

INTRODUCTION

COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

2007/8 ANNUAL REPORT

This year has been largely 'business as usual' for the Council. Triennial elections in October 2007 resulted in the return of a significant number of experienced incumbent elected members, and there has been relatively little turnover amongst Council staff, with most vacant positions, including that of Chief Executive, being filled through promotion or reassignment of existing Council staff.

This retention of direction, skills and knowledge has enabled the previous strategic direction of Council to be largely maintained.

MAJOR ISSUES

A positive attitude has continued to be evident in the District, but there have been some issues that have posed challenges for Council during the year, the most significant of which have been associated with property development.

In the Kawhia area some groups have continued to express strong desires for environmental protection, which conflicts with potential property developments in that region. Council understands the importance of preserving the District's environment and heritage, but also believes that it is important not to create unreasonable barriers to new developments which can bring new ratepayers who would support the communities and ease the financial burden on existing residents.

This is particularly true in Kawhia and Aotea, where residents have indicated that issues of adequate community resources and affordable living are very important to them. With the costs of products and services steadily rising, and with little potential to further reduce what are already fairly basic levels of service provided by Council, community growth is probably the only mechanism by which substantial future rates increases in Kawhia and Aotea can be avoided. Council therefore believes it is important that residents in this area carefully consider the balance between environmental and economic issues, and recognise that some degree of compromise may be required. Without such compromise there is potential for significant Council resources to be consumed in managing the resultant conflicts, with no real benefit being obtained.

Outside of the Kawhia area there has been continuing strong subdivision and building activity in both urban and rural environments. This is viewed positively, and Council has implemented a scheme of development contributions whereby developers pay for a share of the public asset upgrading works required to ensure that levels of service to residents are not reduced as a consequence of these new developments.

The ongoing review of Council's District Plan also provides a mechanism through which approaches to development and other strategic issues can be explored, and steady progress has been made towards the target of completing a draft of a new District Plan in 2009, upon which extensive consultation with the community will be undertaken.

Issues in relation to the use of water have also been extensively discussed by Council during the year, with last summer's record drought providing a further stimulus for detailed consideration of matters relating to water conservation. The outcome of this has been that both the Otorohanga and Kawhia Communities have agreed to implement water supply management strategies which will ensure that efficient use is made of this precious commodity, and that Council achieves compliance with forthcoming national and regional rules in relation to water treatment and use.

SIGNIFICANT WORKS

The renewal of Waiharakeke bridge was the most significant work conducted during the year. The failure of this bridge and resulting inconvenience for bridge users was most unfortunate, but was considered unforeseeable, and the final result - replacement of the second largest bridge in the District, which should give a further 80 years of good service to users, without significantly exceeding Council's previously allocated budget - is viewed as positive.

Some of the other significant works carried out in the 2007/08 year included -

- * Stabilisation of the large and continuously moving slip on Raglan Road
- * Improvements to Tauraroa Valley, Owawenga and Kihī Roads

- * Sealing of Lurman Road
- * Continuing renewal of water mains in Otorohanga

OTHER OPERATIONAL MATTERS

Council's Building and Planning teams continue to have heavy workloads processing applications arising from the strong development activity, which has in part been driven by the recent strength of the dairy sector. These workload challenges have been further exacerbated by continuing difficulties in recruiting suitably qualified staff, which reflects national skill shortages.

In response to such issues Council has moved towards greater in-house development of staff from junior levels, with a number of school leavers being employed as Cadets. This approach is considered to be potentially beneficial to both Council and the District.

FINANCIAL POSITION

Council's Financial Position continues to be sound. The operating surplus of \$2,282,434 was significantly higher than forecast. The biggest contributor to this was gain on sale of assets and vested assets that were not budgeted for.

Public Debt was \$13,551,029 at 30 June 2008. This was at a similar level to the previous financial year and included raising of a \$282,613 non-repayable loan from Housing New Zealand to finance the Otorohanga Pensioner Housing Upgrade. The Council is keenly aware of the high level of public debt, relative to our peers. Our projections demonstrate that debt levels are likely to increase slightly in the medium term, but in the long term will decrease substantially.

Debt is an important financial mechanism. It helps to ensure that ratepayers enjoying the benefits of a capital project over time also assist in paying for it. The Council will continue to use debt to ensure intergenerational equity, as it has in the past.

Council will be reviewing its Treasury Management Policy and Revenue and Financing Policy in the 2008/9 financial year as part of the review of the Long Term Council Community Plan.

CONCLUSION

Council continues to be in a sound position, with the resources, skills and strategic direction necessary to ensure that positive outcomes for the District are achieved.

Dale Williams
MAYOR

Dave Clibbery
CHIEF EXECUTIVE

DISTRICT PERSONNEL

OTOROHANGA DISTRICT COUNCIL

		Telephone
Mayor:	Dale Williams	(07) 873 6779
Deputy Mayor:	Hugh Earwaker	(07) 871 1761
Councillors:	Andrew Ormsby	(07) 873 8300
	Robert Prescott	(07) 873 8941
	Steve Adam	(07) 871 9963
	Deborah Pilkington	(07) 871 0654
	Sue Blackler	(07) 872 2760
	Leveson Gower	(07) 872 2825

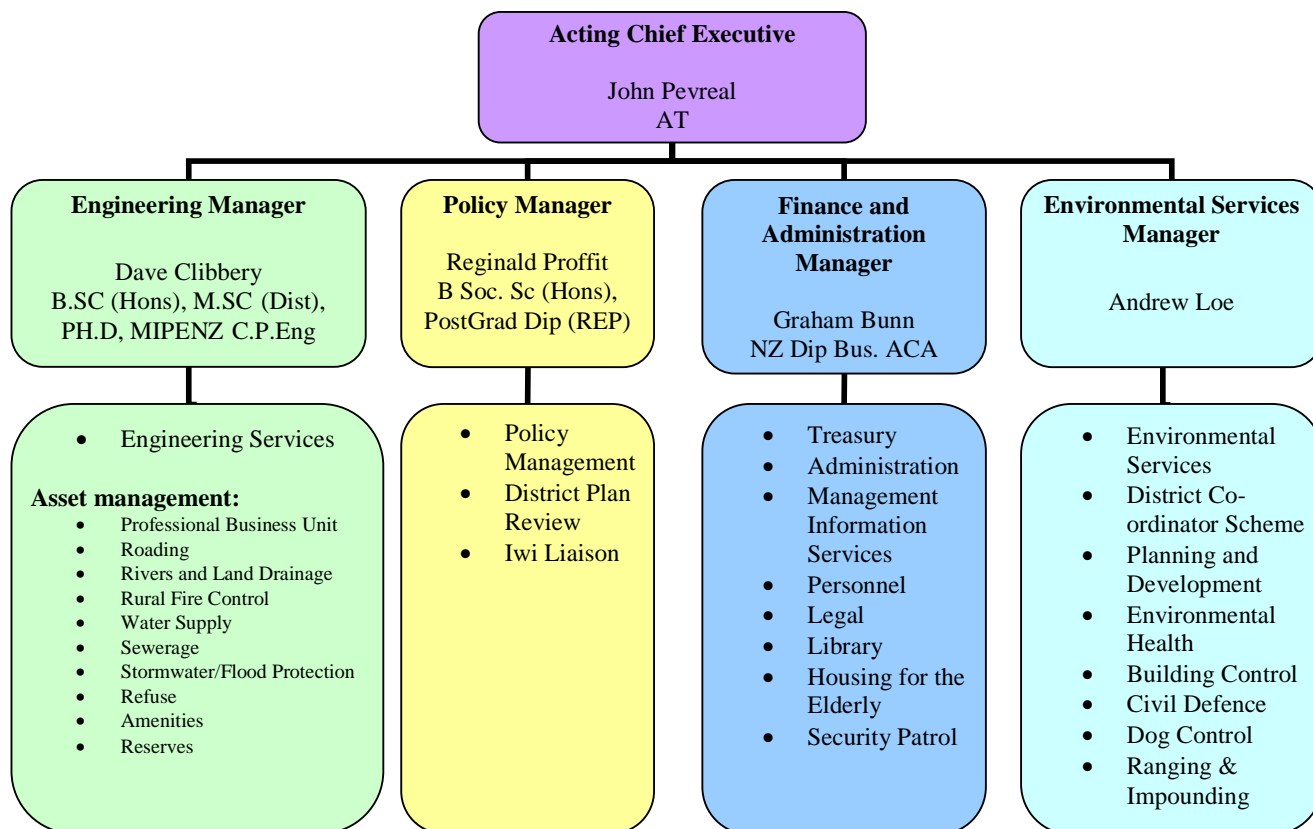
OTOROHANGA COMMUNITY BOARD

Chairperson:	Elisabeth Cowan	(07) 873 0849
Deputy Chairperson:	Tim Jones	(07) 873 8380
Members:	Brendon McNeil	(07) 873 7842
	Phil Tindle	(07) 873 8810
	Andrew Ormsby	(07) 873 8300
	Robert Prescott	(07) 873 8941

KAWHIA COMMUNITY BOARD

Chairperson:	Lou Sherman	(07) 871 0782
Deputy Chairperson:	Hano Ormsby	(07) 871 0822
Members:	Deborah Pilkington	(07) 871 0654
	Jan Bennett	(07) 871 0276
	Kit Jeffries	(07) 873 7615
	Kathy Workman-Beal	(07) 871 0759

MANAGEMENT STRUCTURE



In August 2008, John Pevreal left as Chief Executive, and Dave Clibbery was appointed as the new Chief Executive of the Otorohanga District Council. The above diagram represents the structure as at 30 June 2008.

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Bankers:	Bank of New Zealand
Auditors:	Deloitte, on behalf of the Office of the Auditor General
Solicitors:	Gallie Miles, Te Awamutu

DISTRICT BACKGROUND

Otorohanga District is located some 50 kilometres south of Hamilton. The area administered by the Council covers 1976 sq.km. and extends from the Kawhia and Aotea Harbours on the west coast for a distance of 90 km to the eastern extremity near Mangakino. Included within the District are the urban communities of Otorohanga and Kawhia.

Geographically, the District comprises three distinct areas of approximately equal size. The eastern and western areas have predominantly more hills than the central area which is the southern limit of the Waikato Basin. Farming is the dominant industry with sheep and cattle farming in the hill country and intensive dairy farming in the central area. Horticulture and cropping are lesser but developing activities.

The original Otorohanga County was formed on 1 April 1922 and arose out of the amalgamation of the former Wharepapa and Mangaorongo Roads Board and part of the Waitomo County. The northern half of the former Kawhia County was amalgamated into the District on 1 April 1956. On 1 November 1971, the County of Otorohanga and the Borough of Otorohanga were united to form a new County of Otorohanga. At the time of the union there was no provision for a "District" Council status which only became available in 1978 following an amendment to the Local Government Act. The change in designation from a County Council to a District Council took place on 1 April 1979 and was made primarily to give recognition to the fact that Council is a rural-urban council with the urban area an integral part of the organisation.

The Council believes that it is able to function as an effective and independently viable unit of the local government with adequate staff and resources to administer a comprehensive range of services for its constituent ratepayers and residents.

A roading network, totalling 901.5 km in length, provides access. State Highways 3,31 and 39 account for 94.5km of this and are maintained by Transfield under contract to Transit New Zealand at no cost to Council. The balance of 807km comprises 514km of sealed pavements of varying widths and 293km of metalled roads. Of these 28km of sealed roads are within the urban Communities of Otorohanga and Kawhia as is 0.5km of the unsealed roads. Within the Council maintained roading network are 154 bridges totalling 1995m in length and including 28 stock access structures. Since the Otorohanga County was first constituted, the prime aim of Council has been extension and improvement of the roading system as a means of encouraging land development and stimulating primary production.

The Council Office is located in the Community of Otorohanga which is situated on the Main Trunk Railway and at the junction of State Highway No.3 and No. 31/39. The Town has good shopping facilities, three modern primary schools and a College, good medical facilities and caters for a wide range of sporting and cultural activities.

Otorohanga is centrally placed, being within easy driving distance of Auckland, Hamilton, Tauranga, Rotorua, Taupo and New Plymouth. The town has a population of 2,661 and is an important focus for tourist activities in the North King Country area. Being 16

kilometres north-west of Waitomo, Otorohanga is the closest town to the world famous glow worm caves.

Kawhia, a small holiday resort on the west coast, is also within the District. It is located on the shores of the Kawhia Harbour some 57 kilometres west of Otorohanga via State Highway 31, and has a permanent population of 384 with this increasing to over 3000 at peak holiday periods. Kawhia is the home of the Tainui people who settled there 600 to 700 years ago. The Kawhia Harbour covers more than 6000 hectares, with five rivers feeding into it. It is a popular and productive fishing spot.

STATISTICS

Area and Population

Area (Square kilometres)	1,976
Population (2006 Census figures)	9,516

Communities

	Area	Population
Otorohanga	507 ha	2,661
Kawhia	161 ha	384
Rural	196,932 ha	6,471
	<u>197,600 ha</u>	<u>9,516</u>

Valuation

Rateable Properties (No. of)	5,139
Non Rateable Properties (No. of)	226
Rateable Capital Value	\$3,576,378,950
Date of Last revision of Values	1 September 2007

Rates and Rating 2007/08

Total Rates (Excluding GST)	\$8,260,195
System of Rating	Capital Value

Public Debt Outstanding as at 30/06/08

Public Debt Outstanding	\$13,551,029
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Date of Constitution of District

1 November 1989