

Taupō District Council

Annual Plan 2011/12



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MAYOR'S MESSAGE



Taupō district remains optimistic

As the Mayor of Taupō district I must admit this financial year has been one of both highs and lows, but overall I'm confident that the strategies we have in place to address these challenging times will see our district through. Although there is no escaping the pain of the economic downturn, my feeling is that Taupō hasn't sunk to the depths that many other places have. This is in part due to the construction of the East Taupō Arterial (ETA) and a number of geothermal plants, but you don't have to look far to find other accomplishments.

Our lakes remain a high priority for council, with significant progress being made by the Lake Taupō Protection Trust benchmarking and capping nitrogen levels around the catchment. The Clean Energy Centre is progressing well and gaining national and international support and recognition. On other fronts, we have secured a global award for our events industry, plus both the new aquarium at the Tongariro National Trout Centre and recently completed Wildlife Sanctuary at Wairakei International Golf Course will strengthen our reputation as a world class eco-tourism destination. A number of Māori Trusts are expanding their business interests, with partnerships being forged in the geothermal industry and the recent construction of the Miraka Milk Processing Plant.

These are just a few examples which highlight the enterprising nature of the people in our district. Part of our success also lies with the fraternity that exists between business leaders, tourism providers, iwi, local government and the community in general here in the Taupō district. Together we remain optimistic about the future.

While the sluggish economic forecast lingers on, and we are confronted by major disasters both here in New Zealand and overseas, shining through it all is the strength of community and human compassion and the determination to create order from chaos.

In times of trouble, councils find themselves at the forefront of the recovery efforts. Their citizens depend on them to put things right and they endeavour to do so as quickly and effectively as possible. Local governments have proven themselves a critical part of what makes our towns and cities so resilient and as a Council we need to be vigilant in our duty to safeguard our residents and provide safe, secure communities with robust infrastructure, good environmental practices and sound financial management.

This year is a very exciting one for me and my fellow elected members, many of whom are new to local government. I believe their fresh ideas, passion and drive, which is complemented by our long standing members' experience and knowledge, is just what this district needs as it navigates its way through the economic recovery.

This Annual Plan has given us a taste of how local government works and we can now look ahead to the Long Term Plan where the real work begins. The world is changing and I am confident this Council has what it takes to lead the district forward to a bright, successful future.

A handwritten signature in black ink, appearing to read 'Rick Cooper'.

Mayor Rick Cooper
Taupō District

CHIEF EXECUTIVE OFFICER'S MESSAGE



Focus on progress and growth

In this Annual Plan we focus on retaining our service levels whilst adjusting to the current economic climate. We are also focussing our activities to ensure we obtain maximum benefit for our investments and managing Council finances in the face of very low growth.

We have reprioritised spending to reduce our long term operational costs and have restructured the organisation to ensure we are able to effectively operate and respond to the changing needs of the district. A priority for this Council is ensuring we meet our legislative requirements, particularly with regards to water and wastewater activities.

Work has begun on the Long Term Plan (2012-22) and we expect the Council will seek to address economic growth by creating progressive economic policies and opportunities. A new internal strategic business unit has been created to focus on new business facilitation, project management, arts and events, all those key economic drivers for our district.

We will continue to support the work of Destination Great Lake Taupō to increase visitor numbers to the district and Enterprise Great Lake Taupō's efforts to attract new people and businesses. We have spent many hours planning for Rugby World Cup 2011, and the opportunities this great event offers business and individuals who just love rugby. We want to ensure we welcome our teams and visitors with open arms and that the experience is one that both we and our visitors never forget.

The District Plan changes to industrial land bordering the East Taupō Arterial (ETA) will open up exciting possibilities and opportunities for current businesses and will ideally attract new players to town, particularly if the use of secondary geothermal energy can be harnessed to provide an affordable source of heat.

The completion of the ETA has made bottlenecks at the Control Gates Bridge a thing of the past and has removed heavy traffic from Lake Terrace, making the lakefront more attractive and accessible. Work on 'wayfinding', an urban design technique aimed at encouraging people into and around town, is also well underway.

To achieve our goals it is imperative that officers and elected members continue to work in partnership with our communities and other key agencies in the district. Engagement is something we have invested a lot of time and resources into and we will continue to do so.



Rob Williams

Chief Executive, Taupō District Council

HOW TO USE THIS PLAN

This Annual Plan is based on the ten-year Long Term Council Community Plan 2009–19 (LTCCP), which is the Council's main planning document. The Annual Plan lists the Council's planned activities for 2011/12, notes how much these activities will cost, and explains how they will be funded. The plan also notes any departures from the Long-Term Council Community Plan. The Annual Plan, which is required by the Local Government Act 2002, is prepared in consultation with the public.

RATES

The introduction of levying a Uniform Annual General Charge on each Separately Useable or Inhabitable part of a rating unit has resulted in a rates increase for the District of 6.11%; however the rates increase for an average residential property is only 3.7%.

HIGHLIGHTS

Changes to Councils Funding Impact Statement (Rating Policy)

In the 2009–19 LTCCP Council advised that it would be considering rating options including the potential to move to a single general rate across the District. Also in the 2010/11 Annual Plan Council announced that it would consider charging a uniform annual general charge on each "separately usable or inhabitable part" [SUIPs] of a rating unit.

Council included these proposals and also a proposal for a targeted rate for the Turangi Tongariro Community Board (TTCB) in the draft 2011/12 Annual Plan. After considering the submissions on these proposed changes the decision was made by Council to adopt all three. Therefore the Funding Impact Statement has now been prepared based on one rating area for the general rate, a targeted rate to fund the TTCB and a Uniform Annual General Charge will be levied on each SUIP of a rating unit.

AC Baths refurbishment

In June 2011 stage one of the refurbishment project (the Hydroslide building) was completed. Design work on stage two of the refurbishment works is underway and we expect developed design documentation to be completed by the end of September including an updated construction cost estimate.

The detailed design work is likely to start in October and be completed towards the end of the year or early in the new year, subject to formal approval of the scope of work and associated budget cost. Construction is currently forecast to start in the second quarter of 2012.

Stage two includes changes to the indoor leisure pool building and Learn-to-Swim building, the outdoor leisure pool, improvements to the disabled access facilities to the AC Baths, improved toddlers/young children's area and refurbishment of the indoor 25m pool building. Various improvements to existing building services and public areas and improved soft and hard landscaping will be undertaken concurrently.

The outdoor 25m pool will be used as an alternative area for lane swimming and recreational purposes whilst the construction work is being completed. The various swimming, fitness and recreational activities in each pool area will be rescheduled whilst the pool buildings are closed for refurbishment.

Rugby World Cup 2011

Council included \$180,000 in the Annual Plan for the Rugby World Cup 2011 (RWC 2011). This funding will be used for promotion and public relations, team hospitality, national and international marketing, venue and visitor preparation and safety and infrastructure. Taupō is ideally located for travellers who can base themselves here during the RWC 2011. This provides an opportunity to highlight what a great place Taupō is and encourage return visitors.

Taupō Wastewater Treatment Plant

As we advised you last year the Taupō wastewater treatment plant is operating close to full capacity. In 2010/11 we had intended to increase the capacity of the plant over a period of three years to meet the expected increased demand. However with low levels of growth we have reduced the scope of the project. Therefore in 2011/12 we intend to upgrade the trickling filter and other process components to ensure that we meet our resource consent conditions as set down by Environment Waikato. Council awarded a contract for the project in March and works commenced after Easter.

Taupō Water Treatment Plant

In 2010/11 we worked on the design and begun construction for the upgrade to the Taupō water treatment plant which is required to comply with changes in legislation for water standards. Part of the work we have been doing (which you may have seen) is the installation of new water pipes along Lake Terrace, Rifle Range Road, Tamamutu Street, Gillies Avenue and Taupō View Road. This will improve the quality and delivery of the water. Some of the work that we have planned for 2011/12 includes demolition of parts of the Lake Terrace water treatment plant and construction of a new pump station on the same site. Because we are working on an existing site and want to limit disruption to the water service we are undertaking the works in sequence.

Focus on Events and Arts

In the 2009 - 19 Long-term Plan Council signalled that there would be an increased focus on events with an arts/culture and festival type flavour. Council is now looking to further develop the events calendar with unique high quality fixtures while maintaining reputation, quality and balance. We will also continue to work with the Erupt Lake Taupō Arts Festival Trust who produce arts events and festivals. To facilitate this work Council has consolidated its budget to ensure effective use of the funding.

Ironman

In June 2010 Council agreed to enter negotiations with the Global Ironman Company to retain the event until 2016. These negotiations were successful and Council has renewed its contract to host the Ironman event in Taupō for another five years. This comes at a cost of \$140,000 per annum - \$65,000 more than the previous contract. While there is a cost to hosting this event, the annual benefit to the community is an estimated \$3 million.

Additional funding for Destination Great Lake Taupō (DGLT)

In the 2010/11 Annual Plan Council agreed to match visitor industry operators' contributions, up to \$100,000, to fund a domestic marketing campaign. It was also indicated that this higher level of funding would continue provided that the campaign could show a benefit for the District. Council has made a decision to include the additional \$100,000 in this 2011/12 Annual Plan.

Grant for Town Centre Taupō

Since its inception in 2005 Towncentre Taupō (TCT) has developed an extensive range of events, activities and programmes which are beneficial not only to TCT members but also to the wider community. Council recognises these benefits and has agreed to a grant of \$20,000 for extra resources to assist in the continued delivery of the TCT activities.

Community grants

Council has set aside funding for community grants. A total of \$170,000 has been set aside for the Taupō Kaingaroa ward for the coming year. These grants will be distributed by three external organisations in the areas of Arts, Sports and Social Services, acting as Council's agent. Turangi Tongariro Community Board will allocate \$85,000 in September, and the Mangakino Pouakani Representation Group will allocate \$73,000 in February.

Council proposes to maintain its service contracts with Waiora Community Trust, Bike Taupo, Sport Waikato, Rangitaiki Community and the Taupo School of Music.

Earthquake-Prone, Dangerous and Insanitary Buildings policy

In 2006 Council adopted an Earthquake-Prone, Dangerous and Insanitary Buildings policy as required by the Building Act 2004. A number of actions are required to implement the policy. Council intends to engage a contractor with specialised earthquake engineering skills to identify and assess potential earthquake-prone buildings in relation to the new building standards. Council will then discuss any potential upgrades with the owners of these buildings.

PROJECTS THAT COUNCIL HAS DELAYED OR REMOVED

Over the past few months there have been several significant global and national events which have literally changed the world that we live in. As a consequence there are also changes for those of us who live in the Taupō District. Some of the projects that we had planned to undertake in the coming year we have had to delay or remove altogether.

Planning for the Stables residential development (East Urban Lands)

Council made a decision in 2010 to defer its role as a residential property developer due to the current economic climate. This has meant that the strategy for land development has changed and Council no longer intends to develop this area of the East Urban Lands. Council will consider its options for the future of this land.

Taupō Town and Waitahanui Structure Plan

This project has been delayed due to lower than expected growth pressures in the residential housing market. There are also a large number of existing residential lots available for development which will more than cater for demand over the next few years. Delaying this project means that Council can focus its energy on progressing changes to the District Plan relating to commercial and industrial land, with the intention of facilitating job creation and economic growth.

Biodiversity Strategy, Natural Heritage Strategy and Environmental design guidelines

The Ministry for the Environment has recently released a draft National Policy Statement on Biodiversity. It is considered prudent to develop the Biodiversity Strategy alongside this national policy, to ensure consistency and efficiency.

The Natural Values and Landscape Values plan changes identified the Natural Heritage Strategy and Environmental Design guidelines, however they are non-statutory documents and as such there are no legislative timeframes for completion. Council has prioritised the work for the coming year based on the economic climate and other needs of the community. We anticipate that work will begin on these projects but will not be completed in the coming year.

Implementation of the sustainable tourism charter

The Destination Great Lake Taupō Board is currently reviewing the range of planning documents that direct its strategic and tactical activities. The Board intends to pursue this project; however it will remain on hold while essential marketing tools and campaign priorities are determined.

Review of Tongariro Domain Management Plan and redevelopment of the domain

This project has been delayed for several reasons including a lack of growth, a rationalisation of projects for the coming year and the need to prioritise Council's expenditure given the current economic climate.

Construction of retaining walls at Wily Terrace, Acacia Bay

We have completed the investigations for this project and identified works to the value of \$1 million. However these works are not considered to be of an urgent nature so have been deferred and will be included in the 2012–2022 LTP, spread over a five year period commencing in 2017.

Pedestrian bridge – Nukuhau to Riverside Park

Council had anticipated that an NZTA subsidy would be received for this project. However this did not occur and as such the costs of the project are prohibitive. Consequently Council has decided not to continue with this project.

STATEMENT OF COMPLIANCE

The Council and management of Taupō District Council confirm that all the relevant statutory requirements of part 6 of the Local Government Act 2002 have been complied with.

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

This Annual Plan commences on 1 July 2011. The Council and management do not intend to update these prospective financial statements subsequent to adoption on 28 June 2011.



R Cooper
MAYOR
28 June 2011



R T Williams
CHIEF EXECUTIVE OFFICER
28 June 2011



A M McLeod
DEPUTY CHIEF EXECUTIVE
28 June 2011



AJ Menhennet
GROUP MANAGER - CORPORATE & INFRASTRUCTURE
28 June 2011

FINANCIAL SUMMARY

Operating Funding Requirements	Last Year's Annual Plan 2010/11 (\$,000)	LTCCP Forecast 2011/12 (\$,000)	Annual Plan 2011/12 (\$,000)
Operating Income			
Targeted rates	17,805	19,515	19,437
Development and/or financial contributions	4,441	4,989	850
Property Sales	651	2,710	1,500
Vested assets	4,400	4,692	600
Other income	25,109	22,013	20,307
Total Operating Income	52,406	53,919	42,694
Operating Expenditure			
Operating expenditure	48,763	51,306	47,956
Depreciation and amortisation	14,884	14,074	17,367
Finance costs	8,393	13,279	9,665
Total Operating Expenditure	72,040	78,659	74,988
Net Deficit (Surplus) of Operations	19,634	24,740	32,294
Funded by			
General rates	28,568	29,653	29,900
Operating deficit (surplus) to/from reserves	(7,624)	(2,182)	(1,576)
Recognition of vested assets	(4,400)	(4,692)	(600)
Depreciation not funded	3,090	1,961	4,570
Total Funding Applied	19,634	24,740	32,294

Capital and Reserves Funding Requirements	Last Year's Annual Plan 2010/11 (\$,000)	LTCCP Forecast 2011/12 (\$,000)	Annual Plan 2011/12 (\$,000)
Capital Expenditure			
Renewals	9,144	9,258	7,244
Growth (excludes ETA)	16,021	13,907	14,888
Growth – ETA	5,461	-	1381
Increase in level of service	7,204	10,177	9,590
Total Capital Expenditure	37,830	33,342	33,103
Loan Repayments	7,832	12,594	5,611
Total Cost	45,662	45,936	38,714
Funded by			
Loans Raised	25,862	26,824	26,064
NZTA and Other Subsidies	4,993	945	1,945
Transfer from Reserve(s)	14,807	18,167	10,705
Total Funding Applied	45,662	45,936	38,714