’s forests;
- Development contributions income;
- Investment returns;
- Interest rates on borrowings;
- Expenditure on capital projects and debt levels; and
- Asset management plans – timing of expenditure
- Inflation adjustment.

Should any of these assumptions prove substantially incorrect there is likely to be an impact on the Long-term Plan. The methodology used to determine possible effects is:

- Identify the area of interest i.e. income from sale of Council property;
- Identify the key variables i.e. the sale price achieved; and
- Determine how each key variable could change and the possible effect or effects of a change upon the Long-term Plan, i.e. some capital expenditure projects may be deferred.

The degree of impact to the Long-term Plan is outlined below.

1. Asset revaluations

Critical variable = Inflation rate
Level of uncertainty = Medium

The asset revaluation amounts are based on the cumulative inflation tables provided by BERL (see below). The effect of a change in the actual rate of inflation will mean a higher/lower asset value and a higher/lower depreciation charge. If a higher depreciation charge is required this will most likely require rates to increase to ensure we continue to fund 100% of the depreciation charge. It is assumed that the depreciation collected on assets and set aside in Council’s depreciation reserves will be sufficient to fund future renewals programmes. Should there be a shortfall in reserve funds in the future

then Council will need to raise debt to fund these renewal programmes to ensure that it meets the levels of service agreed with the community.

Asset revaluation cycles will in practice differ for each class of asset. The projections of this LTP assume a three yearly staggered revaluation cycle of asset classes.

2. Lifecycle of significant assets

Critical variable = Condition of assets
Level of uncertainty = Medium

Council has a mixture of condition-based and age-based information to guide its replacement timing for significant assets. Although we have gained some more knowledge of the condition of our underground assets over the past three years, we still have further condition assessment work to complete. This means that some of our renewal decisions are based on when we expect the end of life of the asset to occur, rather than making decisions based on the actual condition of the asset. This may compromise levels of service and means that there is an increased risk of an asset failing, resulting in increased replacement costs. Any increase in unplanned costs may cause other projects to be delayed and/or an increase in debt funding if no reserve funds are available.

3. Sources of funds for the future replacement of significant assets

Critical variable = That sources of funds are not achieved
Level of uncertainty = Low

It is assumed that the sources of funds for operating expenditure are as set out in the Revenue and Financing Policy and for capital expenditure in the relevant financial tables. User charges have been set at previously achieved levels. Depreciation is funded through rates. The Council is able to access borrowings at levels forecast within the Long-term Plan.

4. Financial ratios

The financial ratios set by Council in accordance with the Treasury Management Policy allow for the following projected borrowing requirements:

Ratio	Limit
Net external debt / Total revenue.	Must not exceed 200%.
Net interest on external debt / Total revenue.	Must not exceed 20%.
Net interest on external debt / Annual rates revenue.	Must not exceed 25%.
Liquidity (External term debt + committed bank facilities + liquid investments) / Total external debt.	Must be greater than 110%.

5. Income from the sale of Council property

Critical variable = Net sale proceeds and infrastructure costs

Level of uncertainty = Medium

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
3,994	684	2,287	173	1,745	198	366	1,667	1,454	362

If estimated net sales proceeds are not achieved, or infrastructure costs are incurred at a higher level than planned, then the net cash flow will be reduced. Failure to achieve the projected number of property sales per year will also impact negatively on projected cash flows.

The consequences of changes as noted above could be the deferral of some capital expenditure projects so that expenditure would be reduced to match the reduced levels of income, or an increase in borrowing where it is important that significant projects proceed.

6. Income from the harvest of Council's forests

Critical variable = Net sale proceeds

Level of uncertainty = Medium

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
1,964	2,010	0	0	0	1,215	0	0	0	0

If the estimated net sales proceeds are not achieved then the net cash flow will be reduced. The above estimates are subject to market risk with regard to log prices and are influenced by foreign exchange fluctuations and worldwide demand for logs, particularly from China. Consequences of changes as noted above could be the deferral of some capital expenditure projects so that expenditure would be reduced to match the reduced levels of income or an increase in borrowing where it is important that significant projects proceed.

7. Development contributions income

Critical variable = The assumed rate of growth

Level of uncertainty = Medium

It is probable that the demand for new sections in Taupō District will continue over time. Internationally there is demand for properties with coastal and water access, although how this will be affected by aging populations is not yet clear.

If growth is less than forecast, Council's revenue from Development Contributions (DC) will be reduced. Any shortfall in DC revenue will not be available for DC debt reduction. This shortfall will need to be funded from the existing community.

8. Investment returns

Critical variable = The return on investments

Level of uncertainty = Medium

The Long-term Plan assumes that income will be generated from all Council investment assets. Council seeks to achieve growth in parts of its investment portfolio e.g. TEL fund, but such growth has been dependent upon Council funding requirements. From July 2020 it is intended that the TEL Fund will no longer subsidise operational Council funding requirements and the fund will continue to grow.

Other investments, such as forestry, deliver returns in lump sums at time of harvest.

The assumed interest rate on cash and fixed-term investments over the 10 years is shown in the table below:

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
3.30%	3.50%	3.70%	3.87%	4.02%	4.15%	4.25%	4.35%	4.45%	4.55%

A change of one per cent in forecast interest rates on Council's general fund investments would equate to approximately a \$500,000 movement.

The consequence of a reduction in investment income could mean that less income is available to offset rates, or to repay borrowings. This may mean that some capital projects are deferred or borrowing increased where it is important that significant projects proceed. Alternatively it may mean that rates need to increase to cover the shortfall in investment income.

9. Interest rate on borrowings

Critical variable = The interest rate on borrowed funds

Level of uncertainty = Low

Currently Council's borrowing is sourced from a combination of bank financing, commercial paper issuance and debentures through the Local Government Funding Agency with the majority of this overlaid by fixed interest rate swaps. These swaps extend out to maturities ranging between 2020 and 2029. The relevant interest rates fixed under the swaps range from 4.05% to 6.16%. The weighted average cost of Council's borrowing at 30 June 2017 was 5.88%. Council has over 80% of its interest costs fixed over the first five years of the Long-term Plan and as such has minimal exposure to any fluctuations in interest rates. The assumed interest rate on borrowings over the 10 years is shown in the table below:

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
5.94%	5.84%	5.80%	5.86%	5.66%	5.59%	5.31%	4.91%	4.47%	4.43%

Any increases in the borrowing rate above the planned rates from year five onwards could result in a delay in the start date of some projects in order to keep overall costs contained within the annual budgets, or alternatively may result in an increase in rates in those years

10. Expenditure on capital projects and debt levels

Critical variable = Delivering the capital projects on time and on budget

Level of uncertainty = Medium

The capital expenditure budgets have been set bearing in mind the financial covenants of Council's Treasury Management Policy and Council's Financial Strategy. In setting the final programme of capital expenditure, asset maintenance and asset renewal projects were given the highest level of priority so that Council can continue to maintain its existing levels of service. Projects in response to statutory requirements have been given the next highest level of priority. Given the significant increase in the capital programme from the previous LTP and concerns over availability of contractors these two factors may result in delays to the capital programme and borrowings being less than forecast or drawdowns of debt delayed.

11. Asset management plans – timing of expenditure

The assumptions in Council's Asset Management Plans are the basis for the timing of asset-related expenditure, mainly for infrastructure. This includes any amendments following consultation. Asset Management Plans and their assumptions are available separately at www.taupo.govt.nz.

12. Inflation adjustment

Critical variable = Inflation rate

Level of uncertainty = Medium

The figures in all the financial reports have been adjusted to include inflation-adjustment expectations for the relevant year of the LTP. These inflation adjusters have been provided by BERL and have been endorsed for use by the Society of Local Government Managers. The table below details the inflation adjusters for each category of cost.

If inflation rates were to rise faster than forecast it is expected that Council rate increases would also need to increase to maintain the current levels of service.

Forecast of Price Level Change Adjusters - Cumulative Inflation Table (%)

Year to	Planning and regulation	Roading	Transport	Community activities	Water and environment
Jun-19.	0.0	0.0	0.0	0.0	0.0
Jun-20.	2.1	2.2	2.0	2.0	2.5
Jun-21.	4.2	4.4	4.1	4.1	4.9
Jun-22.	6.4	6.9	6.4	6.3	7.4
Jun-23.	8.8	9.4	8.8	8.7	10.0
Jun-24.	11.3	12.0	11.3	11.2	12.7
Jun-25.	13.8	14.8	13.9	13.7	15.6
Jun-26.	16.6	17.8	16.8	16.5	18.6
Jun-27.	19.4	21.0	19.7	19.2	21.8
Jun-28.	22.3	24.4	22.9	22.3	25.3

To the readers

Independent auditor's report on Taupō District Council's amended 2018–28 long-term plan

I am the Auditor-General's appointed auditor for Taupō District Council (the Council).

The Council adopted its 2018–28 long-term plan (the plan) on 26 June 2018.

A long-term plan must contain a report from the auditor on:

- whether the plan gives effect to the purpose set out in section 93(6) of the Local Government Act 2002; and
- the quality of the information and assumptions underlying the forecast information in the plan.

We issued an unmodified opinion on the plan in our report dated 26 June 2018.

The Council has since consulted on a proposed amendment to the plan. The amendment to the plan is for the construction of a new council administration building with underground car parking, 80 in-berm car parks and a Taupō Museum and Art Gallery.

Following the consultation process, the Council has decided to amend its plan. The amended plan replaces the previously adopted plan.

The amended plan must contain a report from the auditor that either confirms or amends the previous audit report issued when the plan was adopted.

My report is below.

I carried out the work for this report using the staff and resources of Audit New Zealand. This work was completed on 25 June 2019.

Report confirming our previous opinion

Our work for this report focused only on the amendment and its effect on the plan. We did not repeat the audit work we did on the plan when it was originally adopted.

As a result of this work, we do not consider it necessary to amend our previous opinion which was included in our report on the plan as originally adopted.

I confirm that our previous audit opinion on the plan as originally adopted issued on 26 June 2018 is not affected by the amendment to the plan.

As for our opinion on the plan prior to it being amended, this report does not provide assurance that the forecasts in the amended plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee complete accuracy of the information in the amended plan.

Basis of this report

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, which is available on the External Reporting Board's website. 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, which are available on the International Auditing and Assurance Standards Board's website, that were consistent with those requirements.

We did not evaluate the security and controls over the electronic publication of the amended 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 amending 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 amended plan to be free from material misstatement.

I am responsible for reporting on whether the amendment to the plan affects my previous audit report on the plan as originally adopted. I do not express an opinion on the merits of the plan's policy content.

Independence and quality control

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).

In addition to our work carrying out all legally required external audits, we have provided assurance reports on certain matters in respect of the Council's Debenture Trust Deed and the Planning and Procurement Processes for a new Headquarters Building. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council or any of its subsidiaries.



Clarence Susan,
Audit New Zealand
On behalf of the Auditor-General, Tauranga, New Zealand

To the reader:

Independent auditor's report on Taupō District Council's 2018-28 Long-Term Plan

I am the Auditor-General's appointed auditor for Taupō 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 26 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 20 to 25 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).

In addition to this report on the Council's Long Term Plan and all legally required external audits, we have provided assurance reports on certain matters in respect of the Council's Debenture Trust Deed and the Planning and Procurement Processes for a new Headquarters Building. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council or any of its subsidiaries.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General, Tauranga, New Zealand



GREAT LAKE TAUPŌ
Taupō District Council