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# Mayor's Message

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Taupo District has recorded some significant milestones in recent times. Most of these achievements would not have occurred without the forethought, persistence and collaboration of our community members. Ensuring our district continues to flourish and that we continue delivering the iconic Lake Taupo experience our visitors have come to expect doesn't come easily. There are many workgroups and organisations working diligently on projects for the good of our district.

We are widely considered an international visitor destination and the events capital of New Zealand — marques which would not exist if it weren't for the energy of our people. New events and festivals are regularly added to our events calendar which attracts many thousands of visitors to the area each year. These events often have the choice of any location or venue in New Zealand but our events people

and dynamic community attracted them here and contribute significantly to the district's multi-million dollar tourism industry.

Tourism marketing of Taupo district promotes the area as a visitor destination to consumers and to the travel industry, both domestically and overseas. A new mode of delivery for marketing will mean Destination Lake Taupo will be set up as a new legal entity with a board of directors governing it as a council-controlled organisation. The staff of Destination Lake Taupo should look forward to being able to spread their wings once the new structure takes place later this year and I look forward to the exciting domestic marketing campaign also planned for later in the year.

With the establishment of the Taupo Safer Community Trust in 2008, both visitors and locals alike are now able to enjoy an enhanced sense of safety in our district. One of the Trust's first major achievements involved the installation of 15 additional CCTV cameras throughout the Taupo CBD. According to police, who monitor the footage, the cameras are proving very effective in deterring crime. More recently, the district was awarded the prestigious 'International Safe Community' accreditation from the World Health Organisation which recognises our district as a safe place to live, work and play. The accreditation comes as a result of the Taupo Safe District project, which has seen many safety initiatives launched over the last two years through a combined effort by Taupo District Council, ACC, Taupo Police, and Lakes District Health.

Next year, the world's biggest sporting event, the rugby world cup, is coming to New Zealand and Taupo district will be getting more than a slice of the action. During RWC2011 we will host the world champion South African Springboks, Wales and Ireland – and, without a doubt, thousands of rugby fans too. Taupo District's RWC2011 Host Co-ordination Committee has been formed and is tasked with ensuring the district is showcased to the highest level during the international event. The committee will bring together stakeholders from throughout the district to ensure all relevant agencies and individuals are part of the preparations right from the start.

By this time, the 16km East Taupo Arterial will have been open for around a year so our visitors will be able to enjoy our idyllic lakefront life without the rumble of state highway heavy transit traffic. In order to encourage visitors off the ETA and into town, we intend to pay particular attention to "wayfinding" – the art of using landmarks, signage, pathways and environmental cues to help people navigate and experience our area without any confusion.

The Community Board and Council have responded to calls from the Turangi-Tongariro communities by undertaking structure planning for the southern rating area earlier than planned. Instead of doing this piecemeal, a comprehensive planning exercise is now underway. Excellent feedback has been received from throughout the local community and is now being considered by planning staff.

Improvements which may come as a result of the Taupo Urban Commercial and Industrial Structure Plan should also begin to emerge in the next year. Approximately 450 submissions were received, many of which went into further detail during hearings in late May and early June and Council deliberations are being held in early July. It's definitely a case of 'watch this space' for the impact this will have on Taupo.

This is a pivotal time for our district and we must always continue to plan, collaborate and communicate to ensure we remain one of New Zealand's premier visitor destinations and a world-class place to live.

A handwritten signature in black ink, appearing to read 'Rick Cooper', written over a light blue horizontal line.

**Mayor Rick Cooper**  
Taupo District

# Chief Executive Officer's Message

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It is hard to believe it's more than a year since we were talking to you about our Long Term Council Community Plan. Getting the ten-year planning document from draft stage to its final version was no mean feat but it sure does make our annual plan process comparatively more straightforward. The Annual Plan 2010/11 has a few slight changes from the draft, which, I'm sure, you will be interested to read about.

Construction of the East Taupo Arterial began in late 2008 after more than 30 years of planning. It was a demanding and exciting journey for all involved but look where it's at already; we will have a brand new highway within a matter of months. This means some of the construction cost forecast for 2010/11 had to be borrowed ahead of time in 2009/10, however we have benefited from lower interest rates and an overall reduction in project costs.

Destination Lake Taupo, the group tasked with our district's tourism marketing, faces a change in the mode of delivery. Instead of the current arrangement where DLT reports to me, the creation of a council-controlled organisation (CCO) with a board of expert directors has been approved. That really assists in letting those that know the tourism business to run the business.

The Turangi and Southern Lakeshore Settlements Structure Plan was drafted earlier this year and presented to the community for feedback. The level of public input was pleasing and will now be combined with data from technical reports so that Council staff can identify the best places and methods for growth to happen.

We have always planned some improvement work to be carried out at Owen Delany Park and it is now the time to get stuck into that. This schedule of improvements has proved to be particularly timely, now that we know our district will be hosting three international Rugby teams (Ireland, South Africa, and Wales) for the 2011 Rugby World Cup.

With the population growth experienced in recent years, there has had to be concentrated focus on the treatment of the district's wastewater. The Taupo wastewater treatment plant is operating close to full capacity and needs to be expanded to cater for expected growth. However, it is estimated that the Acacia Bay plant has more than ten years remaining before an upgrade is required.

In order to comply with changes in legislation for water standards, Taupo's water treatment plant needs to be upgraded. This is a significant piece of work and in 2010/11 we will be completing the design and starting work on construction. In Turangi and Mangakino, water treatment subsidies have been approved by Ministry of Health. The water sources for both towns are already very good, so the water will undergo UV treatment to bring it up to Ministry of Health drinking water standards.

Associated with the ETA, is 300 hectares of surrounding rural land which Council acquired when purchasing land on which the ETA would be built. This land has the potential to be zoned for commercial, industrial and residential use – some of which is intended to be used to create 2200 residential sections as part of the East Urban Lands project to help fulfil Taupo's need to provide up to 7500 additional households by 2026. Funds generated from resale of this land will help generate revenue for such projects as the ETA and for reinvestment throughout our community.

Next month, Council will deliberate and make decisions on the widely publicised draft Taupo Urban Commercial and Industrial Structure Plan. Depending on the outcome of this process, some aspects of the plan may be implemented in 2010/11. At this stage, the only activities that are funded are wayfinding (see Mayor Rick's message for more on wayfinding), and the beginnings of laneway revitalisation.

So while it is largely a "business as usual" year for Council, many exciting, progressive and worthy projects lie ahead. Please take time to browse the Annual Plan and if you have any questions, please don't hesitate to contact Council and we will assist you.



**Rob Williams**  
Chief Executive, Taupo District Council

# HOW TO USE THIS PLAN

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This Annual Plan 2010/11 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 2010/11, 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.

## **More detail**

The Activities section provides more detail about what Council plans to do in 2010/11, how we will know we are on track and any major differences from the LTCCP. The expected cost of each activity is shown in the Cost of Service Statement at the end of each activity.

## RATES

As signalled in the LTCCP 2009-19, the average District-wide rate increase for 2010/11 is 5.21%. This is made up of increases in the two rating areas:

- an average increase of 4.86% for Taupo-Kaingaroa and Mangakino-Pouakani
- an average increase of 6.29% for Turangi-Tongariro

The Council's proposals for rates are in the Funding Impact Statement.

*Note that Council's rate increases do not allow for any GST increases that the government might impose. Rates instalments paid from 1 October will attract the higher rate of 15% GST.*

## HIGHLIGHTS

### **Marketing Taupo District**

Council has decided to create a new council controlled organisation (CCO) for destination marketing and management. It's new board will have legal status enabling it to employ staff.

- The management of Destination Lake Taupo, including management of the Turangi and Taupo visitor centres, will be handed over to the new organisation.

Council will retain the ability to appoint members to the new board (with the assistance of expertise from the industry) and will continue to provide the funding for destination marketing and management.

Council believes the benefits that will flow from this new arrangement are:

- Clear accountability for all parties, with the board and DLT directly accountable to stakeholders  
Improved communication with stakeholders
- Improved trust and confidence with stakeholders
- Autonomous governance, enabling the board to operate in the fast-moving visitor industry
- Strong governance through a board recruited for this purpose.

Overall costs for the new mode of delivery are expected to be no more than previously.

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## **Community grants**

Council will continue to fund community activities through community grants as signalled in the LTCCP, but there are some changes to the way requests for grants from the Taupo Kaingaroa ward will be handled.

In the past most grants for this ward were distributed by external organisations on Council's behalf. Some groups, however, applied directly to Council during the Annual Plan process, and this made budgeting the total grant pool difficult. Council has decided to confirm the size of the grant pool through the LTCCP/Annual Plan process. All grants for the ward (\$145,000) will be distributed by three external organisations in the areas of Arts, Sports and Social Services, acting as Council's agents.

Council will maintain its service contracts with Waiora Community Trust, Lake Taupo Arts Festival, Bike Taupo, Waipahihi Botanical Society, Rangitaiki Community and the Taupo School of Music.

Turangi/Tongariro Community Board will allocate \$35,000 grants in September, and Mangakino/Pouakani will allocate \$15,000 in February.

## **Cash boost for domestic visitor campaign**

Council has agreed to match visitor industry operators' contributions, up to \$100,000, to a fund for a domestic marketing campaign. The campaign will be run later in 2010 to increase the District's share of the domestic market.

## **Rugby World Cup 2011 - improvements to Owen Delany Park**

In the LTCCP, Council had planned to make improvements to facilities at Owen Delany Park. This schedule of improvements has proved to be particularly timely, because the District will host three international teams (Ireland, South Africa, and Wales) for the Rugby World Cup..

## **Early finish to East Taupo Arterial route**

We expect the East Taupo Arterial (ETA) to be completed before the October 2010 triennial local government elections, which is an excellent achievement. However, because it is funding a quarter of the cost of the ETA, Council had to find its share of the money sooner than expected. As a result, Council borrowed more during 2009/10 and will spend less in 2010/11 on construction.

Once the ETA is opened, Council will have to maintain it for one year, to make sure it has been built to the required standard. During that year, the NZ Transport Agency (NZTA) will continue to be responsible for the maintenance of State Highway 1 (SH1). Council will work with NZTA to bring maintenance of SH1 up to standard.

## **Wayfinding and Laneways - Taupo Urban Commercial and Industrial Structure Plan (CISP)**

Council has allocated \$712,000 for wayfinding, including signage, to help people come in to Taupo and find their way around once the ETA opens. The focus will be on the new 'gateways' to the town as people enter via new routes from the East Taupo Arterial. Council has also allocated \$100,000 for revitalising laneways in Taupo's central business District, with a view to making them more pedestrian friendly.

*At this stage, because the CISP depends on the outcome of the hearings process, only these two activities, plus a related District Plan change, are funded and committed in the Annual Plan 2010/11.*

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## Southern Structure Plan

Council recognises the importance of Turangi as a secondary urban centre in the District, and the importance of the southern lakeshore settlements for residential choice. Council anticipated that the Turangi Structure Plan would be prepared by private developers in 2009/10, but this did not happen because of the impact of the global recession. Council has begun to develop a combined structure plan for Turangi, the south-western settlements of Whareroa, Omori and Kuratau and the south-eastern settlement of Motuoapa, to be called the Southern Structure Plan.

## Taupo water treatment plant

Council needs to upgrade the Taupo water treatment plant to comply with changes in legislation for water standards. Council is considering ultra-filtration to remove algae, cryptosporidium and giardia. Ultra-filtration also removes arsenic which occurs naturally at high levels in the lake. The process forces water through very fine membranes that filter out heavy metals, algae, bacteria, parasites and other matter we don't want in our drinking water. Periodically, Council will backwash the membranes to collect the unwanted material, leaving the membranes clean and ready to do more filtering.

This year Council will complete the design phase and begin construction of the upgraded water treatment facilities for Taupo.

## Turangi and Mangakino get blue light for water treatment

Council applied for subsidies for water treatment in Turangi and Mangakino, which the Ministry of Health has agreed to. Because the source water for Turangi and Mangakino is already of good quality, it will be treated with ultraviolet radiation to meet Ministry of Health standards for drinking water.

## Taupo wastewater treatment

The Taupo wastewater treatment plant is operating close to full capacity. With many new sections already given consent (but not yet built on), and with expected growth in the commercial and industrial parts of town, the plant needs to be expanded. The aim is to increase capacity by 50% over three years, as signalled in the LTCCP 2009-19. Work is expected to begin in August 2010, taking three years to complete.

Council's View Road disposal site can take the increased volume of treated water. Council is working with Environment Waikato (EW) on a trial application of sludge. If the trial works, Council will spray sludge onto the View Road land and use it to grow animal crops such as rye grass and hay. Taupo District Council is the biggest applicator of treated wastewater onto land in New Zealand.

## Acacia Bay wastewater treatment

When developing the LTCCP two years ago, Council considered transferring Acacia Bay to the Taupo Treatment Plant. After more detailed investigation, Council confirmed that the plant is fine, having more than 10 years of life. Given the difficulties of transferring waste across the control gates bridge (which is at full capacity so cannot take the load), it makes sense to keep using the Acacia Bay capacity.

The original reason for exploring the move was to reduce Council's nitrogen discharge into the lake (which mainly comes from wastewater) by 20%. Council has already achieved a 28% reduction in nitrogen discharge, so the issue is now less pressing for Council.<sup>1</sup>

## Solid waste

Council is trialling two solar-powered self-compacting rubbish bins in town, because they can take up to ten times more rubbish than standard bins before they need emptying. If the trial is successful, the bins will save staff and vehicle costs to empty the bins, especially during periods of high demand.

## Rolling reviews of the District Plan

Changes to the Resource Management Act (RMA) 1991 mean that Council can conduct rolling reviews of elements of the District Plan rather than undertaking a comprehensive (and massive) review of the entire plan once every ten years. Council has decided to adopt rolling reviews to monitor the effectiveness of the District Plan, and make any changes via Plan Change.

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<sup>1</sup> Most nitrogen of the manageable discharge comes from rural sources rather than urban wastewater, and reducing that discharge remains a challenge.

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## FEES AND CHARGES

Council can change fees and charges for services at any time but this is normally done at the beginning of the financial year, so that ratepayers and residents can be advised through the Annual Plan. This also saves Council the costs of publishing all the new charges at some other time. All changes to fees and charges are itemised in the Fees and Charges section.

The main changes relate to:

- deposits for building and resource consents
- libraries
- trade waste
- fencing of swimming pools

There are small increases in charges for using the AC Baths and some fees associated with providing information.

### **Deposits for building and resource consents**

In the past, deposits for building consents have been in multiple bands, but they are now in just two bands: consents for developments up to \$300,000 and consents for developments over \$300,000. There are also changes to the deposits for resource consents, in order to reflect the average cost of processing. These are intended to reduce transaction costs for both Council and applicants, by reducing the volume of invoicing and the number of refunds Council has to make.

### **District libraries**

Because the District libraries are now run as a single library with multiple sites, fees and charges are the same at all three sites. Turangi readers especially benefit because the 50c charge for borrowing fiction is removed.

### **Trade waste**

New charges are introduced because Council has introduced a trade waste by-law.

### **Fencing of swimming pools**

Council is adopting new charges for inspection of swimming pools, to reflect the actual costs. Applications for exemption from the Fencing of Swimming Pools Act 1987 will now incur a \$500 charge, to cover inspection, assessment and documentation costs. All swimming pools will be inspected every three years, with a fee to cover costs.

### **GST**

After the Draft was adopted for consultation, the government announced a rise in GST effective 1 October 2010. Council must pay the full 15% GST on all fees and charges.

Council has decided to absorb the GST increase for some items, but must pass it on for others. The Fees and Charges for 2010/11 are listed in two columns showing prices from 1 July to 30 September, and then the new prices from 1 October.

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## POSSIBLE RATING CHANGES FOR 2011/12

Council is considering the following changes as part of forward planning for the 2011/12 Annual Plan and welcomes comments from ratepayers.

### **Capital Value Rating**

Currently rates are struck on the land value of properties which is only part of a property's value. Capital value rating, which is based on the full value of each property, is perceived to be a fairer basis when comparing one property with another, and can be easier to understand.

Further work is required on the impact of this rating model, but some work has been done on using it as the basis for the Marketing Development Rate.

### **Marketing Development Rate**

As promised following submissions on the 2009/19 LTCCP, Council has been reviewing the Marketing Development Rate (MDR) with a view to achieving a fairer distribution of the costs associated with destination marketing and management. Many options have been looked at and Council believes it has come up with a fairer, workable solution. We would like your views on the proposals below before we proceed further.

The MDR is used to promote the Taupo District as an exciting destination with a wide range of activities. Currently destination marketing and management is paid from two sources:

- the General Rate
- the Targeted Marketing Development Rate, paid by all commercial, industrial, electricity generation, and accommodation rating units.

Council is exploring the possibility of moving to adopt a change in both who pays the MDR and the basis on which it is calculated. A new MDR with two components is being considered.

1. The General Rate contribution to destination marketing and management will be discontinued. Instead it is proposed that all ratepayers contribute to the MDR based on the capital value of their properties, making the contributions to this activity more transparent and creating a level playing field amongst ratepayers. Overall residential properties may have a slight increase over what they currently pay through their General Rate for this activity.

2. All commercial, industrial, electricity generation and accommodation rating units will also be required to pay a targeted uniform annual charge in recognition of the additional benefit these properties receive from destination marketing (around \$150 per property – substantially less than what some properties are currently being charged through the MDR).

### **Public and private benefits**

Marketing has both private and public benefits for the District. Obviously visitor industry businesses get a direct benefit, but so do other services such as panel beaters. All ratepayers benefit from the strength of tourism in our District through greater employment opportunities and through having a wider range of services provided by both public and private sectors.

### **Winners and losers**

In most cases, the land value of forestry and farming properties tends to be very high compared to the capital value of those properties, so the introduction of a new Marketing Development Rate line in their rate demand would be offset by a reduction in the General Rate.

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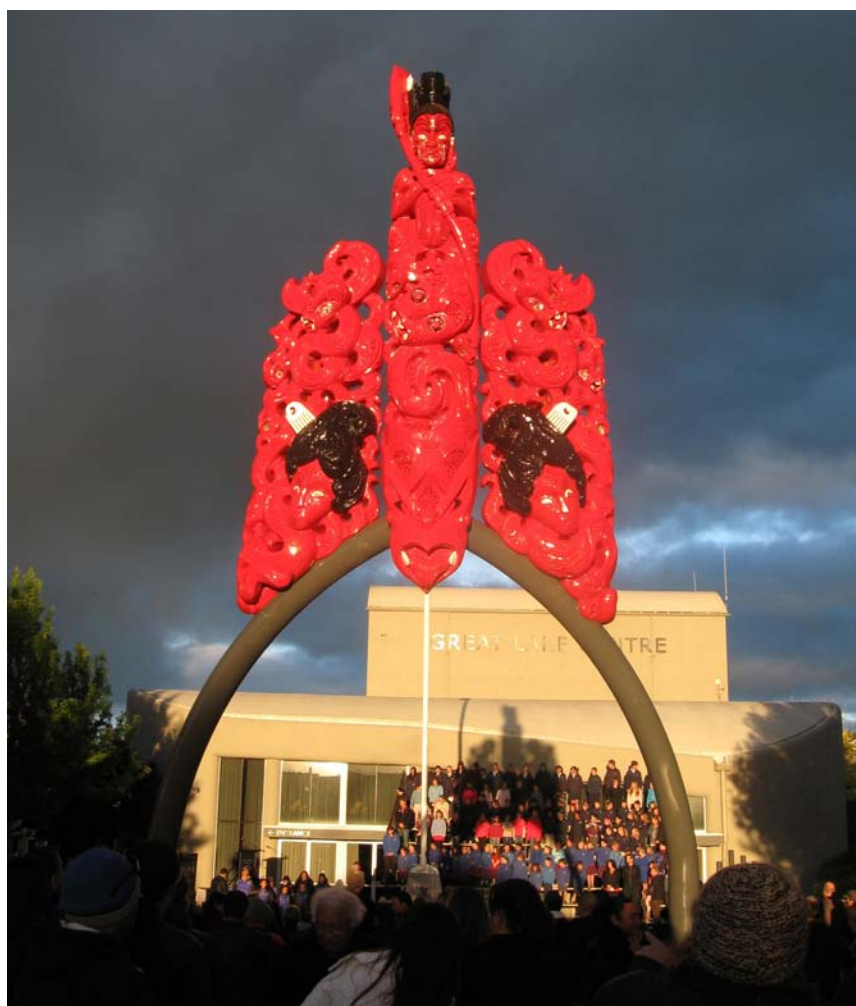
The electricity sector tends to have very low land values compared to the capital value of a generation plant, so a capital value MDR would increase the share they would have to pay.

Council expects to have an LTCCP amendment drafted for consultation with the 2011/12 Draft Annual Plan and, following consultation, to have a revised rate for adoption by 30 June 2011.

### **Separately usable inhabitable portions (SUIPs)**

At the moment, if there are two dwellings on one property - separately usable inhabitable portions (SUIPs) - the property pays only one targeted uniform general rate charge. This also applies to commercial premises that have a single owner but multiple tenants.

Council plans to explore changing its rating policy to apply the general rate to each separately usable inhabitable portion. This will mean, for example, that houses with a flat on the same section, rest homes, and commercial properties with more than one tenant will pay an increased share of the General Rate. (Water supply and wastewater are already rated on separately usable inhabitable portions).



# FINANCIAL SUMMARY

<b>Operating Funding Requirements</b>	Last Year's Annual Plan 2009/10 (\$,000)	LTCCP Forecast 2010/11 (\$,000)	Annual Plan 2010/11 (\$,000)
<b>Operating Income</b>			
Targeted rates	16,562	17,894	17,805
Development and/or financial contributions	3,132	4,587	4,441
Property Sales	625	2,082	651
Vested assets	4,400	4,545	4,400
Other income	47,172	46,080	25,109
<b>Total Operating Income</b>	<b>71,891</b>	<b>75,188</b>	<b>52,406</b>
<b>Operating Expenditure</b>			
Operating expenditure	47,341	49,424	48,763
Depreciation and amortisation	12,575	13,191	14,884
Finance costs	9,852	11,610	8,393
<b>Total Operating Expenditure</b>	<b>69,768</b>	<b>74,225</b>	<b>72,040</b>
<b>Net Deficit (Surplus) of Operations</b>	<b>(2,123)</b>	<b>(963)</b>	<b>19,634</b>
<b>Funded by</b>			
General rates	26,823	28,321	28,568
Operating deficit (surplus) to/from reserves	(26,663)	(26,644)	(7,624)
Recognition of vested assets	(4,400)	(4,545)	(4,400)
Depreciation not funded	1,847	1,905	3,090
<b>Total Funding Applied</b>	<b>(2,393)</b>	<b>(963)</b>	<b>19,634</b>

<b>Capital and Reserves Funding Requirements</b>	Last Year's Annual Plan 2009/10 (\$,000)	LTCCP Forecast 2010/11 (\$,000)	Annual Plan 2010/11 (\$,000)
<b>Capital Expenditure</b>			
Renewals	8,583	9,306	9,144
Growth (excludes ETA)	6,714	15,622	16,021
Growth – ETA	33,000	30,960	5,461
Increase in level of service	7,997	9,928	7,204
<b>Total Capital Expenditure</b>	<b>56,294</b>	<b>65,816</b>	<b>37,830</b>
Loan Repayments	5,275	8,896	7,832
<b>Total Cost</b>	<b>61,569</b>	<b>74,712</b>	<b>45,662</b>
<b>Funded by</b>			
Loans Raised	24,174	35,143	25,862
NZTA and Other Subsidies	26,348	24,679	4,993
Transfer from Reserve(s)	11,047	14,890	14,807
<b>Total Funding Applied</b>	<b>61,569</b>	<b>74,712</b>	<b>45,662</b>