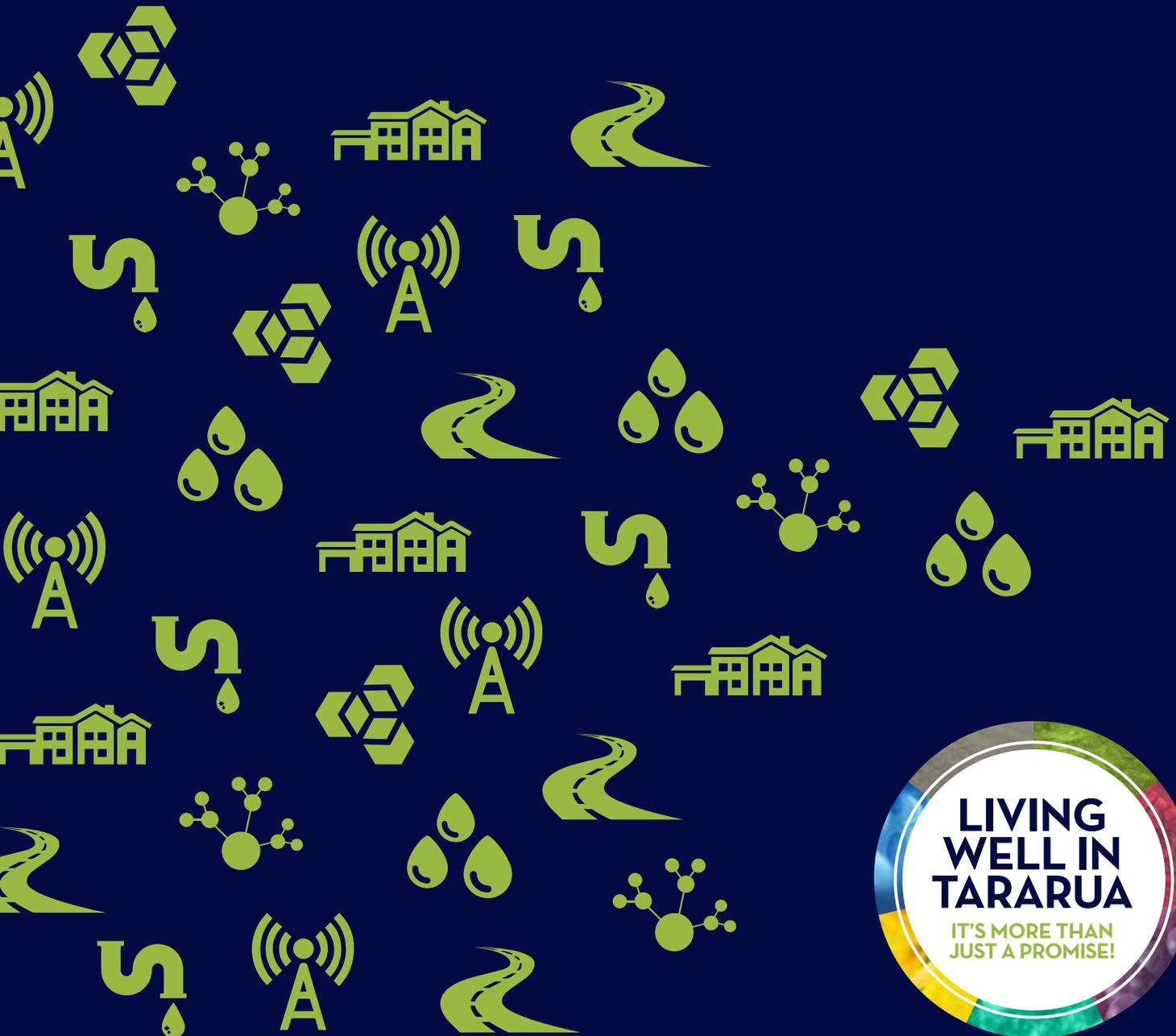




Long Term Plan

2018–2028



North Island

NEW ZEALAND



Untouched coastline, bush-cloaked ranges, sparkling fish-filled rivers...

Rugged ranges, remote coastline, bush-clad valleys – defined by hundreds of kilometres of river. The Tararua District stretches from Mount Bruce to north of Norsewood, and is bounded by the foothills of the majestic Ruahine and Tararua Ranges, and the shores of the Pacific on the East Coast. The physical presence of Tararua is awesome.

In the beginning...

The Kurahaupo canoe made landfall on the Mahia Peninsula; the three principal chiefs on board were Ruatea, Whatonga and Popoto. Rongomaiwahine of the Mahia Peninsula, one of the descendants of Popoto, married Kahungunu, a descendant of the Takitimu aristocracy. Their marriage was the beginning of the Ngati Kahungunu of Hawke's Bay.

Whatonga established himself near Cape Kidnappers, and built himself a house, which he called 'Heretaunga'. Whatonga's son, Tara, who was born in Hawke's Bay, finally made his home in the Wellington area. His name is commemorated in many places from Napier through to Wellington. From Whatonga's second marriage was born Tautoki, who was the father of Tane-nui-a-Rangi, or Rangitane as he is more commonly known.

Tara's descendants, the Ngai-Tara, and the Rangitane people eventually peopled many parts of the Heretaunga, Central Hawke's Bay, Tararua, and Wairarapa areas. The pre-European history of the district tells of a vast primeval forest with clearings occupied by Maori.

European settlement within the district started in 1854 when the first

sheep were driven up the coast from Wellington to establish coastal stations, but access to this area remained almost entirely by sea until well into last century.

There are some great communities waiting to be discovered in Tararua. Each has a unique identity, story to tell and experience to share. From the hardship tales of the Scandinavian settlers who felled the Seventy Mile Bush, to the pioneers who established farming on the district's rugged east coast at Herbertville and Akitio. These communities are one of the elements that make this district unique in New Zealand.

Around 95% of Tararua's 400,000 hectares is farmed and the district has a reputation for producing high quality stock. Sheep, beef, and dairy are the most significant types of farming, representing 90% of all holdings and accounting for 99% of total stock units. Forestry is a growing industry and there are now more than 13,000 hectares planted in pinus radiata.

Pastoral farming continues to be the major economic sector within Tararua.

Tararua is a unique, proud, and diverse district of rugged unspoiled landscape

LONG TERM PLAN 2018–2028

 TARARUA DISTRICT COUNCIL

This document is the Long Term Plan of the Tararua District Council, for the period 1 July 2018 to 30 June 2028.

The Long Term Plan 2018–2028 was adopted by Council on 27 June 2018.

**TARARUA DISTRICT COUNCIL
26 GORDON STREET, DANNEVIRKE 4930
PO BOX 115, DANNEVIRKE 4942**

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01

OVERVIEW

Guide to the Long Term Plan

There are five sections to this Long Term Plan. The following is a brief guide to the information contained in each section. The information presented meets the requirements of the Local Government Act 2002.

Part 1: Overview

This section contains an introductory message from the Mayor and Chief Executive together with key issues and challenges, financial strategy and overview, and the linkages between the Long Term Plan and other Council documents.

Part 2: Activities

Information is provided here for the group of activities and each activity of Council, including why Council is involved, the intended outcomes, the service levels that Council intends to deliver and how the results will be measured.

Part 3: Rates

This section contains the Remission Policy, Funding Impact Statement, and the schedules of General and Targeted Rates.

Part 4: Financials

This section contains the prospective financial statements together with the accompanying notes and accounting policies and significant forecasting assumptions and risks.

Part 5: Policies

This section contains Council's key policies on financial contributions, significance and engagement, infrastructure strategy, assessment of water and sanitary services, and Maori participation in Council decision-making.

Part 6: General Information

This section provides information on the elected persons that make up the Council and Community Boards, the Management Team, some Council statistics of the district, contact details, and a glossary of terms.

Associated Documents

A comprehensive list of fees and charges can be found in 'Fees and Charges 2018/19'.

Other associated policies include:

1. Treasury Risk Management Policy and Procedures
2. Significance and Engagement Policy

Message from the Mayor and Chief Executive

It seems at times that the only constant for Tararua District is change. Whether geological, environmental, technological or political, we face a constantly shifting landscape.

At a time of incredible change locally, nationally, and globally we intend to maintain the focus on core infrastructure, economic development, and financial prudence that has served the people of Tararua well in recent years.

Our district is facing some significant challenges as we head into our next Long Term Plan period. Without doubt, the closure of the Manawatu Gorge and the uncertainty surrounding the Horizons Regional Council One Plan are the most significant. We are taking an active role in both matters to ensure the best possible outcomes for Tararua District. We are also following developments around *Mycoplasma bovis* and the implications for our farmers, businesses, and wider communities.

From adversity will come opportunity. The new State Highway 3 route will provide new opportunities for Tararua District and we must begin to plan for these now to ensure we take maximum advantage.

The impacts of the One Plan on Tararua District cannot be underestimated. A recent Community Impact Assessment, completed by the NZ Institute of Economic Research, has highlighted the potential consequences for our farms and communities. We are concerned that the full effect on dairy production in the district has not been felt yet. We are actively working to advocate for fair and workable implementation of the One Plan, while looking after the beautiful environment of the Tararua District that we love as our home.

Connectivity is an issue that must be resolved and is another area we are keenly interested in. The Connect Tararua project is one of the most exciting as far as future potential that the district has seen for some time. The goal to become New Zealand's first Giga-region will indeed put Tararua District on the map.

Meeting ever increasing environmental standards set by Central Government regulations and Horizons Regional Council consenting processes is an ongoing challenge. This is particularly true for us in the area of wastewater, with Eketahuna and Pahiatua in the consenting process and Woodville just commencing. We are constantly faced with more auditing and compliance requirements and these all come at a cost. We have no choice but to meet these costs as no additional funding is made available. We are committed to meeting these obligations because it's the right thing to do for our community.

The quality and safety of our drinking water is another area that will see an increased compliance focus develop following the Havelock North crisis and subsequent inquiry. We have been making steady progress in improving our

water supply resilience. Our past and planned investment means we will comply with current regulations but anticipate additional work and cost to be required in the coming years.

While we tackle our challenges head on, we must also take pause to celebrate the positives.

We continue to build on our flourishing relationships with Rangitane O Tamaki nui a Rua and Ngati Kahungunu. We like to congratulate Rangitane O Tamaki nui a Rua on reaching a Treaty settlement with the Crown. We are hopeful that Ngati Kahungunu will also reach a favourable settlement with the Crown in the not too distant future, having already signed an Agreement in Principle.

Tararua District has experienced population increases in recent years. This is significant as an increasing population helps make services more affordable as the costs are spread across more people. We anticipate the increased transport and technology connectivity in coming years will only add to this trend.

This positive population trend has allowed us to reconsider our earlier decision to sell our pensioner housing units. It is also allowing us to consider extending our utility networks (water, wastewater, and stormwater) to provide for new housing development.

We have worked very hard to keep rates increases at low levels since the last Long Term Plan. In the last three years, the increases of 2.91%, 1.72% and 2.23% were extremely good compared to other parts of the country. Our debt levels have also remained modest during this period. Both of these outcomes place us in a sound position to now undertake the projects approved in this Long Term Plan, including:

- Route 52 – strengthening this road to prepare for increased logging traffic.
- Connectivity – helping increase mobile phone and internet coverage across the district.
- Wastewater – upgrading Eketahuna's wastewater discharge.
- Stormwater – undertaking further modelling before we undertake significant projects.
- Pensioner housing – retaining and increasing our pensioner housing.
- Utility networks – investment in new utilities to enable housing growth.
- Rural gravel roads - additional investment in the minor safety and heavy metalling roading budgets that will result in safety improvements and, after

many years, a resumption of some new seal extensions.

We have increased our technology capability in recent years. We have purchased drones to help to assist with activities, such as inspections of more than 400 bridges in our district. We have underground CCTV to map our infrastructure and to help pinpoint maintenance needs. We are also taking advantage of advanced computer modelling to better assess likely outcomes of projects before work commences.

These types of technology save us time and money and, in the case of our drones, provide stunning digital images to help in marketing the Tararua District to the world. The installation of the first two electric vehicle charging stations in Woodville and Dannevirke help to future proof our district for technological advances we know are coming.

We are continuing to benefit from our partnership with the Tararua Alliance. We have extended the partnership to manage our water and wastewater pipe network in addition to our road and stormwater networks. We are seeing improved management decisions through better understanding of our assets. We are also making better investment decisions that will ultimately deliver improved long term results for ratepayers.

The forecast rates increases over the coming period (3.95% next year and an average 3.54% over the 10 years) are necessary to fund the investments to continue to maintain our infrastructure at an acceptable level and maximise economic growth to continue the positive population trend.

We have been consulting on our Long Term Plan for some time and now look forward to getting the various projects underway for the benefit of all those that choose to call Tararua District home.



Tracey Collis
Mayor, Tararua District Council



Blair King
Chief Executive, Tararua District Council

Changes from the consultation document and responses to submissions

Strategic focus

Council's Vision was first established in the 2012–2022 Long Term Plan. The Vision and Strategic Focus were reaffirmed and updated in this Long Term Plan using a consultation process of workshops with business and key stakeholders, as well as the community.

Council expanded the strategic priorities to include building a resilient and connected community, and develop key reserves and recreational facilities to aid economic development.

Refer to the section 'Our Vision and Strategy' on pages 17 and 18.

Change in rates increase

Council initially consulted on a rates increase of 3.5% for 2018/19 in the Draft Long Term Plan 2018–2028. As detailed in the rest of this section, community feedback and changes in our assumptions has increased this to 3.95% in the final Long Term Plan 2018–2028. The most significant changes were:

- Replacing the road seal extension option with an increase in minor safety improvements and heavy metalling budgets. These increases are jointly funded by NZ Transport Agency, however, Council's contribution is greater than originally budgeted in the Draft Long Term Plan. This additional contribution allows for more seal than originally planned in the Draft Long Term Plan.
- Accelerate depreciation funding in the Roding and Wastewater activities to fund future renewals. Forecasting indicates a need for more renewals as found assets are added in Roding and rebuild the depreciation reserve for Wastewater.
- Additional resources to monitor and deliver safe drinking water and manage wastewater. The Havelock North water incident has led to higher compliance requirements on Council, while wastewater consent renewals indicate more treatment and monitoring is required to meet new consent conditions.

Route 52

Route 52, formerly State Highway 52, was placed back under Council management in the 1980s. The route runs the entire length of Tararua District between Central Hawke's Bay and Wairarapa. It is a vital link for our rural

and coastal communities. Route 52 is also an important freight link, particularly for forestry travelling to Napier Port. The volume of heavy vehicles is predicted to increase significantly in the years ahead as pine plantations mature.

Route 52 lacks the pavement strength and width to safely handle the large heavy vehicles now using it. The long, winding and narrow road is quickly deteriorating as a result of increasing traffic. The formation and geology of the road also make it susceptible to damage, such as slips and dropouts, during bad weather.

Hence, we are proposing to upgrade the 25km section of road between the Weber junction and Central Hawke's Bay boundary.

Our primary reason for this project is to improve the safety and resilience of the road. The upgrades are also expected to improve the attractiveness and smoothness for tourist traffic using Route 52.

The total cost of the proposed upgrade is \$10.5 million, of which we are required to fund \$3.6 million. NZ Transport Agency (NZTA) funds the remaining \$6.9 million, subject to approval of a detailed business case prepared by Council.

Submissions received:



Option 1

24 SUBMISSIONS IN SUPPORT

Upgrade a 25km section of Route 52 between the Weber junction and Central Hawke's Bay boundary, subject to securing financial assistance from NZTA.

Option 2

12 SUBMISSIONS IN SUPPORT

Fund the desired improvements over the next ten years from existing budgets.

Option 3

5 SUBMISSIONS IN SUPPORT

Upgrade a 49km section of Route 52 between Weber junction and Central Hawke's Bay boundary over three years.

Council resolved to: acknowledging the vital link Route 52 provides to the district's rural and coastal communities and its potential for increased tourist traffic, Council will proceed to upgrade for safety and resilience a 25km section of this road between the Weber junction and Central Hawke's Bay boundary as proposed in its preferred option, and subject to securing financial assistance from NZ Transport Agency.

Connectivity projects

Our district is not well serviced when it comes to connectivity. Our geography and low population do not make us an attractive investment proposition for private investment into digital infrastructure. We believe improved connectivity is a vital element for growth and prosperity for our people.

Our four largest towns have now been included in the Government funded ultra-fast broadband rollout. The current schedule will see fibre installed in Dannevirke in 2021, then Pahiatua, Woodville, and Eketahuna by 2022. Even after this work is completed a significant percentage of our district will still not have access to good quality connectivity.

Connect Tararua is a community led strategic group that has been established to facilitate the building of the digital infrastructure for connectivity throughout the Tararua District. They aspire for Tararua to become New Zealand's first "Giga-region". Connect Tararua is developing a network of local champions and groups to build a strong business case to support their goal. They are also working with Government agencies, internet service providers, land owners and a range of other stakeholders.

Robust telecommunications and digital connectivity are so important that it warrants ratepayer investment to achieve increased coverage across the district. Having considered the plans and achievements to date of Connect Tararua, Council is supporting the connectivity needs of the district needs by including a capital budgets totalling \$800,000, spread over years 2018/19 to 2021/22 of the Long Term Plan, funded by a 20 year loan.

Submissions received:



Option 1

40 SUBMISSIONS IN SUPPORT

Work closely with Connect Tararua and other community group stakeholders, and provide capital funding of \$800,000 spread over years 2018/19 to 2021/22 of the Long Term Plan, funded by a twenty year loan.

Option 2

4 SUBMISSIONS IN SUPPORT

Do not provide any funding towards increasing connectivity in the district.

Option 3

1 SUBMISSIONS IN SUPPORT

Fund some deployment of both mobile and wireless services at a reduced rate.

Council resolved to:

- improve connectivity to the wider Tararua district community as a vital element for growth and prosperity;
- Council to provide capital funding of \$800,000 spread over years 2018/2019 to 2021/2022 of the Long Term Plan funded by a twenty year loan as proposed in its preferred option;
- consideration be given to increasing the level of financial assistance for this project through subsequent Annual Plans; and
- Council work closely and support Connect Tararua to facilitate and achieve the delivery of this project.

Wastewater pipeline

We have been working to upgrade the wastewater networks in our towns. These upgrades are necessary to meet our obligations under the Manawatu River Leaders' Accord and the resource consent conditions set by Horizons Regional Council (Horizons). Resource consent processes are challenging and time consuming each time one is required.

We have already planned and budgeted for wastewater upgrades using wetlands in Pahiatua, Ormondville, Pongaroa and Woodville. We have budgeted for land disposal of wastewater in Dannevirke in 2025. We have little choice regarding these projects as they are determined by the conditions of the consents already issued by Horizons. We are therefore not consulting specifically on these projects.

We are currently in the process of renewing the wastewater discharge consent with Horizons. Eketahuna currently operates a two-stage oxidation pond system for wastewater. To meet the requirements of the Horizons Regional Council One Plan as it stands we will need to upgrade the treatment plant. We would also be required to discharge the treated wastewater to a wetland or land irrigation.

We are aware of strong support for land discharge from the community. This option is supported as it will remove the treated discharge from the Makakahi River. It will be extremely difficult to meet the resource consent requirements given the high rainfall in the area.

To build a wastewater pipeline from Eketahuna to the treatment plant in Pahiatua will allow us to stop treating wastewater in Eketahuna resulting in cost savings. Removing the need for future resource consents is also an attractive outcome as we believe these will become increasingly difficult and expensive to both obtain and comply with.

The relatively small volume of Eketahuna wastewater will be easily handled by the treatment plant in Pahiatua. Council prefers this option given the lower whole of life cost. However, the cost benefit analysis will be reviewed again against the renewed consent conditions once we received

them, to ensure this option still remains the as the optimal solution.

Submissions received:



Option 1

28 SUBMISSIONS IN SUPPORT

To invest in a new wastewater pipeline from Eketahuna to Pahiatua wastewater treatment plant.

Option 2

8 SUBMISSIONS IN SUPPORT

To build a new wastewater treatment plant and wetland in Eketahuna.

Council resolved to: recognising Council's commitment to the Manawatu River Leaders Accord through improving its wastewater networks to provide lower environmental and cultural impacts, Council will investigate and invest in a new wastewater pipeline from Eketahuna to Pahiatua wastewater treatment plant.

Stormwater

Many urban areas in the Tararua District experience flooding and ponding during adverse weather events. Research suggests that we will experience an increase in both the regularity and severity of such events as a result of changing weather patterns due to climate change.

This is prompting a change in the way we consider investing in stormwater infrastructure. The district does not currently have issues with stormwater entering houses. We do, however, experience ponding in backyards, streets, and some commercial areas.

In the 2015–2025 Long Term Plan we had proposed the following key projects:

- The Dannevirke Mangapurupuru diversion.
- The Dannevirke Allardice Street diversion from High Street.
- The Pahiatua diversion prior to town system.
- Piping of the Huxley Street drain in Pahiatua.

However, new stormwater modelling using detailed rainfall and ground level data now indicates that these projects would deliver very small benefits for the significant investment required.

We have also reassessed the Dannevirke Mangapurupuru diversion project based on the updated modelling, which has increased the budgeted cost from \$855,000 to \$4 million. Based on this, we anticipate the budgeted costs for the other three projects above will also increase significantly.

We will continue to balance the need to manage both the quantity and quality of stormwater against the affordability of improvements. We believe the most effective approach

to achieve this is to budget for regular small stormwater upgrades rather than a smaller number of large projects.

In this Long Term Plan, we have included an annual budget of \$150,000, or \$1.5 million over 10 years. We will focus on projects that our modelling identifies will best reduce the risk of flooding to residential houses.

Submissions received:



Option 1

29 SUBMISSIONS IN SUPPORT

Provide a capital works programme focussed on reducing the risk of flooding to residential properties while optimising existing systems as funding allows.

Option 2

6 SUBMISSIONS IN SUPPORT

Do not provide for any improvement to stormwater infrastructure and accept the risk flooding will increase over time.

Council resolved to: manage the quantity and quality of stormwater against affordability of improvements, Council will provide a capital works programme focussed on reducing the risk of flooding to residential properties while optimising existing systems as funding allows.

Pensioner housing

In the 2015–2025 Long Term Plan we proposed and approved selling all of the pensioner housing units owned by Council to a social housing provider. Since then, some of the assumptions used to make that decision have changed.

A key change has been the renewed demand in the rental market; this has not only allowed for modest increases in rentals, but also seen vacancy rates reduce to zero and waiting lists grow. We also found that social housing providers are unlikely to pay anywhere near the market value for the units we own.

The significant turnaround in financial sustainability of the pensioner housing units has prompted us to review our decision to sell in favour of retaining the units. We have also developed plans to refurbish some of our older units. Subject to robust analysis, we may add to the current stock by building new units, most likely on existing land owned by Council.

Submissions received:



Option 1

40 SUBMISSIONS IN SUPPORT

Retain the existing pensioner housing units, undertake refurbishments over time and invest in building new units.

Option 2

3 SUBMISSIONS IN SUPPORT

Reconfirm the earlier decision made in 2015 and sell all existing pensioner housing units to a reputable social housing provider.

Option 3

3 SUBMISSIONS IN SUPPORT

Retain the existing pensioner housing units, undertake refurbishments over time but not add to existing stock.

Council resolved to: acknowledging the need and value of providing pensioner housing within the district, Council will retain the existing pensioner housing units, undertake refurbishments over time and invest in building new units, subject to this activity being self-funding and sustainable.

Utility network extensions

After more than 20 years of decline, the population of the Tararua District has been increasing in recent years. As a result we are experiencing housing shortages, particularly in houses for rent. While we are seeing an increase in building activity at present it is unlikely to fully satisfy demand.

We want to take a more targeted approach to supporting growth by planning and funding utility extensions in advance. We propose budgeting for a modest 10 extensions each year. Extensions will be considered for the urban areas with the most demand and factor in affordability. We anticipate some of these extensions are likely to be in new subdivisions.

We think this will encourage development and ensure continued population growth can be accommodated.

Submissions received:



Option 1

25 SUBMISSIONS IN SUPPORT

Extend utility networks by ten sections per annum from 2019/20.

Option 2

2 SUBMISSIONS IN SUPPORT

Only consider new connections within existing utility network boundaries.

Option 3

2 SUBMISSIONS IN SUPPORT

Continue extending the utility network on request for land zoned residential and funded by developers or property owners.

Option 4

4 SUBMISSIONS IN SUPPORT

Extend utility networks but only co-funded by property developers through development agreements.

Council resolved to: recognising the potential for growth of the district, Council will extend utility networks by ten sections per annum from 2019/2020.

Seal extensions

We have a large road network, with almost 2000km across the district, with 773 km unsealed. Minimal conversions to sealed roads have been completed in the recent past, due to budgetary constraints and a lack of subsidy from the NZ Transport Agency (NZTA).

Sealed roads typically cost more to maintain. There are good reasons to extend our sealed network including improved safety, travel time and comfort for motorists, reduced vehicle operating costs, and reduced dust nuisance for adjacent residents. Recent surveys of ratepayer satisfaction indicate satisfaction levels with rural roads are low. We believe we need to find a balance between improving our road network and the affordability of doing so.

We had proposed to seal approximately 1 km of unsealed road every two years in the Draft Long Term Plan. The actual cost for this will depend on the road characteristics, however, we had estimated \$200,000 per kilometre. The budget for this will be funded by Council (\$100,000 every two years by borrowing) and third party contributions.

NZ Transport Agency subsidies will be sought where possible but this project will continue even if these are not available.

We had anticipated ratepayer demand for new sealing will exceed our proposed budget. Hence, we had proposed that we will therefore develop a framework to prioritise roads. This will be based on the road's classification (function and use), safety attributes and the willingness of third parties, such as landowners, to contribute to the costs.

However, Council explored another option at the Council meeting after the submissions hearing to increase the budgets for both minor safety improvements and heavy metalling overlay to allow for the seal extensions where safety is a primary concern, without the need for contributions from property owners. Between minor safety works and seal extensions this will increase the scope of the work to be undertaken to over one kilometre each year.

Submissions received:

Option 1

32 SUBMISSIONS IN SUPPORT

Fund one kilometre of seal extensions to the unsealed road network.

Option 2

9 SUBMISSIONS IN SUPPORT

Council will not provide for an extension to the sealed road network.

Opposed

7 SUBMISSIONS

Opposed both options as they provide an unsatisfactory approach to dealing with the issue of seal extensions to the unsealed road network.

Council resolved to:

- Improve the district's unsealed roading network and taking into account affordability to ratepayers, Council will add rates funding for heavy metalling and minor safety to avoid the need for additional individual contribution in addition to rates contribution; and
- Criteria be developed in terms of providing guidance and direction when implementing this decision to determine such roads to be programmed for seal extension.

Glass recycling

Council provides a glass collection service through glass bins in the urban townships, as well as some smaller localities. In recent years the glass has been used as capping material on the Eketahuna Landfill. There have been no other affordable options to recycle the glass. Council is closing the Eketahuna Landfill by June 2018, so an alternative plan for glass has had to be developed.

An opportunity now exists to transport sorted glass to Auckland to the main glass manufacturer to be recycled into new glass containers. The company will pay a small amount for the glass and this will cover transport costs. This will result in glass in the district to be truly recycled within New Zealand.

Council is already working on the necessary storage facility, new bins and operational contracts to make this new service happen. Glass will be sorted by the public, collected and trucked to a simple storage facility at the Dannevirke recycling centre. The facilities and operating costs will be paid for from the Waste Minimisation Fund (funded from a levy on waste disposal set by government), and will have no impact on rates.

Wastewater treatment plant wetlands

Historically Council has built and operated treatment plants for each wastewater network using plant and machinery. The resulting discharge, meeting the conditions of resource consent set by Horizons, has then entered the local waterways. In recent years, the conditions required to meet Horizons One Plan, especially rule requirements relating to nitrate levels in discharges, has proved challenging to meet. New consents applied for by Council for Eketahuna and Pahiatua have not yet been granted.

These new regulatory challenges have resulted in Council taking a different approach to gain new consents. This involves including a wetland as part of any treatment plant upgrade design. This approach is favoured by local iwi, and results in meeting the nitrate discharge conditions under the One Plan for a new consent. This new approach has been included in the forecast project costs of all new treatment plant upgrades.

Apart from the additional capital cost of the wetlands, there are increased operating costs as wetlands require regular maintenance and renewals in the medium term. While this results in increased rates for those connected to the wastewater networks, the alternatives available to Council involve far higher capital and operating costs. These include land based discharge (requiring large scale land purchases), expensive legal challenges that may not be successful, or piping from one town to another (the proposed solution for Eketahuna).

Other key changes

Council supported extending the town centre upgrades to the other towns included in the Long Term Plan a budget of \$50,000 from Year 2 and every alternative year thereafter to undertake small community upgrade projects in the district.

Change in opening balances

The Draft Long Term Plan 2018–2028 used forecasts made in January 2018 to generate opening balances for Loans and Reserves. New information has allowed us to reforecast to a greater degree of accuracy, leading to changes in the opening balances from the Draft document. As a result the opening Loans balance has increased by \$2 million dollars, reflecting our strategy of pre-funding loans to secure more favourable interest rates. With the current market this delivers the cheapest means of funding our capital works programme.

Changes in interest rates and inflation index

Interest rates forecasts have been revised based on market trends and indications, lowering the assumed interest rate. This has led to slightly lower interest expense, however the higher borrowing from additional loan-funded capital projects has offset this saving.

The Local Government Cost Index is a measure used to forecast inflation for Council specific costs. Since the Draft Long Term Plan 2018–2028 was published, the index for Roadway assets has increased. This increased the forecast expenditure for the Roadway activity, as well as raise the forecast revaluation for roadway assets. The higher valuations leads to higher depreciation charge to fund the future renewal of these assets.

Property valuations and rates distribution

Council sets the total amount of rates required to fund its expenditure based on the budgeted costs included in this Long Term Plan. For the majority of its rates, Council uses property valuations as the basis to distribute the total rates requirement proportionally across all properties in the district. For industrial and commercial properties some Council rates are based on capital value.

Property revaluations are performed every three years and Council uses these rating valuations for the purposes of calculating the rates each property is to pay. The last revaluation of the district was carried out in November 2017 and these values have been used for rating purposes for the Long Term Plan effective 1 July 2018.

Effect of new valuations on rates

It is important to note that an increase in property value does not automatically mean that there will be an increase in rates. Council rate assessments contain different charges that make up the annual levy:

- General Rates (calculated on land value);
- Uniform Annual General Charge (flat charge); and
- Targeted Rates (includes flat charges and several rates based on land or capital value).

Council calculates the total rates requirement for the year and then uses its rating policy as the basis to distribute this total. A change in the value of your property will only impact on your rates bill to the extent that the change is higher or lower than the average change and the overall rates requirements or each given year.

Proposed changes to fees and charges

Council has introduced a fees and charges pricing strategy to inform decision making in relation to setting of fees and charges.

The pricing strategy sets the objectives of setting fees and charges into the following four categories:

- Encourage use of community assets/services.
- Demand management.
- Cost recovery.
- Statutory/legislative compliance.

Council has reviewed the current fees and charges in accordance to its pricing strategy with the significant proposed changes highlighted below.

Proposed key changes are:

1. Demand management

- Metered water charges:
 - i. The fixed charge has increased from \$98.13 to \$116.62 per quarter. This reflects the actual cost incurred to provide this service for metered water users.
 - ii. As part of our water management strategy of demand management, the fixed charge consumption allowance of 100m³ has been reduced. The consumption allowance is a reflection of the consumption of water for households. Results from sample urban properties and metered water users show that actual consumption is much lower, and therefore the 100m³ consumption has been reduced to 80m³.

2. Cost recovery

- Connection of utility service from \$75 to \$150. This reflects the actual cost incurred to provide this service.
- The vehicle crossings application fees have been altered and incorporated into a new category of road reserve activities. This new category includes fees for access to the roading corridor, temporary road closures, and new vehicle crossings.
- Cemeteries – Two fees have increased in the Long Term Plan:
 - i. Interment fees from \$700 to \$900.
 - ii. Purchase of Plots, \$850 to \$900.
- Pensioner Housing rents increase by \$6, with a further \$6 increase planned in Year 2 of the Long Term Plan.

3. Cost recovery / legislative requirements

- The fee structure for animal control has changed, with the key change being that a discount will apply to the base fee for those who pay before 1 August, as opposed to a penalty applying after 1 August.
- Fees for Building were increased to reflect the increase in resources to ensure Council meets its statutory deadline for processing consent applications.

Our vision and strategy

Council's Vision was first established in the 2012–2022 Long Term Plan.

The Vision and Strategic Focus were reaffirmed and updated using a consultation process of workshops with business and key stakeholders, as well as the community.

OUR VISION

"A growing and prosperous district providing a wide range of employment opportunities that is underpinned by highly efficient, capable, and affordable infrastructure."

THE JOURNEY

2012–2022

Established the Vision and Strategic Focus, and priorities – i.e. continued investment, economic development, financial viability.

2015–2025

Reaffirmed the Vision and elevated the economic development limb of the strategy to second.

2018–2028

Expanded the strategic priorities to include building a resilient and connected community, and develop key reserves and recreational facilities to aid economic development.

Council continues to implement parts of the Vision, and has made good progress. This includes improved water and wastewater services, and an increase in economic development services. Since 2012, employment levels and the population have stabilised.

The strategies Council has chosen as the focus for this 10 year plan place more emphasis on building a resilient and connected community via both physical and digital infrastructure.

The strategies for the next three years that will move us closer to our Vision are:

1. Continued investment in core infrastructure to:
 - increase public safety on Council roads, footpaths, recreation facilities, and in public buildings;
 - build resilience in water, wastewater, stormwater, and roading networks;
 - support efficient transport access and digital connectivity within the district and regionally;
 - improve our environment and meet our commitments to the Manawatu River Accord;
 - meet legally required performance standards.
2. Promoting and facilitating economic development through:
 - supporting and facilitating growth in local business;
 - building district identity;
 - promoting the district by telling our story;
 - providing business friendly and welcoming support for new residents and businesses;
 - facilitate the development of key reserves and recreational facilities to attract (and retain) residents and visitors.
3. Continued financial viability through sustainable growth and investment, including:
 - ensuring affordability;
 - reducing financial and business risk;
 - financial sustainability (long-term financial health);
 - cost control.

The workshop that was held with key stakeholders and businesses of Tararua supported our current Vision and strategies. Participants suggested that Council expand on the underlying strategies to achieve the long-term Vision for the district. It was about what we want to achieve in the next three years.

Council Outcomes

The Council Outcomes are the 10-year goals for the Council as part of working towards the longer term vision.

The Outcomes are the link between the Vision and the Council activities, providing the focus for the groups of activities and measures in the Long Term Plan. These replace the community outcomes that were in the 2009 Community Plan. The Local Government Amendment Act 2010 changed the focus from community owned outcomes to ones that Council owned and controlled.

Council Outcomes for the 2018–2028 Long Term Plan

1. Efficient Infrastructure

Highly efficient, fit for purpose and affordable rural and urban infrastructure.

2. Prosperous Economy

A strong, growing, prosperous local economy that attracts, welcomes and retains businesses and residents.

A district with a clear identity that promotes its lifestyle.

3. Collaborative Council

A council seen as a leader in community partnerships and collaboration to ensure services are delivered in the most effective and affordable way.

4. Great Lifestyle

Recreation facilities, heritage and public amenities that support an outstanding lifestyle.

5. Sustainable Environment

The district has a natural environment that is protected, preserved and enhanced for present and future generations.

How do Council Outcomes link to Council Activities?

The Council Outcomes drive the strategies that Council has formed in preparing this Long Term Plan. Activities with increased levels of service have been limited to those that best help achieve the Outcomes. The Outcomes flow through to the stated levels of service and the performance measures in each activity. The performance measures are designed to inform the community whether progress is being made towards achieving the Council Outcomes.

Progress and the strategies being used to achieve the Outcomes will be fully reviewed every three years during each Long Term Plan process. Council may need to change the resources allocated to each activity if performance measures are not being met. The Outcomes themselves will also be reviewed to ensure they reflect what the community wants the Council to achieve over time.

Monitoring the Council Outcomes

Council Outcomes represent the 10-year goals of Council in working towards the long term vision.

In 2005, Council facilitated a community based process that identified Community Outcomes. These Outcomes were owned by the community and included goals that the Council did not have significant input into, such as health services and policing. The new Council Outcomes are focused on goals that Council has a significant role in achieving. Council will still need to work with the community and other organisations to achieve these outcomes – Council does not have the resources to do this alone. Given that it is now over ten years since the last in-depth public process on the Outcomes, it is likely that Council will review these Outcomes as part of the 2021 Long Term Plan process.

Monitoring progress from activities and projects, and changes to the challenges faced by the district, are important parts of achieving the Council Outcomes. The only certainty is that changes will occur in our world and the assumptions made that underpin this Long Term Plan will need to be adjusted over time. Monitoring will assess the effectiveness of Council activities and projects. The performance measures contained in each Group of Activities will provide key information on Council performance. In addition Council needs to monitor the four well-beings (economic, social, environmental and cultural) within which Long Term Plan decisions are made.

Strategic level monitoring will be undertaken and reviewed as part of each Long Term Plan process (some of the measures monitored can only be done through the five yearly census). This will allow Council to consider the need to change the strategic direction as part of the Long Term Plan process. Significant changes could result in changes to the Outcomes that drive the Long Term Plan. Generally, Council will utilise existing measures and information sources that are available publicly or through other partner organisations.

Strategic monitoring of the Council Outcomes



Efficient Infrastructure

Highly efficient, fit for purpose and affordable rural and urban infrastructure.

- Meeting potable water standards.
- Wastewater compliance with consents.
- Cost per household against peer councils – benchmarking (roading, stormwater, wastewater, water supplies, solid waste).
- Resource consent compliance for discharges and water takes.
- Commercial users surveys.
- Residents surveys.
- Broadband coverage.



Prosperous Economy

A strong, growing, prosperous local economy that attracts, welcomes and retains businesses and residents.

- A district with a clear identity that promotes its lifestyle.*
- Resident population.
- Internal and external migration patterns.
- Household numbers.
- Agricultural returns and stock numbers.
- Satisfaction surveys.
- Employment trends.
- Business demographics.
- Land use changes.
- Visitor numbers and spend.
- Household wealth.
- National and international economic trends.



Collaborative Council

A council seen as a leader in community partnerships and collaboration to ensure services are delivered in the most effective and affordable way.

- Rates affordability.
- Council completing projects on time as budgeted.
- Number of collaborative services.
- Societal and technology changes.
- Central government policy and changes to legislation.
- Iwi involvement.



Great Lifestyle

Recreation facilities, heritage and public amenities that support an outstanding lifestyle.

- Recreation activity and events.
- Number of active community organisations.
- Earthquake prone building numbers.
- Residents' perceptions on safety.
- Crime and injury trends.



Sustainable Environment

The district has a natural environment that is protected, preserved and enhanced for present and future generations.

- Manawatu River Accord (progress).
- Iwi involvement.
- Biodiversity health (Council managed reserves and Department of Conservation monitoring).
- Pest and weed control across the district.

Keeping it affordable

our Financial Strategy

1.

What is the Financial Strategy?

The Financial Strategy provides a financial framework for making decisions, and outlines how Council intends to manage its finances prudently for the next 10 years, and the impacts on rates, debt, levels of service, and investments.

Council's 2018–2028 Long Term Plan Financial Strategy is about living within our means by keeping our services and investments affordable and sustainable.

This Financial Strategy focuses on enabling Council to achieve the three core strategic goals of:

- Continued investment in core infrastructure.
- Promoting and facilitating economic development.
- Continued financial viability through sustainable growth and investment.

The Financial Strategy outlines the challenges facing the district, and Council's responses to those challenges. It also sets out its financial limits that have been used to guide decision making in the Long Term Plan 2018–2028.

2.

What are its principles?

Council will be guided by the following principles in achieving its Financial Strategy:

- **Financial sustainability**
Council will manage its finances maintaining financial prudence to ensure long-term financial viability and resilience.
- **Financial resources**
Council must have the financial resources to provide services to the standard agreed without compromising the needs of future ratepayers and customers.
- **Affordability**
The cost of services will broadly reflect the capacity of people to pay.
- **Risk aversion**
Council will assess and minimise business and financial risks.
- **Cost control**
Outputs and processes must be cost effective.

3.

Where are we now?

Over the last decade, Council has been investing heavily in its core infrastructure.

Over the last decade Council has been investing heavily in its core infrastructure. This has included major town centre upgrades, improving the quality and providing storage of drinking water throughout the district, upgrading the wastewater treatment plants including relining the oxidation ponds, construction of solid waste transfer stations and recycling centres with closure of landfills.

Despite the heavy investment in infrastructure, Council has maintained a very healthy balance sheet, with low debt levels. This has left Council strongly placed to be able to respond to the future needs of the community and to the challenges set out below.

A major reason for being in a strong financial position can be credited to decisions made by previous councils to fund depreciation. This resulted in a strong net debt position and has ensured that Council has the ability to replace its assets as required.

Council has also kept rate increases at low levels since the last Long Term Plan, while maintaining and in some areas increasing the levels of service provided to the Community. The increases of 2.91%, 1.72% and 2.23% are extremely good compared to other parts of the country.

4.

What are the issues and our response?

This section of the Financial Strategy provides a context to the financial planning undertaken by Council. It considers the specific strategic issues facing the Tararua District and how the Council intends to respond.

Vulnerability to natural hazards

The Council is vulnerable to natural hazards. The impact of a specific event occurring in the Tararua District ranges from minor to catastrophic. In response, Council will take practical steps to reduce the districts vulnerability to natural hazards.

Climate change

The Tararua District is not immune to the effects of climate change. In recent years there has been an increase in the frequency and severity of weather related events in the district. The challenging topography within the district means that severe weather events are likely to result in slips and flooding at one end of the scale, to drought from dry weather at the other end. The Council maintain an extensive roading network, being the fourth largest in New Zealand. The majority of these roads are in challenging terrain that is highly vulnerable to slips and drop outs, leading to unplanned repair costs.

Council is addressing these issues by increasing budgets in the Roothing activity that would help alleviate these issues. For example, increase expenditure in vegetation management and improving drainage on Route 52.

In urban areas, the increasing severity and frequency of rainfall events is also likely to put increasing pressure on stormwater systems. This trend is likely to continue, and to maintain current levels of service will require the Council to respond with upgrades to the stormwater network.

Council is undertaking stormwater modelling to identify projects that ensure we deliver the optimal solutions to address these issues.

We are also likely to have more frequent and severe droughts. In this Long Term Plan, Council will continue to address the risk to availability to potable water by increasing water storage capacity throughout the district as part of our demand management strategy.

Earthquakes

The Tararua District is located in a seismically active zone. The Hikurangi subduction zone – a major fault line – is located alongside the coastal boundary of the district. This fault has the potential of releasing a magnitude 9 earthquake, resulting in severe damage to the district. The January 2014 earthquake centred near Eketahuna was a 6.2 magnitude earthquake. As a result, the majority of the town's wastewater reticulation network was replaced.

In the event of a severe earthquake, Council needs to ensure it has the financial means to respond. To minimise the financial impact of such an event, Council holds insurance. Council also has capacity to borrow further if it is required, as highlighted in the limits for borrowing section (Section 7).

Impact of changing regulations

Due to the environment that Council operates within, it is obligated to comply with a number of statutory requirements. As these are reviewed and updated, they need to be incorporated into Council's business processes. This can lead to increased operating costs or the need for expensive infrastructure upgrades.

Recently, there has been a number of significant regulatory changes signalled that Council will need to abide by in the coming years. Those with the potential to have a significant impact on Council are:

- Earthquake prone buildings.
- Ministry of Health – Drinking Water Standards review.
- Resource consent renewals for wastewater discharge.
- Horizons One Plan review.
- Ministry for the Environment – National Planning Standards.

These changes are likely to result in increased costs for Council, both in operating costs and significant capital investments.

Economic development

Council's investment in this activity has been modest to begin with and gradually increased. In this Long Term Plan, Council plans to continue to increase its investment in economic development significantly as one of the three pillars of the overall Council strategy and, more importantly, the community feedback further highlighted the importance of economic development as a service provided by Council.

The main outcomes of the increased investment in this activity are:

- attracting and retaining skilled people in the district to ensure core services are maintained;
- promoting the district to provide opportunities to local businesses from tourism;
- providing support to local businesses and community organisations.
- seeking opportunities to attract external funding for district projects.

Change in population and dwellings

i. Population forecast

The population of the Tararua District declined over the 12 years to 2014 at around 0.5% a year. Since 2013/14 there has been a major change in international migration trends resulting in record levels of net inward international migration for Tararua. This is a major improvement on the situation faced over the previous decade.

Currently Tararua is seeing continued strong retail trade sales, and improved farm returns for beef, sheep and dairy. Forestry prices are also strong.

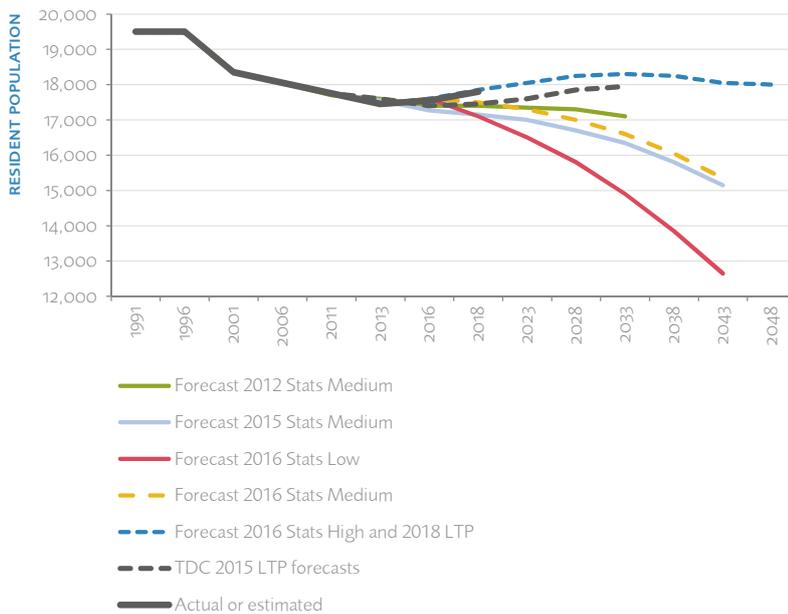
Council has determined that the most likely scenario in terms of population and household change is one of modest growth for the next 10–15 years before an ageing population results in stability then decline. This is the current high series

scenario from Statistics NZ. Annual estimates for 2016 and 2017 from Statistics NZ match this scenario.

The population forecast is driven by a number of assumptions:

- A continuation in the medium term of lower outward net migration as less residents leave to seek employment in Australia and more people choose to live in the Tararua.
- Strong commodity prices result in increased disposable incomes in the rural sector flowing through to increased retail and servicing profitability.
- Improved infrastructure (including water, wastewater, and digital connectivity) and recreational facilities.
- Greater focus on regional development by the government.
- Employment growth in manufacturing and retail business builds on the positive initiatives currently underway, including more promotion by the Council.
- Increasing demand for affordable rural lifestyles.
- Increasing demand for low-cost housing within commuting distance to Hastings and Palmerston North.

POPULATION ACTUALS, ESTIMATES AND FORECASTS - JUNE YEARS



ii. Population forecasts – by household

Total households are forecast to increase modestly from 2018 to 2028. Tararua has had modest population growth since 2014, with very few new houses built. This has resulted in household occupancy increasing and a large decline in the number of unoccupied dwellings. This has created a situation whereby, if population continues to increase, there will need to be an increase in new house building. This is evidenced by a shortage of rental accommodation in the district, and very few properties available for purchase.

Provided demand for housing continues, the Council in response will begin extensions to the utilities network from Year 2 of the Long Term Plan. This will encourage the development of residential sections, with funding provided to extend the network to 10 new sections per year. Council will not charge development contributions, but will loan fund the growth to the utility network.

iii. Land use changes

Council is not anticipating any significant change to primary land use.

We could expect to see farmers looking to diversify the use of marginal land in forestry and crops but not significantly. Rural land on urban boundaries could be converted to smaller lifestyle properties, or converted to new urban subdivisions. Although the Council is planning for modest urban development, the impact from land use change will not be significant.

Funding challenges

Over the first three years of the 2015–2025 Long Term Plan, ratepayers have enjoyed an extended period of low rates increases below 3%.

The level of investment required to address the strategic issues and opportunities above, has resulted in a need for sustained rates increases between 3.8% to 4% during the first three years of this Long Term Plan.

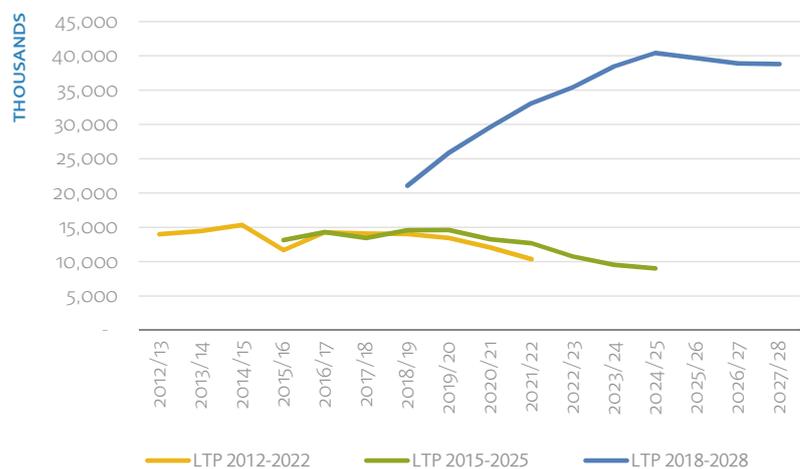
There are two significant infrastructure issues facing our community:

- The first overarching issue is maintaining affordability whilst upgrading ageing infrastructure and improving resilience.
- The second is meeting increasing environmental and health standards, especially in the areas of water supply (drinking water standards) and wastewater (resource consent renewals).

Compounding this issue is the population of the district is dispersed across a number of small towns and villages, resulting in the Council operating seven water schemes and eight wastewater networks.

To address these infrastructure issues, the Council has significantly increased its capital investment and renewal programme from what was planned in the 2015–2025 Long Term Plan. This will result in a significant increase in external debt.

TOTAL EXTERNAL DEBT – PER LONG TERM PLAN



To enable the increased capital programme, the Council reviewed the limits set in the Treasury and Risk Management Policy, resulting in one measure, net debt as a percentage of total revenue, being increased.

The projected increase in debt has reduced the headroom available to introduce projects outside what is currently planned. However, the Council has the ability to increase the debt headroom if an unforeseen event occurs. This is outlined in section 7.

The increased investment in infrastructure, along with an increased level of service in economic development has meant increasing costs. Council has limited funding options available creating further reliance on rates funding as noted in the table below.

Aside from rates, Council receives significant subsidies from the NZ Transport Agency (NZTA). The financial assistance rate Council receives from NZTA has been increasing and will increase further from the current 64% rate to 66%, and will be extended to include footpaths. It is assumed that no other capital subsidies will be available, however, if capital subsidies become available, Council will actively pursue these. This will reduce the debt servicing cost resulting in a positive outcome for Council.

	Rates	Subsidies	Fees and charges	Other revenue
2009-2019 - LTP Year 1	49%	38%	10%	3%
2012-2022 - LTP Year 1	60%	26%	13%	1%
2015-2025 - LTP Year 1	62%	26%	9%	3%
2018-2028 - LTP Year 1	63%	27%	8%	2%

5.

Our future state: Where we expect to be at year 10

The duration of this Long Term Plan contains a magnitude of challenges and opportunities.

The duration of this Long Term Plan contains a magnitude of challenges and opportunities. Council is planning on investing heavily to upgrade assets and improve levels of service, as well as significantly increasing the renewal programme to replace ageing infrastructure.

In achieving Council's Vision, by 2027/28 we would have:

- completed significant capital investments and would have begun to repay external debt;
- significantly improved the safety and resilience of the roading network;
- made significant progress in building a connected community (digital and physical infrastructure);
- completed our water and wastewater infrastructure upgrades to be fully compliant with relevant regulations;
- created more opportunities for current and future residents to live, play, and work in the Tararua;
- extended our town centre upgrades to the smaller towns in the district;
- undertaken significant renewals on our ageing reticulation networks, significantly reducing the risk of network failures.

6.

Our financial response: What is the impact of our decisions?

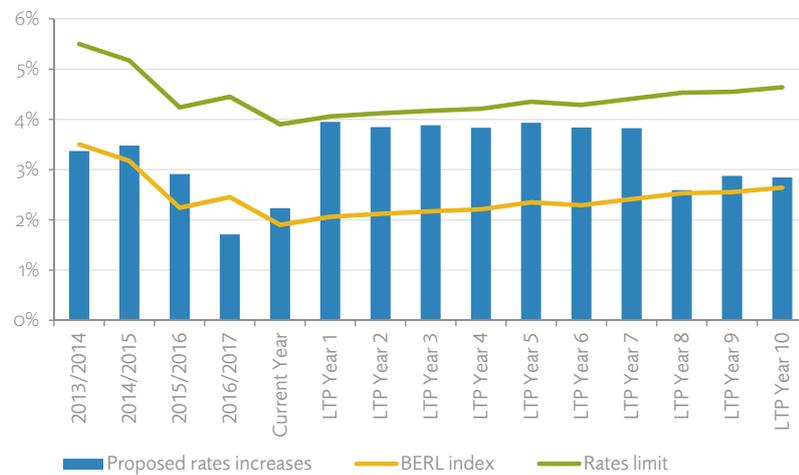
i. Rates

Set a limit on increases to rates income

The Council is required to set limits on rates and rates increases. The Council has resolved to keep the current rates limit of the BERL Local Government Cost Index Inflation (LGCI) plus 2%.

This will enable Council to continue with the plan to deliver our infrastructure upgrades and economic development projects, while also considering the affordability of ratepayers to pay for these upgrades. For this limit, the definition of rates excludes metered water rates.

RATES FORECAST – PROPOSED RATES INCREASE



	Actual 2013/14	Actual 2014/15	Actual 2015/16	Actual 2016/17
Rates Revenue (000s)	-	-	-	-
Proposed rates increases	3.37%	3.48%	2.91%	1.71%
BERL index	3.50%	3.17%	2.24%	2.45%
Rates limit	5.50%	5.17%	4.24%	4.45%

	Annual Plan Current Year	Budget LTP Year 1	Forecast LTP Year 2	Forecast LTP Year 3
Rates Revenue (000s)	21,491	22,340	23,199	24,100
Proposed rates increases	2.23%	3.95%	3.85%	3.88%
BERL index	1.90%	2.06%	2.12%	2.17%
Rates limit	3.90%	4.06%	4.12%	4.17%

	Forecast LTP Year 4	Forecast LTP Year 5	Forecast LTP Year 6	Forecast LTP Year 7
Rates Revenue (000s)	25,024	26,008	27,006	28,039
Proposed rates increases	3.83%	3.93%	3.84%	3.83%
BERL index	2.21%	2.35%	2.29%	2.41%
Rates limit	4.21%	4.35%	4.29%	4.41%

	Forecast LTP Year 8	Forecast LTP Year 9	Forecast LTP Year 10
Rates Revenue (000s)	28,766	29,593	30,434
Proposed rates increases	2.59%	2.87%	2.84%
BERL index	2.53%	2.55%	2.64%
Rates limit	4.53%	4.55%	4.64%

The average rates increase for the 10 years of the plan is 3.54%, compared to 2.72% in the 2015–2025 Long Term Plan. This represents a significant increase in funding required in the 2018–2028 Long Term Plan. The increase is driven from Council's response to the strategic issues discussed in Section 4.

ii. Depreciation funding

Most assets lose their value over time as they wear out (in other words, they depreciate), and must be replaced once the end of their useful life is reached. Depreciation is a method of allocating the cost of an asset over its useful life.

Depreciation represents the charge to the current ratepayers for the use of the asset during each year. This means that today's generation does not pay for future generation's use of Council's assets.

The objective of depreciation funding is to ensure that those who receive the benefit of Council's assets, pay a fair share towards the eventual replacement cost of the asset. The Council will review the amount of funded depreciation each Long Term Plan to ensure that we are funding for our future renewals in a sustainable and prudent manner. The assumptions that are made when undertaking the depreciation modelling are conservative, and are reviewed every three years.

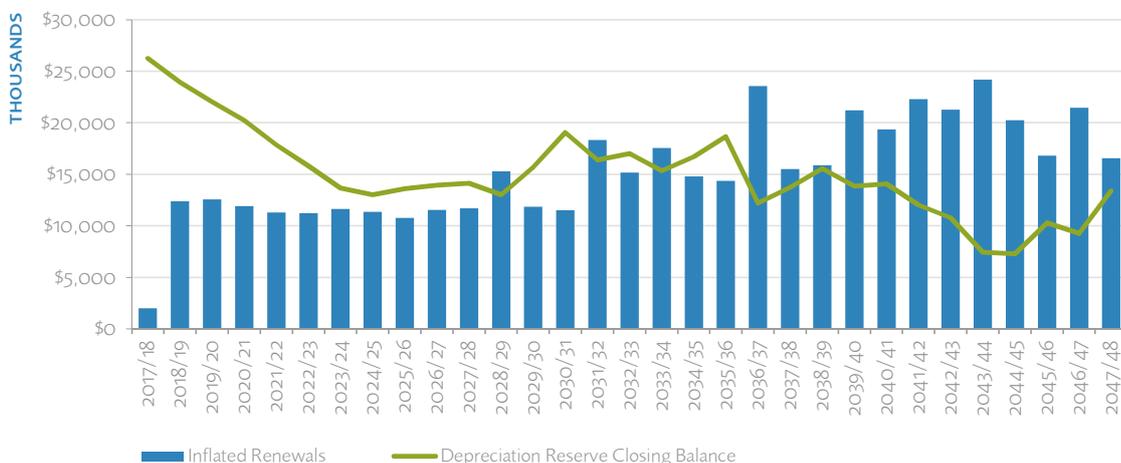
As a result of depreciation modelling, Council has chosen to not fund 100% of depreciation expense. When deciding to not fund 100% of depreciation, the following considerations are made:

- **Optimisation:** Some assets will not be replaced with like assets. Examples of this are where a bridge will be replaced with a culvert, or a two storey building is replaced with a single storey building.
- **Compounding interest:** Depreciation reserves are available for internal borrowing and earn interest. The compounded interest earned on depreciation funds over the long term life of assets needs to be considered to ensure that we do not over fund for the future renewal of the asset.

External debt repayment is currently funded from the depreciation reserve funding. Depreciation modelling shows that for the 10 years of the Long Term Plan we will continue to have sufficient depreciation reserves. However, funding debt repayment from depreciation reserves is not sustainable in the long term. We will increase the depreciation reserve funding starting in 2025/26 with gradual increases to 2030/31 to account for debt repayment, ensuring adequate depreciation reserves continue to be available to fund asset renewals long term.

The following graph shows the impact of Council's decisions in relation to the funding of depreciation for the next 30 years.

ALL CLASSES DEPRECIATION RESERVE



iii. Balanced budget



The Council is required under the Local Government Act 2002 to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.

The Council may set projected operating revenues at a different level from that required, if the Council resolves that it is financially prudent to do so.

In addition to ensuring Council meets the balanced budget requirement, it has to consider the resulting financial position for future years. In particular, that it has maintained the level of borrowings and investments at a sustainable level to leave capacity for future generations.

For the 10 years in the Long Term Plan, Council has resolved not to balance the budgets mainly due to the unfunding of depreciation in the following areas:

- Maintenance and renewal costs of Roothing is funded (66%) by the NZ Transport Agency by way of a subsidy. Hence, Council only funds (rates funding) its share of the depreciation expense (34%). Council depreciation expense is higher than renewals expenditure because of the need to fund long term assets with varying lives.
- Pensioner Housing is self-funding but the fees and charges received are only sufficient to cover operational expenses and part of the depreciation cost.
- Building optimisation – in some instances, Council may choose to replace a building with a different type of building. For example, a two storey building may be replaced with a single storey building. Some buildings are unlikely to be replaced and depreciation is not funded. However, Council continues to maintain these buildings.
- Pongaroa water scheme – the community will fund the renewal and replacement of the scheme.
- Depreciation funding of long-life assets – as part of the concept known as intergenerational equity, Council funds depreciation to ensure sufficient reserves are available for the future replacement of the asset. The Council earns interest income on these reserves, and has factored the effect of compounding interest.

7.

Policies governing borrowing limits and financial investments

Council appetite for risk

The Council is largely funded from collecting rates in return for the provision of services for the benefit of the district. Therefore, the Council is risk adverse and has strict limitations on what investments it can make. These limitations are contained in the Treasury and Risk Management Policy outlines.

Borrowing

Council uses both external and internal borrowing to fund the acquisition of assets. Council's Treasury and Risk Management Policy governs the borrowing mechanisms and current limits.

The term of borrowings is to be the lesser of the estimated useful life of the asset or twenty years. Loans principal is repaid over the life of the loan by regular principal repayments throughout the life of the loan.

Limits for borrowing

In previous Long Term Plans, Council had projected a reduction in debt as a result of completing significant water and wastewater upgrades.

However, in the 2018–2028 Long Term Plan Council is planning to undertake an ambitious capital investment programme. As a result, Council's debt is projected to increase significantly from \$21 million to a peak of \$40 million during the course of the Plan.

To enable this new direction, the Council has increased one of its debt limits, Net Debt as a Percentage of Revenue, from "no greater than 50% of revenue", to "no greater than 100% of revenue".

Council complies with all of the debt limits for the 10 years of the Long Term Plan as per the Treasury and Risk Management Policy. However, due to the increase in borrowings, the available headroom has significantly reduced.

The graph below highlights the measure where the debt headroom is the lowest. This measure, liquidity limits, must be greater than 110% and is a Local Government Funding Agency (LGFA) covenant.

COUNCIL DEBT POSITION IN THE 10 YEAR PLAN - 2018–2028



Council has the ability to improve the available headroom if required. For example, if an unplanned future event occurred (such as a major earthquake) that required additional borrowings, Council has the following options:

- Re-prioritise planned projects to remain within the debt limits.
- To improve liquidity, Council can increase its standby facility with the bank from \$3 million. The effect of an increase of \$7 million, creates headroom of \$9.1 million in year 10 of the Long Term Plan. Council is charged a line fee as a percentage of the total available standby facility, currently 0.30%. An increase from the current standby facility to \$10 million would cost an additional \$21,000 per year.

With the exception of liquidity, Council's debt limits are well inside LGFA covenants. This gives Council flexibility in the event of an unforeseen event requiring additional loan funding.

Internal borrowing

Internal borrowing is a mechanism available to manage both the level of funds available and external debt.

This facility enables an activity to borrow from the Council treasury function as opposed to borrowing externally, with an appropriate interest rate charged.

Utilising internal borrowing enables Council to manage its cash/investment portfolio to take advantage of the moving margins between interest rate receivable and interest rate payable.

Internal borrowing is used when external borrowing costs are higher than investment returns.

Security for borrowing

Many of Council's assets are not readily saleable so are less attractive as security items. Council will secure borrowings by a charge over our rating revenue either directly or through a debenture trust deed.

Council will not secure other assets unless circumstances show it to be appropriate (e.g. leased assets).

Financial investments

The Council holds financial investments as part of its day to day working capital management, cash backed special and trust funds, and as required by the Local Government Funding Agency (Borrower Notes).

The Council may invest in approved financial instruments as set out in the Treasury Risk Management Policy.

The Council only invests in approved creditworthy counterparties. These investments are held for maturity terms up to 12 months and are actively managed to ensure sufficient liquidity and to maximise interest returns for ratepayers.

For further information on the Council's Investment Policy, refer to the full Investment Policy (part of the Treasury Risk Management Policy).

Equity investments

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity.

Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council.

Council equity investments are in Civic Financial Services Limited.

Asset investments

Council owns forestry assets for investment purposes. The purpose of this activity is to provide a return to the Council to offset the rates requirement.

The main forest block in this category is the Birch North Forest. Council has created a reserve to ensure ongoing maintenance of the forest continues to be self-funding with no input from rates.

8.

Sensitivity

The Long Term Plan is sensitive to many risks and events.

The Long Term Plan is sensitive to many risks and events. The effects are set out in the assumptions sections of the Long Term Plan.

Some general examples of sensitivity to change include:

- For every \$1 million of debt, rates may increase by about \$49,000 in Year 1 and on average \$50,000 in subsequent nine years of the plan.
- A \$100,000 increase in operating cost in Year 1 results in a 0.45% increase in rates.

9.

Consequences for not following the plan

The consequences of not following the plan vary across a continuum from unnoticed to catastrophic.

The contingencies include having sufficient cash reserves, access to credit, and a community able to afford unexpected events. Council has insurance and access to Government funding for emergencies.

Long Term Plan Prudence Financial Benchmarks Disclosure Statement

for the period commencing
1 July 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

The 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 the 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 BERL Local Government Cost Index plus 2%.

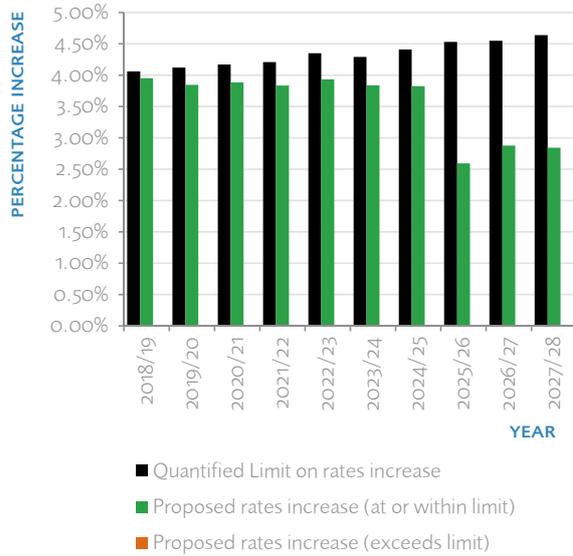
RATES (INCOME) AFFORDABILITY



Rates (increases) affordability

The following graph compares the 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 BERL Local Government Cost Index plus 2%.

RATES (INCREASES) AFFORDABILITY



Overall, Council's rates increases over the 10 years of the Long Term Plan show that we are within our quantified limits.

	2018/19	2019/20	2020/21	2021/22	2022/23
Quantified limit on rates increase	4.06%	4.12%	4.17%	4.21%	4.35%
Actual rates increase	3.95%	3.85%	3.88%	3.83%	3.93%
Available headroom*	23	61	66	91	105

	2023/24	2024/25	2025/26	2026/27	2027/28
Quantified limit on rates increase	4.29%	4.41%	4.53%	4.55%	4.64%
Actual rates increase	3.84%	3.83%	2.59%	2.87%	2.84%
Available headroom* (000s)	118	158	543	482	532

* Denotes difference between quantified limits and actual rate increases

The above table shows that we are committed to keeping rates affordable. We continue to balance the desire to keep rate increases low, while at the same time investing in our infrastructure and enabling the district to thrive by attracting more business and people.

Debt affordability benchmark

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

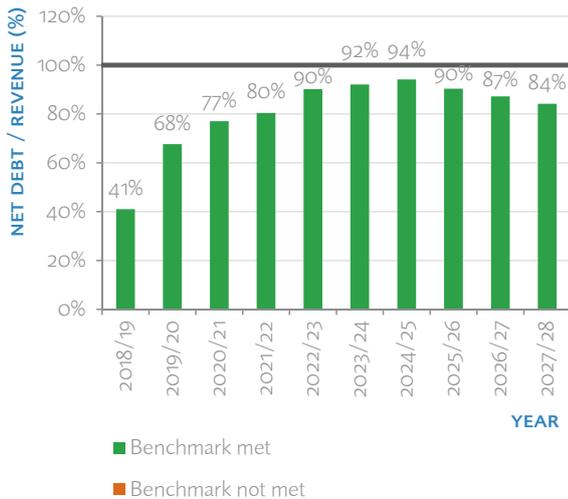
We have four limits on borrowing in the Financial Strategy included in this long-term plan. Council plans to meet all of its debt limits in each of the 10 years of this plan. We will reach a peak debt level of \$40.4million in 2024/25, however, we will start paying down debt to the end of this long-term plan to ensure sufficient capacity to borrow if required.

The following graphs compare the council's planned debt with its quantified limits on borrowing contained in the financial strategy included in this long-term plan.

The quantified limits are as follows:

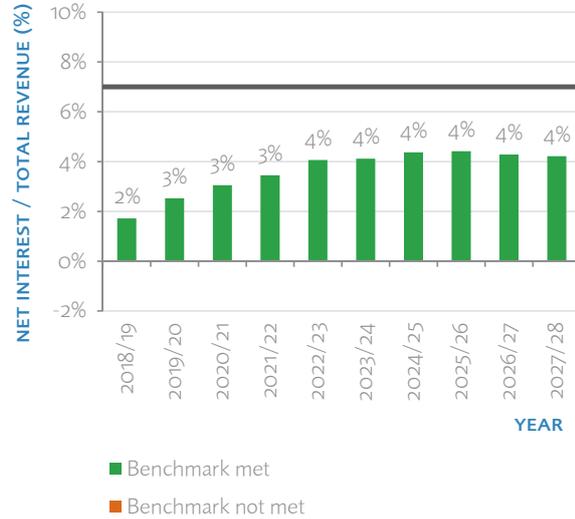
1. Net external debt as a percentage of total revenue will not exceed 100%.

DEBT AFFORDABILITY
(net debt against total revenue)



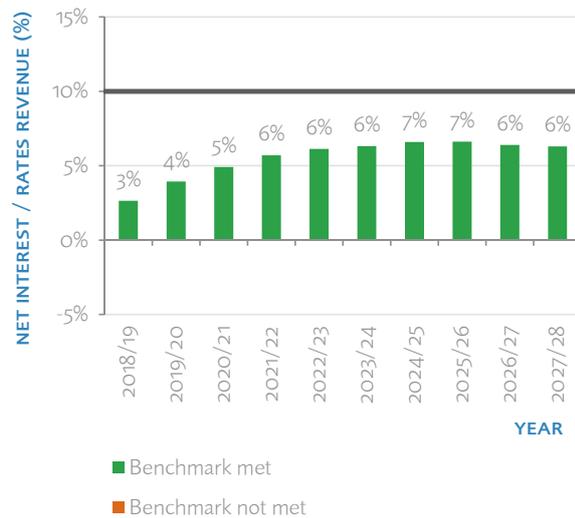
2. Net interest on external debt as a percentage of total revenue will not exceed 7%.

DEBT AFFORDABILITY
(net interest against total revenue)



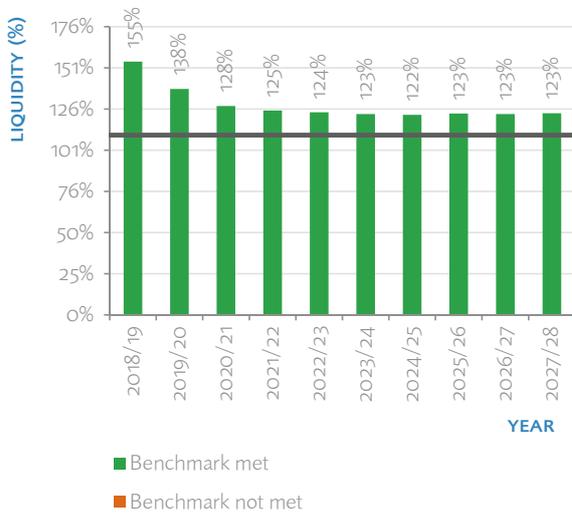
3. Net interest on external debt as a percentage of annual rates income will not exceed 10%.

DEBT AFFORDABILITY
(net interest against rates revenue)



- 4. Liquidity (external term debt plus committed loan facilities plus cash and cash investments to existing external debt) is greater than 110%.

DEBT AFFORDABILITY (liquidity)



The Council is required under the Local Government Act 2002 to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.

The Council may set projected operating revenues at a different level from that required, if the Council resolves that it is financially prudent to do so.

In addition to ensuring Council meets the balanced budget requirement, it has to consider the resulting financial position for future years. In particular, that it has maintained the level of borrowings and investments at a sustainable level to leave capacity for future generations.

For eight of the 10 years in the Long Term Plan, Council has resolved not to balance the budgets mainly due to the unfunding of depreciation in the following areas:

- Council depreciation expense is higher than renewals expenditure because of the need to fund long term assets with varying lives, e.g. treatment plants that have a ten year life. Council will only replace components and/or the plant when it no longer meets service levels.
- Maintenance and renewal costs of roading and footpaths are funded (66%) by the NZ Transport Agency by way of a grant. Hence, Council only funds (rates funding) its share of the depreciation expense (34%). Self-funded activities, housing and forestry are funded from the fees and charges received. For housing, the rental received is sufficient to cover operational expenses and only part of the depreciation expense. The harvesting period for forestry has ended and therefore costs associated with maintaining the forests will be funded from the forestry reserve.
- Building optimisation – In some instances, Council may choose to replace a building with a different type of building. For example, a two storey building maybe replaced with a single storey building. Some buildings are unlikely to be replaced and depreciation is not funded. However, Council continues to maintain these buildings.
- Pongaroa water scheme – the community will fund the renewal and replacement of the scheme.
- Depreciation funding of long-life assets – as part of the concept known as intergenerational equity, Council funds depreciation to ensure sufficient reserves are available for the future replacement of the asset. The Council earns interest income on these reserves, and have factored the effect of compounding interest.

Balanced budget benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

BALANCED BUDGET

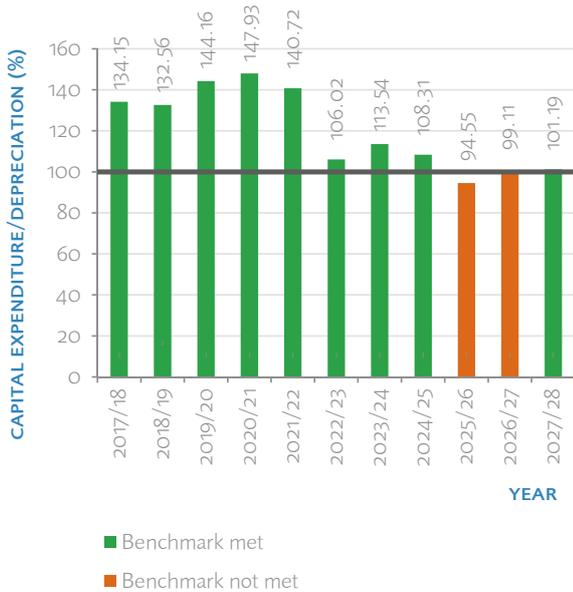


Essential services benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

ESSENTIAL SERVICES

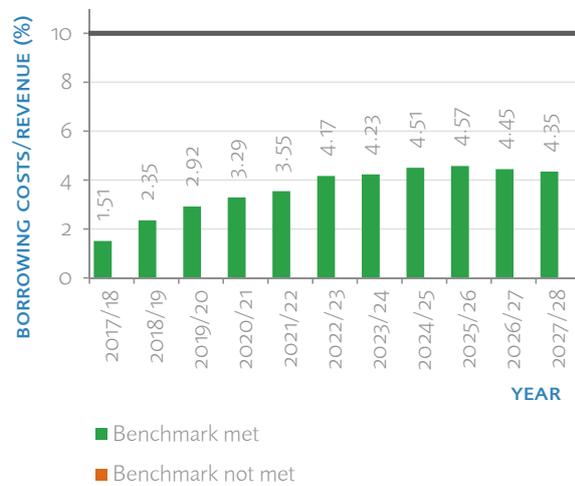


Debt servicing benchmark

The following graph displays the 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 NZ projects the district's population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

DEBT SERVICING



Most assets lose their value over time as they wear out (in other words, they depreciate), and must be replaced once the end of their useful life is reached. Depreciation is a method of allocating the cost of an asset over its useful life.

Hence, depreciation represents the charge to the current ratepayers for the use of the asset. This means that today's generation does not pay for future generation's use of Council's assets.

What the graph shows is that from years 2022/23, the depreciation expense is higher than Council's renewal expenditure. This is mainly due to the replacement of assets that will occur beyond the 10 years (mainly bridges, treatment plants, water storage) and the need for the current ratepayers to pay their share of the cost for the use (depreciation expense) for eventual replacement of these assets in the future.

Independent auditor's report

To the reader

Independent auditor's report on Tararua District Council's 2018–2028 Long-Term Plan

I am the Auditor General's appointed auditor for Tararua District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's Long Term Plan (the plan). Section 259c of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 27 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
 - long term, integrated decision making and co ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 39 to 43 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the

risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;

- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have no relationship with, or interests in, the Council.



John Whittal
Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand

02

ACTIVITIES

Groups of activities

What the Council does

Activities index

50	Building Communities and Leadership
61	Community and Recreation Facilities
94	District Promotion and Economic Development
105	Regulatory Services
124	Roading and Footpaths
138	Solid Waste Management
146	Stormwater
154	Wastewater
162	Water Supplies

Introduction

The Council provides a wide range of services and facilities for people living in Tararua. These services – called Activities – help to make Tararua a better, safer, healthier and more enjoyable place to live. They include things like roading and parking, water supplies, civil defence, district promotion, regulatory (bylaws), parks and reserves, libraries, swimming pools and customer services.

We have nine groups of activities and 21 activities. The rest of this section of the plan explains what we are doing in each activity, and the overall cost to ratepayers.

Explanation of activity pages

- Key issues – highlights issues that may be of concern to the community.
- Contribution to Council Outcomes – shows the level of contribution towards achieving the Council Outcomes.
- Strategic considerations – sets out the issues that impact on future demand for the activity, and the assumptions Council is making.
- Funding impact statements – detail the sources and application of Council funds.
- Major projects – details the significant operating and capital projects for the year.
- What is the service provided – details the type of service Council is budgeting to deliver.
- Key issues and risks – a more detailed assessment of expected trends and changes that are likely to impact the delivery of services.
- Options for changes to service levels – the main options that Council has to change service levels in the future.
- Performance measures – describes what the community can expect to receive in terms of quality and quantity of service provided. Each level of service has corresponding performance measures and targets which allows the community to monitor performance. In addition to showing the performance target for future years, where available the actual achievement for 2016/17 has been provided as a comparator. Where it is a "new measure", the targets where possible are based on historical data captured in Council's customer request system or industry good practice.

How the Council Outcomes relate to Council services

Key

-  Strongly Related
-  Related
-  Partially Related

Groups of Activities	Council Outcomes				
	Efficient Infrastructure	Prosperous Economy	Great Lifestyle	Sustainable Environment	Collaborative Council
Building Communities and Leadership					
Community and Recreation Facilities					
District Promotion and Development					
Regulatory Services					
Roading and Footpaths					
Solid Waste Management					
Stormwater					
Wastewater					
Water Supplies					

Building Communities and Leadership

This is how strongly the Council Outcomes relate to the Building Communities and Leadership activity.



Key issues

- Local government may be expected to fill large gaps in community funding due to a decline in central government and other grants sources.
- The trend of diminishing numbers of volunteers will continue, increasing the demand for community support.
- The challenge is how to consult with all people in the most effective and efficient manner. This requires effective decision making and coordination, trained staff and appropriate facilities, systems and processes. Litigation is a potential risk.
- The next review of representation will take place in 2021, and at least every six years thereafter. Electors (at least 5% of eligible voters) may at any time demand a poll on the electoral system for local elections and the establishment of Maori wards or constituencies.

Significant negative effects

There are no significant negative effects for this group of activities.

Strategic considerations

Future demand

Community Support

There will always be a demand for Council support, both financially and physically. More and more organisations are turning to Council to fill gaps in their finances as alternative sources dry up or are not renewed. Volunteers are becoming scarce, forcing organisations to pay for people to perform work that was previously done by enthusiastic volunteers. Council needs to be certain that the needs and outcomes of the organisations currently funded fit with the Council Outcomes. Declining funding from other sources could be an indication that other organisations, changes in societal trends and/or technology have reduced the effectiveness or need for the funding.

The demands of compliance with a range of regulations and rules, is placing increasing pressure on all organisations, with volunteers being reluctant to take the responsibility of onerous statutory requirements. Examples are safety, taxation, and accounting.

There is increasing demand for Council to provide administrative support (accounting, secretarial, legal, compliance) in order that organisations can concentrate their efforts on achieving the outcomes they were set up for, rather than be burdened with compliance issues. The level of benefit to the community needs to be assessed each year, and if the benefit is seen to be decreasing then the level of support will be reviewed (downwards).

Representation

Communities and/or Central Government may demand a change in focus to the Council's policies and services, and these expectations may cause increased pressure on funding and rates. Further new statutory requirements may create additional workloads on elected representatives and staff, and future amalgamations of local authorities or joint shared and integrated services may be proposed.

Levels of service and funding options will be kept under constant review, and subject to the special consultative procedure through the Long Term Plan process. The Council, community boards and community committees will engage with the communities to seek their views on the activities and services delivered by the Council, and issues which may impact on the district or a specific individual community. Decisions will be made on the communities' behalf that contribute towards maintaining and improving the social, cultural, economic and environmental well-being of the district's communities to facilitate their sustainable development.

Assumptions

- All organisations that receive community support are legally constituted organisations such as a charitable trust or an incorporated society.
- Council services will continue to be provided at the existing level and within the provisions of the existing legislation.
- Continuing legislation changes will not impose significant additional costs for Council. The Council will continue to work through the requirements of complying with legislation enacted by Central Government.
- The Council continues to operate within the current structure, functions, and boundaries.
- There will continue to be a need for advocacy to Central Government and other agencies on issues impacting on the district and its communities.

Group level funding impact statement

Building Communities and Leadership

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,900	1,985	2,075	2,297
Targeted rates	-	-	-	-
Grants and subsidies operating	-	-	-	-
Fees and charges	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	28	26	82	28
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	1,928	2,011	2,157	2,325
Applications of operating funding				
Payment to staff and suppliers	1,233	1,342	1,481	1,414
Finance costs	-	-	-	-
Internal charges and overheads applied	663	579	634	817
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,896	1,921	2,115	2,231
Surplus/(deficit) of operating funding (A - B)	32	90	42	94
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	(30)	20	(31)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	-	(30)	20	(31)
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	-	-	-
- to replace existing assets	10	30	31	52
Increase (decrease) in reserves	22	30	31	10
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	32	60	62	62
Surplus/(deficit) of capital funding (C - D)	(32)	(90)	(42)	(94)
Funding balance ((A - B) + (C - D))	-	-	-	-

	Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
	2,184	2,231	2,444	2,325	2,376	2,609	2,496
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	29	90	32	34	99	38	39
	-	-	-	-	-	-	-
	2,213	2,321	2,476	2,359	2,475	2,647	2,535
	1,448	1,592	1,512	1,544	1,703	1,618	1,656
	-	-	-	-	-	-	-
	670	685	864	712	727	921	769
	-	-	-	-	-	-	-
	2,118	2,277	2,376	2,256	2,430	2,539	2,425
	95	44	100	103	46	108	110
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(32)	22	(33)	(34)	23	(36)	(37)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(32)	22	(33)	(34)	23	(36)	(37)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	53	54	56	57	58	60	61
	11	11	11	11	12	12	12
	-	-	-	-	-	-	-
	64	65	67	68	70	72	73
	(95)	(44)	(100)	(103)	(46)	(108)	(110)
	-	-	-	-	-	-	-

Community Support

Aim: To support communities to support themselves.

What is the service provided?

Community support covers a diverse range of activity, not all necessarily represented by financial commitments from Council.

1. Coordinating sports and recreation activity.
2. Community organisation support.
3. Local community funding assistance.
4. Provision of information centres.

Youth advocacy is a key support role that Council acknowledges is important for the future of Tararua communities. Council supports the organisation of Tararua Community Youth Services Incorporated by providing leadership and advocacy at central government levels to ensure Tararua gets its share of social development funding.

Council supports the goal of the Mayor's Taskforce for Jobs that all young people under the age of 25 should be engaged in appropriate education, training, work or other options, which will lead to long term economic independence and well-being.

Sport and recreation is part of our social design and Tararua provides a wonderful playground for such activity. Council provides a sports coordinator through a contract with Sport Manawatu.

Information centres run by local committees provide visitors and locals with a wealth of knowledge and information about the district (the i-SITE in Woodville is part of the District Promotion and Economic Development group).

The Dannevirke and Eketahuna Community Boards, and the Woodville and Pahiatua Community Committees provide local community leadership on issues directly related to their areas. The discretionary funds help assist the communities to support local initiatives.

Local Mainstreet organisations are funded to identify and implement projects that will help promote their central business area to the public.

Why we provide it

Council recognises that a strong community infrastructure is essential to supporting communities to help each other.

Key issues and risks

- Local government may be expected to fill large gaps in community funding due to a decline in central government and other grants sources.



- The trend of diminishing numbers of volunteers will continue, increasing the demand for community support.



- Technology is driving changes to the way people want and expect information to be delivered.



- Council's ability to extend services in the service centre, library, and i-SITE in Woodville to allow for increased expectation of future service delivery.



- Council is unable to seek alternative funding for parts of this activity from various external sources, including central government.



Options for changes to service levels

Council has discretion over the level of funding for this activity. Funding could be increased to organisations that would support the achievement of the Council Outcomes. Outcomes are often difficult to measure, and there has to be a need identified and resources available to deliver a service. Affordability for ratepayers is an important consideration. Reducing funding would impact on a range of community organisations and potentially result in reductions to community services or even closure for some organisations. Other grant funders may fill the gap left by any Council reduction.

Council must balance these conflicting options and has decided to allocate a limited amount of funding to provide support for a range of organisations and initiatives.

Major projects for the next ten years

CCTV town centre monitoring **ESTIMATED COST**
\$511,000

Over 10 years. Operating expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	-	-	-
Grants / other	20,000	5%	0-5%
Rates	368,200	95%	95-100%

Why is it funded this way?

Although the benefits will accrue to the groups and individuals who are recipients of funding, a greater number of people in the wider community will benefit from the expenditure. User pays is inconsistent with the idea of strengthening community initiatives.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Collaborative Council • Great lifestyle							
Public money is spent appropriately	Council funds and supports key community organisations in order to build district community capability	Percentage of residents rating Council's involvement in community support as "fairly satisfactory" or "very satisfactory" in the community survey	Target 75%	75%	75%	75%	75%
			Not achieved 74%				
		All organisations receiving grants meet accountability requirements of Council	Target 100%	100%	100%	100%	100%
			Achieved 100%				

Representation **What is the service provided?**

Aim: To enable democratic local decision-making and action by, and on behalf of, communities to meet the current and future needs of communities for good quality local infrastructure, local public services, and the performance of regulatory functions in a way that is cost-effective for households and businesses.

The Tararua District mayor and councillors deliver a governance role that involves representing the community, setting direction, and monitoring and reviewing Council performance. The activity also involves keeping people informed of decisions made.

Community boards and community committees provide this at a local level. The service provides:

- An avenue through which the community can have its views heard.
- Strategy setting to determine the level of services and activities provided to the district's communities and the financial cost to ratepayers and the users of these facilities.
- A mayor elected at large by the district with eight district councillors comprising four members each from the North and South Tararua Wards.
- Two Community Boards being Dannevirke and Eketahuna and two Community Committees being Woodville Districts' Vision and Pahiatua On Track.
- Elections held every three years and by-elections as required, and annual general meetings of community committees to elect their executive committee members.
- Advocacy for the district concerning community issues.

Why we provide it

The Local Government Act 2002 requires that elected members show a level of leadership so their communities can be successful, and meet and survive challenges as they arise. Local councils are in a position to provide leadership on behalf of the district regarding matters that are both within the role and those outside core functions. There are a number of regional and national directives that impact on the district and its communities, and it is through leadership and advocacy that residents can be kept informed and represented.

The Local Electoral Act 2001 provides for the electoral processes that enable the district's communities to select the leaders they would like to represent them and their interests throughout the democratic decision-making process. Electoral processes provide for the triennial local authority elections, polls and referenda, representation reviews and the determination of the terms of reference and delegations for community boards, committees, council organisations, other decision-making bodies and the appointment of the Chief Executive. Community committees are appointed by their respective communities to serve a three-year term of office that coincides with the period of the local authority elections.

Key issues and risks

▶ In consulting with the community, the Council makes decisions in the interests of the whole community including future generations. To do this the Council wants input from residents and ratepayers. The challenge is how to consult with all people in the most effective and efficient manner. This requires effective decision-making and coordination, trained staff and appropriate facilities, systems, and processes. Litigation is a potential risk.



▶ The next review of representation will take place in 2021, and at least every six years thereafter. Triennial elections will be held in October 2019, 2022, and 2025. Electors (at least 5% of eligible voters) may at any time demand a poll on the electoral system for local elections and the establishment of Maori wards or constituencies.



Options for changes to service levels

Residents have the opportunity of determining the size and basis of the representation arrangements through the representation reviews that are undertaken at least every six years.

This includes the option of considering whether to form community boards for those communities that currently have community committees (Woodville and Pahiatua) and the establishment of a Maori ward.

Major projects for the next ten years

None.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	-	-	-
Grants / other	8,000	-	-
Rates	1,292,000	100%	100%

Why is it funded this way?

Elected members represent the residents of the district. The benefits of representation are available to all residents and ratepayers of the district.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Collaborative Council • Great lifestyle • Efficient infrastructure • Prosperous economy • Sustainable environment							
Good governance	Providing leadership to represent and make decisions in the best interests of the district and its communities	Percentage of residents rating the overall performance of the Mayor and Councillors as "fairly satisfactory" or "very satisfactory" in the community survey	Target 75%	75%	75%	75%	75%
		Achieved 79%					
		Percentage of residents rating the overall performance of the community boards and community committees as "fairly satisfactory" or "very satisfactory" in the community survey	Target 75%	75%	75%	75%	75%
			Achieved 83%				
Ensuring correct public processes are followed	Provide processes and community boards/committees through which the community can have its views heard	Percentage of Council committee meetings that meet the requirements of the Local Government Official Information and Meetings Act	Achieved 100%	100%	100%	100%	100%
			Target 100%				

Community and Recreation Facilities

This is how strongly the Council Outcomes relate to the Community and Recreation Facilities activity.



Key issues

- Regular monitoring will need to be undertaken to ensure there is a sufficient number of cemetery plots available to meet future demand.
- WorkSafe New Zealand's (WorkSafe) expectations about how to comply with asbestos health and safety law, including the Health and Safety at Work (Asbestos) Regulations 2016.
- Rental levels for the pensioner housing flats will need to be increased to cover cost increases and improve the financial viability of the activity.
- Public expectations are rising in terms of technology and libraries are faced with meeting this challenge. It is no longer just about the physical collections.
- All facilities need to be maintained in a safe condition and meet the needs of recreation groups and residents.
- Public toilets can attract antisocial behaviour.
- An increasing number of transactions are handled electronically reducing the need for physical services in four towns.
- Technology is evolving and with it public expectation for easy access to council services and resources.
- Council does not have adequate reserves to fund the replacement of three outdoor pools and Wai Splash indoor pool.
- Pool committees need to meet the PoolSafe, water quality, and life-saving standards.

Significant negative effects

There are no significant negative effects for this group of activities.

Strategic considerations

Future demand

Cemeteries

The district mortality rate is predicted to continue at the present rate. Dannevirke has sufficient land in reserve for burials for the next 50–100 years and Pahiatua for the next 30 years at least. Capacity in the smaller cemeteries is even greater. However, it will be necessary to develop cemetery

burial plots on a regular basis to ensure developed plots are available.

Generally, burial numbers are fairly static due to the growing demand for cremation. There is a growing national demand for natural burials, which Council may choose to provide in the future. In planning for cemeteries, the soil type and nature of land needs to be carefully assessed to minimise public health concerns. Fees for interments are low compared to other districts and will be gradually increased. Fees are not expected to impact on the demand for service.

Community Buildings

Demand may decrease in some areas especially rural communities as the rural population slowly declines. Changing social practices and an ageing population will change the mix of activities the buildings are used for.

There may be additional demands for disabled access for people and mobility scooters. Alternatively, if a community trust group comes up with a sound proposal to encourage more sports groups in any area then usage of a particular facility may increase, e.g. Pahiataua sports complex.

Council may be faced with moderate costs to meet the expected requirements of earthquake-prone standards. The new legislation is likely to confirm the existing standard of 34% of the current building code structural requirements. In the medium term there may be an increased demand for buildings that comply with the earthquake strength code if a number of existing buildings are closed (for upgrading or to be demolished).

Housing

The ageing population will increase demand for affordable housing. This housing must still meet the increasing standards being demanded by tenants.

This includes more storage, bigger rooms, disabled access, places for mobility scooters, larger appliances, etc. With a growth in house prices occupancy rates are at capacity.

Libraries

Public libraries are continually expanding and adapting their services and resources to meet increasing or changing needs not only for traditional lending services but also for education and information requirements and community awareness. Technology changes are likely to result in declining demand for physical books, and increasing demand for digital information and e-books.

The demise of physical libraries was predicted by many to have occurred before now. The impact of technology has been significant but a number of factors has supported the continued use of physical books and libraries:

1. E-books are not cheap (for popular books) and major publishing houses continue to control the publishing market.

E-book usage across public libraries has fallen in the last few years.

2. The quality and size of digital devices (except for high-end devices) is still not equal to a physical book.
3. Other factors such as convenience and tactile experience.
4. Reading programmes targeted at children are growing.
5. The use of libraries as a community social facility and the location for free access to internet services.

Technology continues to improve devices, and the number of physical issues per resident is expected to continue to decline. However, foot traffic is more stable and this is expected to continue. The challenge for the library service will be the need to develop services relevant to the community as the means of delivering literacy, knowledge, and recreational reading changes. The library service has started down this path by taking some programmes out to the schools and partnering with Wairarapa REAP to offer computer classes at some sites, utilising the APNK (Aotearoa People's Network Kaharoa) network.

In the medium term, Council may need to change the way the service is provided along with service centres. The need for four physical libraries and service centres could reduce to agencies and/or collection points. This depends on how future technology will impact on how residents communicate, meet, and access data. We are nowhere near this point now but the next s17A service review (within the next six years) may well have to face some of these issues.

Parks and Reserves

Changes to recreational activities in society and a growing awareness of environmental sustainability is leading to increasing demands for walkways and cycleways. An ageing population reduces demand for traditional recreation facilities, such as playing fields and active team sports. As tourism in the area increases, there may be more demand for development of existing areas resulting in higher maintenance costs – e.g. reserves, freedom camp sites, and for walking tracks to be established in bush areas.

There is a dwindling availability of volunteers to administer and maintain specialist needs for some sports, which has meant some sports are now centred outside the Tararua District – e.g. cricket and hockey in the northern part of the district.

Public Conveniences

In this Long Term Plan, Council expects tourism in the district to increase and the demand for public conveniences – for example, in reserves and popular walking areas – will also increase.

Council had decided in 2016/17 to carry out the community survey annually, and for 2017/18 to carry out the survey

quarterly. The reason for doing the survey at different times in the year is to see trends and seasonal impact on resident satisfaction.

Visitor expectations and increases in standards are leading to the need to renew existing older public conveniences.

Service Centres

Technology will allow Council to deliver services more efficiently via digital and shared services. Declining population in some localities and the increasing costs of maintaining physical offices is leading Council to explore combining services across activities. There has been a noticeable increase in the use of payments made by electronic methods. This lessens the demand for face-to-face contact especially during peak periods; rates, water billing and annual dog registration. While the processing of electronic payments affects the administration workload at the Council's principal office in Dannevirke; this is still less than required if payments were made in person. Cheque payments are still a common method of payment, which are largely received by mail. This is declining, over time, as a method of payment.

The service centre staff are the critical first contact for Council with customers, either by phone, internet or in person. This is a significant driver of customer satisfaction. Staff also manage and operate the customer request system that drives the day-to-day Council operational responses to maintain networks and customer service.

Any future changes to the way Council delivers service centre services would need to ensure that all customer service channels are being adequately supported. Council still has a large number of customers that are more comfortable with a person to person interface. While this number is likely to decline with technology, as a public organisation the Council cannot switch solely to an on-line delivery mode.

Swimming Pools

A reduction in the number of volunteers coming forward to assist in the management and operation of the facilities is likely. With increasing costs this will place pressure on the current community driven service delivery model.

Residents in all urban areas increasingly want a higher level of service, such as those provided in Dannevirke; and increasingly those in Palmerston North/Masterton. These more regional facilities are considerably more expensive to build and operate. The renewal of the Eketahuna and Pahiatua pools will focus debate on these issues. Options range from Council providing one larger facility in the southern part of the district, to Council withdrawing from the summer pool service and people travelling to Palmerston North, Dannevirke, or Masterton.

Assumptions

- The population of the Tararua District will slowly increase.
- Council-owned community buildings and recreation assets will be able to affordably comply with the Earthquake Prone Building requirements.
- That there will be an increased demand for affordable low-cost housing.
- That the level of service and usage for community buildings will remain at the present level.
- Customer service delivery will ensure that Council will retain at least one physical office in the four larger urban towns.
- That management committees or trustees will be available to manage the public pools.

Group level funding impact statement

Community and Recreation Facilities

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	3,156	3,430	3,406	3,667
Targeted rates	1,698	1,751	1,843	1,893
Grants and subsidies operating	5	6	5	5
Fees and charges	631	744	773	790
Local authorities fuel tax, fines, infringement fees, and other receipts	342	415	415	426
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	5,832	6,346	6,442	6,781
Applications of operating funding				
Payment to staff and suppliers	3,507	3,853	3,769	4,038
Finance costs	51	64	69	69
Internal charges and overheads applied	1,202	1,329	1,379	1,432
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	4,760	5,246	5,217	5,539
Surplus/(deficit) of operating funding (A - B)	1,072	1,100	1,225	1,242
Sources of capital funding				
Subsidies and grants for capital expenditure	-	100	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	162	162	(4)	(77)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	162	262	(4)	(77)
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	28	80	143	119
- to improve the level of service	369	330	71	26
- to replace existing assets	618	1,250	791	1,120
Increase (decrease) in reserves	218	(297)	216	(101)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	1,233	1,363	1,221	1,164
Surplus/(deficit) of capital funding (C - D)	(1,072)	(1,101)	(1,225)	(1,241)
Funding balance ((A - B) + (C - D))	-	-	-	-

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
3,569	3,763	3,765	3,938	3,898	4,012	4,346
1,912	1,946	1,977	2,023	2,059	2,099	2,212
5	5	5	5	5	5	5
807	825	844	863	884	905	928
443	464	491	518	542	574	604
-	-	-	-	-	-	-
6,736	7,003	7,081	7,347	7,389	7,595	8,095
3,913	4,133	4,176	4,295	4,362	4,573	4,749
74	77	74	72	70	69	69
1,437	1,464	1,480	1,509	1,532	1,559	1,666
-	-	-	-	-	-	-
5,424	5,674	5,730	5,876	5,964	6,201	6,484
1,312	1,329	1,350	1,471	1,426	1,393	1,611
-	-	-	-	-	-	-
-	-	-	-	-	-	-
222	(144)	(149)	(130)	(117)	(63)	(133)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
222	(144)	(149)	(130)	(117)	(63)	(133)
77	-	-	14	21	-	-
367	38	52	40	56	114	44
631	477	451	696	452	448	307
460	669	697	591	781	767	1,127
-	-	-	-	-	-	-
1,535	1,184	1,200	1,341	1,310	1,329	1,478
(1,313)	(1,328)	(1,349)	(1,471)	(1,426)	(1,393)	(1,611)
-	-	-	-	-	-	-

Cemeteries

Aim: To provide attractive burial places where the community can remember loved ones and celebrate our district's heritage.

What is the service provided?

The district has a number of cemeteries. Most are in Council ownership with a few owned by the Crown and vested in the Council. All of the cemeteries are managed by the Asset Management division of the Council and maintenance is contracted out.

Burial plots at the cemeteries are sold by the Council and the exclusive right of burial is granted for such limited time as the Council decides.

Some older cemeteries are closed and burial plots are no longer available. These closed cemeteries continue to be maintained by the Council.

Why we provide it

Cemeteries fulfil a social and cultural need in the community by providing a facility where families and friends can join together to remember people. The Council is involved in the provision of cemeteries primarily because of its statutory requirements under the Health Act 1956 and the Burial and Cremation Act 1964. There are strong public expectations that the Council will maintain open cemeteries to a high standard as a mark of respect. Some historically significant cemeteries are an important part of our identity as a community.

Key issues and risks

- Monitoring undertaken to ensure there is a sufficient number of cemetery plots available to meet future demand.



- Managing changes in demand and consumption of services.



- Council interment fees are low compared to other districts. Need to gradually increase fees to reflect Local Government cost inflation.



Options for changes to service levels

Council could provide more amenities, such as seating and toilets, at larger cemeteries. This would add considerable operating costs to the activity. These improvements build on the core service and are in response to resident service requests.

Reducing service levels would lead to considerable complaints. Residents expect clean and tidy cemeteries that provide an attractive environment for families to remember the deceased.

Major projects for the next ten years

Development of new area Mangatera Cemetery **ESTIMATED COST**
\$247,000
 2018/19 to 2021/22. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	104,000	27%	20-30%
Grants / other	13,000	1%	-
Rates	265,000	66%	70-80%

Why is it funded this way?

The benefit is received by the families of the deceased, and those researching family history.

There is also a public health benefit with communities benefiting from being able to have family members buried in their community. The garden maintenance has a component of private and public benefit.

Maintaining a number of remote historic cemeteries, and insufficient fees in historic burials, means that current fees are a low proportion of overall funding requirements.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure							
Well presented cemetery grounds and facilities	The cemetery grounds are presented to a high standard	Percentage of residents rating cemeteries as "fairly satisfactory" or "very satisfactory" in the community survey	Target 75% Achieved 93%	90%	90%	90%	90%
Access to cemetery plots	Plots are available in all local cemeteries	Percentage of cemeteries in district with plots available for next 12 months – based on historical burial data	Target 100% Achieved 100%	100%	100%	100%	100%

Community Buildings

Aim: To provide community buildings for social, cultural, recreational, and educational activities.

What is the service provided?

Council has inherited a range of community buildings from previous local authorities including town halls, community centres and sports centres. There are 12 buildings in total throughout the main centres plus one in Pongaroa; these facilities are used for social and sporting events and, to a lesser extent, meetings. Council is responsible for all the maintenance on these buildings as well as the cleaning, energy, rates and insurance.

Why we provide it

Residents want access to community buildings throughout the district as venues for social, cultural, recreational and educational activities. Some of the halls serve as a memorial to recognise our communities' achievements. There is a strong sense of community ownership in each facility and, as the community needs have changed, the halls have become multi-functional to widen their usage.

Key issues and risks

▶ Ageing indoor recreation facilities.



▶ Civil defence structural compliance for all buildings used in civil defence throughout the district.



▶ Falling occupancy rates for some buildings is a concern.



▶ WorkSafe New Zealand's expectations about how to comply with asbestos health and safety law, including the Health and Safety at Work (Asbestos) Regulations 2016.



▶ The Carnegie Centre has been defined as earthquake prone under the Building Act 2004.



Options for changes to service levels

Council has the option of selling some buildings if the service is not required. The reserve status of the land often means this is not an easy option to pursue. The cost of bringing buildings up to current Building Act requirements could result in the community deciding to demolish or close certain facilities.

Community trusts or other service groups could take over the service delivery of all, or some buildings.

The Carnegie Centre in Dannevirke is awaiting further earthquake assessment before a decision can be made on its future, as required under the Building Act 2004. Council had indicated that it will work with Heritage NZ on practicable options.

Dannevirke Multisport Complex Incorporated is looking at the possible redevelopment of the Dannevirke Sports Centre stadium.

▶ Potentially surplus buildings – domain boards, e.g. Waione Hall



▶ The Pahiatua Service Centre needs to be structurally upgraded to meet minimum earthquake standards. Council has agreed to carry out this work.



Major projects for the next ten years

Dannevirke Sports Centre renewal **ESTIMATED COST**
\$340,000
 2020/21 to 2021/22. Capital expenditure.

ESTIMATED COST
\$178,000
Dannevirke Town Hall dress circle seats
 Over 10 years. Capital expenditure.

Earthquake prone buildings assessments **ESTIMATED COST**
\$370,000
 over 10 years. Capital expenditure.

ESTIMATED COST
\$522,000
Pahiatua Service Centre earthquake strengthening and renewal
 Over 10 years. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	41,000	4%	5-15%
Grants / other	98,000	-	-
Rates	825,000	86%	85-95%

Why is it funded this way?

Local communities are provided with facilities for social and recreational use. While individuals and local communities benefit from the use of the facilities, there is also a public benefit in having halls available to all people of the district.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure • Great lifestyle							
Buildings support a range of activities that enhance residents' lifestyle	Council provides community buildings that are fit for purpose	Percentage of residents rating community buildings as "fairly satisfactory" or "very satisfactory" in the community survey	Target 90% Achieved 92%	90%	90%	90%	90%
	Facilities are well-utilised	The increase from previous year in the total number of hours per annum facilities are booked through Council	New measure	> 1%	> 1%	> 1%	> 1%

Housing

Aim: To provide access to affordable and suitable long-term housing for older people with limited income and assets.

What is the service provided?

Council housing units provide lower than market rental levels for low income older people. Council manages these units to be self funding and there is no rates funding required. Council provides the administration and maintenance of the units. There are 67 one-bedroom units and 12 two-bedroom units that are provided under a tenant contribution scheme (purchase of tenancy). The one bedroom units are located at Dannevirke (37), Eketahuna (3), Pahiatua (15) and Woodville (12). The 12 tenant contribution units are all located in Dannevirke.

Why we provide it

There is a social need for low income superannuitants to be able to afford accommodation that enables them to stay close to family and friends and to be able to participate as active members of the community.

Council sets rentals at lower than market rates, with the aim to be not more than 25% of the applicable New Zealand superannuation. Beneficiary tenants can apply to Work and Income for assistance with their housing costs.

Key issues and risks

- Rental levels need to be increased substantially to cover cost increases and improve the financial viability of the activity in the short term, and in the longer term if the units are not sold.



- Ruahine complex has six older units that require renewal.



- More tenants now have cars which require carports, and mobility scooters which require sheds with electricity.



- The housing reserves may not be sufficient to renew the older units.



- Changes to government policy means that social housing providers are the favoured model to deliver social housing.



Options for changes to service levels

An alternative delivery option is to contract the delivery of services to a third party such as a community trust. Experiences of other local authorities who have used this delivery method have found that it can be successful but Council would still be required to assist in providing capital funds.

The significant turnaround in the financial sustainability of the pensioner housing units prompted us to review our decision in 2015 to sell the units.

In this Long Term Plan, we have developed plans to refurbish our older units and increase rents to fund the renewals. Subject to robust analysis, we may add to the current stock by building new units.

Major projects for the next ten years

Three new housing units **ESTIMATED COST**
\$150,000
 2018/19 to 2020/21. Capital expenditure.

ESTIMATED COST **Install aluminium windows**
\$273,000
 Every second year from 2018/19. Capital expenditure.

Renewal of existing units **ESTIMATED COST**
\$256,000
 2018/19 to 2020/21. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	377,000	87%	100%
Grants / other	55,000	13%	-
Rates	-	-	-

Why is it funded this way?

The main beneficiaries are the pensioner flat tenants, who receive housing at rentals well below market rates. The tenants of the tenant contribution flats benefit from security of tenure at lower than usual initial costs. Those with low incomes are eligible for Accommodation Supplement from Work and Income.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure • Great lifestyle							
Council housing stock is fit for purpose	Housing units are maintained to a suitable standard	Percentage of housing units which, when inspected, are found to have maintenance issues which are more than minor	Target < 10% Achieved 0%	< 10%	< 10%	< 10%	< 10%
Council acts as a good landlord and provides a professional tenancy service	Council acts as a good caring landlord	Tenants' satisfaction with the landlord service received from Council	Target 90% Achieved 94%	90%	90%	90%	90%

Libraries

Aim: To provide access to information, and to support life-long learning and literacy.

What is the service provided?

The Council owns and manages library buildings and services in Dannevirke, Eketahuna, Pahiatua and Woodville. The four community libraries are run as a single district-wide service. Books are loaned to the Pongaroa and Norsewood communities. Council's principal library is located in Dannevirke and many functions are centralised there.

Dannevirke manages the overall collection and ensures outlying collections are refreshed regularly. The Eketahuna and Woodville libraries combine with the service centres in one building. The Eketahuna office is also a money exchange facility. The library service is an integral part of the community, providing residents of the Tararua District access to recreational and educational reading and information, including resources to aid literacy and learning.

Why we provide it

Libraries foster community growth, allowing communities to become self-sustaining by providing a gateway to information, lifelong learning, literacy development, council services, educational, intellectual, cultural and leisure activities through a range of technologies.

Activities run by the library encourage literacy and a joy of reading. Library staff have developed links with primary and secondary schools as well as adult education providers to work together to assist with the provision of literacy in the Tararua region.

As public spaces, they allow social contact and provide focal points for the sharing of information, especially through encouraging interaction with our youth. The community is informed by a wide range of up-to-date material.

Key issues and risks

- Public expectations are rising in terms of technology and libraries are faced with meeting this challenge. It is no longer just about the physical collections. The public expect easy access to other information resources. The library management system is at its end life and needs to be replaced as the support and development of this software is ceasing. Replacement software will need to support the online services offered by the library.



▶ E-books and online subscription databases are now an expected part of library services that require a change to collection development to ensure they are integrated into the purchasing strategy.



▶ Buildings – as public expectations change, the traditional library building requires changes to meet those needs. Alterations to buildings may trigger earthquake strengthening legislation.



▶ An ageing population and the impact on service design, e.g. large print collections, audio and e-books, digital support.



▶ New Zealand Public Library standards call for three items per capita. At present Taranua District Library holds 2.8 per capita.



▶ Public expectations are rising in terms of accessibility with more customers wanting libraries open more often.



▶ Staff safety – meeting health and safety legislation requirements.



▶ External funding of children's literacy programmes.



▶ Other demands on Council funding and affordability for communities. In New Zealand there are many libraries that service small populations and so have limited resources with which to work. In areas where the population is 25,000 or less, councils spend 50% less per head of population on library services than those serving 100,000 or more, meaning there is a marked disparity in the funds available to provide services to rural and provincial areas of New Zealand.



▶ Communication networks in rural areas may not always be able to support the technology needs of the library service.



Options for changes to service levels

Delivery options will continue to change in the coming years with the addition of new technologies and other digital means of information access. This will require the library to continue to keep abreast of technology change in order to deliver on this. Rural broadband will become a necessity as more and more information is available online.

Increasing competition for ratepayer funding could influence library services. As rates increase to accommodate regulatory changes to infrastructure standards, it may be increasingly difficult for libraries to gain the necessary rates funding to maintain the current level of service. Increasing the book renewals from the current 2.5 items to 3 items per 1,000 head of population as per the Library and Information Association of New Zealand's 'Standards for Public Libraries' could also be an option, at a cost of an additional \$10,000 per annum. This would ensure that the library stock is kept up-to-date and adequate for future needs. A reduction in the replacement of library stock would result in people reading less and reduced average reading skills. Good reading skills are essential for achievement in New Zealand society. Children will compete for jobs in a global society and, if they do not have access to similar resources as children in other New Zealand towns, they will be disadvantaged.

A reduction in the number of staff available, or the training staff receive, would see a serious reduction in service levels because of the increasing reliance of the library on technology. As more information is available digitally and online, the library becomes more reliant on technology and the internet.

The addition of a mobile service would allow library services to be regularly available in the more remote areas of the district. And, combining this with a dual mobile library/mobile learning centre could allow the library to take some of their programmes out to the community.

The recent replacement of the library management system has allowed the library's digital resources to be much more widely accessed. The implementation of RFID in 2016/17 has allowed the libraries to offer more programmes in-house.

Responding to the changing needs of the community is an important way for libraries to remain relevant, and self-service can contribute to this by freeing up resources to provide value-added programmes.

Major projects for the next ten years

Purchase new books **ESTIMATED COST**
\$1,104,000

Over 10 years. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	37,000	3%	0-10%
Grants / other	1,000	-	-
Rates	1,154,000	97%	90-100%

Why is it funded this way?

Recreational reading primarily benefits the individual users, as do school holiday programmes and the availability of reference material for school projects etc. The acquisition of knowledge does have a high public benefit through contributing value to the community by people having access to knowledge, being well informed and by encouraging literacy. Historically, libraries have not charged for books in New Zealand, and imposing charges would result in a significant reduction in usage and issues.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Prosperous Economy • Great lifestyle							
Quality of community space	Access to information	Library facilities are clean, welcoming, and open at times suited to the community based on an annual survey	Target 90%	90%	90%	90%	90%
			Achieved 95%				
		Percentage of residents rating libraries as "fairly satisfactory" or "very satisfactory" in the community survey	Target 90%	90%	90%	90%	90%
			Achieved 94%				
Supporting the education of children	Improve literacy and knowledge among the district's children	Percentage of customers satisfied with children's programmes (annual survey)	New measure	90%	90%	90%	90%

Parks and Reserves

Aim: To protect and enhance the natural character of the district, and provide a mix of parks and reserves facilities for leisure and recreation.

What is the service provided?

The primary purpose is to provide land and facilities for both active and passive recreation. Council manages 31 significant domains, 18 significant urban reserves, eight significant rural reserves and many other small urban and rural reserves. It includes the provision of sports grounds, gardens, green areas, playgrounds, and wildlife areas.

Council provides adequate access to multiple sports codes and attracts visitors.

Parks and reserves enhance quality of life in communities.

Three camping grounds provide a pleasant and safe environment, and low cost holiday accommodation.

Council contributes to the Manawatu Gorge biodiversity project.

Why we provide it

A range of attractive opportunities for recreational activities provide for social interaction and development, helping create healthy communities. They also attract visitors to the district. Communities value reserves for the open space they offer, making settlements more pleasant to live in and enabling access to coastal areas.

For camping grounds the benefit is in low-cost holiday accommodation for visitors, with downstream benefits for camping ground managers, the business sector and the district generally as tourism ultimately helps to ensure business survival.

Key issues and risks

- ▶ Ensure that all facilities are maintained in a safe condition and meet the needs of recreational groups and residents.



- ▶ Ensure camping grounds continue to meet required standards.



- ▶ Dealing with vandalism within current budgets (vandals are responsible for about 2.5% of the annual costs of camping grounds).



Options for changes to service levels

Council has discretion on the levels of service. Increasing the quality and quantity of facilities on reserves would support Council strategies to increase visitor numbers and attract more residents. Reducing service levels would not be consistent with Council Outcomes and strategies.

Council intends to maintain service levels while dealing with changing demand levels due to changing recreational activities and some communities declining in population.

Council could hand over more maintenance to community clubs and organisations, however, in many cases this would be difficult. Council already works in partnership with local groups and many of these organisations are struggling to maintain numbers and volunteers.

The preparation of reserve management plans over the next two years could identify additional facilities that the community wants to be located on Council reserves.

Major projects for the next ten years

District walkway and cycleway development **ESTIMATED COST**
\$326,000
 Over 10 years. Capital expenditure.

Pahiatua caravan hardstand development **ESTIMATED COST**
\$284,000
 2024/25 Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	72,000	5%	0-5%
Grants / other	159,000	11%	5-10%
Rates	1,250,000	84%	85-95%

Why is it funded this way?

Parks and Reserves beneficiaries are the users, both local and visitors to the district, and in particular user groups such as sports clubs. It is not feasible to charge for many Council facilities as you cannot restrict access to reserves and playgrounds. All residents have access to reserves.

Camping grounds benefit the users with low-cost holiday accommodation for visitors, and businesses by attracting visitors.

The domain boards are a self-funding function of Council, other than for depreciation and support costs, and are not included in the requirement for rates. Funding comes from miscellaneous income set by the domain boards themselves.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Great lifestyle							
People are proud of the district's parks and reserves	Our parks and park facilities are well presented	Percentage of residents rating parks and reserves as "fairly satisfactory" or "very satisfactory" in the community survey	Target 90% Achieved 93%	90%	90%	90%	90%
Community Outcome(s): Efficient infrastructure							
Facilities meet user needs	Our parks and reserves are in good condition	Number of recorded incidences where parks and reserves are found to be below the agreed maintenance standard	Target < 5 Achieved 1	< 5	< 5	< 5	< 5
Playgrounds meet user needs	Playground equipment is safe to use and fit for purpose	Percentage of playgrounds in the district that had no faults under the AUS/NZ playground safety standard	Target 90% Achieved 100%	90%	95%	100%	100%

Public Conveniences

Aim: To provide well maintained public conveniences in areas of frequent community activity.

What is the service provided?

Council provides a clean, safe, accessible service for local people and travellers. Seventeen public conveniences are maintained throughout the district. Some facilities are open only in daylight hours. At least one convenience is open 24 hours in each urban centre (11 throughout the district). Most facilities were refurbished within the previous 10 years.

- The cleaning regime is increased in times of heavy usage, such as school holidays.
- For the toilets open 24 hours, the cleaning frequencies are twice daily.

Why we provide it

The community has high expectations around protecting the environment. Public conveniences help to do this while offering comfort to visitors and residents. They all exceed a minimum standard of hygiene.

Key issues and risks

- ▶ Vandalism – high usage toilets are closed at night because of vandalism. There is also a higher incidence of vandalism to public toilets during the school holidays.



- ▶ Cleaning – keeping toilets clean in high usage times, e.g. school holidays, even with extra daily cleans, can be a problem.



- ▶ Public toilets can attract anti-social behaviour.



- ▶ Increasing demand for toilets to provide services to encourage visitors to stop in towns.



Options for changes to service levels

Increasing the quality and quantity of facilities would possibly increase the number of visitors travelling on State Highway 2 stopping for a break and doing some shopping as well. Operating costs are high, though, and the Council already provides multiple facilities on State Highway 2. Council could reduce services and leave it to the private sector to provide facilities. The issue of bus parking would be associated with any changes. Council intends to maintain service levels for all other public toilets while refurbishing some toilets that are old and need updating.

Major projects for the next ten years

Dannevirke Barraud Street toilet renewal ESTIMATED COST
\$139,000
 Every 2nd year from 2019/20. Capital expenditure.

ESTIMATED COST

\$110,000

District-wide renewals

Over 10 years. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	-	-	-
Grants / other	5,000	2%	-
Rates	283,000	98%	100%

Why is it funded this way?

The benefits are the provision of clean and safe toilets for travellers, shoppers, parents and children in commercial areas in particular, and for users of recreational facilities. Businesses located near to public toilets benefit indirectly, and the public generally benefit from reduced environmental degradation.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure							
Public conveniences meet user needs	Public conveniences provided are fit for purpose	Percentage of residents rating public conveniences as "fairly satisfactory" or "very satisfactory" in the community survey	Target 90% Not achieved 87%	90%	90%	90%	90%
		The number of complaints received per annum about the maintenance and cleanliness of public toilets (excluding graffiti and vandalism)	New measure	< 100	< 100	< 90	< 80
		Percentage of customer request responded to within 48 hours	New measure	85%	85%	85%	90%

Service Centres

Aim: To provide an effective point of contact for the community to connect with Council.

What is the service provided?

Council has four service centres in Dannevirke, Eketahuna, Pahiatua and Woodville. Eketahuna and Woodville are combined centres with the library service.

The principal office is in Dannevirke and acts as the main point of contact for managing the district-wide phone service from 8:00am to 5:00pm Monday to Friday. The Pahiatua Service Centre provides support to the Dannevirke office with phone operations, receipting payments, and general enquiries. The Woodville and Eketahuna Library and Service Centres provide one location to source information and access to modern library services. Eketahuna Service Centre also provides a money exchange service (mini banking service).

A 24-hour phone service is handled by an afterhours call centre (shared services contract with Palmerston North City Council) outside of normal office hours.

Our service centres provide the following customer services:

- Customer requests for service, and managing the customer request system.
- Supporting back office functions of Council with administration duties.
- Answer phones and associated queries (call centre function) during office hours.
- Front-line interface with customers.
- Receipt of:
 - rates payments and general invoices;
 - dog registration and related;
 - building consent applications;
 - solid fuel appliance applications;
 - alcohol licencing applications;
 - environmental health applications;
 - Water, stormwater, wastewater, and vehicle crossing applications;
 - cemetery plots and headstone applications.
- Assistance:
 - Rates rebate applications.
 - Support for local pensioners.
 - Local community buildings and sports grounds – bookings.
 - Point of contact for general enquiries, notifications, animal control, and faults.
 - District-wide phone service from 8:00am to 5:00pm, Monday to Friday.
 - Library services – Woodville and Eketahuna.

Why we provide it

The service centres provide a local presence for the community to obtain advice, assistance, information, and to make payments.

Key issues and risks

- An increasing number of transactions are handled electronically reducing the need for physical services in four towns.



- Integrated services – e.g. service models in Woodville and Eketahuna.



- There are costs associated with maintaining a front counter presence to assist those preferring a face-to-face relationship.



- Technology is evolving and with it public expectation for easy access to council services and resources.



- The provision of four service centres creates duplication of maintenance and operating expenses.



- Change in population demographics and the impact on service demand.



- Meeting earthquake prone building standards in the existing Council buildings.



Options for changes to service levels

- Alter current hours but stay within weekly opening total.
- Reduce hours – reduction in cost to ratepayer and reduced level of service.
- Reduce number of service centres across the district, reducing rates and the level of service.

The four service centres had their origins at the time of the amalgamation in 1989. Each community retained their ability to be serviced from their local office. This continues to be the foundation for the purpose of service centres.

Whilst there has been a noticeable increase in the use of payments made by electronic methods that lessens the need for face-to-face contact, recent local government statistics show that people still want a choice of how they interact with us.

Careful monitoring of service delivery will help Council ensure that we maintain a high level of customer service but remain cost effective.

Major projects for the next ten years

None.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	-	-	-
Grants / other	1,000	-	-
Rates	552,000	100%	100%

Why is it funded this way?

Service centres primary function is about providing customer support and public information, however much of the time spent on private benefit work is of a very small duration and is therefore not directly recoverable.

This is a general rate funded activity and is 100% rates funded.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Collaborative Council							
Customer Service staff are professional, knowledgeable, and courteous	Customers experience friendly, efficient and reliable service from Council	Percentage of customers who lodge faults/requests are satisfied with the service provided	Target 95% Not Achieved 75%	85%	85%	85%	90%
Customer Service staff respond to customer requests and enquiries promptly.	Customer requests are handled effectively and accurately	Average wait time for incoming calls	Target 20 seconds Achieved 15.4	20 seconds	20 seconds	20 seconds	20 seconds
		Percentage of abandoned calls	Target < 10% Achieved 2.6%	< 5%	< 5%	< 5%	< 5%
Council provide access to afterhours services	Responsive 24/7 phone service	Percentage of customers who lodge faults/requests are satisfied with the afterhours service received	Target 90% Not achieved 85%	90%	90%	90%	90%

Swimming Pools

Aim: To provide funding support for community pools, which will promote community well-being.

What is the service provided?

There are four public swimming pools in the Tararua District:

- **Dannevirke** York Street
- **Woodville** Vogel Street
- **Pahiatua** Tui Street
- **Eketahuna** Bridge Street

The Dannevirke Pool is a heated indoor complex owned by the Tararua Aquatic Community Trust (TACT). Its operations are also run by the Trust, however, the land it is situated on is owned by Council.

Local committees of volunteers run the three outdoor pools that are Council-owned. Users pay an admission fee, or key fee. Fees do not cover all operational costs hence Council makes a grant to each pool to assist with operating costs, maintenance and the provision of amenities.

Why we provide it

The provision and/or funding of swimming pools is mainly historical, aimed at maintaining and improving the general well-being of people including the promotion of the kiwi culture that children should "learn to swim".

Public swimming pools have become more valuable to primary schools in particular, as they have mostly been unable to afford to maintain school pools to the required standard. The public pools support the school swimming curriculum within an affordable travelling distance.

Key issues and risks

- Both Eketahuna and Pahiatua pools are at the end of their life structurally, and require replacing.



- Council does not have adequate reserves to fund the replacement of these pools. Should the communities choose to have a new pool then the costs associated with providing it need to be considered.



- Skilled volunteers are required to manage the facilities (management committees). The management of water quality and associated safety issues are a high and increasing risk.



- Pool committees need to meet the pool safe, water quality and life-saving standards.



Options for changes to service levels

Faced with the renewal of the Pahiatua and Eketahuna summer pools, Council has provided funding towards building similar facilities in partnership with the local communities. Council could withdraw from the activity at this point if the communities were not prepared to support these projects by fundraising.

The biggest change is likely to be initiated by Pahiatua residents seeking a pool complex as part of the Bush Multisport facilities. If so, this will be considered when addressing the need to replace or redevelop the Pahiatua outdoor pool.

In Eketahuna, the desired level of service is unlikely to change significantly. In Dannevirke, there will be a continuing demand for increases in grants to cover increased costs in such items as energy, wages, and maintenance. In Woodville there is unlikely to be a demand for change.

All requests for changes will be assessed on a district-wide basis having regard to the initial capital cost (often covered by external sponsorship and fundraising) and ongoing maintenance costs, which are a continuing cost to ratepayers.

In order to identify the ongoing operational costs of any renewed facility, Council is requiring a peer reviewed full business case for Pahiatua and Eketahuna. While residents will always want higher service levels, these are often unaffordable.

Swimming pools are funded from a uniform targeted rate district-wide.

Major projects for the next ten years

Pahiatua pool renewal **ESTIMATED COST**
\$520,000
 2020/21. Capital expenditure.

Eketahuna pool renewal **ESTIMATED COST**
\$500,000
 2018/19. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	-	-	-
Grants / other	-	-	-
Rates	524,010	100%	100%

Why is it funded this way?

Swimming pools are recreational facilities, and provide social benefits such as swimming coaching, and leisure opportunities for children and parents. The users of the pools are private beneficiaries and user charges reflect this. Fees are collected by the Tararua Aquatic Community Trust and the local management committees that run the pools.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure							
Public pools provided meet community expectations	Public swimming pools provide a quality visitor experience	Percentage of residents rating pools as "fairly satisfactory" or "very satisfactory" in the community survey	Target	80%	80%	80%	80%
			Achieved	84%			
	Outdoor pools open during summer months, and Wai Splash all year around	The number of weeks each year Wai Splash is open for public use	Target	50 weeks	50 weeks	50 weeks	50 weeks
			Achieved	52 weeks			
		The number of weeks each year outdoor pools are open for public use	Target	> 10 weeks	> 10 weeks	> 10 weeks	> 10 weeks
	Achieved		10 weeks average				
	Eketahuna		9				
	Pahiatua		12				
		Woodville	9				
Public swimming pools provide a safe swimming environment for the public		Pools meet the 'PoolSafe' safety standards	New measure	100%	100%	100%	100%

District Promotion and Economic Development

This is how strongly the Council Outcomes relate to the District Promotion and Economic Development activity.



Key issues

- Lack of forestry management expertise in Council and reliance on external expertise.
- The unpredictability of market demand and prices for logs.
- Council reduces economic development funding or fails to provide additional resources to meet future objectives.
- Economic development initiatives fail to deliver desired results.
- The Manawatu Gorge closure will negatively impact population forecasts in the short to medium term.
- The district fails to attract required investment for growth.
- Central Government significantly reduces immigration numbers.

Significant negative effects

There are no significant negative effects from these activities.

Strategic considerations

Future demand

Commercial Investments

The Council has no strategic need to own the forestry assets. The Long Term Plan assumes continued ownership. However, Council will consider selling any or all of these properties given a sufficient market price.

District Promotion and Development

Resident retention and attraction

Official forecasts now estimate that the Tararua population is growing modestly. Forecasts indicated that growth will be entirely people aged 65+ and that this group will increase from 17% of the population in 2013 to 26% in 2028. This increase is likely to have a negative impact economically as people tend to spend less as they proceed through retirement years.

An ageing population is also likely to require increased levels of community support, such as medical services, and

Council will see an increase in demand for funding in this area. The retirement of existing residents may also impact on businesses if they either cannot be sold or attract new staff to fill vacancies. There will be a need to attract and retain working aged residents to the district.

The preference is for business owners and employees to be resident within the district as they contribute more to the economy than those that reside outside the district. We must build on and promote our Council objective of Great Lifestyle to provide services attractive to prospective residents.

As a district, we will need to compete with the lure of larger cities to attract our young people. We need to engage our young people and actively work to provide the earning and lifestyle opportunities they desire to retain and attract them.

Business growth and development

The closure of the Manawatu Gorge is the most significant short to medium term risk to business in the Tararua District. We risk existing businesses considering relocating and new businesses perceiving the district negatively. There is likely to be a significant increase in demand in business support activities over the next few years as a result.

Given the potential risk to current business activity it would be prudent to conduct research into new opportunities for both existing businesses and greenfields areas, such as those provided by the GO! Project.

We are also likely to see a continuing reduction in demand for traditional retail in the district as online services continue significant growth internationally. This may necessitate thinking to re-purpose our current commercial property stocks.

Visitor attraction and extension

Visitors are a key customer source for many Tararua businesses. Many new residents have also been previous visitors. As a district, we must continue to increase our visitor numbers and ensure they have an exceptional experience while they are here. Training is required across the district to deliver improved customer experience.

We are currently constrained by a shortage of visitor accommodation, which limits our target markets. We are also limited in the number of significant attractions and events that bring visitors to the district. We need to ensure these areas are focused on for investment to achieve growth targets.

Assumptions

- The community continues to see district promotion and development as an important activity for the Council to be involved with.
- Central and regional government continue to provide the current level of economic development services.
- Residents aged 65+ will increase as a percentage of the district population.
- The population of the district has stabilised and will experience a slight increase over the next 10 years.
- The Manawatu Gorge will remain closed and a new route developed over 5–7 years.
- The recent recovery in dairy prices will be maintained or increased.
- There is no new strategic reason to retain commercial investments and current revenue levels are maintained for budgeting purposes.

Group level funding impact statement

District Promotion and Economic Development

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	292	401	420	444
Targeted rates	464	601	631	666
Grants and subsidies operating	-	-	-	-
Fees and charges	63	7	7	7
Local authorities fuel tax, fines, infringement fees, and other receipts	592	243	54	56
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	1,411	1,252	1,112	1,173
Applications of operating funding				
Payment to staff and suppliers	1,115	747	677	700
Finance costs	2	10	26	38
Internal charges and overheads applied	209	291	306	315
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,326	1,048	1,009	1,053
Surplus/(deficit) of operating funding (A - B)	85	204	103	120
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	35	480	541	193
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	35	480	541	193
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	15	483	568	247
- to replace existing assets	-	36	-	-
Increase (decrease) in reserves	104	165	75	66
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	119	684	643	313
Surplus/(deficit) of capital funding (C - D)	(84)	(204)	(103)	(120)
Funding balance ((A - B) + (C - D))	-	-	-	-

	Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
	464	484	480	495	492	513	507
	696	726	720	743	738	770	761
	-	-	-	-	-	-	-
	7	7	8	8	8	8	8
	802	65	1,063	510	69	70	229
	-	-	-	-	-	-	-
	1,969	1,282	2,271	1,756	1,307	1,361	1,505
	1,360	789	1,700	1,240	788	834	927
	44	46	45	44	42	41	40
	320	325	328	333	338	344	356
	-	-	-	-	-	-	-
	1,724	1,160	2,073	1,617	1,168	1,219	1,323
	245	122	198	138	139	142	182
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	188	(44)	(41)	(38)	(36)	(33)	(31)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	188	(44)	(41)	(38)	(36)	(33)	(31)
	-	-	-	-	-	-	-
	252	29	30	31	31	32	33
	5	109	111	119	116	119	122
	177	(61)	15	(51)	(44)	(43)	(3)
	-	-	-	-	-	-	-
	434	77	156	99	103	108	152
	(245)	(122)	(198)	(138)	(139)	(142)	(182)
	-	-	-	-	-	-	-

Commercial Investments

Aim: Commercial investments are managed to obtain optimal return for ratepayers.

What is the service provided?

Council owns 377 hectares of pinus radiata forest at year end 2016/17. Council also owns an additional 24 hectares of stands that are uneconomical to harvest at current log prices. These forestry blocks were transferred from Tararua Forests Limited, which was liquidated in 2013. The trees are at varying stages of maturity ranging from 0–30 years.

Council has engaged a forestry management company to manage its forestry activities, that includes silviculture and harvesting. The revenue and expenditure for the forestry activity are coded to the forestry reserves as it is Council’s intention that this activity will be self-funding and contribute towards rates reduction – i.e. use the net profit to offset rates increases or fund capital projects.

Why we provide it

Council's investment in the forestry assets make a financial return to Council. This activity contributes 5% of its net profit to reduce rates. Council will consider selling its forestry assets at a fair market value as opportunities arise.

Key issues and risks

- ▶ Changes to forest log prices has a significant impact on the forestry harvesting activities.



- ▶ Absence of expertise to manage the forestry activity.



Options for changes to service levels

Council could purchase additional forestry blocks to generate greater market returns. However, Council does not consider this to be a prudent use of ratepayer funds. Forestry is not Council's core activity.

The forestry investments can be sold with proceeds used to offset debt incurred in providing capital infrastructure around the district.

Major projects for the next ten years

None.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	-	-	-
Grants / other	-	-	100%
Rates	-	-	-

Why is it funded this way?

These are considered an investment type of asset and therefore a commercial return is expected.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure							
Properties do not become a burden to Council	Properties maximise returns to Council	Net operating surplus each year	Target 5% Not achieved -41%	> 5%	> 5%	> 5%	> 5%

District Promotion and Development

Aim: Improve the economic and social well-being of the Tararua District.

What is the service provided?

Council's involvement in economic development and district promotion are focused on the two key areas outlined below.

Business growth and development

Council supports the growth and attraction of existing businesses, and the establishment of new businesses through operation of the Tararua Business Network. Based in Dannevirke, the Business Network provides:

- advice to people wanting to establish a new business;
- advice to existing businesses seeking to grow;
- introductions for businesses wishing to locate to Tararua District;
- regular workshops and training opportunities;
- referrals for Central Government funding opportunities; and
- research into new industry and market opportunities.

Recent new initiatives include investigating job creation opportunities in the community sector, including social enterprise. Where possible the Business Network seeks to collaborate with other organisations within the Tararua District where objectives and outcomes align.

The Business Network also seeks to foster relationships and alliances with neighbouring regions where appropriate. Strong relationships exist with a range of organisations in Manawatu, including CEDA, Accelerate25 and Horizons Regional Council. Tararua Business Network is increasingly looking to develop relationships with our other neighbours in the Wairarapa and Hawke's Bay.

Council also intends developing an international relations strategy to explore marketing opportunities associated with the natural heritage of the Tararua District, with initial focus on Scandinavia and Poland. Activities may include the development of Sister City relationships, and foster cultural and educational exchanges.

Visitor marketing

Council recognises the importance of visitors to the Tararua District economy. Council actively supports visitor attraction to Tararua District through a number of initiatives, including:

- operating the accredited Tararua i-SITE in Woodville. The i-SITE provides domestic and international visitors with advice and information on accommodation and activities in Tararua District;
- providing funding to information centres located in Norsewood, Dannevirke, Pahiatua, and Eketahuna;
- printing and distribution of promotional material about the Tararua District. This includes the official Tararua District Visitor Guide, which is distributed throughout the New Zealand i-SITE network and selected accommodation and attraction providers;
- attendance at district, regional, and national events to promote the Tararua District; and
- support for the establishment and growth of events held within the Tararua District.

Council is also investigating and promoting new “online” visitor attraction opportunities for the Tararua District.

Why we provide it

Tararua District Council is required to maintain and enhance district infrastructure and community services. The costs for these services is shared amongst current ratepayers. A reducing population, like the district has experienced over the last 20 years, increases the cost to each individual ratepayer.

Economic development activities seek to increase the population, and therefore number of ratepayers, over time to ensure affordability is maintained or enhanced. Support for business development encourages job creation, which helps attract new residents. Support to attract visitors brings new customers to district businesses and helps grow the economy.

Key issues and risks

- ▶ Council reduces economic development funding or fails to provide additional resources to meet future objectives.



- ▶ Commodity prices suffer significant price reductions.



- ▶ Economic development initiatives fail to deliver desired results.



- ▶ Impacts from economic and population trends outside the control of the Council.



- ▶ Inability to attract skilled staff .



- ▶ Businesses relocate from district seeking increased labour pool.



▶ The Manawatu Gorge closure will negatively impact population forecasts in the short to medium term.



▶ Business numbers in the district will reduce due to the Manawatu Gorge closure.



▶ The district fails to attract required investment for growth.



▶ Another global financial crisis eventuates, impacting negatively on businesses and jobs.



▶ Central Government significantly reduces immigration numbers.



Options for changes to service levels

Council has discretion in this activity and could either increase or reduce funding. The level of funding is a balance between the desire to support economic development in the district and affordability.

Council's focus on economic development in recent years is paying dividends. The district's population decline has halted and is now increasing. The district is also receiving increased attention from visitors, particularly the key motorhome market.

The new Labour-led Government has indicated they will have a strong focus on regional development. It will be important to maintain a strong district identity and voice as the details of Government initiatives unfold.

Tararua District could seek economic development and visitor marketing services from economic development organisations in neighbouring regions. Consideration would need to be given to what services would best fit with each organisation. Autonomy of decision making in the best interest of Tararua District would likely be impacted should services be sought elsewhere.

Recent community stakeholder workshops identified economic development initiatives as a priority for the district. The continued development of businesses and visitor attraction opportunities received strong support.

Major projects for the next ten years

Wireless and mobile blackspot reduction **ESTIMATED COST**
\$1,694,000
 Over 10 years. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	10,000	1%	0-5%
Grants / other	6,000	1%	-
Rates	773,149	98%	95-100%

Why is it funded this way?

Private beneficiaries are the individuals who gain employment, and retailers, tourist operators, motels, and other businesses, but the whole district benefits from an increased population and larger rate base.

Council has introduced a new targeted rate based on capital value for industrial/commercial properties to fund 60% of the cost of this activity. Refer to the Revenue and Financing Policy for more details.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Prosperous economy • Collaborative Council							
Business development and growth	Coordinate workshops and/or seminars for business and community organisations	Number of workshops and/or seminars delivered	New measure	Minimum 10 per annum			
	Undertake research and/or feasibility studies into economic development opportunities	Number of research reports and/or feasibility studies delivered	New measure	Minimum 2 per annum			
Community Outcome(s): Prosperous economy • Collaborative Council • Great lifestyle							
Visitor attraction and extension	Promote the Tararua at large events in and outside the district	Number of major events that Tararua is directly involved in	Target Minimum 5 Achieved 11	Minimum 5 events	Minimum 5 events	Minimum 5 events	Minimum 5 events
Visitor attraction and extension; community development	Support community groups to run events in Tararua	Number of community events that are actively supported by Council	Target Minimum 10 Achieved 38	Minimum 10 per annum			
Visitor attraction and extension	Provide professional customer service at the Tararua i-SITE	Percentage of i-SITE customers surveyed are satisfied with the services received	Target 85% Achieved 100%	85%	85%	85%	85%
Community Outcome(s): Collaborative Council							
Community development	Council page content in Bush Telegraph and website is engaging and informative	Percentage of survey respondents that consider the Bush Telegraph Council page and website content useful or very useful (Public Voice Survey of over 600 residents).	Target 60% Achieved 67%	65%	65%	65%	65%

Regulatory Services

This is how strongly the Council Outcomes relate to the Regulatory Services activity.



Key issues

- The government intends to amend the Dog Control Act to address high-risk dogs. This may involve owner licensing. An increased focus on audit and compliance is expected.
- New Building (Earthquake-prone Buildings) Amendment Act 2016 – this requires policy development and public consultation on transport routes, profiling of buildings, database administration, and compliance enforcement.
- Online Building Consents – there is a government push towards online building consents. Additional budget is required to operate and service online consenting.
- Food Act Fees – the revenue impact is uncertain over the transition period to 2019 and through implementation to 2022.
- Food Act Accreditation – there is a new requirement for accreditation of Council's service by 2019. Further changes are expected from the government as it responds to implementation issues.
- Alcohol Act Fees – the fees are prescribed by government regulations. The revenue impact of these fees is unclear.
- There are ongoing risks to the community from geological faults and weather conditions that may change over time. Increased extreme weather events from climate change could result in more droughts, storms and floods. These events will continue to threaten public safety and the rural environment within the Tararua District.
- There is an increased risk of a significant earthquake in the Hikurangi subduction zone. This is expected to cause large scale damage within the district and the possibility of a tsunami, which would have a significant impact on our coastal villages.
- Ministry of Health predict there is a 20% chance of a flu pandemic within the next 8 years. This will have a significant effect on Council's ability to provide business as usual and will have a major impact on the district economy.
- Resource Legislation Amendment Act – this legislation will require some resource consents to be processed in a much shorter timeframe and require council to formally engage with iwi through participation agreements. The future of the Resource Management Act is unknown and further legislative reform is expected.

- National Environment Standard for Plantation Forestry – this standard will reduce Council's ability to impose local controls to manage the effects of plantation forestry on roads and the environment. Local controls will be replaced with national controls.

Significant negative effects

Animal Control

- Proximity of dog and stock pounds may adversely affect the quality of life of neighbouring properties due to noise nuisance of impounded animals.
- Dog control legislation, bylaws and policies may restrict the freedom of dog owners, for example, restricting dogs in public places.

District Planning

There are no significant negative effects on the community from this activity.

Emergency Management

There are no significant negative effects on the community from this activity.

Health and Safety

There are no significant negative effects on the community from this activity.

Strategic considerations

Future demand

Animal Control

While expected to generally remain at the current level, community dynamics change and, over time, new issues will arise that may require a change in the manner of delivery or level of the activity. In response to public pressure, the Government can amend existing legislation, or introduce new legislation or policies that affect how we go about our business.

District Planning

We expect the future demand for the district planning service not to change significantly over the short term. In the medium to long term, significant change is expected as the government reviews the Resource Management Act. This may result in a new planning legislation and framework for preparing plans, processing consents, and compliance monitoring.

Emergency Management

The future demand for these services will be ongoing as long as there is legislation for local authorities to provide the leadership for this service. Any changes will also consider the following:

- Increasing community expectations that "the authorities" will arrive during a civil defence event and fix things.
- An ageing population where growing numbers of elderly people will need more help.
- More migrants who have less knowledge of local conditions and poor support networks.
- Residents increasingly reluctant to be involved in their local community.
- Impacts of climate change in terms of intensity or frequency of storms and droughts.
- Lessons learned from past incidents in New Zealand.
- The local government emergency management sector is going through a period of considerable change, and this may continue with the government civil defence review currently underway.
- Because of a series of major events, community and political expectations are for an increased focus on civil defence levels of service. The Civil Defence Emergency Management (CDEM) Group Plan 2016–2021 is reflecting this trend and sets out a series of projects that place a greater focus on readiness and resilience. The response part of local services is largely in place, however, there are shortfalls in operational capability and coordination.
- The emergency management service delivery in Tararua has been a mix of rural fire and civil defence, with the majority of resources focused on rural fire. With the shifting of rural fire responsibility and service delivery to Fire and Emergency New Zealand (FENZ) on 1 July 2017, there is a significant reduction in the resources currently available to respond to civil defence events. The Council recognises that a lift in civil defence resources is required to meet the CDEM Group Plan and lift levels of service. Additional resources have effectively been provided in 2017/18 as the District Resilience Manager is now full-time on Civil Defence.

Health and Safety

We expect the future demand for the building control service to increase over the medium to long term, but expect the demand for most of the other services to remain at the current level. Changes in legislation may mean that there will be a reduction in the environment health area, which could enable a review of the delivery method for this activity. Changes in the demand for the building control

service will be evident through the level of building consent applications lodged.

Assumptions

- The Animal Control services will continue to be provided at the existing level and within the provisions of the existing legislation.
- The Health and Safety activity services will be provided at an enhanced level and within the provisions of the existing legislation.
- Changes in legislation and economic conditions are likely to impact on the Health and Safety activity and district planning. Council will continue to recover costs for chargeable activities at the level determined by the Revenue and Financing Policy.
- Flooding, tsunami, earthquakes and other natural disasters will continue to occur on an irregular basis.

Group level funding impact statement

Regulatory Services

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	1,156	1,341	1,415	1,371
Targeted rates	14	-	-	-
Grants and subsidies operating	2	-	-	-
Fees and charges	1,025	882	899	959
Local authorities fuel tax, fines, infringement fees, and other receipts	28	15	15	15
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	2,225	2,238	2,329	2,345
Applications of operating funding				
Payment to staff and suppliers	1,699	1,732	1,787	1,788
Finance costs	8	18	22	23
Internal charges and overheads applied	449	456	479	493
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	2,156	2,206	2,288	2,304
Surplus/(deficit) of operating funding (A - B)	69	32	41	41
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(12)	126	122	(37)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(12)	126	122	(37)
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	-	150	153	-
- to replace existing assets	3	5	3	16
Increase (decrease) in reserves	54	4	7	(12)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	57	159	163	4
Surplus/(deficit) of capital funding (C - D)	(69)	(32)	(41)	(41)
Funding balance ((A - B) + (C - D))	-	-	-	-

	Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
	1,363	1,535	1,629	1,489	1,437	1,436	1,493
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	979	1,001	1,024	990	1,014	1,040	1,065
	16	16	16	17	19	20	20
	-	-	-	-	-	-	-
	2,358	2,552	2,669	2,496	2,470	2,496	2,578
	1,796	1,981	2,094	1,914	1,882	1,896	1,962
	22	21	20	19	18	17	16
	500	509	514	521	530	539	557
	-	-	-	-	-	-	-
	2,318	2,511	2,628	2,454	2,430	2,452	2,535
	40	41	41	42	41	44	43
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(35)	(33)	(31)	(30)	(28)	(27)	(26)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(35)	(33)	(31)	(30)	(28)	(27)	(26)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	3	-	3	-	-	-	-
	3	7	7	12	14	16	18
	-	-	-	-	-	-	-
	6	7	10	12	14	16	18
	(40)	(41)	(41)	(42)	(41)	(44)	(43)
	-	-	-	-	-	-	-

Animal Control

Aim: To improve public safety by mitigating the risk of harm, injury, or nuisance from dogs and wandering stock.

What is the service provided?

- Registering dogs.
- Patrolling the district on the lookout for animal nuisances.
- Responding to and investigating complaints about dogs and livestock.
- Providing impounding facilities for dogs and livestock.
- Educating the public on the responsibilities of dog ownership.
- Returning, re-homing, or euthanising unclaimed animals.

Why we provide it

The Council has statutory responsibilities to regulate for the control of animals under the Dog Control Act 1996 and Impounding Act 1955.

Animal control ensures the safety of the public from uncontrolled dogs and livestock.

Animal control ensures the well-being and condition of impounded animals.

Key issues and risks

- ▶ The government intends to amend the Dog Control Act to address high-risk dogs. This may involve owner licensing. An increased focus on audit and compliance is expected.



Options for changes to service levels

Subject to legislative change, it is considered that the current dog control activity is appropriate for the communities' needs. A reduction in the level of service would be detrimental to Council's desired outcomes, while an increase is unlikely to provide any significant improvement in community satisfaction.

A change in the method of delivery is considered not to be appropriate for this district, given the other Council activities in which the officers are involved and the interdependence of other staff.

Major projects for the next ten years

None.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	305,000	83%	80-90%
Grants / other	3,000	1%	-
Rates	60,000	16%	10-20%

Why is it funded this way?

The majority of the costs for this activity should be borne by dog owners, as it is the existence of dogs in the community that gives rise to the need to carry out this activity. There is a small public benefit from animal education programmes.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Collaborative Council • Great lifestyle							
Public safety	Animal control complaints and issues are resolved in a timely manner	Percentage of residents rate dog control as "fairly satisfactory" or "very satisfactory" in community survey	Target 75% Not achieved 63%	80%	80%	80%	80%
		Percentage of calls that involve dog attacks responded to during working hours to within 2 hours	New measure	100%	100%	100%	100%
	Promoting responsible animal ownership through public education	Educational publications are available to the community	Target Minimum 6 Achieved 8	Minimum of 6 articles per year			

District Planning

Aim: To provide for the continued sustainable management of the Tararua District's land resources and a strong prosperous economy.

What is the service provided?

There are four aspects to the service provided by this activity:

- Reviewing the District Plan.
- Preparing and processing District Plan changes/variations.
- Processing land use and subdivision resource consents, notices of requirement and other applications made under the Resource Management Act.
- Responding and investigating complaints regarding compliance with the District Plan and resource consent conditions.
- Monitoring the district's state of the environment, and efficiency and effectiveness of the District Plan.

Why we provide it

The Council has statutory responsibilities to regulate the use of land under the Resource Management Act 1991.

District planning ensures the natural and physical resources of the district are sustainably managed.

District planning ensures environmental outcomes desired by the community.

Key issues and risks

- Tararua is a large district, which makes it impractical to undertake extensive monitoring of activities. Construction has not started on several major projects (windfarms) that will require Council monitoring. Council relies on community input and that of other agencies to be effective.



- Council is reliant on a planning consultant for major consents and plan reviews and changes. There is a risk that their retirement will create a capacity and capability gap.



- Resource Legislation Amendment Act – this legislation will require some resource consents to be processed in a much shorter timeframe and require Council to formally engage with iwi through participation agreements. The future of the Resource Management Act is unknown and further legislative reform is expected.



- National Environment Standard for Plantation Forestry – this standard will reduce Council's ability to impose local controls to manage the effects of plantation forestry on roads and the environment. Local controls will be replaced with national controls.



Options for changes to service levels

The type and level of service is generally determined by legislation. The level of service provided for Tararua, with one full time Planner, is considered not appropriate for the district. An increase in staffing levels is required to meet government legislation and community expectations regarding compliance, e.g. derelict properties.

An alternative delivery option is to contract the delivery of all services to a third party. Experiences of local authorities of a similar size who have used this delivery method have found it to be a more expensive and a less responsive delivery method.

Major projects for the next ten years

None.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target
User charges	48,000	14%	10-20%
Grants / other	1,000	1%	-
Rates	294,000	86%	80-90%

Why is it funded this way?

There are two distinct beneficiaries of this activity, the first being the applicants and the second being the whole district through the monitoring and development of the District Plan.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Collaborative Council							
Quality customer service	The district planning service is satisfactory	Percentage of applicants satisfied with the service, based on the customer satisfaction survey	New measure	85%	85%	85%	85%
Reliable customer service	District Planning service is reliable	Percentage of customers that receive a decision on their application within the statutory timeframe	Target 100% Not achieved 96%	100%	100%	100%	100%
Responsive customer service	Council responds effectively to complaints about non-compliance	Non-compliances are resolved within three months of customer complaint	Target 95% Achieved 100%	95%	95%	95%	95%

Emergency Management

Aim: To build resilient communities, ready and able to provide a reliable and timely response to emergencies.

What is the service provided?

- Provide civil defence education programmes to local communities through an ongoing public awareness campaign.
- Facilitate local Community Civil Defence Response Groups.
- Provide a linked communications network across the district to enable a coordinated response by Council's Incident Management Team to any event.
- To ensure appropriate resources are available to manage and coordinate a relevant response to Civil Defence events.
- Provide fully trained response staff during an event.
- Facilitate recovery after Civil Defence events.

Why we provide it

Council has a legal and social obligation to provide services that enable the community to build resilience and capability to cope with civil defence emergencies, and ensure any response and recovery services to an event are coordinated across the district.

Key issues and risks

▶ There are ongoing risks to the community from geological faults and weather conditions that may change over time. Increased extreme weather events from climate change could result in more droughts, storms and floods. These events will continue to threaten public safety and the rural environment within the Tararua District.



▶ There is an increased risk of a significant earthquake in the Hikurangi subduction zone. This is expected to cause large scale damage within the district and the possibility of a tsunami, which would have a significant impact on our coastal villages.



▶ Ministry of Health predict there is a 20% chance of a flu pandemic within the next eight years. This will have a significant effect on Council's ability to provide business as usual and will have a major impact on the district economy.



▶ Council currently uses the Council Chambers as an emergency operations centre (EOC). This situation would be untenable in the long term, and would impact on Council's ability to continue business as usual during an event. Ideally the EOC should be a dedicated room built to Category 4 level and already set up with radio, computer, and phone communications. This room could also be used for civil defence training and other Council computer training.



▶ As part of the whole of Government radio policy, emergency services will be required to move to a digital radio network. This was planned for the 2015/16 financial year, however, due to technical problems this has been put on hold for at least another five years. In the meantime, Council will continue to use analogue VHF radios with digital capability.



▶ Our current Civil Defence plans, standard operating procedures, and manuals all require updating, post Christchurch earthquake, to align with changes to Ministry of Civil Defence and Emergency Management guidelines and National Plan. In some cases there are no existing local plans for some activities.



▶ Government is currently reviewing Civil Defence in New Zealand as a result of the major impact events, such as the Christchurch and Kaikoura earthquakes, and the Edgecombe floods. The findings from this investigation may significantly change the way Civil Defence is delivered in New Zealand. It is expected that this will impact on local delivery of Civil Defence.



▶ Council is required to provide a fully staffed operable emergency operations centre (EOC) in the event of a disaster. Finding fully trained staff for more than one 12 hour shift is difficult. Many staff live outside of the district or away from Dannevirke and may find it impossible to attend due to road conditions etc. This also applies to trained staff available from other councils/organisations. It is also difficult to source quality EOC role specific training within New Zealand at the moment.



▶ Many community Civil Defence centres are in old Council-owned halls, and may be affected by the new Earthquake Prone Buildings legislation. This includes the Dannevirke EOC. Ministry of Business Innovation and Employment categorise these buildings as "priority buildings" and, as such, have an accelerated timeframe to get them up to Category 4 level.



Options for changes to service levels

More time could be spent by staff to promote and facilitate Community Civil Defence Response Groups and to enable communities to prepare, respond, and recover from civil defence disasters. In addition, more time needs to be spent on preparation and training of personnel to act as incident control staff during an event. More staff could be employed to speed this process up. In addition more exercises could be held to ensure staff and systems capability are up to standard.

There is a trend across New Zealand to form regional and sub-regional shared service arrangements to deliver civil defence services. These shared services include setting up standalone service delivery offices that can include policy, communications, and resilience coordinators. This trend is expected to continue, with or without government mandated direction.

Council has options in shared services, as Horowhenua District Council, Rangitikei District Council, and Manawatu District Council are in the process of contracting Horizons to deliver local civil defence services. This service will provide a full time civil defence officer for each council, and result in a pool of civil defence officers that can share training, annual leave cover and expertise. This is a refinement of a contract that has been in place for 10 years.

There is an opportunity for shared services on the Horizons digital radio network. This option is currently being discussed to discover the potential benefits to both parties.

Major projects for the next ten years

Digital radio network **ESTIMATED COST**
\$303,000
2018/19. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	219,000	50%	0-10%
Grants / other	11,000	3%	0-5%
Rates	203,000	48%	90-100%

Why is it funded this way?

The primary purpose of Civil Defence is emergency preparedness with an initial response capability. The activity cannot be attributed to any individuals and therefore it is the community as a whole that benefits from this activity.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Collaborative Council							
Support the community to prepare for an emergency	Facilitate Community Civil Defence Response Groups in all of our larger communities	The number of local training exercises performed annually to ensure community civil defence readiness	New measure	1 or more	1 or more	1 or more	1 or more
Community Outcome(s): Collaborative Council • Sustainable environment							
Leadership and training	Improve our ability to manage and coordinate emergency services during civil defence emergencies	Percentage of Council staff who have completed the Civil Defence and Emergency Management Foundation Course	New measure	80%	80%	80%	80%
Capability	Maintain a high level of staff and volunteer capability to manage a civil defence event	Conduct a full civil defence Emergency Operations Centre exercise and participate in Group and National exercises	New measure	2 exercises per year			

Health and Safety

Aim: To provide a safe and healthy community environment.

What is the service provided?

Health and Safety consists of four separate activities: building control, environmental health, alcohol licensing, and general inspection.

Building Control

- Processing building consent applications by assessing their compliance with the building code.
- Undertaking inspections of the consented building work to ensure compliance with the approved building consent.
- Respond to complaints relating to non-compliance with the Building Act 2004 and take appropriate action when a non-compliance is observed.
- Providing advice to the public on building consent applications and the Building Act 2004.

Environmental Health

- Investigating health complaints and carry out associated enforcement action when necessary/appropriate.
- Inspecting and auditing food premises and premises licensed under the Health Act 1956 to ensure compliance with relevant legislation.
- Providing advice to people wanting to open businesses in this district that require licensing under the Health Act 1956.

Alcohol Licensing

- Processing applications for liquor licences and manager's certificates.
- Monitoring and inspection of all licensed premises to ensure compliance with both legislation and licence conditions.
- Joint undertakings, such as "controlled purchase operations", are carried out in conjunction with partner agencies MidCentral Public Health and New Zealand Police.
- Providing information and advice to customers on licensing requirements.

General Inspection

- Administer relevant bylaws – e.g. Council's Public Places Bylaw.
- Inspection of non-food premises for compliance with relevant legislation.
- Respond to general noise complaints Council receives and take appropriate action if noise is considered to be excessive.
- Respond to complaints regarding vehicles that have been abandoned in public spaces and take appropriate action.
- Respond to complaints about the dumping of litter on private and public land and take action under the Litter Act 1979 as appropriate.

Why we provide it

The Council has statutory responsibilities to regulate for the health and safety of the community under the Building Act 2004, the Health Act 1956, the Food Act 2014, the Sale and Supply of Alcohol Act 2012, the Resource Management Act 1991, and the Local Government Act 1974

Building control ensures that all buildings in the district are safe and healthy.

Environmental health protects public health from food and other regulated premises.

Alcohol licensing ensures the sale and supply of alcohol is carried out in a responsible manner and harm to the community is minimised.

General inspection ensures a safe and attractive environment.

Key issues and risks

- ▶ Building consent authority accreditation fees – a new audit cost structure may enable a reduction in the accreditation fee charged per building consent.



- ▶ New Building (Earthquake-Prone Buildings) Amendment Act 2016 – this requires policy development and public consultation on transport routes, profiling of buildings, database administration, and compliance enforcement.



- ▶ Online building consents – there is a government push towards online building consents. Additional budget is required to operate and service online consenting.



- ▶ Food Act fees – the revenue impact is uncertain over the transition period to 2019, and through implementation to 2022.



- ▶ Food Act accreditation – there is a new requirement for accreditation of Council's service by 2019. Further changes are expected from the government as it responds to implementation issues.



- ▶ Alcohol Act fees – the fees are prescribed by government regulations. The revenue impact of these fees is unclear.



Options for changes to service levels

Building inspection services are delivered locally by the Council. The potential exists for these services to be regionalised, or even delivered on a national level. Alternatively, a shared service with other local authorities is an option. Studies to date have not demonstrated any improvements in service or savings would be achieved with the shared service option.

Sale of alcohol licensing and environmental health services are currently provided in-house by Council – previous experience has shown us that a shared service agreement did not provide an increase to the level of service to our ratepayers.

The general inspection activity, and in particular the noise control aspect, is a 24-hour service, which by its nature it has to be. Being provided by a contractor outside normal hours is an effective service delivery manner. To fully contract this aspect out would require intense management by Council staff and be unlikely to provide any improvement in service.

Major projects for the next ten years

None.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	459,000	42%	40-50%
Grants / other	14,000	1%	-
Rates	613,000	56%	50-60%

Why is it funded this way?

The building control activity is mainly funded by the beneficiaries of the service, as they can be easily identified. There is some general community benefit because the public can be assured that buildings being erected are safe.

For health and alcohol licensing, there is a moderate amount of public good in the general health monitoring and advisory service provided to the community. Direct inspections of premises is user fees, but some fees are set by government legislation and therefore full cost recovery is not always possible.

In the general inspection area, it is often impossible to identify offenders or impractical to recover enforcement costs. The whole community benefits from these activities.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Prosperous economy • Collaborative Council							
Public safety	Ensure that the district's built environment is safe and healthy	All swimming pool and/or spa fencing inspected once every three years	New measure	100%	100%	100%	100%
	Protect public health by regulating the sale of food, funeral parlours, offensive trades, hairdressing salons, and camping grounds	Percentage of registered premises inspected for compliance within statutory timeframes	Target 90% Achieved 93%	95%	95%	95%	95%
Customer service	Building safe communities through cost effective and streamlined processes	Consents issued within statutory timeframes	Target 100% Achieved 99%	100%	100%	100%	100%
Community Outcome(s): Prosperous economy • Collaborative Council • Great lifestyle							
Public health	Protect public health by regulating the sale of alcohol	Percentage of licensed premises inspected annually for compliance	Target 95% Achieved 92%	95%	95%	95%	95%
Community Outcome(s): Collaborative Council • Great lifestyle							
Liveable communities	Excessive noise complaints will be attended to by Council to minimise disturbance to others	Percentage of noise complaints responded to within two hours of a complaint	New measure	90%	90%	90%	90%
Community Outcome(s): Collaborative Council • Sustainable environment • Great lifestyle							
Attractive communities	Control excessive rubbish dumping, overhanging vegetation, and fire hazards through monitoring and enforcement	Percentage of complaints responded to within 48 hours	Target 95% Achieved 98%	90%	95%	100%	100%

Roading and Footpaths

This is how strongly the Council Outcomes relate to the Roothing and Footpaths activity.



Significant negative effects

Footpaths

- Footpaths cross vehicle entranceways to residential and commercial premises.

Roothing

- The physical placement and construction of roads can adversely affect the natural attributes of the environment – for example, cutting hillsides, bridging streams, or rivers etc.
- Excessive noise from vehicular traffic affects residents' quality of life.
- Motor vehicles affect the environment by producing fumes affecting air quality and causing contaminants in road stormwater runoff.
- Roothing assets consume a large quantity of natural resources.

Strategic considerations

Future demand

Roothing

While a modest population increase will mean light vehicle movements will remain relatively static, the maturing of forest plantations and ongoing development in the rural and primary production sector means the demand on the transportation infrastructure is expected to increase significantly.

Initial forestry modelling indicates that harvesting activities are going to increase by several magnitudes in coming years, resulting in a very large increase of logging trucks on the network. Approximately 22,000 hectares of pine forest in Tararua is expected to be harvested over the next 15 years. This will predominantly, but not completely, be confined to the east of the network.

The number of forestry trucks is predicted to increase by a magnitude of two next year, by five within the next three years, and by ten within the next five to ten years, placing extreme pressure on Council's infrastructure.

Council will continue to monitor trends and development within the district to ensure it is aware of the impacts and demands this may place upon its transport infrastructure.

This includes assessing the need to increase carriageway width and pavement strength, and programme any justified works.

Climate change is likely to result in the increasing frequency of extreme weather events that may cause increasing damage to the roading infrastructure. Demand for repairs is likely to increase accordingly.

State Highway 3 through the Manawatu Gorge was closed indefinitely in April 2017, resulting in changes to the flow of traffic through the Tararua District. When the Gorge was closed, the Saddle Road and Pahiatua Track were utilised as bypass routes and have subsequently had maintenance and renewals responsibilities taken over by the NZ Transport Agency while the bypass is in place. This change in traffic flow has seen the use of local roads being used to connect back to the state highway network increase significantly. So, while the Saddle Road and Pahiatua Track are no longer required to be maintained, a disproportionate amount of extra maintenance has been required on these connecting roads – Ballance Gorge Road being a prime example. The extent of this change will be captured in order to fully understand the impact on remaining budgets, and additional safety and accessibility improvements are being investigated.

Footpaths

Demand for new footpaths is low. Future subdivisions may place requirements for new footpaths. Increased use of mobility scooters will place extra demands for crossing points as the population median age increases.

Significant change to funding of Footpaths

In April 2018, after the Draft Long Term Plan was adopted for consultation, Council was informed that NZ Transport Agency had changed the scope of what will be funded under the co-investment approved work programme for renewals and maintenance. From the 2018/19 year, footpaths within the roading corridor are included in the approved subsidised work programme. This is a significant change that has been applied to all roading authorities across New Zealand, and follows the 2018 Government Policy Statement on Land Transport (GPS), which has changed investment priorities for transport.

Tararua will receive 66% funding (under the Financial Assistance Rate formula set by NZTA) from NZTA for footpath renewals and maintenance from 2018/19. This will almost triple the amount of funding for standard footpath renewals and maintenance given the same level of rates

funding. A brief discussion on the options that Council considered is set out on page 129.

This additional funding does not apply to all footpaths, and Council can only apply for the funding within agreed levels of service. Footpaths that are not part of existing roads, and those that are built with additional amenity values (such as the Pahiatua mainstreet upgrade) will require higher or full rates input.

Assumptions

- Council's role in road network maintenance remains as current structure.
- The NZ Transport Agency subsidy level for roading maintenance and renewals will increase from 64% in 2017/18 to 66% by 2018/19, and remain at 66% to Year 2027/28.
- Traffic volumes and makeup will continue at current trends. Increased heavy vehicles will increase deterioration on affected roads, increasing maintenance and renewal needs.
- Land use will remain at current patterns.
- Forestry harvests as forecasted.
- Oil prices will not significantly impact costs in the next 10 years.
- No large industrial developments outside of current industrial/commercial land.
- Enhancement to the footpath network will occur with improvements to town centres in Pahiatua.
- The NZ Transport Agency subsidy level for footpath maintenance and renewals will increase from generally 0% in 2017/18 to 66% in 2018/19, and remain at 66% to Year 2027/28.

Group level funding impact statement

Roading and Footpaths

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	121	35	32	27
Targeted rates	6,640	6,155	6,394	6,478
Grants and subsidies operating	3,620	4,126	4,182	4,174
Fees and charges	160	165	169	172
Local authorities fuel tax, fines, infringement fees, and other receipts	449	419	414	395
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	10,990	10,900	11,190	11,246
Applications of operating funding				
Payment to staff and suppliers	6,072	6,564	6,654	6,644
Finance costs	119	129	184	227
Internal charges and overheads applied	1,359	1,440	1,482	1,522
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	7,551	8,133	8,320	8,393
Surplus/(deficit) of operating funding (A - B)	3,439	2,767	2,869	2,853
Sources of capital funding				
Subsidies and grants for capital expenditure	4,621	5,267	6,452	8,193
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	79	1,240	1,440	340
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	4,700	6,507	7,892	8,533
Application of capital funding				
Capital Expenditure:				
- to meet additional demand		-	-	-
- to improve the level of service	696	2,505	3,429	3,374
- to replace existing assets	6,536	6,932	7,912	9,211
Increase (decrease) in reserves	907	(162)	(581)	(1,199)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	8,139	9,275	10,760	11,386
Surplus/(deficit) of capital funding (C - D)	(3,439)	(2,768)	(2,868)	(2,853)
Funding balance ((A - B) + (C - D))	-	-	-	-

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
27	28	28	30	31	32	34
6,957	7,140	7,399	8,016	8,366	8,563	8,749
4,528	4,687	4,778	4,867	5,048	5,160	5,218
176	181	185	189	194	200	205
361	326	331	339	360	386	413
-	-	-	-	-	-	-
12,049	12,362	12,721	13,441	13,999	14,341	14,619
7,194	7,442	7,588	7,731	8,017	8,195	8,294
253	268	270	273	275	279	282
1,548	1,583	1,606	1,631	1,660	1,690	1,728
-	-	-	-	-	-	-
8,995	9,293	9,464	9,635	9,952	10,164	10,304
3,054	3,069	3,257	3,806	4,047	4,177	4,315
8,797	6,120	6,267	6,560	6,731	6,912	7,106
-	-	-	-	-	-	-
377	(436)	(370)	(417)	(348)	(398)	(323)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
9,174	5,684	5,897	6,143	6,383	6,514	6,783
-	-	-	-	-	-	-
3,505	1,346	1,434	1,413	1,508	1,488	1,592
10,204	8,234	8,178	8,832	8,771	9,082	9,278
(1,480)	(828)	(459)	(296)	151	121	229
-	-	-	-	-	-	-
12,229	8,752	9,153	9,949	10,430	10,691	11,099
(3,054)	(3,069)	(3,257)	(3,806)	(4,047)	(4,177)	(4,315)
-	-	-	-	-	-	-

Footpaths

Aim: To provide safe access and walking opportunities for pedestrians in urban areas.

What is the service provided?

The Council manages approximately 111km of footpaths with a replacement value of \$43 million. Council has a policy to provide at least one footpath per urban road where pedestrian access is required.

The type of surface used is dependent on life cycle cost considerations, pedestrian volumes, and the amenity value of the location (i.e. shopping precincts). The main types of footpath surfaces in the district townships are:

- Asphaltic concrete: mix of graded aggregate and asphaltic binder laid in a 15–20mm layer.
- Concrete: unreinforced concrete laid in a 75mm layer.
- Chip-seal: layer of sprayed bitumen with a fine grit spread on top.
- Slurry seal: mix of fine aggregate and emulsion laid in a 3–5mm layer.
- Metal: graded crushed stone chips spread on formed base course.
- Special surfaces, such as concrete cobblestones/pavers and pressed concrete, have been installed in the main shopping areas.

Why we provide it

The primary purpose of footpaths is to provide safe access for pedestrians in urban areas.

Footpaths provide a key link between journey origin and destination for all travel modes and are a means of transport in their own right. They are an essential component of an effective, efficient and sustainable transport system and enable customers to make smart transport choices.

Key issues and risks

- An increasing ageing population with changing level of service expectations will increase maintenance costs or change level of service expectations.



- The impending ultra-fast broadband rollout has delayed footpath renewals, decreasing the level of service and increasing maintenance needs.



- Lichen and moss on old footpaths is causing a slip hazard and requires changes to maintenance practices.



- Inconsistencies with footpath provision, type and width causes confusion with regards to level of service expectations.



Options for changes to service levels

Council has discretion over upgrades to the footpath network. The current policy of ensuring that there is one footpath in every urban street is continuing. Modest sums could be saved by removing the \$30,000 a year for network extensions.

The main street upgrades are reliant on community support. Should the Pahiatua communities oppose their upgrade Council will reconsider the project. The renewal programme is designed to maintain the current network.

Council does not want the condition of footpaths to decline as it did some years ago. Council invested considerable sums in the last 10 years to bring the standard up to what the urban residents consider an acceptable level.

Council was informed by NZ Transport Agency of a change to the funding of footpath (located on road reserves) renewals and maintenance after the Draft Long Term Plan was adopted. Councillors then considered the options around the level of rates funding as a result of this additional revenue. Council had three options:

1. Leave the amount of work on footpath renewals and maintenance the same as in the Draft Long Term Plan, and reduce the rates requirement;
2. Leave the rates funding for footpath renewals and maintenance at the same level as in the Draft Long Term Plan and significantly increase the amount of work that can be funded; or
3. Some level of rates funding between options 1 and 2.

Council decided that there was a considerable backlog of footpath renewals to be done, and the community satisfaction for footpaths was too low. As a result the additional funding available will be fully leveraged by leaving the rates funding at the same levels as in the Draft Long Term Plan. Overall funding for footpath renewals and maintenance will therefore increase from \$218,000 in 2017/18 to \$595,000 in 2018/19. This significant increase in footpath renewals and maintenance will continue until 2028 with no further impact on rating levels.

Major projects for the next ten years

Pahiatua Main Street upgrade **ESTIMATED COST**
\$2,679,000
 Over 10 years. Capital expenditure.

ESTIMATED COST **Footpath renewals**
\$3,794,000
 Over 10 years. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	-	-	-
Grants / other	56,000	5%	30-40%
Rates	1,004,000	95%	60-70%

Why is it funded this way?

Occupiers of urban residential and commercial properties which are served with footpaths benefit from easier access and the added value to the properties. While the primary benefit is for the people who use the footpaths, these users generally cannot be identified or restricted from using footpaths from a public safety factor.

In towns where central business district footpath upgrades take place, Council will apply a non-district-wide targeted rate to those areas benefiting from the upgrade. This will increase local accountability for projects and allow funding of services above the standard necessary to be functional. Funding for the Eketahuna and Pahiatua town centre upgrades will have their loan repayments and interest costs funded through four targeted rates. They will be charged with 10% of the costs allocated to the ward that is directly benefiting the area and the remaining cost allocated across the entire district. This ensures that the local community (as defined by North and South Wards) pay a higher proportion of the cost than the rest of the district.

Funding from NZ Transport Agency as a grant reflects the private benefits that are often gained by users that have driven to a property or location. The private benefit is collected via fuel taxes and road user charges by the government and allocated by a grant through NZ Transport Agency.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure							
Footpaths are safe for pedestrians	Council maintains footpaths to an acceptable level to customers	Percentage of residents rate footpaths as "fairly satisfactory" or "very satisfactory" in the community survey	Target 75% Not achieved 66%	75%	75%	75%	75%
		The percentage of footpaths within the district that fall within the footpath condition standards set out in the Asset Management Plan	Target 90% Achieved 99%	90%	90%	90%	90%
		Council ensures quality of footpaths and safety of users	Complaints regarding footpaths are responded to within 3 working days*	New measure	90%	90%	90%

* These performance measures are provided by the Department of Internal Affairs and are mandatory.

Roading

Aim: To provide a safe and efficient transport network that improves the movement of people and products, both within and through the district.

What is the service provided?

Tararua District Council's road network is the fourth largest of any local authority in New Zealand, with one of the fewest number of ratepayers per kilometre of road. The depreciated replacement value of Council's roads and associated assets is approximately \$746 million. Associated with the road network is:

- A vehicular network, comprised of 1,185km of sealed roads, 773km of unsealed roads, and 503 bridges and large culverts.
- Enabling infrastructure, including 1,856km of stormwater channels and drains (mainly shallow, unlined surface water channels and kerb and channel), 10,757 culverts and 1,164 other drainage assets including sumps and manholes, and 1,297 retaining walls.
- Safety infrastructure comprised of 1,294 streetlights, pavement marking, 10,882 road signs, and 8,792m of timber sight rails and guardrails.

The road network is managed by the Tararua Alliance, an unincorporated joint venture between Council and Downer NZ Ltd.

Management, maintenance, and renewal of roads and associated assets is the most costly of the Council's major activities. Due to the low ratepayer base, Council is heavily reliant upon subsidies received from the NZ Transport Agency (NZTA). Council receives a subsidy of 64% from the NZTA (in 2017/18), which is increasing to 66% for the next three years.

The Road Efficiency Group, a partnership between NZTA and Local Government NZ, is implementing a national road classification framework and customer service levels for road controlling authorities – the One Network Road Classification (ONRC) initiative. This new system may change the amount of funding available to maintain our current service levels. The new system will be implemented for the 2018–2021 roading programme.

Why we provide it

Council has statutory obligations under the Land Transport Management Act 2003 to maintain a road network within the district and the transportation activity is delivered by Council, providing a safe and efficient road network that enables the movement of people and products, both within and through the district. An effective road network is also essential to ensuring the economic and social well-being of the community through the provision of access and mobility for people, goods, and services.

Key issues and risks

- ▶ Our road network is vulnerable to significant environmental events resulting in decreased accessibility and high intervention costs.



- ▶ Permanent closure of the Manawatu Gorge road has changed the function and use of some Council roads resulting in increased deterioration and intervention costs.



- ▶ Increasing heavy vehicle demand changes due to forestry resulting in decreasing levels of service and increasing reactive interventions.



- ▶ Many bridges are likely to be under strength, requiring capacity restrictions, unbudgeted strengthening, or replacement.



- ▶ Our ageing infrastructure has very limited historic data/information resulting in difficulties in making effective and efficient investment decisions.



Options for changes to service levels

Council can reduce costs by reducing the level of maintenance across the road network. This will result in a declining level of service that Council generally considers unacceptable, and contrary to the Vision of Council and Council Outcomes. Council is reviewing the future renewals of low use roads and structures. It could be possible to lower levels of service on some specific assets that provide limited benefits to the residents of the district.

- ▶ Inconsistent road form and an unpredictable road reserve is resulting in a high risk of serious crash to motorists.



Council has decided to increase levels of service for unsealed rural roads by investing more in minor safety and heavy metalling. This will leverage off the NZTA subsidies available. Based on safety and maintenance cost priorities this will result in \$0.6 million of road improvements in 2018/19, increasing to \$0.9 million for 2019/20 onwards. Some of these improvements will result in seal extensions.

Council could increase levels of service further by increasing investment in asset maintenance, renewal and improvement. A significant impact on rates, however, is seen as unaffordable by Council. In some cases service level improvements will not attract NZ Transport Agency subsidy, 100% rates funding to increase levels of service is seen as unaffordable by Council.

Major projects for the next ten years

Bridge renewals ESTIMATED COST
\$2,783,000
 Over 10 years. Capital expenditure.

Route 52 ESTIMATED COST
\$10,485,000
 2018/19 to 2020/21. Capital expenditure.

Drainage renewals ESTIMATED COST
\$6,122,000
 Over 10 years. Capital expenditure.

Unsealed road metalling ESTIMATED COST
\$9,795,000
 Over 10 years. Capital expenditure.

Minor safety improvements ESTIMATED COST
\$13,056,000
 Over 10 years. Capital expenditure.

Pavement rehabilitation ESTIMATED COST
\$22,118,000
 Over 10 years. Capital expenditure.

Road resurfacing ESTIMATED COST
\$24,575,000
 Over 10 years. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	160,000	1%	0-5%
Grants / other	8,634,000	59%	55-65%
Rates	5,757,000	40%	35-45%

Why is it funded this way?

The beneficiaries are the users of the roads, the owners of properties served by roads, the local community within the district and the wider community.

The private benefit is collected via fuel taxes and road user charges by the government and allocated by a grant through the NZ Transport Agency.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure							
Safety - ensure that our roading network is safe	Our roading network is safe	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network expressed as a number*	Target <0 Achieved -5	<0	<0	<0	<0
		The change in level of risk measured by the total number of fatal and serious injuries per kilometre each year on the network	New measure	<0	<0	<0	<0
		The change in level of risk measured by the total number of fatal and serious injuries by traffic volume each year on the network	New measure	<0	<0	<0	<0

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Resilience - the availability and restoration of each road when there is a weather or emergency event, whether there is an alternative route available and the road user information provided	Roads are maintained to the appropriate standards	The number of unplanned road closures and the number of vehicles affected by closures annually	New measure	Baseline to be determined	Reducing	Reducing	Reducing
		The number of instances where road access is lost	New measure	Baseline to be determined	Reducing	Reducing	Reducing
Amenity - roading network is maintained to ensure a comfortable ride quality	Council ensures quality of roads and safety of users	The 85th percentile roughness on sealed roads	New measure	110	110	110	110
		The 95th percentile roughness on sealed roads	New measure	130	130	130	130
Accessibility - roading network is maintained to ensure availability and connectivity for users.	Ensure that all roads remain available to users	Proportion of network not available to Class 1 heavy vehicles	New measure	Baseline to be determined	Reducing	Reducing	Reducing
		Proportion of network not available to 50MAX vehicles	New measure	Baseline to be determined	Reducing	Reducing	Reducing
Roads are maintained to the appropriate standards	Requests from the public are responded to in a timely manner	Customer service requests relating to roads are responded to within 3 working days*	Target 85% Achieved 99%	90%	90%	90%	90%
		Percentage of residents rating urban roads as "fairly satisfactory" or "very satisfactory" in the community survey	New measure	70%	75%	75%	75%
		Percentage of residents rating rural roads as "fairly satisfactory" or "very satisfactory" in the community survey	New measure	70%	75%	75%	75%

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
	Council ensures quality of roads and safety of users	The average quality of the ride on the sealed road network is measured by smooth travel exposure*	Not measured	95%	95%	95%	95%
		The percentage of sealed road network that is resurfaced*	Target 5%	> 5%	> 5%	> 5%	> 5%
			Achieved 5.8%				

* These performance measures are provided by the Department of Internal Affairs and are mandatory.

Solid Waste Management

Aim: To protect people's health and our environment by minimising the production of waste and promoting recycling and reuse.

This is how strongly the Council Outcomes relate to the Solid Waste Management activity.



What is the service provided?

The Tararua District waste stream is managed through a mixture of private and Council services. All services are delivered through contracts, while Council owns and funds the maintenance of the transfer stations, open and closed landfills, and bins/containers for glass and other recyclables. Contractors provide labour, collection, transport, and sorting services.

Dannevirke acts as a hub for the smaller areas such as Ormondville, Makuri, Akitio, and Herbertville. Recycling and transfer station materials are picked up and transported to Dannevirke as required. Waste for disposal is consolidated before being transported to Waipukurau from Dannevirke and Pahiatua. Recycling (excluding glass and green waste) is processed by Solid Waste Services, a private company operating at the Dannevirke transfer station.

Recycling materials are collected by a Council funded urban kerbside weekly collection (paper, cans, plastics), or increasingly by residents directly depositing these materials, plus glass, at transfers stations. Metal collected for recycling is handled by General Metal Recyclers in Dannevirke. Metal recycling is also offered by Mega Wreckers, and Dismantling and Metal Recyclers.

Green waste is stockpiled at Pahiatua and Dannevirke. Every few months (as required) a private contractor shreds the material and transports it to Palmerston North City Awapuni Landfill to be processed and used as compost.

The Council closed the Eketahuna Landfill in June 2018, and constructed a small transfer station. With the closure of this landfill, Council (as stated in the 2017 Waste Management and Minimisation Plan) is consolidating glass at Dannevirke before transporting to Auckland for recycling by o-1 NZ.

Council is also proposing to close the Pongaroa landfill, and construct a small transfer station, by the end of the current resource consent in June 2021.

Why we provide it

Council regards the management of solid waste as an essential public good and is also required by legislation to ensure that waste can be safely disposed of. The Council is not required to provide these services directly. The availability of disposal facilities and services such as kerbside recycling collections, transfer stations, and landfills remain an essential part of waste management. The Council has a statutory duty under the Waste Minimisation Act 2008 to prepare and adopt a Waste Management and Minimisation Plan.

The Council adopted the first Waste Management and Minimisation Plan (WMMP) in December 2011, and a revised WMMP in December 2017. The 2017 WMMP identified that Council will continue existing recycling services, with a new glass recycling initiative that will see recycled glass transported to Auckland for recycling into new bottles and jars. An increased emphasis on education and support for home composting is aimed at reducing the volume of green waste and food waste entering the waste stream.

The Council role in Solid Waste is identified as:

1. The Council will identify, educate, and promote methods for reducing waste and improving resource efficiency.
2. To facilitate local solutions to local waste management issues.
3. To ensure that waste management practices do not adversely affect human health, animal and plant health, amenity values, and cultural values.

Key issues and risks

- ▶ Recycling materials cannot be reused (due to no market value) therefore significant increase to rates cost.



- ▶ Recycling volumes continue to climb resulting in increased costs and rates required.



- ▶ New legislation in the next five years imposes more waste disposal/recycling requirements on Council, including impacts that bring forward closure of Pongaroa Landfill.



- ▶ Waterways or adjacent land contaminated from leachate.



- ▶ Consent conditions are not met.



- ▶ Central Hawkes Bay contract price is increased significantly over the next few years.



- ▶ One Plan imposes increased requirements on landfill management.



- ▶ Legislative requirements not met, Waste Minimisation Act.



- ▶ Landfills damaged by natural disaster, such as earthquake or flooding (linings, ponds etc).



Significant negative effects

The significant impacts are:

- Land use, contamination of land and odour associated with refuse.
- Loss of resources from materials ending in landfills.
- Cost of investment in infrastructure, including transport costs to take waste out of the district.
- Costs of handling and processing waste, including recycling and recovery.

Strategic considerations

Future demand

On current policies and services, it is likely that future waste flows will contain more e-waste and less mixed green waste. General household waste is forecast to gradually decline with recycled volumes continuing to rise and more organic waste is removed. This trend will reduce in impact over the next six years as households will have separated out these materials. In the medium to long term it will become increasingly expensive to increase recycling as this will involve less valuable materials or materials that are expensive to recycle.

The private sector will continue to collect the majority of district waste, with an increasing percentage being disposed of through Council transfer stations or Council partners co-located with the transfer stations. With intense competition, particularly in the wheelie bin refuse and bag services, Council has decided not to be involved in the direct collection of refuse. Kerbside urban collection services ceased in early 2017/18.

Council is committed to providing disposal facilities at each of the four major towns, plus Pongaroa. Only the Dannevirke and Pahiatua sites offer commercial drop off services.

Overall there is pressure on the Council to ensure that e-waste disposal services are affordable. This is a New Zealand wide problem as it costs Council to dispose of each item. Council will look to run an annual free amnesty day if costs can be kept to a minimum. Until affordable options are available Council will not be able to offer this service for the next few years.

The forecast (on current service levels) for waste handled at Council facilities is for a modest increase in volumes of general household and commercial waste and an increase in the volume of recycled materials. Additional Council initiatives will focus on reducing this waste by 10% over the next six years.

A number of issues and challenges face the Community in waste management. These issues and challenges have been identified by Council staff through preparing the

Waste Assessment in the reviewed Waste Management and Minimisation Plan.

Major waste management issues and challenges facing the district are:

1. A need to review the contracts to manage refuse transfer stations in the southern areas in order to increase efficiency;
2. The need to change the levels of service for the urban Kerbside recycling collection in order to reflect current kerbside recycling usage and control costs;
3. Find lower cost ways to reuse green waste in order to reduce fees and increase tonnages diverted;
4. Further expansion of an environmental waste minimisation education programme to include rural areas and composting in urban areas;
5. Rationalise arrangements and location of the transfer station at Woodville;
6. The limited amount of data on waste volumes particularly from private industry as Council withdraws from kerbside refuse collection;
7. Establishing small transfer stations at Eketahuna and Pongaroa as the landfills are closed.

Assumptions

- Future demand for Solid Waste will be similar to current trends. Increased waste from population growth and commercial activity will be matched by reductions in refuse due to waste minimisation initiatives.
- No new government regulations or legislation will occur. Any changes to the national waste strategy will not be significant.
- The waste minimisation grant will continue at current levels.

Options for changes to service levels

In order to achieve the goal of a 10% reduction in the tonnage of waste per capita being disposed of through transfer stations, Council will need to provide additional services. Currently little education of waste issues is carried out directly by Council, with no education programmes in the rural areas.

Increasing these education programmes through schools and households will aim to:

- increase the amount of green waste and organic waste separated from general waste;
- promote the use of glass collection services;
- encourage the composting at home of food and other biodegradable materials;
- encourage residents to increase paper recycling and educate them on the costs of disposing paper to landfills;
- educate on what to do with hazardous materials.

Commercial businesses will be encouraged to:

- reduce packaging by sourcing products that have minimised packaging;
- dispose of hazardous materials safely.

Households will be encouraged to:

- compost and separate food waste from refuse;
- separate paper and cardboard from refuse disposal;
- recycle e-waste through subsidised drop off days.

Major projects for the next ten years

Pongaroa transfer station and capping

ESTIMATED COST
\$148,000

2019/20 to 2020/21. Capital expenditure.

ESTIMATED COST
\$151,000

Woodville transfer station

2020/21 to 2021/22. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	457,000	24%	20-30%
Grants / other	60,000	3%	0-5%
Rates	1,425,000	73%	70-80%

Why is it funded this way?

Urban households and many commercial businesses receive a kerbside recycling service, and all properties have access to recycling bulk bins for glass and other materials. Rural residents are also using the provided services by dropping off recycling at bulk bins and recycling centres.

Hence, funding for recycling and refuse disposal is best funded on a uniform basis differentiated between rural, industrial/commercial and urban to reflect the higher service levels in urban areas.

The majority of costs will be allocated to the urban sector to reflect the higher use and service levels in urban areas. The balance of costs will be allocated between rural and industrial/commercial to reflect the waste generated by businesses, and the access to recycling services provided to the rural sector.

All of the rates required to fund recycling and refuse disposal services will be funded through this rate. Land transfer stations and landfills continue to be principally funded from user charges and general rates. Pricing is a tool that can impact on people's behaviour to achieve the reduction, reuse and recycling of solid waste.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure							
Refuse and recycling services meet the needs of the district	Refuse and recycling services meet user needs	Percentage of residents rating rubbish collection services as "fairly satisfactory" or "very satisfactory" in the community survey	Target 75%	80%	80%	80%	85%
		Achieved 90%					
		Percentage of residents rating landfills/transfer station management as "fairly satisfactory" or "very satisfactory" in the community survey	Target 75%	75%	75%	75%	80%
			Achieved 81%				
Community Outcome(s): Sustainable environment							
The impact of refuse on the environment is minimised	Council will promote and encourage recycling and reuse	Kilograms of waste per resident sent to landfills by the Council per annum	New measure	258kg	256kg	253kg	235kg
		Tonnage of recycled materials processed by Council	New measure	1,198 tonnes	1,220 tonnes	1,246 tonnes	1,409 tonnes
		Council's open and closed landfills are well managed	Target 100%	100%	100%	100%	100%
		Percentage of landfills where all Horizons resource consent conditions are met	Achieved 100%				

Group level funding impact statement

Solid Waste Management

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	501	360	349	341
Targeted rates	925	1,010	1,044	1,083
Grants and subsidies operating	50	50	51	52
Fees and charges	457	533	544	555
Local authorities fuel tax, fines, infringement fees, and other receipts	10	10	11	12
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	1,943	1,963	1,999	2,043
Applications of operating funding				
Payment to staff and suppliers	1,597	1,589	1,619	1,653
Finance costs	77	69	65	65
Internal charges and overheads applied	140	250	256	263
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,814	1,908	1,940	1,981
Surplus/(deficit) of operating funding (A - B)	129	55	58	61
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(12)	(136)	(119)	143
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	(12)	(136)	(119)	143
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	-	-	-	-
- to improve the level of service	123	-	10	267
- to replace existing assets	140	20	10	10
Increase (decrease) in reserves	(147)	(100)	(82)	(74)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	116	(80)	(62)	203
Surplus/(deficit) of capital funding (C - D)	(129)	(55)	(58)	(61)
Funding balance ((A - B) + (C - D))	-	-	-	-

	Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
	333	321	308	297	283	269	257
	1,119	1,157	1,196	1,237	1,280	1,325	1,376
	53	54	56	57	58	60	61
	567	579	593	606	621	636	652
	13	14	15	17	18	19	21
	-	-	-	-	-	-	-
	2,085	2,125	2,168	2,214	2,261	2,309	2,367
	1,689	1,725	1,765	1,805	1,851	1,894	1,943
	66	62	58	54	51	47	44
	267	272	277	282	287	292	300
	-	-	-	-	-	-	-
	2,022	2,059	2,100	2,141	2,189	2,233	2,287
	63	66	68	72	73	76	80
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(111)	(127)	(121)	(116)	(111)	(106)	(102)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(111)	(127)	(121)	(116)	(111)	(106)	(102)
	-	-	-	-	-	-	-
	21	-	-	-	-	-	-
	21	11	11	11	47	12	49
	(89)	(72)	(65)	(56)	(84)	(42)	(70)
	-	-	-	-	-	-	-
	(47)	(61)	(54)	(45)	(37)	(30)	(21)
	(63)	(66)	(68)	(72)	(73)	(76)	(80)
	-	-	-	-	-	-	-

Stormwater

Aim: To provide affordable protection for urban community assets, commercial properties, and habitable dwellings from flood events.

This is how strongly the Council Outcomes relate to the Stormwater activity.



What is the service provided?

Stormwater runs from higher level impermeable or semi-permeable surfaces (buildings, driveways, sealed footpaths and roads) to the roadside kerb and channel, then into the collection network. Flow direction is determined by contour topography across the catchment. Systems in the Tararua District are gravity driven and require no pumping.

This activity consists of:

1. Outlets for property stormwater discharge in urban areas.
2. Kerb and channel (roading) infrastructure for disposal of stormwater into network drainage systems.
3. Pipes, grates, sumps, chambers and open channels (reticulation infrastructure).
4. Culverts under private land and under roads. Culverts under urban roads are managed through the Roding activity, although part of the stormwater network.

The four main towns have systems based around open waterways:

Dannevirke

Drainage to Mangapurupuru, Tapuata, and Mangatera Streams.

Pahiatua

Drainage to Huxley Street Drain, the Town Creek, and Maungaramarama Creek.

Woodville

Drainage to the Mangapapa and Mangaatua Streams.

Eketahuna

Drainage to the Ngatahaka Creek and Makakahi River.

Each network provides:

- pipes and culverts – either round, rectangular, or "arch-roofed" in cross section – carrying stormwater under buildings, roads, and driveways;
- manholes made from steel reinforced concrete with cast iron lids;
- open-channel drains and streams.

Also part of the system but managed under Council's Asset Management Plan for Roding:

- Sumps made of steel reinforced concrete with cast iron grates.
- Kerb and channel draining to the stormwater network.

Why we provide it

The capacity of Council networks to effectively dispose of stormwater runoff from residential, industrial and commercial properties is essential for the social and cultural well-being of the district. Society cannot function if roads and buildings are flooded, while public health and safety is also threatened.

Businesses also cannot trade freely if customers and service providers cannot access property. Transport links need to remain open as much as possible.

Stormwater schemes must operate within sustainable environmental boundaries. The results of our management decisions will impact on future generations and the health of various waterway systems. The environment has been identified by the community as being of very significant value. As such, the stormwater activity is managed to minimise adverse effects on the environment.

Key issues and risks

- ▶ Localised surface flooding during heavy rainfall events.



- ▶ High volumes of water entering the townships from surrounding areas.



- ▶ The high cost of maintaining open water courses.



- ▶ Potential public health and safety issues associated with open drains in urban areas.



- ▶ Lack of understanding of hydraulic performance of the system.



▶ Inconsistent standards for the design of all part of Council's stormwater networks.



▶ The potential impact of the district growth forecasts.



▶ The potential impact of changing demands due to climate change.



▶ Increased focus on water quality with reduced investment in flood protection.



Significant negative effects

- Contamination of waterways from chemicals washed off roads and other hard surfaces.
- Increasing flood levels of waterways that stormwater discharges into.
- Economic costs to the community from addressing badly designed older systems.
- Liability to Council increased if networks are badly designed.
- Safety issues from open drains, particularly when in high flow.
- Maori place high emphasis on clean water for food production.

Strategic considerations

Future demand

There are a number of factors that influence demand for Council provided services within the Tararua District; some of which are outside of Council control. These include:

- Changes in legislation
- Technological changes
- The national and global economy
- Public expectations
- Changing social norms

A number of these outside influences on demand are already forcing changes to the existing assets and the way services are delivered. With population changes ranging from small growth to no change these community expectations and societal changes are the primary driver of changes to the activity.

Population changes ranging from small growth to large declines will have little impact on demand. Rainfall and topography are relatively constant (currently) and assuming that legislation and resource consent requirements do not change, the most significant driver of demand is the design event return period.

Total annual volumes of stormwater disposed through each network are expected to remain close to current levels in the near term, while reducing over a longer term. However, more frequent high intensity rainfall events are predicted. These could result in a need to increase the capacity of the existing networks, or else accept a decline in service level.

In Eketahuna, Woodville and Pahiatua, lack of growth or subdivisional developments will mean less impact from any increased rainfall events. Dannevirke has small but steady growth and the associated increase in hard (impermeable) surface areas will lead to a gradual increase in the required peak capacity.

The impact on stormwater capacity from climate change in general is still uncertain. Rainfall intensity and volumes will continue to be monitored to give Council as much warning as possible of adverse trends. Better data and analysis may also provide the public with more information over time.

Council has planned to provide for many climate related risks within existing budgets such as preventing infiltration of stormwater into sewerage during heavy rainfall, installation of larger roading culverts and extensions to the current stormwater systems.

Assumptions

- Stormwater volumes will remain constant over the next 10 years for the four networks currently provided
- Populations will remain static or slightly increase
- No new major legislation on stormwater will be enacted
- No resource consents will be required by Horizons for stormwater discharge, and
- The current levels of service achieved will continue (design return events).
- Eliminating infiltration into the wastewater reticulation may in turn create a greater stormwater discharge into the network.

Options for changes to service levels

Council operates basic gravity based stormwater systems.

Council would need to significantly increase service levels to remove all ponding areas however this would result in affordability concerns.

Networks could also be developed in smaller towns. Currently, Council provides a reasonable service at affordable levels.

Resident satisfaction is currently moderate. Council is planning on upgrading known major weaknesses in the existing networks. This should provide added protection should climate change result in increased flooding of urban areas.

Major projects for the next ten years

District-wide developments **ESTIMATED COST**
\$1,694,000
 Over 10 years. Capital expenditure.

Network extensions **ESTIMATED COST**
\$875,000
 2018/19 to 2019/20. Capital expenditure.

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	-	-	-
Grants / other	23,000	3%	-
Rates	769,000	97%	100%

Why is it funded this way?

Properties within the stormwater network areas benefit from collection and disposal of stormwater to limit flood damage.

Property owners downstream from these areas also benefit. There is also a public benefit of health and safety to the urban populations generally and a lesser benefit to people outside the urban areas who may visit the urban areas.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure							
Protecting people and properties from flooding caused by stormwater runoff	An effective stormwater system that protects people and properties from flooding	The number of flooding events where an overflow of stormwater enters a habitable floor*	Target < 40 Achieved Nil	< 20	< 20	< 20	< 20
		For each flooding event, the number of habitable floors affected, expressed per 1,000 properties connected to the stormwater system*	Target < 4 Achieved Nil	< 5	< 5	< 5	< 5
A reliable stormwater network		Percentage of residents rating stormwater management as "fairly satisfactory" or "very satisfactory" in the community survey	Target 70% Not achieved 69%	70%	70%	70%	75%
		Number of complaints received by Council about the performance of its stormwater system, expressed per 1,000 properties connected to the stormwater system*	Target < 9 Not achieved 9.7	< 9	< 9	< 9	< 8

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
		Number of enforcement actions against Council for not meeting resource consent conditions for discharge from the stormwater system relating to*:					
		• abatement notices	Target 0	0	0	0	0
			Achieved Nil				
		• infringement notices	Target 0	0	0	0	0
			Achieved Nil				
		• enforcement orders	Target 0	0	0	0	0
			Achieved Nil				
		• convictions	Target 0	0	0	0	0
			Achieved Nil				
Responsiveness	Council ensures quality and efficiency of the stormwater network	Median time (hours) to attend a flooding event, measured from the time that Council receives a notification until service personnel reach the site*	Target 2 hours	2 hours	2 hours	2 hours	2 hours
			Achieved Nil				

* These performance measures are provided by the Department of Internal Affairs and are mandatory.

Group level funding impact statement

Stormwater

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	769	607	631	654
Grants and subsidies operating	-	-	-	-
Fees and charges	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	23	28	23	27
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	792	635	653	681
Applications of operating funding				
Payment to staff and suppliers	157	144	145	149
Finance costs	95	44	48	54
Internal charges and overheads applied	298	197	204	209
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	550	385	397	412
Surplus/(deficit) of operating funding (A - B)	242	250	255	269
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	923	83	171	168
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	923	83	171	168
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	-	-	87	89
- to improve the level of service	1,030	150	154	158
- to replace existing assets	45	350	51	53
Increase (decrease) in reserves	90	(166)	133	136
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	1,165	334	425	436
Surplus/(deficit) of capital funding (C - D)	(242)	(250)	(255)	(269)
Funding balance ((A - B) + (C - D))	-	-	-	-

	Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
-	-	-	-	-	-	-	-
675	698	720	743	767	792	820	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
32	36	41	45	50	54	58	
-	-	-	-	-	-	-	
707	734	761	788	817	846	878	
154	157	162	166	173	177	182	
59	64	69	75	80	85	90	
213	218	220	224	228	232	237	
-	-	-	-	-	-	-	
426	439	451	465	481	494	509	
281	295	310	323	336	352	369	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
166	164	163	162	162	162	164	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
166	164	163	162	162	162	164	
92	94	97	99	102	105	109	
162	166	171	175	180	186	192	
54	55	68	70	72	89	92	
139	143	136	140	145	135	140	
-	-	-	-	-	-	-	
447	458	472	484	499	515	533	
(281)	(295)	(310)	(323)	(336)	(352)	(369)	
-	-	-	-	-	-	-	

Wastewater

Aim: To provide urban areas with a reliable wastewater system that protects people's health and our environment.

This is how strongly the Council Outcomes relate to the Wastewater activity.



What is the service provided?

The importance of wastewater services to the community and the significant potential social and environmental impacts demands excellence in the management of these assets. The community expects the wastewater networks to be managed in such a way that costs and environmental impacts are minimised while providing the reliable sewage disposal services that the community desires.

This activity manages seven wastewater networks covering the major urban areas in the district. Exceptions are the beach communities of Akitio and Herbertville that have very small populations for the majority of the year and operate with on-site disposal systems. Part of the Akitio urban area (generally a new subdivision, but also the camping ground) has a small privately owned and managed reticulated system.

All schemes consist of three main categories of assets:

Wastewater reticulation: Untreated wastewater is discharged by the consumer through a network of pipes. The flow of wastewater is controlled through a series of valves and may include some pumping. Wastewater makes its way from the property connection into mains and sub-mains, and through to the treatment plant. Council is able to monitor wastewater flows through meters located throughout the network and at the treatment plant.

Wastewater treatment: Wastewater moves into the wastewater treatment plant through a screen that removes solid particles. The wastewater then moves through a series of ponds, where biological processes occur to reduce the level of nutrients. It is in these ponds that particulate matter that has not broken down settles to the bottom of the pond. The wastewater then moves through a treatment plant. Treatment facilities vary from scheme to scheme, but typically consist of a filtering process and a chemical treatment process. The process may also include physical disinfection (UV).

Treated wastewater discharges: Treated wastewater is discharged into open water courses under the provisions of a resource consent. The consent conditions vary from scheme to scheme but include conditions for water quality – nutrient levels and volume. Discharge structures have been developed and located to facilitate as much mixing with the receiving environment as is possible.

Why we provide it

A safe, reliable and sufficient system for the collection, treatment and disposal of wastewater is a critical resource for any community to maintain public and environmental health. A reliable system also serves to protect the natural environment for present and future generations.

The purpose can be summarised as:

- protect public health;
- protect the environment;
- support industry.

A number of statutes, as well as the District Plan and associated bylaws govern council wastewater management.

Council's wastewater schemes are directed mainly to urban areas. Industrial premises that are served by the networks are subject to compliance with Council's Trade Waste Bylaw and payment of the appropriate trade waste fees.

Key issues and risks

- ▶ Discharge effluent quality – to meet the requirements of the Manawatu River Leader's Accord Action Plan, particularly with regard to higher nutrient discharge standards.



- ▶ Resource consents have expired or are due to expire and need renewing.



- ▶ Affordability – more demanding treatment requirements will, over time, impact on communities' ability to pay for wastewater.



- ▶ Stormwater infiltration into wastewater pipes leading to greater volumes of wastewater arriving at the plants for treatment than is necessary.



- ▶ Continued investment in the renewal of pipes and other wastewater supply infrastructure.



- ▶ Network failure – maintaining the quality and continuity of sewerage systems, which are particularly susceptible to severe damage in seismic events and inundation in high rainfall events.



Significant negative effects

Significant environmental damage could occur if Council does not meet its wastewater disposal standards, namely:

- Contamination of waterways associated with wastewater.
- Leakage from system contaminating groundwater.
- Trade waste contaminants inappropriately discharged.
- Odour from poor treatment practices impacts on other landowners.

Cultural values could be negatively impacted by low quality treated wastewater disposal, namely:

- Wastewater discharge can lead to localised damage of river habitats.
- Discharge to waterways impacts on "mauri" and on traditional fishing sources and recreation sites.

Strategic considerations

Future demand

Population changes

Over the next thirty years, the population of the Tararua is forecast to increase but still be below the level it was in the 1990s. The Council, therefore, does not need to develop new wastewater networks or treatment systems in the next 30 years. However, the cost per user of maintaining current systems to meet increased environmental requirements will increase. As systems age, more work will be required to meet minimum standards.

If the population continues to remain static or decline, any large upgrades to meet increasing environmental standards may become unaffordable. As Council does not wish to discourage people from living in the district, wastewater rates and charges will need to be set at a realistic level. Careful management of the current systems is required to balance costs and community expectations.

Community expectations and societal changes

Expectations have a direct impact on the demand for wastewater. Specific changes impacting wastewater could be:

- Societal changes including environmental protection and water conservation reducing water use,
- Rising expectations that wastewater does not adversely impact on freshwater
- Increasing usage of home appliances that use more water, countered by more efficient appliances,

- Change in levels of service through primary drivers such as possible legislation on wastewater discharges.

Technological change

Technological change has the ability to significantly impact on demand for a service. These changes will generally reduce the demand for wastewater infrastructure due to the limitations of the resource in many areas. A relevant example is land-based treatment and wetlands.

It is important to be aware of continued technological changes to adequately predict demand trends and the effect on infrastructure requirements.

Legislative change

Legislative change can significantly affect the Council's ability to meet minimum levels of service and may require improvements to infrastructure assets. For example changes to the Resource Management Act or a review of the One Plan may have significant implications on Council's ability to afford improved wastewater treatment systems.

Assumptions

The growth forecasts and assessment of future demand makes the following assumptions:

- Council will continue to supply a reticulated wastewater scheme to the seven towns that currently have a residential wastewater scheme.
- Future demand for wastewater will be similar to current trends.
- Conditions of existing resource consents held by Council will be altered significantly.
- There will be no large extensions to the wastewater network needed to meet growth during the 30 year period.
- No new wet industries will enter the district and, if they do, they will make some provision for wastewater treatment on site.
- Growth in connections will be limited to infill developments and small subdivisions.
- Changes to Council policy on trade waste charges will not impact on demand.
- The existing reticulation and treatment plants will have sufficient surplus capacity to meet forecasted demand and discharge consent conditions, throughout the year, once infiltration issues have been addressed.
- Users will continue to be responsible for the management and funding of their connection to the Council main.

Options for changes to service levels

Council has a number of resource consents with Horizons Regional Council (Horizons) with regards to wastewater activities. These consents mainly relate to controlling of pollutants and discharges affecting the environment and waterways. Council is required to meet the discharge standards contained in the One Plan.

Council is also a signatory to the Manawatu River Accord, and has a goal of improving the health of the Manawatu River.

Renewals of consents are resulting in the need for higher levels of treatment. Council has little option around these requirements. Council has the choice of providing significantly more treatment to discharge at times of low flow in the waterways, or look at land based disposal during dry periods. Council is continuing with its extensive upgrade programme to meet all these commitments.

Increased complexity, quality standards and community expectations for discharge resource consent renewals is resulting in Council considering the most effective and affordable way to treat urban wastewater. In some cases piping wastewater to an adjacent town will be the best solution, reducing the number of treatment plants and resource consents required.

Major projects for the next ten years

Network extensions **ESTIMATED COST**
\$1,029,000
 Every year from 2019/20. Capital expenditure.

ESTIMATED COST
\$699,000
 2022/23 to 2027/28. Capital expenditure.

Ormondville wastewater scheme upgrade

Pahiatua Main Street wastewater renewal and development **ESTIMATED COST**
\$800,000
 2018/19 to 2019/20. Capital expenditure.

ESTIMATED COST
\$290,000
 2019/20 to 2021/22. Capital expenditure.

Pongaroa treatment plant and wetland

Wastewater reticulation renewals **ESTIMATED COST**
\$5,338,000
 Over 10 years. Capital expenditure.

ESTIMATED COST
\$1,522,000
 Over 10 years. Capital expenditure.

Wetlands development and renewals

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	80,000	3%	0-10%
Grants / other	650,000	23%	0-10%
Rates	2,089,587	74%	90-100%

Why is it funded this way?

The beneficiaries are the properties connected to the wastewater networks. There is a public health benefit particularly to people who live in urban areas, and also with the downstream effects of clean rivers benefiting the whole district.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure • Sustainable environment							
Council systems are well managed	A reliable wastewater service	The number of dry weather sewage overflows from the wastewater system per 1,000 connections*	Target < 5	< 5	< 5	< 5	< 5
			Achieved 1.9				
		Percentage of residents rating wastewater management as "fairly satisfactory" or "very satisfactory" in the community survey	Target 70%	80%	80%	80%	85%
			Achieved 89%				
Risks to public health and our natural environment are minimised		Number of schemes with consents that are current	Target 6	4	4	5	7
			Not achieved 4				
		Number of enforcement actions against Council for not meeting resource consent conditions for sewage schemes relating to*:					
		• abatement notices	Target 0	0	0	0	0
			Achieved 0				
		• infringement notices	Target 0	0	0	0	0
			Achieved 0				
		• enforcement orders	Target 0	0	0	0	0
			Achieved 0				
		• convictions	Target 0	0	0	0	0
			Achieved 0				

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Council provides a service which is responsive to the needs of the community	Council responds quickly to customer complaints	Median response time to attend a sewage fault, measured from the time Council receives notification to the time that service personnel reach the site*	Target 1 hour	1 hour	1 hour	1 hour	1 hour
			Achieved 17 minutes				
		Median time to resolve a sewage fault, measured from the time Council receives notification to the time that service personnel confirm resolution of the blockage or other fault*	Target 8 hours	5 hours	5 hours	5 hours	5 hours
			Achieved 41 minutes				
	Council services meet customer expectations	Number of complaints received about wastewater per 1,000 connections for*:					
		• sewerage odour	Target <5	<4	<4	<4	<4
			Achieved 1.7				
		• sewerage system faults	Target <5	<5	<5	<5	<5
			Achieved 3.8				
		• sewerage system blockages	Target <7	<7	<7	<7	<7
			Not achieved 7				
		• Council's response to the above issues	Target <10	<3	<3	<3	<3
			Achieved 0.2				
		• total number of recorded complaints	Target <27	<19	<19	<19	<19
			Achieved 12.8				

* These performance measures are provided by the Department of Internal Affairs and are mandatory.

Group level funding impact statement

Wastewater

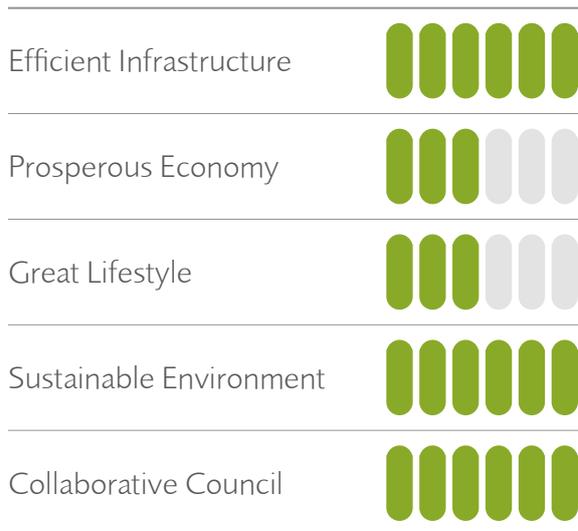
	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	105	126	127	134
Targeted rates	1,984	2,402	2,407	2,543
Grants and subsidies operating	-	-	-	-
Fees and charges	80	115	118	121
Local authorities fuel tax, fines, infringement fees, and other receipts	3	-	-	-
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	2,172	2,644	2,652	2,798
Applications of operating funding				
Payment to staff and suppliers	888	1,047	1,090	1,112
Finance costs	214	222	252	306
Internal charges and overheads applied	327	318	328	337
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,429	1,587	1,670	1,755
Surplus/(deficit) of operating funding (A - B)	743	1,058	982	1,043
Sources of capital funding				
Subsidies and grants for capital expenditure	650	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	461	465	1,441	1,927
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	1,111	465	1,441	1,927
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	-	-	103	105
- to improve the level of service	1,386	800	1,696	2,252
- to replace existing assets	686	1,523	1,751	841
Increase (decrease) in reserves	(217)	(799)	(1,128)	(229)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	1,855	1,524	2,422	2,969
Surplus/(deficit) of capital funding (C - D)	(743)	(1,058)	(982)	(1,043)
Funding balance ((A - B) + (C - D))	-	-	-	-

	Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
	142	142	149	163	170	172	177
	2,696	2,693	2,834	3,094	3,233	3,271	3,371
	-	-	-	-	-	-	-
	124	127	131	134	138	142	147
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	2,962	2,962	3,114	3,391	3,542	3,585	3,695
	1,140	1,166	1,199	1,230	1,268	1,300	1,341
	333	330	340	360	369	361	359
	342	349	354	360	366	373	382
	-	-	-	-	-	-	-
	1,815	1,845	1,893	1,950	2,003	2,034	2,082
	1,147	1,116	1,221	1,441	1,540	1,551	1,613
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(273)	117	474	825	(317)	(134)	(37)
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(273)	117	474	825	(317)	(134)	(37)
	108	111	114	117	120	124	128
	146	519	879	1,251	147	310	396
	641	703	708	699	712	1,174	1,528
	(20)	(101)	(6)	198	244	(191)	(475)
	-	-	-	-	-	-	-
	875	1,232	1,695	2,265	1,223	1,417	1,576
	(1,147)	(1,116)	(1,221)	(1,441)	(1,540)	(1,551)	(1,613)
	-	-	-	-	-	-	-

Water Supplies

Aim: To provide a reliable supply of potable water, of a quality that the community can afford and which meets the general needs of residents and businesses within the district's townships.

This is how strongly the Council Outcomes relate to the Water Supplies activity.



What is the service provided?

This activity aims to ensure:

- Council provides reliable water supplies;
- the water provided is safe to drink; and
- future water supply capacity is planned for.

Council provides water supplies to eight communities. An additional three communities have water schemes managed by private water scheme activities. The eight schemes managed by Council supply have an intake controlled under a Regional Council Resource Consent, some form of treatment, storage and reticulation.

As these consents impose limits on the volume that can be supplied, Council undertakes water conservation education, restrictions and rationing, and the implementation of metering at industrial sites.

The Council maintains the water supply intake areas, reservoirs, pipe reticulation, fire hydrant valves, property laterals and tobies in a safe and good working condition.

This Long Term Plan proposes that the operation of the reticulation is managed by the Tararua Alliance and management of the treatment plants and associated reticulation is managed in-house by Council staff.

Monitoring activity is carried out to ensure water is healthy and complies with consent standards. This includes flow testing, analysis of customer complaint and service failure records, proactive inspection of critical assets, testing pipe material to determine condition and decay rates and water quality testing.

Why we provide it

A safe, reliable and sufficient supply of water is a critical resource for any community to support human, animal and plant life, and to supply industrial and economic needs. Council supplies are directed mainly to urban areas. Where these areas have New Zealand Fire and Emergency brigades located within them, the pressure and volume of Council's supplies are also necessary to provide for urban firefighting activities.

Key issues and risks

▶ Maintaining the quality and continuity of water supplies.



▶ Meeting the mandatory Drinking Water Standards.



▶ Managing the demand for water to comply with conditions of consent to abstract water and to reduce the extent of capital investment in storage.



▶ Affordability of delivering minimum standards.



▶ The need to invest in storage to improve the resilience of schemes.



▶ Sources of water may fail through climate change.



▶ Continued investment in the renewal of pipes and other water supply infrastructure.



▶ Resource consent requirements for abstraction are further decreased in volume when environmental flows are low.



Significant negative effects

- Potential depletion of the natural water resource by over-extraction of water.
- Impacts on waterways from extraction including limiting the remaining allocation available.

Strategic considerations

Future demand

The future volume of water to be supplied is expected to grow slowly (Dannevirke, Pahiatua, Woodville, and Eketahuna assuming no loss of commercial use) or be static or decline in the other network areas. This is due to the expected change in population coupled with societal impacts. In addition improved leak detection and condition assessments should result in a lower proportion of leakages.

The volume of water to be supplied is a function of:

- the number of households;
- the volume of water used by commercial operators;
- the number of people per household;
- leakage rates in the pipe network;
- the quality of the water and the pressure at which it is delivered. Improved taste and pressure could result in increased demand;
- greater awareness of the total cost (financial and environmental) of using water; and
- extraction consent limits set by the regional council.

The majority of costs are generated by providing the network, treatment plant and consents. Small increases or declines in population result in little changes in costs. Population decline is often reflected in fewer people in each house, not in empty houses. Unless whole pipelines can be phased out (say a street is not occupied) the overall costs remain similar as each house still receives the service. Water loss through leakage is a far higher proportion than a 1% increase in population.

Overall volumes demanded through the water supply networks are expected to be determined more by leakages, taste and pressure factors rather than changes in population.

Assumptions

- Council will continue to supply reticulated water to the seven towns currently with a residential water scheme.
- Future demand for water will be similar to current trends.
- Conditions of existing water extraction resource consents held by Council will not be altered significantly.
- There will be no large extensions to the water network needed to meet growth during the 30 year period.
- Council is required to implement improved 2005 Drinking Water Standards. Compliance is currently being phased in and will continue throughout the 2018–2028 Long Term Plan.
- No new large wet industries will connect to Council water supplies – it is forecast that no new large wet industries will enter the district, and that if they did, they would source their own water, in the same way as existing wet industries – Fonterra, Tui Breweries, Oringi etc.
- Levels of service will be progressively increased in those schemes where the current level of service falls below the agreed targets in the Long Term Plan. All other level of service will remain unchanged.
- Growth in connections will be limited to infill developments and small greenfield subdivisions.
- The existing reticulation and supplies will have sufficient surplus capacity to meet forecast demand, throughout the year, once storage issues have been addressed.
- Users will continue to be responsible for the management and funding of their connection to the Council main.

Options for changes to service levels

Council intends to increase levels of service:

Water quality

Council will continue to increase the safety of water supplied to communities through continuing the upgrade programme of water supply and treatment upgrades. Council intends for all schemes to have a Water Safety Plan in place and be fully compliant with safety aspects of the New Zealand Drinking Water Standards.

Provision of water at a consistent volume

It is Council's intention to ensure that all towns have an appropriate volume of water in storage or a bore supply, in order to ensure that water restrictions are limited to unusually long drought periods. This will be achieved in part through capital expenditure on increasing storage in towns where storage is currently limited, and in part through management of the existing supply to ensure water is harvested and stored in wetter months for supplementing supply during drier periods.

Loss of water

Council will continue its programme of leak detection and address leaks through repair and replacement of pipes, valves, and connections.

Extraordinary users connected to the intake line

There are a small number of extraordinary users within the district that are connected directly to the intake line. They are connected by virtue of historical agreements, as the water main passes over their land. Over time, their demand for water has become high, especially during dry periods. Their usage can reduce the flow of water entering the Council's storage and treatment facilities at a time when consent conditions also limit water abstraction. This impacts on Council's ability to provide a consistent volume of water to users in the town schemes.

These users have little or no storage on site, and are therefore very dependent on the Council supply. Council intends to manage this situation through restricting supply and/or encouraging on site storage.

Major projects for the next ten years

Dannevirke intake pipeline

ESTIMATED COST

\$2,968,000

2020/21 to 2022/23. Capital expenditure.

ESTIMATED COST

\$1,032,000

2020/21 to 2024/25. Capital expenditure.

Norsewood water pipeline from Dannevirke

Pahiatua Main Street water infrastructure renewal and development

ESTIMATED COST

\$1,200,000

2018/19 to 2019/20. Capital expenditure.

ESTIMATED COST

\$1,109,000

Over 10 years. Capital expenditure.

Water leakage strategy and implementation

Water network extensions

ESTIMATED COST

\$720,000

Every year from 2019/20. Capital expenditure.

ESTIMATED COST

\$7,822,000

Over 10 years. Capital expenditure.

Water reticulation renewals

Funding sources and mechanisms

	2017/18 Annual Plan \$	2017/18 Annual Plan %	2018 LTP target %
User charges	80,000	3%	20-30%
Grants / other	653,000	23%	0-20%
Rates	2,090,000	74%	70-80%

Why is it funded this way?

The benefits are potable water, fire protection, and street cleaning, and accrue to urban residents and properties with reticulation to the schemes, and also to some properties on the urban perimeters. The public benefit is mainly through the possibility of firefighting, street cleaning and use in public swimming pools.

Farmers tapping into schemes contribute greatly to costs, and a number remain unmetered. Large industrial users are metered, with about 35% of the costs being met by metering large users.

There is a community expectation that the water supply will be funded by users. Rural people have to provide their own water supply systems and should not have to contribute to the urban water supply as well.

The Pongaroa water supply costs will be 100% funded by a uniform targeted rate to each property serviced by that system. This system provides both a service for agricultural purposes and residential supply. For this reason it has not been rated for on a district-wide basis.

Performance measures

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Community Outcome(s): Efficient infrastructure • Sustainable environment							
Council provides a reliable source of drinking water that meets the community's needs	Council provides a reliable water supply	Percentage of customers rating availability of water as "satisfactory" or "very satisfactory" in the community survey	Target 65%	75%	75%	75%	75%
		Achieved 90%					
		Number of recorded complaints per 1,000 connections to Council's networked reticulation system for:					
Council provides water at a consistent volume	• drinking water pressure or flow*	Target < 5	< 4	< 4	< 4	< 4	
		Achieved 2.5					
Water looks and tastes good	• drinking water taste*	Target < 5	< 5	< 5	< 5	< 5	
		Achieved 2.8					
	• drinking water clarity*	Target < 5	< 5	< 5	< 5	< 5	
		Not achieved 13.8					
	• drinking water odour*	Target < 5	< 4	< 4	< 4	< 4	
		Achieved 1.3					
Interruptions to supply are minimised	• continuity of supply*	Target < 5	< 5	< 5	< 5	< 5	
		Achieved 4.4					
Council is responsive to issues relating to water supplies	• Council's response to the issues above*	Target < 5	< 2	< 2	< 2	< 2	
		Achieved 0.6					
	• total number of recorded complaints*	Target < 30	< 25	< 25	< 25	< 25	
		Achieved 25.2					

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Water provided is safe to drink		Number of schemes with a Public Health Management Plan in place	Target 7	8	8	8	8
			Not achieved 6				
Water provided is safe to drink		Number of schemes that comply with Part 4 (bacteria compliance criteria) of the NZ Drinking Water Standards*	Target 5	8	8	8	8
			Not achieved 0				
Water provided is safe to drink		Number of schemes that comply with Part 5 (protozoal compliance criteria) of the NZ Drinking Water Standards*	Target 5	7	7	7	8
			Not achieved 0				
Council provides a service that is responsive to the needs of the community	Council is responsive to issues relating to water supplies	Median response time to attend an urgent call-out, measured from the time Council receives notification to the time that service personnel reach the site*	Target 1 hour	1 hour	1 hour	1 hour	1 hour
			Achieved 25 minutes				
		Median time to resolve an urgent call-out, measured from the time Council receives notification to the time that service personnel confirm resolution of the fault or interruption*	Target 8 hours	5 hours	5 hours	5 hours	5 hours
			Achieved 3 hours 30 minutes				
Water provided is safe to drink		Median response time to attend a non-urgent call-out, measured from the time Council receives notification to the time that service personnel reach the site*	Target 24 hours	8 hours	8 hours	8 hours	8 hours
			Achieved 1 hour 54 minutes				
Water provided is safe to drink		Median time to resolve a non-urgent call-out, measured from the time Council receives notification to the time that service personnel confirm resolution of the fault or interruption*	Target 72 hours	24 hours	24 hours	24 hours	24 hours
			Achieved 4 hours				

Major aspect	Level of service	Performance measure	2016/17 Results	Targets			
				Year 1	Year 2	Year 3	Years 4-10
Council manages water as a valuable community resource	Wastage of water is minimised	The percentage of real water loss from the Council's networked reticulation schemes based on the minimum night flow (MNF) analysis*	Target 7%	20%	15%	10%	7%
		Average consumption of drinking water per day per resident connected to a Council scheme*	Not achieved 29%	300 litres	300 litres	300 litres	300 litres
			Target 300 litres				
			Achieved 251				

* These performance measures are provided by the Department of Internal Affairs and are mandatory.

Group level funding impact statement

Water Supplies

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	-	-	-	-
Targeted rates	2,276	2,395	2,482	2,399
Grants and subsidies operating	-	-	-	-
Fees and charges	7	5	5	5
Local authorities fuel tax, fines, infringement fees, and other receipts	227	268	243	245
Internal charges and overheads recovered	-	-	-	-
Total operating funding (A)	2,510	2,669	2,730	2,649
Applications of operating funding				
Payment to staff and suppliers	921	950	980	1,008
Finance costs	297	261	269	268
Internal charges and overheads applied	242	311	321	329
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	1,460	1,522	1,570	1,605
Surplus/(deficit) of operating funding (A - B)	1,050	1,148	1,160	1,043
Sources of capital funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,012	512	8	(40)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	1,012	512	8	(40)
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	-	-	72	74
- to improve the level of service	1,400	910	360	311
- to replace existing assets	443	1,355	684	774
Increase (decrease) in reserves	218	(604)	52	(157)
Increase (decrease) of investments	-	-	-	-
Total applications of capital funding (D)	2,061	1,661	1,168	1,002
Surplus/(deficit) of capital funding (C - D)	(1,050)	(1,148)	(1,160)	(1,043)
Funding balance ((A - B) + (C - D))	-	-	-	-

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
-	-	-	-	-	-	-
2,602	2,703	2,813	2,783	2,923	3,016	3,083
-	-	-	-	-	-	-
5	6	6	6	6	6	6
240	213	186	145	141	138	136
-	-	-	-	-	-	-
2,847	2,921	3,005	2,934	3,070	3,160	3,225
1,034	1,059	1,086	1,114	1,148	1,186	1,221
266	259	256	261	258	247	237
335	342	347	352	358	365	374
-	-	-	-	-	-	-
1,635	1,660	1,689	1,727	1,764	1,798	1,832
1,212	1,260	1,316	1,207	1,306	1,362	1,393
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(132)	(284)	131	138	(334)	(316)	(298)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(132)	(284)	131	138	(334)	(316)	(298)
76	77	80	82	84	87	89
216	55	455	468	-	-	-
1,645	1,677	2,189	918	980	1,034	978
(856)	(834)	(1,278)	(122)	(91)	(75)	27
-	-	-	-	-	-	-
1,081	975	1,446	1,346	973	1,046	1,094
(1,212)	(1,260)	(1,316)	(1,207)	(1,306)	(1,362)	(1,393)
-	-	-	-	-	-	-

03

RATES

Revenue and Financing Policy

The Revenue and Financing Policy explains how the Council funds each activity it is involved in and why.

The Revenue and Financing Policy explains how the Council funds each activity it is involved in and why. Council provides a number of distinct activities and services to its communities. It must undertake these services in a financially prudent and sustainable way for the Council as a whole. This policy explains how Council activities are funded. It is not about what Council does, nor is it about what it costs. Revenue sources include rates, fees, charges, subsidies and investments.

Affordability and the public's ability to pay rates is a major concern as the Council has to strike a balance between the need to provide a level of service that meets customer and legislative requirements, and the need for funds to provide these levels of service in an affordable manner. Council seeks to maintain an affordable and predictable level of rates in the future.

The Financial Strategy sets out how Council is planning to do this. It sets limits on rates increases and debt levels. This Revenue and Financing Policy keeps within those limits and sets out the broad guidelines for establishing the funding of activities.

The Revenue and Financing Policy is more than rating, it also drives the policy direction for other revenue policies including Funding Impact Statements, Financial Contribution, Treasury (liability and investment) and Remission policies. The Revenue and Financing Policy will be reviewed every three years as part of the ten year planning process.

The Local Government Act 2002 requires Council to meet its funding needs from a defined list of sources. The Council determines which of these are appropriate for each activity, considering equity between generations, fairness and affordability. Council seeks to maintain an affordable and predictable level of rates in the future.

Alongside the increasing levels of service are the affordability issues that many residents face. These affordability issues occur across the urban, rural and commercial / industrial sectors and are often driven by the many factors outside Council control or knowledge. These factors include employment, climate, world demand for farm products and family situations. On average the urban sector has more of an affordability issue, with lower median household incomes when compared to the rural sector. Many of the infrastructure upgrade costs will be borne by urban residents only. Council is fully aware of these affordability issues and is focusing on designing infrastructure that balances function, longevity and affordability. Council is also actively working to gain external grant funding where possible and practical.

In deciding the most appropriate funding source for each activity the Council must show:

- the community outcomes to which the activity primarily contributes; and
- the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and
- the period in or over which those benefits are expected to occur; and
- the extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity; and
- the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and
- the overall impact of any allocation of liability for revenue needs on the community.

The list of funding sources available to Council are:

- (a) general rates, including—
 - (i) choice of valuation system; and
 - (ii) differential rating; and
 - (iii) uniform annual general charges;
- (b) targeted rates,
- (ba) lump sum contributions,
- (c) fees and charges,
- (d) grants and subsidies,
- (e) interest and dividends from investments,
- (f) borrowing,
- (g) proceeds from asset sales,
- (h) development contributions,
- (i) financial contributions under the Resource Management Act 1991,
- (j) any other source.

Council is also required to outline the policies in respect of the funding of operating and capital expenses.

Description of Council expenditure

Broadly speaking, the Council has two types of expenses: operating expenditure and capital expenditure.

Operating expenditure is used to fund the on-going day-to-day activities and services of the Council.

Capital expenditure is money spent in acquiring or upgrading a business asset such as equipment or buildings.

Council has three categories of capital expenditure spread across its activities:

- Renewals – defined as capital expenditure that increases the life of an existing asset with no increase in service level.
- Increased level of service – defined as capital expenditure that increases the service level delivered by the asset.
- Growth – defined as capital expenditure that is required to provide additional capacity to cater for future growth in demand.

Operating expenditure

The Council's policies and practices as regards the funding of its operating expenses are set to ensure that these comply with applicable legislation and generally accepted accounting practice.

In general terms it will use a mix of revenue sources to meet operating expenses, with major sources being general rates, dividends, subsidies and fees and charges. However, revenue from targeted rates is applied to specific activities. Reserve funds including savings from previous years are also used as a revenue source occasionally. Operating costs do not normally utilise loans or proceeds from asset sales.

Deviating from this policy is a Council decision. Occasionally Council is required under accounting rules to write down or treat a cost as an operating expense that had been expected to be funded from loans.

Capital expenditure

Capital developments are funded (in decreasing priority) from subsidies, user contributions, reserves or trust funds (where appropriate), and loans. In roading, some ongoing capital developments are funded from subsidies and rates.

Capital renewals are funded (in decreasing priority) from subsidies, depreciation or other reserves. Loans may also be used where subsidies and reserves are insufficient and to do so supports the principle of intergenerational equity. Rates may also be used where subsidies and reserves are insufficient.

Council created reserves

Savings, carry forward budgets specific to each activity or rates charged for specific projects are placed in reserves. These reserves may be used to fund activities where appropriate to the purpose of the reserves.

The use of reserves will require a specific resolution of Council before expenditure is committed. The exception to this is depreciation reserves used to renew existing assets and for internal loans. The use of the depreciation reserves are approved by Council as part of the Long Term Plan and Annual Plan budgets.

Trust funds

Trust funds are normally bequeathed to Council "in trust". Reserves and trust funds (savings) may be used to fund activities where appropriate to the purpose of the reserves or trusts (operating or capital).

Funding mechanisms

Different funding sources are used for different types of expenditure. Council funds its expenditure using the following funding mechanisms.

Operating revenue sources of funds

General rates

This is generally used to recover public good activities and includes Uniform Annual General Charge. Council uses land value for the application of its general rate. The Council does not set the general rate on a differential basis. The general rate is also used to recover small rounding amounts resulting from full fixed rate charges being rounded down to the nearest whole dollar (excluding GST).

Targeted rates

These rates include Uniform Annual Charges, differential rates set on value (land or capital value), rates set over an area of benefit and rates for a service or for an activity. Targeted rates can be set on a uniform or differential basis, with a range of different factors of liability. This can be used for both private good and public good.

Lump sum contributions

For the recovery of specific capital expenditure, otherwise loan funded (optional for ratepayer). This usually has a high component of private good, though Council has employed district targeting to give people the choice to reduce debt.

Fees and charges

These are any fee, recovery fine, or charge made by Council for a service or activity that have a higher component of private good.

Interest and dividends from investments

Income from an investment including interest, dividends and subvention. This would be generally public good.

Development contributions under Section 106 Local Government Act

This is used to recover the growth component of capital expenditure from developments. Council does not have a Development Contributions Policy because of the low growth forecasts.

Financial contributions under the Resource Management Act 1991

This is used to recover costs to mitigate the effects of growth which may not be limited to capital expenditure. This must have a high component of private good.

Grants and subsidies

Income from another organisation. These generally would be of a public good.

Council created reserves

Savings or carry forward budgets specific to each activity are sometimes available to fund operating costs subject to Council approval. Reserves linked to specific activities built up from operational surpluses or grants may also be used. This can be used for both private good and public good.

Capital revenue sources of funds

Borrowing

Borrowings can be both short term and long term. Borrowing is an appropriate funding mechanism to enable the effect of peaks in capital expenditure to be smoothed and also to enable the costs of major developments to be borne by those who ultimately benefit from the expenditure. This is known as the 'intergenerational equity principle' and means that the costs of any expenditure should be recovered from the community over the period the benefits of that expenditure accrue. It is not prudent or sustainable for all capital expenditure to be funded from borrowings and Council must balance prudence against equity. The overriding limits on borrowing are set out in the Financial Strategy.

This is a funding tool and does not need a split between public and private good as it is only deferring the eventual charge.

Proceeds from asset sales

This would only need to be recognised where an asset was being sold and not replaced with a similar asset. For example, where the proceeds from the sale of corporate property are used to fund another activity. Proceeds from

property sales will be placed in the General Reserves, unless limited by a specific trust deed, bequest or legislation. Again this is a funding tool.

Council created reserves

Council created reserves are from rates, surplus revenues (held for a particular purpose), savings for a particular purpose, or the transfer of non-cash expenditure (for example depreciation). The use of reserves will require a specific resolution of Council before expenditure is committed.

Funding options

The following table summarises how sources of revenue are applied to Council's activities. For example, a subsidy is the number one source of funds and this may be used first equally for any operating or capital cost.

Key

1st – primary source of funding, if available.

2nd – secondary source on a case by case basis.

Possible – funding will be considered, if necessary, on a case by case basis.

Priority of source (number)	Revenue source	Operating	Capital: Renew existing assets	Capital: Develop assets - to improve services	Capital: Develop assets - to cater for growth
1	Subsidies and grants	1st	1st	1st	1st
2	Fees and charges	1st	2nd	2nd	2nd
3	Loans (borrow internally from savings or externally)	Not permitted*	Possible	1st	1st
3	Reserves	Possible 2nd	1st	1st	1st
4	Prior year surpluses	Possible 2nd	2nd	Possible 2nd	Possible 2nd
4	Interest and other revenue	1st	1st	Possible 2nd	Possible 2nd
5	General rates	1st	1st	Possible 2nd	Possible 2nd
5	Targeted rates	1st	1st	2nd	2nd
5	UAGC	1st	1st	Possible	Possible

* Rare exceptions for accounting write down of "assets"

Activity funding targets

Council's funding targets set the level of revenue that is appropriate for users to contribute for each Council activity identified. Council has reviewed these targets as required by the Local Government Act 2002 Section 101 as part of this Revenue and Financing Policy. The targets are shown in the summary tables and more detail is included in each activity section.

The specified funding source proportions are indicative only. They are not intended as an exact proportion, rather as a guideline. It is recognised that within each activity in any given year there may be justification for variation from those proportions. This could be from changes to market conditions, government policy or the demand for Council services. In order to reflect the uncertainty involved in these targets a range in each activity has been assessed.

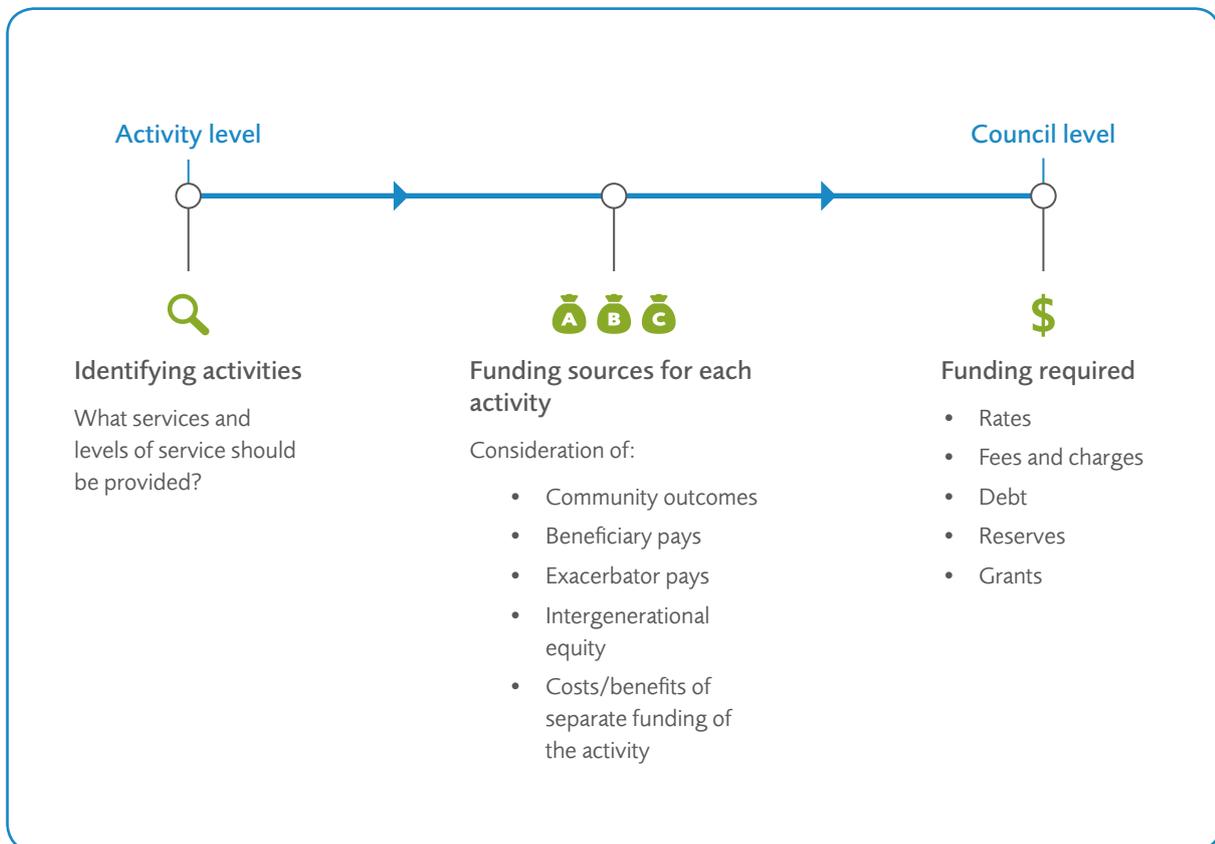
Process for determining funding sources

In determining the appropriate funding sources, the council has adopted a two-stage process in accordance with section 101 (3) of the Local Government Act 2002.

Step 1

The first step is to determine the most appropriate source of funding for each activity by considering the following:

- Community outcomes to which the activity primarily contributes.
- Distribution of benefits between the community as a whole, any identifiable part of the community and individuals.
- The period in, or over which, the benefits are expected to occur. Generally, benefits derived from operating costs are received in the year the expenditure is incurred. In contrast, capital expenditures relate to investments in assets that generate benefits over their useful lives that extend beyond the current year.
- The extent of the actions or inaction of individuals or a group contributing to the activity undertaken.
- The costs and benefits, including consequences of transparency and accountability, of funding the activity distinctly from other activities.



Step 2

Once the most appropriate funding method for each activity is identified based on the considerations stated above, the council needs to consider the overall impact of its funding mix on the community.

For example, the principle of paying for benefits received may call for a high degree of user pays for an activity, but this must be balanced against the principle of affordability.

Selecting the appropriate funding source – Council funding principles

The general principles used in the process are:

- The public good theory:
 - The distribution of benefits between the community as a whole;
 - An activity should be collectively funded if those that benefit directly cannot be identified and/or if those that benefit directly cannot be excluded from using the service;
- The user/beneficiary pays principle:
 - An activity should be funded on a user pays basis if an individual or group of individuals directly receive benefits of the activity exclusively and that costs of the activity can easily be attributed to that individual or group of individuals;
 - The service "consumed" is excludable and creates rivalry (using this service reduces the availability for someone else);
- The merit goods theory:
 - The use of private goods and services can also result in benefits to third parties – people who don't directly use them. In these cases Council considers that the service should be provided on the basis of community need rather than willingness to pay, or identifiable benefits received (e.g. regional sporting facilities);
- The intergenerational equity principle:
 - The period in or over which those benefits are expected to accrue;
- The exacerbator/polluter pays principle:
 - the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities:
 - This considers the efficiency or ability to separate and identify costs and then collect

revenue, and the impact on demand for services.

The differentiation of private and public goods and the identification of externalities are necessary for the strict apportionment of the costs between private users and the community as a whole. Sometimes such differentiation is not easy, because very few goods and services can be treated as purely private or public; most goods and services have characteristics of both private and public goods.

For each activity the following have been considered:

- Relationship to Council Outcomes.
- Council considerations (high to low) of:
 - the distribution of benefits from the activity between the community, any identifiable groups or individuals;
 - Intergenerational equity;
 - exacerbator pays; and
 - the costs and benefits of distinct funding.
- A percentage range of public versus private benefits providing a rationale for the allocation between rates and targeted recoveries through fees and charges.
- The overall impact of any allocation of liability for revenue needs on the community.

The following policy positions have been set by Council and are used with the principles above:

- Where the benefit accrues to the whole district, general rates will be used (these include UAGC).
- Where benefits accrue to certain groups within the district, user charges, differentials or targeted rates will be used if efficient to do so.
- User pays is also recognised as a tool to achieve Council's goals e.g. charging for refuse collection to encourage waste minimisation. Where a fee or charge is not practical, targeted rates may be set in accordance with Council's rating policies.
- Where it is practical to recover the designated portion of the net operating cost of an activity from a private user or exacerbator, fees and charges are set at levels designed to achieve this provided there are no legislative constraints on doing this.
- In some cases, e.g. Wastewater, targeted rates are used as a surrogate for user charges as Council considers this to be a more efficient and effective method of funding than individual user charges.
- Rates are at least partly a tax. While effort is made to link payment of rates to benefits received or costs generated it is not possible to do this on an individual ratepayer basis.

- Subsidy from central government recognises that some services, e.g. roading, form part of a national infrastructure and only central government can levy user charges.
- Uniform Annual General Charge (UAGC) recognises that most services are available to all properties regardless of value and that all properties should contribute a reasonable amount to the running of the district.

Very few activities deliver entirely public benefits or private benefits. Most activities contain aspects of both and fall somewhere between the two ends of the continuum. The characteristics of an activity determine what type of funding mechanism is used to fund a particular service.

For example, an activity towards the public end of the continuum may not be a good candidate for user charges as people cannot be prevented from consuming it, or because everyone is provided with access to the service whether they wish to or not. Such activities will generally be candidates for funding from some general source such as a general rate. An activity that delivers benefits towards the private end of the spectrum may be a candidate for a targeted rate or a user charge. In the end, it comes down to "reasonable" judgement by elected members having considered the legal factors, funding principles and Council policies.

In this document we use the words "public" or "private" to reflect who benefits from the services Council provides. When the word "public" is used it means the community at large will receive benefits and generally it is more efficient to charge for those through a rate. When the word "private" is used it means that either an individual or an identifiable group of individuals will receive benefits and generally this group can be charged either directly through user charges because it is efficient to do so or by using a targeted rate.

The tables which follow show this analysis for each activity within the groups of activities. A summary is provided on the final page of the policy.

Group of Activities / Activity	Community Outcomes	User/beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification
Building Communities and Leadership						
Community Support	Great Lifestyle; Collaborative Council	Low	Low	Low	Low	Low
Representation	Collaborative Council	Low	Low	Low	Low-Medium	Low
Community and Recreation Facilities						
Cemeteries	Efficient Infrastructure	High	High	Low	Low	Medium
Community Buildings	Efficient Infrastructure; Great Lifestyle	Medium	High	Low	Medium	Medium
Housing	Efficient Infrastructure	High	High	Low	Low	Low
Libraries	Efficient Infrastructure	High	Low-Medium	Low	Low	High
Parks and recreation grounds (excluding domain boards)	Great Lifestyle; Efficient Infrastructure	Low	High	Low-Medium	Medium	Low

Benefits			Funding Sources	
Private	Public	Rationale	Operational	Capital
0-5%	95-100%	Although the benefits will accrue to the groups and individuals who are recipients of funding, a greater number of people in the wider community will benefit from the expenditure. User pays is inconsistent with the idea of strengthening community initiatives.	General rate; reserves	-
0%	100%	Elected members represent the residents of the district. The benefit of representation is available to all residents and ratepayers of the district.	General rate; reserves	Loans; general rate; reserves
25-35%	65-75%	The private benefit is received by the families of the deceased, and to those researching family history. There is also a public benefit with communities benefiting from being able to have family members buried in their community. The garden maintenance has a component of private and public benefit.	General rate; fees and charges	Loans; general rates; reserves
5-15%	85-95%	Local communities are provided with facilities for social and recreational use. While individuals and local communities benefit from the use of the facilities there is also a public benefit in having halls available to all people of the district.	Fees and charges; general rate	Fees and charges; general rates; reserves
100%	0%	The main beneficiaries are the pensioner flat tenants, who receive housing at rentals well below market rates.	Fees and charges	Asset sales, reserves
0-10%	90-100%	Recreational reading primarily benefits the individual users, as do school holiday programmes and the availability of reference material for school projects etc. The acquisition of knowledge does have a high public benefit through contributing value to the community by people having access to knowledge, being well informed and by encouraging literacy. Historically, libraries have not charged for books in New Zealand and imposing charges would result in a significant reduction in usage and issues.	Fees and charges; targeted rate	Loans; targeted rate; reserves
5-15%	85-95%	Parks and Reserves beneficiaries are the users, both local and visitors to the district, and in particular user groups such as sports clubs. It is not feasible to charge for many Council facilities as you cannot restrict access to reserves and playgrounds. All residents have access to reserves. Camping grounds benefit the users with low-cost holiday accommodation, and businesses by attracting visitors. The Domain Board is a self-funding function of Council, other than for depreciation and support costs, and is not included in the requirement for rates.	General rate; fees and charges	Loans; general rates; reserves

Group of Activities / Activity	Community Outcomes	User/beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification
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Community and Recreation Facilities (continued)

Public Conveniences	Sustainable Environment	Medium	Medium	Medium	Low	Medium
Service Centres	Collaborative Council; Efficient Infrastructure	Medium	Low	Low	Low	Medium
Swimming Pools	Efficient Infrastructure	High	Medium	Low	Medium	Medium

District Promotion and Development

Commercial Investments	Strong Prosperous Economy	High	High	Low	Low	Low
District Promotion & Development	Strong Prosperous Economy	Medium	Low	Low	Low	Medium

Regulatory Services

Animal Control	Collaborative Council; Great Lifestyle	Low-Medium	Low	High	Low	Low
District Planning	Sustainable Environment; Prosperous economy	Medium-High	Low	Low-Medium	Medium-High	Medium

Benefits			Funding Sources	
Private	Public	Rationale	Operational	Capital
0%	100%	The benefits are the provision of clean and safe toilets for travellers, shoppers, parents and children in commercial areas in particular, and for users of recreational facilities. Businesses located near to public toilets benefit indirectly, and the public generally benefit from reduced environmental degradation.	General rate	Loans; general rate; reserves
0%	100%	Service Centres primary function is about providing customer support and public information, however, much of the time spent on private benefit work is of a very small duration and is therefore not directly recoverable.	General rate	Loans; general rate; reserves
0% (Council does not receive the entry fees or manage the facilities)	100% (grant only)	Swimming pools are recreational facilities, and provide social benefits such as swimming coaching, and leisure opportunities for elderly people with health issues, and children and parents. Users of the pools are private beneficiaries and user fees reflect this. Council charges rates and some fees. The main fees are not collected by Council. They are set and collected by a trust or by management committees. The Council funds a grant that represents only the public good proportion of costs. The fees collected by the Trust / local management reflect a high private benefit to individual users.	Targeted rate; fees and charges	Loans; targeted rate; reserves
100%	0%	The primary beneficiaries are the users or lessees of the properties. These are considered an investment type of asset and therefore a commercial return is expected.	Fees and charges	Loans; fees and charges; reserves
0-5%	95-100%	Private beneficiaries are the individuals who gain employment, retailers, tourist operators, motels, and other businesses, but the whole district benefits from an increased population, wealth and larger rating base.	General rate; targeted rate; fees and charges	General rate; targeted rate; reserves
80-90%	10-20%	The majority of the costs for this activity should be borne by dog owners, as it is the existence of dogs in the community that gives rise to the need to carry out this activity. There is a small public benefit from animal education programmes. The increase in resources (additional animal control officer, higher maintenance/cleanliness of pounds) has increased costs significantly. How much of these increase can be recovered through Fees and Charges without having an adverse impact on this objectives of this activity?	Fees and charges; general rate	Loans; reserves; general rate
10-20%	80-90%	There are two distinct beneficiaries of this activity, the first being the applicant and the second being the whole district through the monitoring and development of the District Plan.	Fees and charges; general rate	Loans; general rate; reserves

Group of Activities / Activity	Community Outcomes	User/beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification
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Regulatory Services (continued)

Emergency Management	Collaborative Council; Prosperous Economy	Low	Low	Low	Low	Low
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Health and Safety	Prosperous Economy; Collaborative Council	High	Low	Medium	Medium	Medium
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Roading and Footpaths

Footpaths	Efficient Infrastructure	Low	Medium-High	Low-Medium	Low	Low
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Roading	Efficient Infrastructure	Medium-High	High	Medium	Medium-High	Low
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Benefits

Funding Sources

Private Public

Rationale

Operational

Capital

0-10%	90-100%	The primary purpose of civil defence is emergency preparedness with an initial response capability. This activity cannot be attributed to any individuals and therefore it is the community as a whole that benefits from this activity.	General rate; subsidies	Loans; general rate; reserves
50-60%	40-50%	<p>The building control activity is mainly funded by the beneficiaries of the service, as they can be easily identified. There is some general community benefit because the public can be assured that buildings being erected are safe.</p> <p>For health and liquor licensing there is a moderate level of public good in the general health monitoring and advisory service provided to the community. Direct inspections of premises are user fees, but some fees are set by government legislation and therefore full cost recovery is not always possible.</p> <p>In the general inspection area it is often impossible to identify offenders or impractical to recover enforcement costs. The whole community benefits from these activities.</p>	Fees and charges; general rate	Loans; general rate; reserves
60-70%	30-40%	<p>Occupiers of urban residential and commercial properties which are served with footpaths benefit from easier access and the added value to the properties. While the primary benefit is for the people who use the footpaths, these users generally cannot be individually identified or be restricted from using footpaths from a public safety factor.</p> <p>Funding from NZ Transport Agency as a grant reflects the private benefits that are often gained by users that have driven to a property or location. The private benefit is collected via fuel taxes and road user charges by the government and allocated by a grant through NZ Transport Agency.</p>	General rate; targeted rate; subsidies	General rate; targeted rate; subsidies; reserves
55-65%	35-45%	The beneficiaries are the users of the roads, the owners of properties served by roads, the local community within the district and the wider community. The private benefit is collected via fuel taxes and road user charges by the government and allocated by a grant through NZ Transport Agency.	Targeted rate; subsidies; fees and charges; reserves	Targeted rate; subsidies; reserves

Group of Activities / Activity	Community Outcomes	User/beneficiary pays principle	Intergenerational equity principle	Exacerbator pays	Costs and benefits	Section 101(3)(b) impact modification
Solid Waste Management						
	Efficient Infrastructure; Sustainable Environment; Prosperous Economy	High	Low-Medium	Low-Medium	Low	Medium
Stormwater						
	Efficient Infrastructure	High	Medium-High	Medium	Medium	High
Wastewater						
	Efficient Infrastructure	Medium	High	Low-Medium	Low	Medium
Water Supplies						
	Efficient Infrastructure	High	High	Low	Low-Medium	Medium

Benefits			Funding Sources	
Private	Public	Rationale	Operational	Capital
20-30%	70-80%	<p>Urban households and many commercial properties receive a kerbside recycling service and all properties have access to recycling bulk bins for glass and other materials.</p> <p>Rural residents that drop off recycling at bulk bins and recycling centres, and refuse at disposal points also use the services.</p> <p>The whole district benefits from the promotion of the clean image and the environmental benefits.</p> <p>Pricing is a tool that can impact on people's behaviour to achieve the reduction, reuse and recycling of solid waste.</p>	Targeted rate; fees and charges; grants	Loans; targeted rate; reserves
0%	100%	Properties within the stormwater network areas benefit from collecting and disposing stormwater to limit flood damage. Property owners downstream from these areas also benefit. There is also a public benefit of health and safety to the urban populations generally, and a lesser benefit to people outside the urban areas who may visit the urban areas.	Targeted rate	Loans; targeted rate; reserves
0-10%	90-100%	The beneficiaries of this activity are properties connected to the networks. There is a public health benefit particularly to people who live in urban areas, and also with the downstream effects of clean rivers benefiting the whole district.	Targeted rate; general rate; fees and charges; reserves	Targeted rate; loans; reserves; subsidies
20-30%	70-80%	The immediate beneficiaries are the properties that are connected to the water supplies, however, there is a public health benefit in providing potable water supplies. The public benefits also include fire protection and street cleaning for urban residents. Farmers tapping into some schemes contribute greatly to costs and a number remain unmetered.	Targeted rate; fees and charges; reserves	Targeted rate; loans; reserves; subsidies

Summary of funding targets

Funding source proportions for operating costs

	Rates	Fees and charges	Grants and other revenue
Building Communities and Leadership			
Community Support	95-100%	-	0-5%
Representation	100%	-	-
Community and Recreation Facilities			
Cemeteries	70-80%	20-30%	0-5%
Community Buildings	85-95%	5-15%	-
Housing	-	100%	-
Libraries	90-100%	0-10%	-
Parks and Recreation Grounds	85-95%	0-5%	5-10%
Public Conveniences	100%	-	-
Service Centres	100%	-	-
Swimming Pools	100%	-	-
District Promotion and Development			
Commercial Investments	(5%)	-	100%
District Promotion and Development	95-100%	0-5%	-
Regulatory Services			
Animal Control	10-20%	80-90%	-
District Planning	80-90%	10-20%	-
Emergency Management	90-100%	0-10%	0-5%
Health and Safety	50-60%	40-50%	0-5%
Roading and Footpaths			
Footpaths	30-40%	-	60-70%
Roading	35-45%	0-5%	55-65%
Solid Waste Management			
	70-80%	20-30%	0-5%
Stormwater			
	100%	-	-
Wastewater			
	90-100%	0-10%	0-10%
Water Supplies			
	70-80%	20-30%*	0-20%

* Water fees and charges are largely from metered water supplies that are technically a rate.

The funding proportions outlined in this table represent the Council's desired intentions – i.e. the share of the gross operating costs borne by each group of ratepayers/users.

Funding impact statement

Rating policy

The Rating Policy outlines how the rate funding required to fund activities will be set by the Council.

This includes Council's high level rating philosophy, and summarises the rationale for the rating decisions taken. In making these decisions, Council has considered:

- the distribution and timing of benefits;
- rating efficiency and transparency;
- community preferences; and
- the overall impact on the economic, cultural, social and environmental well-being of the district.

This policy provides the link between the funding decisions taken at the activity level, with the eventual rates assessment that each ratepayer will receive. The overview of the resulting mix of general and targeted rates, user charges and other funding sources is set out in the Funding Impact Statement for activities or groups of activities. More details for each activity are set out under the significant activity pages.

Property valuations and rates distribution

The Council sets the total amount of rates required to fund its expenditure based on the budgeted costs included in this 10-year plan. For the majority of its rates, Council uses property valuations as the basis to distribute the total rates requirement proportionally across all properties in the district. For industrial and commercial properties Council has moved partly towards capital value based rating.

Property revaluations are performed every three years and Council uses these rating valuations for the purposes of calculating the rates each property is to pay. Council contracts Quotable Value (QV) as its valuation service provider (VSP). The latest revaluation of the district was carried out as at 1 September 2017 and these values have been used for rating purposes for the Long Term Plan. The rating valuations are intended to provide relative values only and are based on the market value of a property at a particular point in time. It cannot be taken as a market valuation.

Effect of new valuations on rates

It is important to note that an increase/decrease in values does not automatically mean that there will be an increase/decrease in rates. It depends on whether the valuation of a property changes more than the average of the group of property values. Council does not collect extra rates as

a result of valuation changes. Council calculates the total rates requirement for the year and then uses land values as the basis to distribute this total. Therefore, a change in the land value of a property will only impact the rates bill of the property to the extent that the change is higher or lower than the average change.

Council rate assessments contain different charges that make up the annual levy:

- General Rates (calculated on land value with no differentials);
- Uniform Annual General Charge (set charge); and
- Targeted Rates (uniform charge or value based rate).

Components of the rating system

The Council's rating system is utilised to fund the net cost of operations and programmes outlined in this Long Term Plan.

The following table details the various funding mechanisms Council has in place to fund its expenditure.

Legislation: Local Government (Rating) Act 2002	Rate subject to 30% cap (S21)	Types of rates
S15(1)(a)	Yes	Uniform Annual General Charge
S13(2)(a) & S14(a)	No	General Rate Land Value
		Specified Services Targeted Differential Rate
S16(3)(b) & S16(4)(b)	No	Land Value Rate - Rural
S16(3)(b) & S16(4)(b)	No	Land Value Rate - Urban
S16(3)(b) & S16(4)(b)	No	Capital Value Rate - Industrial Commercial Urban
S16(3)(b) & S16(4)(b)	No	Capital Value Rate - Industrial Commercial Rural
		Libraries and Swimming Pools Rate
S16(3)(a) & S16(4)(a)	Yes	Targeted Rate - Libraries and Swimming Pools
		Refuse and Recycling Targeted Differential Rate
S16(3)(b) & S16(4)(b)	No	Refuse and Recycling - Rural
S16(3)(b) & S16(4)(b)	No	Refuse and Recycling - Urban
S16(3)(b) & S16(4)(b)	No	Refuse and Recycling - Industrial Commercial
		Roading Rate
S16(3)(a) & S16(4)(a)	No	Roading Land Value Rate - District-wide
		Roading Targeted Differential Rate
S16(3)(b) & S16(4)(b)	No	Rural
S16(3)(b) & S16(4)(b)	No	Urban
S16(3)(b) & S16(4)(b)	No	Industrial Commercial
		Town Centre Refurbishment Targeted Differential Rates
		Dannevirke
S16(3)(b) & S16(4)(b)	No	Dannevirke Town Centre Refurbishment North Ward
S16(3)(b) & S16(4)(b)	No	Dannevirke Town Centre Refurbishment South Ward

Properties to be charged (known as "rating units")	Schedule 2 category (category rated)	Schedule 3 – how it is rated
Rateable properties	n/a	Per rating unit
Rateable properties	n/a	Land value
Rateable properties	Situation and use of land	Land value
Rateable properties	Situation and use of land	Land value
Rateable properties	Situation and use of land	Capital value
Rateable properties	Situation and use of land	Capital value
Rateable properties	n/a	Per rating unit
Rateable & non-rateable properties	Situation, use of land, and provision of service	Per rating unit
Rateable & non-rateable properties	Situation, use of land, and provision of service	Per rating unit
Rateable & non-rateable properties	Situation, use of land, and provision of service	Per rating unit
Rateable properties	n/a	Land value
Rateable properties	Situation & use of land	Per rating unit
Rateable properties	Situation & use of land	Per rating unit
Rateable properties	Situation & use of land	Per rating unit
Rateable properties	Situation of rating unit	Per rating unit
Rateable properties	Situation of rating unit	Per rating unit

Legislation: Local Government (Rating) Act 2002**Rate subject to 30% cap (S21)****Types of rates****Woodville**

S16(3)(b) & S16(4)(b)	No	Woodville Town Centre Refurbishment North Ward
S16(3)(b) & S16(4)(b)	No	Woodville Town Centre Refurbishment South Ward

Eketahuna

S16(3)(b) & S16(4)(b)	No	Eketahuna Town Centre Refurbishment North Ward
S16(3)(b) & S16(4)(b)	No	Eketahuna Town Centre Refurbishment South Ward

Pahiatua

S16(3)(b) & S16(4)(b)	No	Pahiatua Town Centre Refurbishment North Ward
S16(3)(b) & S16(4)(b)	No	Pahiatua Town Centre Refurbishment South Ward

Urban Wastewater

S16(3)(b) & S16(4)(b)	No	Urban Wastewater Targeted Rate - Full Charge
S16(3)(b) & S16(4)(b)	No	Urban Wastewater Targeted Rate - Half Charge
S16(3)(b) & S16(4)(b)	No	Urban Wastewater Targeted Rate - For Connected Multiple Use

Educational establishments and multi-unit residential properties

S16(3)(b) & S16(4)(b)	No	Urban Wastewater Targeted Rate - Full Charge
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Stormwater

S16(3)(b) & S16(4)(b)	Yes	Urban Stormwater Targeted Rate
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Water

S16(3)(b) & S16(4)(b)	No	Urban Water Targeted Rate - Full Charge
S16(3)(b) & S16(4)(b)	No	Urban Water Targeted Rate - Half Charge
S19(2)(a)	No	Pongaroa Water Targeted Rate
S16(3)(b), S16(4)(b), S19(2)(a) & S19(2)(b)	No	Water Metered Rates

The rates requirement for the three sectors in the first three years of the Long Term Plan compared to the 2017/18 Annual Plan is as follows:

Sector	Plan 2017/18	Long Term Plan Year 1 - 2018/19		
		Rates by sector	\$ change from prior year	% change from prior year
Rural	13,148,186	13,621,789	473,603	3.60%
Urban	9,729,204	10,126,212	397,008	4.08%
Industrial/Commercial	1,660,203	1,743,083	82,880	4.99%
Windfarms	176,954	199,603	22,649	12.80%
Total Rates Requirement	24,714,547	25,690,687	976,140	3.95%

*All amounts are inclusive of GST.

Properties to be charged (known as "rating units")	Schedule 2 category (category rated)	Schedule 3 – how it is rated
Rateable properties	Situation of rating unit	Per rating unit
Rateable properties	Situation of rating unit	Per rating unit
Rateable properties	Situation of rating unit	Per rating unit
Rateable properties	Situation of rating unit	Per rating unit
Rateable properties	Situation of rating unit	Per rating unit
Rateable properties	Situation of rating unit	Per rating unit
Rateable and non-rateable properties	Provision of service	Separately used or inhabitable parts of a rating unit
Rateable and non-rateable properties	Availability of service	Per rating unit
Rateable and non-rateable properties	Provision of service	The number of water closets or urinals within the rating unit
Rateable and non-rateable properties	Provision of service	The number of water closets or urinals within the rating unit
Rateable properties	Situation of land	Per rating unit
Rateable and non-rateable properties	Provision of service	Separately used or inhabitable parts of a rating unit
Rateable and non-rateable properties	Availability of service	Per rating unit
Rateable and non-rateable properties	Situation and provision of service	n/a
Rateable and non-rateable properties	Availability of service	n/a

Long Term Plan Year 2 - 2019/20			Long Term Plan Year 3 - 2020/21		
Rates by sector	\$ change from prior year	% change from prior year	Rates by sector	\$ change from prior year	% change from prior year
14,153,684	531,895	3.90%	14,829,388	675,704	4.77%
10,506,423	380,211	3.75%	10,790,619	284,196	2.70%
1,810,835	67,752	3.89%	1,875,434	64,599	3.57%
208,447	8,844	4.43%	219,744	11,297	5.42%
26,679,389	988,702	3.85%	27,715,185	1,035,796	3.88%

Examples of the impacts of the Council's rating proposals

These examples are from the sample set of ratepayers used by Council in modelling impacts of rating scenarios. Four properties in each sector with high, medium and low land or capital values is extracted to show the impact on rates as required by Clause 15(5) Schedule 10, Local Government Act 2002.

Council sent out sample rates invoices to each ratepayer to indicate the proposed rates for Year 1 of the Long Term Plan compared to current rates.

Property type Old land value

Urban properties

Urban - settlement	16,000
Urban - settlement	8,000
Urban low land value	29,000
Urban low land value	21,000
Urban medium land value	38,000
Urban medium land value	40,000
Urban medium land value	70,000
Urban medium land value	39,000
Urban high land value	90,000
Urban high land value	150,000
Urban high land value	88,000

Rural properties

Rural - settlement	50,000
Rural - settlement	315,000
Rural - lifestyle	170,000
Rural medium land value	1,460,000
Rural medium land value	2,200,000
Rural medium land value	2,200,000
Rural high land value	4,150,000
Rural high land value	5,431,000
Rural high land value	5,500,000
Rural high land value	7,300,000

Industrial/commercial properties

Ind/com - urban low land/capital value	8,000
Ind/com - urban low land/capital value	8,500
Ind/com rural - low - land/capital value	25,000
Ind/com rural - medium - land/capital value	20,000
Ind/com urban - medium - land/capital value	175,000
Ind/com urban - medium - land/capital value	76,000
Ind/com - urban high - land/capital value	160,000
Ind/com - urban high - land/capital value	405,000
Ind/com - urban high - land/capital value	-
Ind/com - rural high - land/capital value	600,000
Ind/com - rural high - land/capital value	850,000
Ind/com - rural high - land/capital value	355,000
Ind/com - rural (windfarm)	750,000
Ind/com - rural (windfarm)	1,300,000

Old capital value	Land value	Capital value	Actual 2017/18	LTP 2018/19 Year 1	Difference (\$)	Percentage (%)
126,000	16,000	126,000	1,876	2,039	163	8.7%
66,000	8,000	66,000	1,599	1,994	395	24.7%
136,000	33,000	170,000	2,139	2,241	102	4.8%
120,000	31,000	140,000	2,095	2,245	150	7.2%
210,000	44,000	245,000	2,198	2,276	78	3.5%
275,000	46,000	305,000	3,040	3,215	175	5.7%
335,000	77,000	380,000	2,435	2,422	(13)	(0.5%)
270,000	39,000	315,000	8,526	9,406	880	10.3%
399,000	90,000	550,000	2,573	2,502	(71)	(2.8%)
340,000	165,000	390,000	2,555	2,233	(322)	(12.6%)
470,000	67,000	470,000	10,690	11,496	806	7.5%
175,000	50,000	200,000	1,294	1,390	96	7.4%
325,000	315,000	325,000	2,009	2,034	25	1.2%
335,000	170,000	370,000	1,575	1,630	55	3.5%
2,070,000	1,890,000	2,440,000	5,436	6,423	988	18.2%
2,430,000	1,120,000	1,450,000	3,969	4,275	306	7.7%
2,480,000	1,350,000	1,940,000	4,586	4,907	321	7.0%
4,950,000	5,400,000	6,300,000	13,469	16,177	2,708	20.1%
6,220,000	7,261,000	8,168,000	17,305	21,365	4,060	23.5%
5,800,000	5,500,000	5,800,000	17,522	16,470	(1,052)	(6.0%)
8,725,000	7,400,000	8,820,000	22,908	21,765	(1,144)	(5.0%)
63,000	8,000	73,000	1,613	2,009	395	24.5%
52,000	9,500	52,000	2,171	2,243	72	3.3%
116,000	25,000	116,000	1,210	1,244	34	2.8%
265,000	20,000	260,000	3,248	3,514	266	8.2%
810,000	185,000	880,000	4,024	4,208	183	4.6%
590,000	83,000	720,000	2,953	3,250	296	10.0%
1,860,000	225,000	2,040,000	5,081	5,519	438	8.6%
3,630,000	425,000	3,700,000	10,122	10,412	290	2.9%
9,790,000	-	11,400,000	18,517	21,467	2,950	15.9%
64,300,000	600,000	64,500,000	53,725	71,785	18,061	33.6%
7,650,000	850,000	5,550,000	9,632	9,180	(451)	(4.7%)
5,750,000	355,000	5,800,000	6,665	8,081	1,416	21.2%
6,710,000	750,000	5,920,000	8,353	9,108	756	9.0%
8,890,000	1,300,000	7,590,000	11,720	12,375	655	5.6%

How Council rates

Explanation of rates

There are two types of rates – general rates and targeted rates.

These may be charged in two ways:

- on a uniform basis – to all rateable land for which the rate is set; or
- differentially – on a different basis for different categories of land.

They may be charged on as a fixed amount, including as a fixed amount per rating unit, per separately used or inhabited part of a rating unit, or number of services used such as number of water closets, or using a factor – such as land or capital value. These categories are set out below.

General rate

The Council sets a general rate with no differentials, based on the land value of each rating unit.

Function/service	How it operates
General rate (various functions/services)	A district-wide rate charged on land values

Uniform annual general charge

Uniform annual general charge (UAGC) is a specific levy of an equal amount on each rating unit. The UAGC is applied as a fixed amount to every rating unit within the district and does not vary with the value of the rating unit.

It is used as a mechanism to ensure each rating unit contributes a minimum amount of the general rate. Individuals benefit as each has an equal opportunity to access and use the assets and services, and to an extent, many within the community make similar use of the assets and services.

Council considers a range from 27% to 29% of the rates requirement should be recovered by way of a UAGC charged to every rating unit in the district, which reflects the equal opportunity to access and use the assets and services.

Targeted rates

Council sets targeted rates for different functions of council where the benefit of having access to particular function(s) or service(s) exist to particular groups of ratepayers.

Council has targeted rates for:

Function/service	How it operates
(Various) specific services	By sector – charged on land value or capital value
Refuse and Recycling	By sector – fixed amounts
Roading	A district-wide rate – charged on land value
Roading	By sector – fixed amounts
Town Centre Refurbishment	By wards – North or South – fixed amounts
Wastewater	Three rates by provision (100% rate) or availability (50% rate) for wastewater or for some ratepayers as a per pan charge – all as fixed amounts
Water	Four rates by provision (100% rate) or availability (50% rate) for water – fixed amounts; and on consumption basis for metered supply; Pongaroa Rural Supply – by number of units of supply as a fixed amount
Libraries and Swimming Pools	A district-wide rate based on the rating unit – a fixed amount per rating unit
Stormwater	A district-wide rate based on provision of service – a fixed amount per rating unit

Differential targeted rates

A differential targeted rate in the dollar on the following categories of rateable land, within the meaning of Section 16 of the Local Government (Rating) Act 2002, is used when assessing and setting the differential targeted rate.

• Ward rates

Differential targeted rates may be collected as a fixed amount for each differential category based on where the rating unit is situated. The following are the differential targeted rate and Council's objectives for using this rating mechanism.

The categories of rateable land for setting targeted rates are:

- Category: Ward.
- Description: North and South Wards (these are the two areas defined for election purposes).

• **Sector rates**

Category	Description
Urban	All rating units in the district situated in the urban areas as defined in the District Plan other than: <ul style="list-style-type: none"> (i) properties included in the Industrial/Commercial category; (ii) properties used for Industrial/Commercial purposes; or (iii) farmland (these are rated as rural).
Rural	All rating units in the district situated in the rural areas as defined in the District Plan other than those not included in the Industrial/Commercial or Urban categories.
Industrial/Commercial	All rating units in the district used exclusively or principally for industrial or commercial purposes. This category may be identified as Urban or Rural, as defined in District Plan. It does not include residential flats or farms. <p>For the avoidance of doubt, it does include postal services and utility operators (being companies, public entities and/or commercial operators) that provide services for such areas as electricity generation or transmission, gas or oil, telecommunications, rail, water, wastewater, and stormwater.</p>

The following are the activities, or groups of activities, for which targeted rates are set:

• **Refuse and recycling targeted differential uniform rate**

Funding for recycling and the public benefit costs of refuse are best funded on a uniform rating unit basis differentiated between rural, urban, and industrial/commercial.

The majority of costs will be allocated to the urban sector to reflect the higher use and service levels in urban areas. The balance of costs will be allocated between rural and industrial/commercial to reflect the waste generated by businesses, and the access to recycling services provided to the rural sector.

All of the rates required to fund recycling and refuse disposal services will be funded through this rate. Land transfer stations and landfills continue to be principally funded from user charges and general rates.

• **Specified services targeted differential rate**

Land value rate for urban

Footpaths have distinctly uneven sector benefits compared to other general activities of Council and certain proportions of these costs would be charged by land value. Hence, included in the urban differential targeted rate is 71% of Footpaths cost.

Occupiers of urban residential and commercial properties which are served with footpaths benefit from easier access and the added value to the properties. While the primary benefit is for the people who use the footpaths, these users generally cannot be identified or be restricted from using footpaths from a public safety factor.

Land value in these instances has been used because:

- it better reflects Council created wealth – e.g. access to services and is better related to the infrastructure provided by Council;
- it is more related to the land area;
- it is not proportional to owners total investment.

Capital value rate for industrial commercial: rural and urban

Economic Development and Footpaths have distinctly uneven sector benefits to other general activities of Council and certain proportions of these costs will be charged by capital value. Ratepayers are further defined according to two sub categories (rural and urban) and two uses of land, windfarms and utilities (excluding windfarms). In essence, rates are being set differentially as follows:

Rural

A share of Economic Development

Urban

A share of Economic Development plus Footpaths

Included in the industrial/commercial differential rates is 60% of Economic Development cost allocated based on the Industrial Commercial capital value and 14% of Footpaths cost to Industrial Commercial Urban.

The Industrial Commercial section gains specific benefits from Economic Development activities to attract and retain residents, the support for business and business development, and tourism. Retailers, tourist operators, motels, and businesses benefit from this activity. The whole district benefits as well from an increased population, wealth and larger rating base.

Occupiers of urban residential and commercial properties which are served with footpaths benefit from easier access and the added value to the properties. While the primary benefit is for the people who use the

footpaths, these users generally cannot be identified or be restricted from using footpaths from a public safety factor. Urban industrial commercial ratepayers generally benefit from access and use of footpaths or may affect the footpaths in access to underground services.

Capital value in these instances has been used because:

- Council determined that the Industrial/Commercial sector benefits generally closely reflect the total value of ratepayers investment.
- Insofar as property values indicate ability to pay, capital values more fairly reflect ability to pay.
- The spread between high and low rates are generally less extreme.
- Rating base expands as development expands.
- Industrial/commercial businesses with high capital values will pay more for this service, and those with low capital value less.

- **Roading (excluding roading targeted differential rate)**

A targeted uniform rate in the dollar on the rateable land value of every rating unit in the district ranging from 75% to 80% of the Roothing Cost, which broadly represents the variable cost of the Road network e.g. generally allowing for the use, wear and tear, and ageing of the roads.

For these costs, ratepayers of the roading network will be charged for the whole network as there is no way to separate and prevent one group of ratepayers from accessing and using a part of the network funded from another group of ratepayers.

This is a district-wide rate in the dollar because Roothing needs to be managed as a roading network and, on a district-wide basis, progressively throughout the funding year. This is consistent with the policy approach to funding taken by NZ Transport Agency (Council's primary Roothing funding source) to fund Roothing as a network.

District-wide rating spreads the cost of Roothing amongst all ratepayers. An advantage of this is that it makes larger expenditure commitments more affordable than annually uneven cost recoveries targeted to specific ratepayer categories. It therefore provides regularity to funding to appropriately manage the district asset.

- **Roothing rate – targeted differential**

A targeted differential rate in the dollar on every rating unit in the district for different rate categories.

This cost broadly represents the fixed cost of providing Roothing, a cost that may be shared by all ratepayers. This essentially treats the differentiated fixed amount

targeted rate funding for Roothing as a network access charge.

The fixed component of cost ranging from 20% to 25% will be charged differentially as fixed amount targeted rates on a basis of approximately 83.3% Rural, 13.2% Urban and 3.5% Industrial/Commercial.

These proportions closely match the assessed benefits received by each sector from the Roothing activity expenditure and reflect the relative capital values by sector.

There are further targeted rates for special development loan related costs. These rates ensure that the work is completed when necessary for economic, efficiency, effectiveness and safety reasons.

- **Town Centre Refurbishment - Dannevirke targeted differential rate**

Council is funding the Dannevirke town centre refurbishment by way of two fixed amount targeted rates per rating unit set differentially for the North and South Wards. Funding for the Dannevirke High Street refurbishment has its loan repayments and interest costs funded through these rates. The North Ward, as the main area of benefit, is allocated 10% of the total costs with the remaining cost allocated equally. Overall, the North Ward pays 55% of the costs and the South Ward 45%. This ensures that the local community (as defined by North and South Wards) pay a higher proportion of the cost than the balance of the district.

A lump sum payment option was made available. Properties on which the lump sum was paid do not pay this rate.

- **Town Centre Refurbishment - Woodville, Pahiatua, and Eketahuna targeted differential rate**

Council is funding separately the Woodville town centre refurbishment, and the Pahiatua and Eketahuna town centre refurbishments, by way of two fixed amount targeted rates per rating unit set differentially for the North and South Wards. Funding for Woodville, Pahiatua, and Eketahuna town centre refurbishments will have its loan repayments and interest costs funded through these rates. The South Ward, as the main area of benefit, is allocated 10% of the total costs with the remaining cost allocated equally. Overall, the South Ward pays 55% of the costs and the North Ward 45%. This ensures that the local communities (as defined by North and South Wards) pay a higher proportion of the cost than the balance of the district.

- **Urban water rate**

A targeted rate is charged as follows:

- full charge for separately used or inhabitable part of the rating unit which receives an ordinary supply of water from an urban water supply;

- 50% of the fixed amount for every rating unit to which an ordinary supply of water is available but is not connected. By "water is available", it means a rating unit is within 100 metres of Council's water system and could be effectively connected to the water system.

Water metered rates

This is collected under Section 16 and 19 of the Local Government (Rating) Act 2002.

Rural properties supplied from town water supplies are charged a rate as a fixed amount under Section 16, plus a charge for all water consumed above a certain quantity under Section 19 of the Local Government (Rating) Act 2002.

The standardised charges for water supplied through a meter are:

- A targeted rate per rating unit.
- Plus a charge in excess of 80 cubic metres supplied during each consecutive three-month period per separately used or inhabited part of a rating unit.

The unit rate per cubic metre in excess of 80 cubic meters per quarter will be set by the Council annually based on the percentage change in the urban water targeted rate compared to the previous year.

Large volume users depicted as consumers using more than 2,000 cubic metres per quarter may be charged at a different rate for water supplied in excess of 80 cubic metres per quarter to other users and such rate will be set by the Council annually.

Pongaroa water rate

A separate targeted rate applies for each unit of water from the Pongaroa rural water supply. One unit is for a maximum of one cubic metre of water (by volume) per day through a 20mm pipe at a gravity fed pressure.

Urban wastewater targeted rate

A targeted rate is charged as follows:

- A targeted rate of the full charge on each separately used or inhabitable part of the rating unit connected to the wastewater system.
- Then a fixed amount, 33% of the full charge, on each water closet/urinal between 4 and 12.
- There is no charge for the 13th and subsequent water closets/urinals.
- 50% of the fixed amount on every rating unit to which wastewater is available but not connected. By "wastewater is available", it means a rating unit is within 100 metres of

Council's wastewater system and could be effectively connected to the wastewater system.

A remission policy applies to educational establishments.

Libraries and swimming pools

A targeted rate will be charged on every rating unit in the district as a fixed amount per rating unit.

Urban stormwater rate

A targeted rate will be charged on every rating unit in the district's stormwater drainage area as a fixed amount per rating unit.

Fees and charges

Council sets its fees and charges in accordance with the Schedule of Fees and Charges. Any request for additional services not covered in the schedule will be considered based on a recovery of associated cost.

Setting of rates

Rates are set by Council by way of resolution for each financial year, referred to as the Rating Year. These rates will remain in effect for the rating year and will not be affected by a change in the rateable value or factors of a rating unit during the financial year in which the rates are set.

Utility charges for non-rateable properties

Non-rateable properties are liable for targeted rates and charges for the provision of utility services, such as water, wastewater, and refuse collection.

Instalments

Rates and charges for the year ending on 30 June 2019 will be assessed in four instalments, which will become due and payable on the following dates:

Instalment	Due date	Instalment period
Instalment 1	31 August 2018	1 July 2018 to 30 September 2018
Instalment 2	30 November 2018	1 October 2018 to 31 December 2018
Instalment 3	28 February 2019	1 January 2019 to 31 March 2019
Instalment 4	31 May 2019	1 April 2019 to 30 June 2019

Charges for Water Metered Rates for the year ending on 30 June 2019 will be assessed in four instalments, which will become due and payable on the following dates:

Instalment	Meters read	Due date
Instalment 1	September 2018	20 October 2018
Instalment 2	December 2018	20 January 2019
Instalment 3	March 2019	20 April 2019
Instalment 4	June 2019	20 July 2019

Penalties

In accordance with Section 57 and 58 of the Local Government (Rating) Act 2002:

A penalty of 10% is added to each instalment or part thereof "current rates" which are unpaid after the due date for payment on the following dates:

Due date	Current rates penalty date
31 August 2018	1 September 2018
30 November 2018	1 December 2018
28 February 2019	1 March 2019
31 May 2019	1 June 2019

For Water Metered Rates, a penalty of 10% is added to all amounts of rates remaining unpaid a day after the due date, as listed below.

Due date	Water metered rates penalty date
20 October 2018	21 October 2018
20 January 2019	21 January 2019
20 April 2019	21 April 2019
20 July 2019	21 July 2019

Rates in arrears penalty date

A penalty of 10% is added to previous year's rates "rates in arrears" that remain unpaid as assessed on 6 July 2018, and again on 7 January 2019.

Discount

A 3% discount under the Local Government (Rating) Act 2002 Section 55(3) will be provided for full payment of the 2018/19 rates on or before 31 August 2018.

Appendix 1 – definitions

District valuation roll means in relation to a territorial authority, a roll prepared for a district under Section 7 of the Rating Valuations Act 1998 and approved under Section 11 of that Act;

Farmland means a rating unit that is used exclusively or principally for agricultural, horticultural, or pastoral purposes, or for the keeping of bees or poultry or other livestock; and "farming purposes" has a corresponding meaning.

General Rate As per Local Government (Rating) Act 2002 Section 13

A local authority may set a general rate for all rateable land within its district.

(2) A general rate may be set—

- (a) at a uniform rate in the dollar of rateable value for all rateable land; or
- (b) at different rates in the dollar of rateable value for different categories of rateable land under Section 14.

Industrial or commercial purposes includes any industrial or commercial purposes other than farming purposes.

Maori freehold land means land whose beneficial ownership has been determined by the Maori Land Court by freehold order.

Maori freehold land in multiple ownership means Maori freehold land owned by more than two persons.

Owner means the person who, whether jointly or separately, is seized or possessed of, or entitled to, any estate or interest in land constituting a rating unit.

Rates assessment means the document that gives notice of the ratepayer's liability to pay rates on a rating unit.

Rates invoice means the document that notifies a ratepayer of the amount of rates that are payable for a rating unit.

Rating information database means the database that is required to be kept by a local authority to:

- record all information required for setting and assessing rates; and
- enable a local authority to communicate with ratepayers; and
- enable members of the public to have reasonable access to the information in the database relating to the calculation of liability for rates.

Rates record means the record maintained by a local authority for each rating unit in its district that clearly shows the amount of the ratepayer's liability.

Remissions or remitted rates means rates for which the requirement to pay is cancelled.

Rating unit means either:

- one rating unit; or
- part of a rating unit where Council has created divisions for the purpose of remission, application of non-rateable status, or creating separate rating categories; or
- two or more rating units where they must be treated as one unit for setting a rate if those units are:
 - (a) owned by the same person or persons; and
 - (b) used jointly as a single unit; and
 - (c) contiguous or separated only by a road, railway, drain, water race, river, or stream.

Separately used or inhabitable part of a rating unit

being any part of a rating unit that is or is able to be used or inhabitable by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of tenancy, lease, licence or other agreement.

Targeted Rates As per Local Government (Rating) Act 2002 Section 16:

- (1) A local authority may set a targeted rate for a function if the function is identified in its annual plan as a function for which a targeted rate may be set.
- (2) Subsection (1) does not prevent a local authority from setting a targeted rate for several functions, or setting several targeted rates for one function.
- (3) A targeted rate may be set in relation to—
 - (a) all rateable land within the local authority's district; or
 - (b) one or more categories of rateable land under Section 17.
- (4) A targeted rate may be set—
 - (a) on a uniform basis for all rateable land in respect of which the rate is set; or
 - (b) differentially for different categories of rateable land under Section 17.

Uniform Annual General Charge Local Government (Rating) Act 2002 Section 15 Uniform annual general charge—

- (1) A local authority may set a uniform annual general charge for all rateable land within its district, being—
 - (a) a fixed amount per rating unit; or
 - (b) a fixed amount per separately used or inhabitable part of a rating unit.
- (2) A uniform annual general charge is a rate for the purposes of this Act.

Forecast Council funding impact statement

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	7,722	7,963	8,328	8,958
Targeted rates	14,268	14,921	15,432	15,716
Grants and subsidies operating	3,678	4,181	4,238	4,231
Fees and charges	2,755	2,743	2,813	2,894
Interest and dividends from investments	175	224	147	95
Local authorities fuel tax, fines, infringement fees, and other receipts	687	376	234	183
Total operating funding (A)	29,285	30,408	31,192	32,077
Applications of operating funding				
Payment to staff and suppliers	22,166	23,137	23,597	24,205
Finance costs	515	830	1,084	1,309
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	22,681	23,967	24,681	25,515
Surplus/(deficit) of operating funding (A - B)	6,604	6,442	6,510	6,561
Sources of capital funding				
Subsidies and grants for capital expenditure	5,271	5,367	6,452	8,193
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	1,177	4,072	4,794	3,731
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	6,448	9,439	11,246	11,924
Application of capital funding				
Capital Expenditure:				
- to meet additional demand	28	80	405	387
- to improve the level of service	5,019	5,662	6,573	6,746
- to replace existing assets	9,295	12,574	12,488	13,058
Increase (decrease) in reserves	(1,290)	(2,184)	(1,710)	(1,707)
Increase (decrease) of investments	-	(250)	-	-
Total applications of capital funding (D)	13,052	15,882	17,756	18,485
Surplus/(deficit) of capital funding (C - D)	(6,604)	(6,442)	(6,510)	(6,561)
Funding balance ((A - B) + (C - D))	-	-	-	-

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
8,954	9,547	9,967	10,038	10,055	10,432	10,759
16,658	17,064	17,659	18,638	19,366	19,836	20,372
4,586	4,746	4,838	4,929	5,111	5,225	5,285
2,955	3,000	3,069	3,084	3,159	3,238	3,322
40	42	49	60	68	75	64
930	250	1,195	643	268	210	372
34,123	34,649	36,777	37,391	38,027	39,016	40,174
25,329	25,765	27,274	26,991	27,248	28,056	28,728
1,504	1,678	1,799	1,956	2,021	2,018	2,031
-	-	-	-	-	-	-
-	-	-	-	-	-	-
26,833	27,443	29,073	28,947	29,269	30,074	30,759
7,290	7,206	7,704	8,443	8,759	8,942	9,415
8,797	6,120	6,267	6,560	6,731	6,912	7,106
-	-	-	-	-	-	-
3,475	2,336	3,069	1,928	(758)	(761)	(87)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,272	8,456	9,336	8,488	5,973	6,151	7,019
352	282	290	312	328	316	326
4,756	2,272	3,082	3,450	1,975	2,207	2,312
14,413	12,898	13,377	12,915	12,246	12,895	13,614
(1,959)	(1,789)	(1,710)	(247)	934	676	681
2,000	2,000	2,000	500	(750)	(1,000)	(500)
19,561	15,663	17,039	16,930	14,733	15,094	16,433
(7,290)	(7,206)	(7,704)	(8,443)	(8,759)	(8,942)	(9,415)
-	-	-	-	-	-	-

Reconciliation funding impact statement to comprehensive revenue and expense

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Statement of Comprehensive Revenue and Expense	34,067	35,286	37,144	39,760

Summary Funding Impact Statement

Sources of Operating Funding

Total operating funding	29,285	30,408	31,192	32,077
Add sources of capital funding:				
- Subsidies and grants for capital expenditure	5,271	5,367	6,452	8,193
Less rates remissions and discounts	(489)	(489)	(500)	(510)
Total Revenue	34,067	35,286	37,144	39,760

Expenditure

Statement of Comprehensive Revenue and Expense	33,666	36,593	37,737	38,947
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Summary Funding Impact Statement

Application of Operating Funding

Total applications of operating funding	22,681	23,967	24,681	25,515
Add depreciation and amortisation expense	11,473	13,117	13,542	13,928
Less internal rates eliminates	(488)	(491)	(486)	(496)
Total Expenditure	33,666	36,593	37,737	38,947

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
42,400	40,237	42,501	43,395	44,189	45,344	46,681
34,123	34,649	36,778	37,391	38,028	39,017	40,175
8,797	6,120	6,267	6,560	6,731	6,912	7,106
(520)	(532)	(544)	(557)	(570)	(585)	(600)
42,400	40,237	42,501	43,395	44,189	45,344	46,681
40,669	41,594	43,561	43,887	44,565	45,754	46,948
26,833	27,443	29,073	28,947	29,269	30,074	30,759
14,340	14,669	15,014	15,477	15,848	16,246	16,766
(504)	(518)	(526)	(538)	(553)	(567)	(578)
40,669	41,594	43,561	43,887	44,565	45,754	46,948

Summary of rates by charges

Amounts are GST inclusive.

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
Limit on uniform annual general charge: 30% cap of total rates	28.24%	28.91%	29.40%	29.46%
Uniform annual general charge - fixed amount	496.90	558.11	590.72	617.27
General rate land value rate in dollar	0.00126766	0.00125929	0.00129651	0.00143927
Libraries and swimming pools - targeted rate	214.41	226.65	238.27	244.51
Specified services targeted differential - land value rate in dollar				
- rural	0.00000516	-	-	-
- urban	0.00395851	0.00105555	0.00093614	0.00078484
Specified services targeted differential - capital value rate in dollar				
- industrial commercial rural	0.00079125	0.00103906	0.00109042	0.00115152
- industrial commercial urban	0.00180935	0.00180684	0.00187404	0.00195262
Refuse and recycling targeted differential rate				
- rural	50.58	57.89	59.85	62.04
- urban	169.35	196.75	202.97	209.91
- industrial commercial	222.42	148.62	153.67	159.29
Roading rate land value rate in dollar	0.00171912	0.00152498	0.00157137	0.00158520
Roading targeted differential rate				
- rural	275.98	269.46	277.70	280.18
- urban	42.94	40.28	41.41	41.68
- industrial commercial	92.09	84.25	86.83	87.60
Town centre refurbishment targeted differential rate				
Dannevirke				
- North Ward	14.45	15.11	15.30	15.26
- South Ward	11.77	12.33	12.49	12.46
Woodville				
- North Ward	8.47	9.41	9.35	9.47
- South Ward	10.51	11.70	11.62	11.77
Eketahuna				
- North Ward	5.76	6.37	6.51	6.53
- South Ward	7.14	7.92	8.09	8.12
Pahiatua				
- North Ward	0.30	13.55	23.88	30.88
- South Ward	0.37	16.85	29.69	38.40
urban wastewater (95% of net cost including all loan costs)				
Per connected water closet/urinal				
Urban wastewater targeted differential rate				
- full charge	420.50	507.25	507.37	535.04
- half charge	210.25	253.62	253.68	267.52
- for connected multiple use	140.15	169.07	169.10	178.33

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
29.22%	29.17%	29.14%	29.12%	29.10%	29.07%	29.04%
639.20	667.56	697.05	725.55	744.06	764.83	776.99
0.00137903	0.00150426	0.00156763	0.00151530	0.00147071	0.00153957	0.00161598
246.66	250.79	254.42	260.11	264.45	268.85	283.19
-	-	-	-	-	-	-
0.00079503	0.00081055	0.00083028	0.00086499	0.00089488	0.00093502	0.00098820
0.00120362	0.00125498	0.00124502	0.00128401	0.00127650	0.00133071	0.00131629
0.00203792	0.00212274	0.00210966	0.00217719	0.00216942	0.00226250	0.00224646
64.15	66.33	68.57	70.90	73.38	75.95	78.85
216.54	223.39	230.41	237.68	245.45	252.91	261.95
164.69	170.30	176.04	182.02	188.39	195.00	202.43
0.00171353	0.00176158	0.00183023	0.00199576	0.00208854	0.00213942	0.00218722
302.91	311.45	323.63	352.96	369.42	378.53	387.05
44.96	46.12	47.81	52.02	54.32	55.40	56.52
94.71	97.38	101.19	110.36	115.50	118.35	121.02
15.19	15.12	14.91	14.80	14.67	14.49	14.32
12.40	12.35	12.18	12.09	11.99	11.85	11.71
9.45	9.42	9.38	9.26	9.20	9.12	9.03
11.76	11.71	11.67	11.52	11.45	11.35	11.24
6.54	6.55	6.49	6.49	6.49	6.47	6.46
8.13	8.15	8.08	8.08	8.07	8.05	8.03
31.07	31.18	31.31	31.08	31.17	30.99	30.84
38.63	38.78	38.94	38.66	38.77	38.55	38.37
566.22	564.56	593.02	646.14	673.90	679.51	698.97
283.11	282.28	296.51	323.07	336.95	339.76	349.48
188.72	188.17	197.66	215.36	224.61	226.48	232.97

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
Urban stormwater targeted rate	183.05	144.08	149.49	154.72
Urban water targeted rate				
- full charge	392.54	406.46	421.63	393.65
- half charge	196.27	203.23	210.68	199.15
Pongaroa water targeted rate	92.40	94.40	96.40	98.40
Water metered rates / large industrial and intake line charges				
- quarterly minimum charge	98.13	116.62	120.41	113.41
- meter fee per cubic metre above 80m ³ over three months	1.43	1.48	1.54	1.44
- large industrial and line intake - per cubic metre	0.72	0.74	0.77	0.72

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
159.36	164.38	169.14	174.14	179.46	184.64	190.72
434.71	452.60	472.16	460.62	486.28	500.25	508.94
219.92	228.97	238.86	233.01	245.98	253.03	257.41
100.40	102.40	104.40	106.40	108.40	110.40	112.40
123.68	128.15	133.04	130.16	136.57	140.06	142.24
1.59	1.65	1.72	1.68	1.78	1.83	1.86
0.79	0.83	0.86	0.84	0.89	0.91	0.93

Summary of rates by total

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
Uniform annual general charge	3,887,924	4,263,496	4,517,731	4,726,154
General land value rate in dollar	3,353,544	3,719,741	3,830,234	4,252,634
Libraries and swimming pools - targeted rate	1,677,580	1,731,396	1,822,269	1,872,084
Specified services targeted differential - land value rate				
- rural	12,663	-	-	-
- urban	572,058	572,058	572,058	572,058
Specified services targeted differential - capital value rate				
- industrial commercial rural	154,767	200,287	210,186	221,963
- industrial commercial urban	421,870	433,699	449,830	468,690
Refuse and recycling targeted differential rate				
- rural	184,939	201,999	208,866	216,508
- urban	642,662	742,345	767,581	795,666
- industrial commercial	97,093	65,650	67,881	70,365
Roading land value rate - district-wide	4,547,858	4,504,558	4,642,267	4,683,801
Roading targeted differential rate				
- rural	1,006,861	938,074	966,752	975,402
- urban	159,463	159,463	159,463	159,463
- industrial commercial	42,600	39,415	40,620	40,983
Town centre refurbishment targeted differential rate				
Dannevirke				
- North Ward	39,476	40,725	41,330	41,322
- South Ward	33,787	33,787	33,787	33,787
Woodville				
- North Ward	35,475	35,475	35,475	35,475
- South Ward	37,931	37,931	37,931	37,931
Pahiatua				
- North Ward	1,257	1,257	1,257	1,257
- South Ward	1,344	1,344	1,344	1,344
Eketahuna				
- North Ward	24,107	24,107	24,107	24,107
- South Ward	25,776	25,776	25,776	25,776
Urban wastewater targeted uniform rate				
- full charge	1,920,391	2,322,315	2,327,262	2,458,867
- half charge	27,058	33,302	33,310	35,127
- for connected multiple use	37,658	46,750	46,761	49,312
Urban stormwater targeted rate	768,743	606,811	630,898	654,335

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
4,899,611	5,122,800	5,355,179	5,580,407	5,729,224	5,902,466	6,003,104
4,075,236	4,445,974	4,633,926	4,479,918	4,348,720	4,553,661	4,780,380
1,890,691	1,924,526	1,954,578	2,000,553	2,036,229	2,074,810	2,187,962
-	-	-	-	-	-	-
572,058	572,058	572,058	572,058	572,058	572,058	572,058
232,006	241,905	239,987	247,503	246,055	256,504	253,724
489,167	509,526	506,386	522,596	520,731	543,072	539,222
223,850	231,465	239,279	247,396	256,062	265,046	275,137
822,649	850,634	879,352	909,179	941,028	974,043	1,011,127
72,751	75,226	77,766	80,404	83,220	86,140	89,419
5,063,720	5,206,478	5,410,175	5,900,368	6,175,564	6,327,889	6,470,217
1,054,520	1,084,249	1,126,669	1,228,752	1,286,061	1,317,783	1,347,423
159,463	159,463	159,463	159,463	159,463	159,463	159,463
44,308	45,557	47,339	51,628	54,036	55,369	56,614
41,218	41,132	40,656	40,437	40,166	39,866	39,460
33,787	33,787	33,787	33,787	33,787	33,787	33,787
35,475	35,475	35,475	35,475	35,475	35,475	35,475
37,931	37,931	37,931	37,931	37,931	37,931	37,931
1,257	1,257	1,257	1,257	1,257	1,257	1,257
1,344	1,344	1,344	1,344	1,344	1,344	1,344
24,107	24,107	24,107	24,107	24,107	24,107	24,107
25,776	25,776	25,776	25,776	25,776	25,776	25,776
2,607,096	2,604,353	2,740,805	2,991,911	3,126,288	3,164,170	3,260,842
37,174	37,065	38,933	42,421	44,243	44,612	45,889
52,186	52,033	54,656	59,551	62,109	62,627	64,420
675,349	698,041	719,715	742,519	766,765	792,093	819,858

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
Urban water targeted rate				
- full charge	1,766,514	1,836,123	1,739,267	1,924,439
- half charge	27,175	28,189	26,655	29,421
Pongaroa water targeted rate	56,558	57,756	58,954	60,153
Total to fund (excluding GST and water metered rates)	22,339,728	23,199,469	24,100,161	25,023,944
Increase in rates	3.95%	3.85%	3.88%	3.83%
Water metered rates (excluding GST)	545,000	560,260	573,722	588,055
Total of all rates (excluding GST)	22,884,728	23,759,729	24,673,883	25,611,999
Total of all rates (including GST)	26,317,437	27,323,688	28,374,965	29,453,799

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
2,007,586	2,098,463	2,051,182	2,169,637	2,240,674	2,284,035	2,154,540
30,630	31,952	31,181	32,916	33,865	34,463	32,781
61,351	62,549	63,747	64,946	66,144	67,342	80,506
26,007,617	27,005,981	28,038,675	28,765,694	29,592,991	30,434,105	30,149,707
3.93%	3.84%	3.82%	2.59%	2.88%	2.84%	2.66%
603,370	619,665	636,996	655,472	675,146	696,728	696,728
26,610,987	27,625,646	28,675,671	29,421,166	30,268,137	31,130,833	30,846,435
30,602,635	31,769,493	32,977,022	33,834,341	34,808,358	35,800,458	35,473,400

Rate funding requirements

All the "number of chargeable properties" are before remissions – remissions are treated as a district-wide expense.

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
District-wide general activities				
Charged through the uniform annual general charge + general differential land value rate in dollar				
District and Treasury	271,282	638,664	862,012	1,041,557
Animal Control	59,783	77,513	78,754	79,375
Cemeteries	265,345	264,861	271,558	279,357
Commercial Property	(17,000)	(12,000)	(12,240)	(12,497)
Community Buildings	804,807	845,211	809,158	1,000,576
Community Support	368,209	420,663	440,892	461,749
District Promotion & Development (40% of net cost)	309,260	400,574	420,372	443,926
Emergency Management - Civil Defence	189,667	219,300	235,436	241,375
Footpaths (15% of net cost)	120,654	35,492	31,563	26,534
Health and Safety	612,624	670,882	725,674	688,445
Housing (self funding)	-	-	-	-
Parks and Reserves	1,250,010	1,428,497	1,410,031	1,438,609
Public Conveniences	283,469	308,530	313,221	331,278
Representation	1,271,959	1,230,449	1,296,951	1,492,093
Resource Management	294,129	373,425	374,655	361,443
Service Centres	552,072	594,878	614,683	630,081
Wastewater (5% of total cost)	104,479	126,440	126,702	133,858
Solid Waste Management	500,719	359,858	348,544	341,029
Subtotal (excluding GST)	7,241,468	7,983,237	8,347,965	8,978,788
Plus GST	1,086,220	1,197,486	1,252,195	1,346,818
Total to fund (including GST)	8,327,688	9,180,722	9,600,160	10,325,606
Uniform annual general charge - fixed amount				
Number of chargeable properties	9,004	8,791	8,801	8,811
Total to fund				
District-wide general activities - uniform annual general charge - subtotal	3,887,924	4,263,496	4,517,731	4,726,154
Plus GST	583,189	639,524	677,660	708,923
Total to fund (including GST)	4,471,113	4,903,020	5,195,391	5,435,077

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
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1,241,884	1,421,186	1,549,620	1,694,588	1,768,346	1,798,763	1,866,897
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79,136	78,917	78,354	78,046	77,810	77,401	78,589
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287,388	292,922	297,924	306,439	312,660	318,816	329,257
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(12,760)	(13,040)	(13,340)	(13,648)	(13,975)	(14,311)	(14,683)
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841,566	980,461	962,326	997,706	964,931	1,011,557	1,148,014
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474,824	486,162	496,196	506,478	517,559	529,356	541,586
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464,012	483,811	479,974	495,005	492,110	513,008	507,447
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244,310	247,602	250,804	254,269	258,106	262,171	267,332
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26,951	27,552	28,299	29,561	30,665	32,212	34,044
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719,641	709,022	740,033	784,722	820,680	810,205	854,342
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1,488,526	1,497,029	1,521,892	1,617,453	1,599,851	1,641,858	1,793,173
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325,421	356,229	337,107	359,158	352,168	359,034	369,721
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1,359,941	1,388,601	1,583,985	1,448,156	1,480,279	1,693,290	1,559,793
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320,217	499,952	559,679	372,189	280,796	286,131	292,922
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638,675	649,774	659,236	670,734	682,804	695,532	720,538
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141,919	141,761	149,179	162,836	170,139	172,179	177,429
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333,196	320,834	307,838	296,633	283,015	268,925	257,083
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8,974,847	9,568,774	9,989,105	10,060,325	10,077,944	10,456,127	10,783,484
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1,346,227	1,435,316	1,498,366	1,509,049	1,511,692	1,568,419	1,617,523
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10,321,074	11,004,090	11,487,471	11,569,374	11,589,635	12,024,546	12,401,007
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8,821	8,831	8,841	8,851	8,861	8,881	8,891
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4,899,611	5,122,800	5,355,179	5,580,407	5,729,224	5,902,466	6,003,104
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734,942	768,420	803,277	837,061	859,384	885,370	900,466
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5,634,552	5,891,220	6,158,456	6,417,468	6,588,607	6,787,836	6,903,570
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	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
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General rate - land value rate in dollar

Total district rateable land value	3,043,263,200	3,397,917,250	3,398,417,250	3,398,917,250
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Total to fund

District-wide general activities - general land value rate in dollar - subtotal	3,353,544	3,719,741	3,830,234	4,252,634
Plus GST	503,032	557,961	574,535	637,895
Total to fund (including GST)	3,856,575	4,277,702	4,404,769	4,890,529

Libraries and swimming pools - targeted rate

Estimated number of rateable properties	9,004	8,791	8,801	8,811
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Total to fund

Libraries	1,153,570	1,174,616	1,213,959	1,252,421
Swimming Pools	524,010	556,780	608,310	619,663
Subtotal	1,677,580	1,731,396	1,822,269	1,872,084
Plus GST	251,637	259,709	273,340	280,813
Total to fund (including GST)	1,929,217	1,991,105	2,095,609	2,152,897

Specified services targeted differential - land value rate in dollar - rural

Total rural rateable land value	2,822,528,650	3,156,778,250	3,156,778,250	3,156,778,250
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Total to fund

Emergency Management: rural fire protection (92% of net cost)	12,663	-	-	-
Plus GST	1,899	-	-	-
Total to fund (including GST)	14,562	-	-	-

Specified services targeted differential - land value rate in dollar - urban

Total urban rateable land value	166,472,550	183,333,000	183,833,000	184,333,000
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Total to fund

Emergency Management: rural fire protection (7% of net cost)	963	-	-	-
Footpaths (71% of net cost)	571,094	167,995	149,397	125,593
Subtotal	572,058	167,995	149,397	125,593
Plus GST	85,809	25,199	22,410	18,839
Total to fund (including GST)	657,866	193,194	171,806	144,432

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
3,399,417,250	3,399,917,250	3,400,417,250	3,400,917,250	3,401,417,250	3,402,417,250	3,402,917,250
4,075,236	4,445,974	4,633,926	4,479,918	4,348,720	4,553,661	4,780,380
611,285	666,896	695,089	671,988	652,308	683,049	717,057
4,686,522	5,112,870	5,329,015	5,151,906	5,001,028	5,236,710	5,497,437
8,821	8,831	8,841	8,851	8,861	8,881	8,891
1,259,573	1,280,937	1,298,173	1,330,924	1,352,400	1,375,890	1,472,942
631,118	643,589	656,405	669,629	683,829	698,920	715,020
1,890,691	1,924,526	1,954,578	2,000,553	2,036,229	2,074,810	2,187,962
283,604	288,679	293,187	300,083	305,434	311,222	328,194
2,174,295	2,213,205	2,247,765	2,300,636	2,341,663	2,386,032	2,516,156
3,156,778,250	3,156,778,250	3,156,778,250	3,156,778,250	3,156,778,250	3,156,778,250	3,156,778,250
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
184,833,000	185,333,000	185,833,000	186,333,000	186,833,000	187,833,000	187,833,000
-	-	-	-	-	-	-
127,569	130,411	133,947	139,923	145,147	152,470	161,142
127,569	130,411	133,947	139,923	145,147	152,470	161,142
19,135	19,562	20,092	20,988	21,772	22,871	24,171
146,704	149,973	154,039	160,911	166,920	175,341	185,314

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
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Specified services targeted differential - capital value rate in dollar - industrial commercial rural

Total industrial commercial rateable capital value for rural	224,938,600	221,670,600	221,670,600	221,670,600
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Total to fund

Economic Development (20% of net cost)	154,630	200,287	210,186	221,963
Emergency Management - rural fire protection (1% of net cost)	138	-	-	-
Subtotal (excluding GST)	154,767	200,287	210,186	221,963
Plus GST	23,215	30,043	31,528	33,294
Total to fund (including GST)	177,983	230,330	241,714	255,257

Specified services targeted differential - capital value rate in dollar - industrial commercial urban

Total industrial commercial rateable capital value for urban	268,135,500	276,037,000	276,037,000	276,037,000
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Total to fund

Economic Development (40% of net cost)	309,260	400,574	420,372	443,926
Footpaths (14% of net cost)	112,610	33,126	29,459	24,765
Subtotal (excluding GST)	421,870	433,699	449,830	468,690
Plus GST	63,280	65,055	67,475	70,304
Total to fund (including GST)	485,150	498,754	517,305	538,994

Refuse and recycling targeted differential rate - rural

Estimated number of rateable properties	4,205	4,013	4,013	4,013
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Total to fund

Solid Waste Management: recycling (20% of net cost)	144,805	160,126	164,736	169,913
Solid Waste Management: refuse (20% of net cost)	40,134	41,873	44,130	46,595
Subtotal (excluding GST)	184,939	201,999	208,866	216,508
Plus GST	27,741	30,300	31,330	32,476
Total to fund (including GST)	212,679	232,298	240,195	248,984

Refuse and recycling targeted differential rate - urban

Estimated number of rateable properties	4,344	4,319	4,329	4,339
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Total to fund

Solid Waste Management: recycling (70-80% of net cost)	503,197	588,462	605,403	624,429
Solid Waste Management: refuse (70-80% of net cost)	139,464	153,883	162,178	171,237
Subtotal (excluding GST)	642,662	742,345	767,581	795,666
Plus GST	96,399	111,352	115,137	119,350
Total to fund (including GST)	739,061	853,697	882,718	915,016

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
221,670,600	221,670,600	221,670,600	221,670,600	221,670,600	221,670,600	221,670,600
232,006	241,905	239,987	247,503	246,055	256,504	253,724
-	-	-	-	-	-	-
232,006	241,905	239,987	247,503	246,055	256,504	253,724
34,801	36,286	35,998	37,125	36,908	38,476	38,059
266,807	278,191	275,985	284,628	282,963	294,979	291,782
276,037,000	276,037,000	276,037,000	276,037,000	276,037,000	276,037,000	276,037,000
464,012	483,811	479,974	495,005	492,110	513,008	507,447
25,154	25,715	26,412	27,590	28,621	30,065	31,775
489,167	509,526	506,386	522,596	520,731	543,072	539,222
73,375	76,429	75,958	78,389	78,110	81,461	80,883
562,542	585,955	582,344	600,985	598,840	624,533	620,105
4,013	4,013	4,013	4,013	4,013	4,013	4,013
174,815	179,905	185,106	190,509	196,299	202,295	209,099
49,035	51,560	54,174	56,886	59,763	62,751	66,037
223,850	231,465	239,279	247,396	256,062	265,046	275,137
33,578	34,720	35,892	37,109	38,409	39,757	41,270
257,428	266,185	275,171	284,505	294,471	304,803	316,407
4,349	4,359	4,369	4,379	4,389	4,409	4,419
642,444	661,150	680,264	700,122	721,398	743,433	768,440
180,205	189,484	199,088	209,057	219,630	230,611	242,687
822,649	850,634	879,352	909,179	941,028	974,043	1,011,127
123,397	127,595	131,903	136,377	141,154	146,106	151,669
946,046	978,229	1,011,255	1,045,556	1,082,182	1,120,150	1,162,796

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
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Refuse and recycling targeted differential rate - industrial commercial

Estimated number of rateable properties	502	508	508	508
Total to fund				
Solid Waste Management: recycling (0-10% of net cost)	76,023	52,041	53,539	55,222
Solid Waste Management: refuse (0-10% of net cost)	21,070	13,609	14,342	15,143
Subtotal (excluding GST)	97,093	65,650	67,881	70,365
Plus GST	14,564	9,847	10,182	10,555
Total to fund (including GST)	111,657	75,497	78,064	80,920

Roading rate - land value rate in dollar

Total district rateable land value	3,043,263,200	3,397,917,250	3,398,417,250	3,398,917,250
Total to fund				
Roading district-wide (excludes footpaths)	5,756,782	5,630,698	5,802,834	5,854,751
Less % charged through roading fixed amount targeted rates	21.0%	20.0%	20.0%	20.0%
Less total \$ amount charged through roading fixed amount targeted rates	(1,208,924)	(1,126,140)	(1,160,567)	(1,170,950)
Subtotal (excluding GST)	4,547,858	4,504,559	4,642,267	4,683,801
Plus GST	682,179	675,684	696,340	702,570
Total to fund (including GST)	5,230,037	5,180,242	5,338,608	5,386,371

Roading targeted differential rate - rural

Estimated number of rateable properties	4,198	4,006	4,006	4,006
Total to fund				
Proportion of capital value for sector	83.3%	83.3%	83.3%	83.3%
Subtotal (excluding GST)	1,007,034	938,074	966,752	975,402
Plus GST	151,055	140,711	145,013	146,310
Total to fund (including GST)	1,158,089	1,078,785	1,111,765	1,121,712

Roading targeted differential rate - urban

Estimated number of rateable properties	4,274	4,248	4,258	4,268
Total to fund				
Proportion of capital value for sector	13.2%	13.2%	13.2%	13.2%
Subtotal (excluding GST)	159,578	148,650	153,195	154,565
Plus GST	23,937	22,298	22,979	23,185
Total to fund (including GST)	183,515	170,948	176,174	177,750

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
508	508	508	508	508	508	508
56,815	58,469	60,159	61,916	63,797	65,746	67,957
15,937	16,757	17,606	18,488	19,423	20,394	21,462
72,751	75,226	77,766	80,404	83,220	86,140	89,419
10,913	11,284	11,665	12,061	12,483	12,921	13,413
83,664	86,510	89,431	92,464	95,703	99,061	102,832
3,399,417,250	3,399,917,250	3,400,417,250	3,400,917,250	3,401,417,250	3,402,417,250	3,402,917,250
6,329,650	6,508,097	6,762,719	7,375,460	7,719,455	7,909,861	8,087,771
20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
(1,265,930)	(1,301,619)	(1,352,544)	(1,475,092)	(1,543,891)	(1,581,972)	(1,617,554)
5,063,720	5,206,478	5,410,175	5,900,368	6,175,564	6,327,889	6,470,217
759,558	780,972	811,526	885,055	926,335	949,183	970,533
5,823,278	5,987,449	6,221,702	6,785,423	7,101,899	7,277,072	7,440,750
4,006	4,006	4,006	4,006	4,006	4,006	4,006
83.3%	83.3%	83.3%	83.3%	83.3%	83.3%	83.3%
1,054,520	1,084,249	1,126,669	1,228,752	1,286,061	1,317,783	1,347,423
158,178	162,637	169,000	184,313	192,909	197,667	202,113
1,212,698	1,246,886	1,295,669	1,413,064	1,478,970	1,515,450	1,549,536
4,278	4,288	4,298	4,308	4,318	4,338	4,348
13.2%	13.2%	13.2%	13.2%	13.2%	13.2%	13.2%
167,103	171,814	178,536	194,712	203,794	208,820	213,517
25,065	25,772	26,780	29,207	30,569	31,323	32,028
192,168	197,586	205,316	223,919	234,363	240,143	245,545

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
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Roading targeted differential rate - industrial commercial

Estimated number of rateable properties	532	538	538	538
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Total to fund

Proportion of capital value for sector	3.5%	3.5%	3.5%	3.5%
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Subtotal (excluding GST)	42,312	39,415	40,620	40,983
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Plus GST	6,347	5,912	6,093	6,147
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Total to fund (including GST)	48,659	45,327	46,713	47,131
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Town centre refurbishment targeted differential rate - Dannevirke - North Ward

Estimated number of rateable properties	3,145	3,104	3,111	3,118
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Total to fund

Subtotal	39,476	40,725	41,330	41,322
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Plus GST	5,921	6,109	6,199	6,198
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Total to fund (including GST)	45,397	46,833	47,529	47,520
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Town centre refurbishment targeted differential rate - Dannevirke - South Ward

Estimated number of rateable properties	3,303	3,188	3,188	3,188
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Total to fund

Subtotal	33,787	34,158	34,595	34,518
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Plus GST	5,068	5,124	5,189	5,178
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Total to fund (including GST)	38,855	39,282	39,784	39,696
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Town centre refurbishment targeted differential rate - Woodville - North Ward

Estimated number of rateable properties	4,819	4,759	4,766	4,773
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Total to fund

Subtotal	35,475	38,911	38,703	39,255
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Plus GST	5,321	5,837	5,805	5,888
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Total to fund (including GST)	40,796	44,748	44,509	45,143
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Town centre refurbishment targeted differential rate - Woodville - South Ward

Estimated number of rateable properties	4,154	4,001	4,004	4,007
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Total to fund

Subtotal	37,931	40,684	40,441	40,991
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Plus GST	5,690	6,103	6,066	6,149
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Total to fund (including GST)	43,621	46,787	46,507	47,140
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Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
538	538	538	538	538	538	538
3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
44,308	45,557	47,339	51,628	54,036	55,369	56,614
6,646	6,834	7,101	7,744	8,105	8,305	8,492
50,954	52,390	54,440	59,372	62,142	63,674	65,107
3,125	3,132	3,139	3,146	3,153	3,167	3,174
41,218	41,132	40,656	40,437	40,166	39,866	39,460
6,183	6,170	6,098	6,066	6,025	5,980	5,919
47,401	47,302	46,754	46,503	46,190	45,846	45,379
3,188	3,188	3,188	3,188	3,188	3,188	3,188
34,362	34,220	33,755	33,506	33,213	32,833	32,434
5,154	5,133	5,063	5,026	4,982	4,925	4,865
39,516	39,353	38,818	38,532	38,195	37,758	37,299
4,780	4,787	4,794	4,801	4,808	4,822	4,829
39,261	39,176	39,074	38,634	38,443	38,210	37,906
5,889	5,876	5,861	5,795	5,766	5,731	5,686
45,150	45,053	44,935	44,429	44,209	43,941	43,592
4,010	4,013	4,016	4,019	4,022	4,028	4,031
40,970	40,857	40,723	40,240	40,015	39,722	39,381
6,146	6,128	6,108	6,036	6,002	5,958	5,907
47,116	46,985	46,832	46,276	46,017	45,680	45,288

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
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Town centre refurbishment targeted differential rate - Pahiatua - North Ward

Estimated number of rateable properties	4,819	4,759	4,766	4,773
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Total to fund

Subtotal	1,257	56,043	98,885	128,071
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Plus GST	189	8,406	14,833	19,211
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Total to fund (including GST)	1,446	64,450	113,718	147,282
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Town centre refurbishment targeted differential rate - Pahiatua - South Ward

Estimated number of rateable properties	4,154	4,001	4,004	4,007
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Total to fund

Subtotal	1,344	58,597	103,324	133,735
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Plus GST	202	8,790	15,499	20,060
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Total to fund (including GST)	1,546	67,386	118,823	153,795
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Town centre refurbishment targeted differential rate - Eketahuna - North Ward

Estimated number of rateable properties	4,819	4,759	4,766	4,773
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Total to fund

Subtotal	24,107	26,340	26,937	27,073
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Plus GST	3,616	3,951	4,041	4,061
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Total to fund (including GST)	27,723	30,291	30,978	31,134
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Town centre refurbishment targeted differential rate - Eketahuna - South Ward

Estimated number of rateable properties	4,154	4,001	4,004	4,007
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Total to fund

Subtotal	25,776	27,540	28,147	28,271
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Plus GST	3,866	4,131	4,222	4,241
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Total to fund (including GST)	29,642	31,671	32,369	32,511
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Urban wastewater targeted rate - full charge

Estimated number of rateable properties	5,252	5,265	5,275	5,285
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Total to fund

Subtotal	1,920,391	2,322,315	2,327,262	2,458,867
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Plus GST	288,059	348,347	349,089	368,830
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Total to fund (including GST)	2,208,450	2,670,663	2,676,351	2,827,697
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Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
4,780	4,787	4,794	4,801	4,808	4,822	4,829
129,018	129,680	130,420	129,659	130,214	129,828	129,409
19,353	19,452	19,563	19,449	19,532	19,474	19,411
148,371	149,132	149,982	149,108	149,746	149,302	148,821
4,010	4,013	4,016	4,019	4,022	4,028	4,031
134,637	135,242	135,925	135,047	135,538	134,966	134,446
20,196	20,286	20,389	20,257	20,331	20,245	20,167
154,832	155,528	156,314	155,304	155,869	155,211	154,613
4,780	4,787	4,794	4,801	4,808	4,822	4,829
27,149	27,259	27,047	27,089	27,111	27,117	27,088
4,072	4,089	4,057	4,063	4,067	4,068	4,063
31,221	31,348	31,104	31,152	31,177	31,185	31,152
4,010	4,013	4,016	4,019	4,022	4,028	4,031
28,331	28,428	28,189	28,214	28,219	28,191	28,143
4,250	4,264	4,228	4,232	4,233	4,229	4,221
32,581	32,692	32,417	32,446	32,452	32,419	32,364
5,295	5,305	5,315	5,325	5,335	5,355	5,365
2,607,096	2,604,353	2,740,805	2,991,911	3,126,288	3,164,170	3,260,842
391,064	390,653	411,121	448,787	468,943	474,625	489,126
2,998,161	2,995,006	3,151,926	3,440,698	3,595,231	3,638,795	3,749,968

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
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Urban wastewater targeted rate - half charge

Estimated number of rateable properties	148	151	151	151
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Total to fund

Subtotal	27,058	33,302	33,310	35,127
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Plus GST	4,059	4,995	4,996	5,269
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Total to fund (including GST)	31,117	38,297	38,306	40,396
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Urban wastewater targeted rate - for connected multiple use

Estimated number of rateable units	309	318	318	318
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Total to fund

Subtotal	37,658	46,750	46,761	49,312
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Plus GST	5,649	7,013	7,014	7,397
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Total to fund (including GST)	43,307	53,763	53,775	56,709
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Urban stormwater targeted rate

Estimated number of rateable properties to receive full charges	4,825	4,839	4,849	4,859
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Total to fund

Subtotal	768,743	606,811	630,898	654,335
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Plus GST	115,311	91,022	94,635	98,150
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Total to fund (including GST)	884,054	697,833	725,533	752,485
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Urban water targeted rate - full charge

Estimated number of rateable properties to receive full charges	4,937	4,998	5,008	5,081
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Total to fund

Subtotal	1,685,182	1,766,514	1,836,123	1,739,267
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Plus GST	252,777	264,977	275,418	260,890
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Total to fund (including GST)	1,937,959	2,031,492	2,111,542	2,000,157
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Urban water targeted rate - half charge

Estimated number of rateable properties to receive half charges	150	153	153	153
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Total to fund

Subtotal	25,600	27,175	28,189	26,655
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Plus GST	3,840	4,076	4,228	3,998
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Total to fund (including GST)	29,440	31,251	32,417	30,653
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Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
151	151	151	151	151	151	151
37,174	37,065	38,933	42,421	44,243	44,612	45,889
5,576	5,560	5,840	6,363	6,636	6,692	6,883
42,750	42,624	44,773	48,784	50,879	51,303	52,772
318	318	318	318	318	318	318
52,186	52,033	54,656	59,551	62,109	62,627	64,420
7,828	7,805	8,198	8,933	9,316	9,394	9,663
60,014	59,838	62,854	68,484	71,426	72,021	74,083
4,869	4,879	4,889	4,899	4,909	4,929	4,939
675,349	698,041	719,715	742,519	766,765	792,093	819,858
101,302	104,706	107,957	111,378	115,015	118,814	122,979
776,651	802,747	827,672	853,897	881,780	910,907	942,837
5,091	5,101	5,111	5,121	5,131	5,151	5,161
1,924,439	2,007,586	2,098,463	2,051,182	2,169,637	2,240,674	2,284,035
288,666	301,138	314,769	307,677	325,446	336,101	342,605
2,213,105	2,308,724	2,413,233	2,358,859	2,495,083	2,576,775	2,626,641
153	153	153	153	153	153	153
29,421	30,630	31,952	31,181	32,916	33,865	34,463
4,413	4,594	4,793	4,677	4,937	5,080	5,170
33,835	35,224	36,744	35,858	37,853	38,945	39,633

	Plan 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21
Pongaroa water targeted rate				
Estimated number of rateable properties	812	689	689	689
Total to fund				
Subtotal	65,244	56,558	57,756	58,954
Plus GST	9,787	8,484	8,663	8,843
Total to fund (including GST)	75,031	65,042	66,420	67,798
Total rates (excluding water metered rates)				
Total to fund (excluding GST and Water Metered Rates)	21,490,910	22,339,728	23,199,469	24,100,161
Plus GST	3,223,637	3,350,959	3,479,920	3,615,024
Total to fund (including GST)	24,714,547	25,690,687	26,679,390	27,715,185
Water metered rate				
Total to fund	500,000	545,000	560,260	573,722
Plus GST	75,000	81,750	84,039	86,058
Total to fund (including GST)	575,000	626,750	644,299	659,780
Total of All Rates	25,289,547	26,317,437	27,323,689	28,374,966
Total number of rateable units	10,730	10,333	10,343	10,353

Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
689	689	689	689	689	689	689
60,153	61,351	62,549	63,747	64,946	66,144	67,342
9,023	9,203	9,382	9,562	9,742	9,922	10,101
69,176	70,554	71,932	73,310	74,688	76,066	77,444
25,023,944	26,007,617	27,005,981	28,038,675	28,765,694	29,592,991	30,434,105
3,753,592	3,901,143	4,050,897	4,205,801	4,314,854	4,438,949	4,565,116
28,777,536	29,908,760	31,056,878	32,244,476	33,080,548	34,031,940	34,999,221
588,055	603,370	619,665	636,996	655,472	675,146	696,728
88,208	90,506	92,950	95,549	98,321	101,272	104,509
676,263	693,876	712,615	732,545	753,793	776,418	801,237
29,453,799	30,602,635	31,769,493	32,977,022	33,834,341	34,808,358	35,800,458
10,363	10,373	10,383	10,393	10,403	10,413	10,423

Rating Remission Policy

1. Delegated authority

Authority to consider and approve remissions under this Rating Remission Policy is delegated to the Chief Executive, Chief Financial Officer, and Revenue Manager.

2. Policy on rates remissions

Remission of penalty charges

- 2.1 Objectives of the Policy:
 - 2.1.1 To enable Council to remit penalties in certain circumstances that it considers to be fair and reasonable to do so.
- 2.2 Conditions and criteria:
 - 2.2.1 The Council grants to the Chief Executive, Chief Financial Officer, and Revenue Manager delegated authority in the following circumstances to approve on receipt of an application the remission of such penalty charges which have been incurred by any ratepayer as a consequence of their payment being received after the due date:
 - 2.2.2 Where the ratepayer has entered into a direct debit arrangement with the Council.
 - 2.2.3 Where there exists a history of regular punctual payment and payment is made within reasonable time of the ratepayer being expected to be aware of the non-payment.
 - 2.2.4 Where a property changes hands (sale or lease) and the new owner/lessee is responsible for an instalment when the original account was issued in the name of the previous owner/lessee.
 - 2.2.5 On compassionate grounds, i.e. where a ratepayer has been ill or in hospital or suffered a family bereavement or tragedy of some type, and has been unable to attend to payment (elderly persons living on their own etc).
 - 2.2.6 Rate account not received where it can be proved a genuine cause exists.
 - 2.2.7 In situations where there are arrears from previous years, negotiation may be entered

into over the amount of penalty that is ultimately to be paid on such accounts subject to the proviso that dispensations subsequently granted shall be conditional upon settlement being made of the total account due.

- 2.2.8 Where the first instalment has been penalised and the ratepayer agrees to pay the total balance of the year's rates at the second instalment.
- 2.2.9 In such instances where an error has been made on the part of Council staff or arising through error in the general processing which has subsequently resulted in a penalty charge being imposed.
- 2.2.10 Where ratepayer has entered into arrears repayment agreement, penalties will be remitted from start of agreement to expiry date of agreement not exceeding three years and providing agreement conditions are adhered to.

- 2.3 And that in implementing this policy the circumstances of each case be taken into consideration on their individual merits and it be conditional upon the full amount of such rates due having being paid.

3. Remissions – QEII covenants

Objectives of the policy

- 3.1 To recognise and support the environmental value of such protected areas.
- 3.2 To acknowledge the non-commercial use of such protected land.

Conditions and criteria

- 3.3 The extent of the rates remission if approved is to be 100%.
- 3.4 Applications are to be received in writing requesting rates relief be given to areas protected by the registration of a QEII Open Space Covenant.
- 3.5 No buildings, dwellings, or batches of any type are to exist or allowed to be erected.

- 3.6 Pest eradication shall be primarily the responsibility of the owner.
- 3.7 No portion of the covenanted area is to be developed or utilised in any way for commercial purposes. This includes generating income for maintenance of the covenanted area.

4. Remissions – school wastewater charges

Objectives

- 4.1 In recognition that schools may be disproportionately disadvantaged by Council's present "pan charge system" and to ensure schools are more fairly charged for wastewater services based on their staff and students numbers rather than number of connections.

Conditions and criteria

- 4.2 Schools must meet the definition of an "Educational Establishment" as defined under Schedule 1 para 6(5) of the Local Government (Rating) Act 2002.
- 4.3 Council will remit wastewater rates, upon submission of application, the amount of which will be arrived at by subtracting the sum of calculation (b) from the sum of calculation (a).
- 4.4 Calculation (a): Council's standard wastewater charge (based on the number of water closets/urinals).
- 4.5 Calculation (b): the number of full time equivalent on-site students and staff divided by 20 and multiplied by the Uniform Annual Charge for Wastewater.
- 4.6 If the sum of calculation (b) is greater than (a) then no remission will accrue.
- 4.7 The Council calculation, for practical reasons will be assessed as at 1 March each year.
- 4.8 Annual reapplication is required.

5. Remissions – rating of community, sporting, and other non-profit organisations

This remission applies to owners where they meet the following objectives and operate as non-commercial/non-profit/non-business operations. The criteria are assessed as at 1 July for the new rating year.

Objectives of the policy

- 5.1 To facilitate the ongoing provision of community services that meets the needs of Tararua District residents.
- 5.2 To facilitate the ongoing provision of recreational opportunities for Tararua District residents.
- 5.3 Assist the organisation's survival; and
- 5.4 Make membership of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria

- 5.5 The extent of any remission to any qualifying organisation shall be 100% of the amount of the uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, and targeted differential roading rate) component of its rates.
- 5.6 The policy will apply to land owned by the Council or owned or leased and occupied by a charitable organisation, which is used exclusively or principally for sporting, recreation, or community purposes, where the charitable organisation is liable for rates.
- 5.7 The policy will not apply to organisations operated for private pecuniary profit, or which charge commercial tuition fees.
- 5.8 The policy will not apply to groups or organisations whose primary purpose is to address the needs of adult members (over 18 years) for entertainment or social interaction, or who engage in recreational, sporting, or community services as a secondary purpose only.
- 5.9 The application for rate remission must be made to the Council prior to the

commencement of the rating year; applications received during a rating year will be applicable from the commencement of the following rating year. No applications will be backdated.

- 5.10 Annual re-application is required.
- 5.11 Organisations making application should include the following documents in support of their application:
 - Statement of objectives;
 - Full financial accounts at the most recent balance date;
 - Other information as may be requested.

6. Remission for non-contiguous rating units owned by the same owner

Objectives

- 6.1 To provide relief from uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, and targeted differential roading rate) for rural land which is non-contiguous, farmed as a single entity and owned by the same owner.

Conditions and criteria

- 6.2 Rate remission to the extent of the uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, and targeted differential roading rate) will be given on non-contiguous rating units. The ratepayer will remain liable for at least one uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, and targeted differential roading rate).
- 6.3 The same owner must own the rating units on which remission is to be given.
- 6.4 The land must be classified as "rural" for differential purposes.
- 6.5 Only one dwelling may exist among all the rating units.

- 6.6 Application must be submitted on the required form. Local Government (Rating) Act 2002 is met and is used jointly as a single unit.
- 6.7 Land must be used as a single operation.
- 6.8 The remission of the uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, and targeted differential roading rate) shall begin to apply in the following financial quarter in which the application is received.
- Where land is leased from Maori Trustees where the term of the lease is more than three years but less than 10 years thus not meeting Section 11 and is used jointly as a single unit.
 - Where a ratepayer is maintaining and paying rates on land where the owner is untraceable, i.e. abandoned land, and is used jointly as a single unit.
- 6.9 Refer to the 'Non-Contiguous Rating Units Owned by the Same Owner Remissions Flowchart' in this policy for an overview of general guidelines.
- 6.10 Each application will be considered in line with the general guidelines however individual circumstances may vary and could reflect on the final decision.

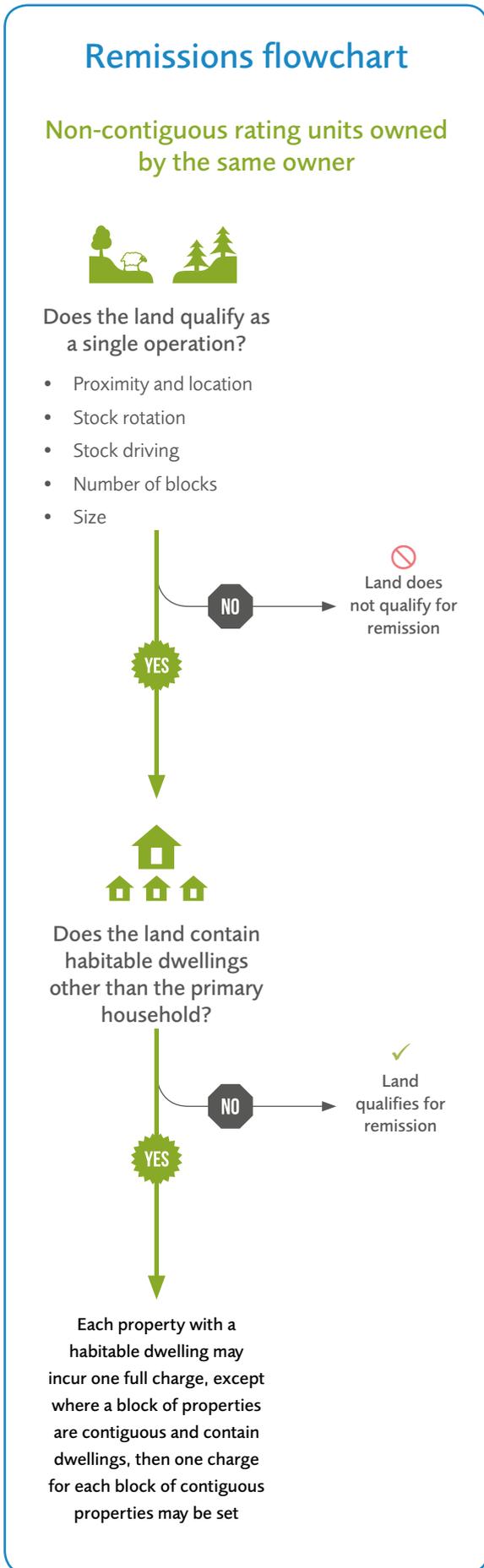
Conditions and criteria

- 7.5 Rate remission to the extent of the uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, and targeted differential roading rate) and will be given on contiguous and non-contiguous rating units. The ratepayer will remain liable for at least one uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, and targeted differential roading rate) on rating units they own.
- 7.6 The land must be classified as "rural" for differential purposes.
- 7.7 Only one dwelling may exist among all the rating units.
- 7.8 Application must be submitted on the required form and the lease agreement provided to Council.
- 7.9 The remission of the UAGC shall begin to apply in the following financial quarter in which the application is received.
- 7.10 Where the land is considered abandoned the lessee must keep their own rates current – the remission will cease at 30 June if rates are still owing by the lessee at this date.
- 7.11 The remission will cease at 30 June if the following occurs:
- The rating unit the remission is made in conjunction with is sold or the leased rating unit is sold.
 - The lease on the rating unit is cancelled.
- 7.12 Each application will be considered in line with the general guidelines however individual circumstances may vary and could reflect on the final decision.

7. Rates remission for leases

Objectives

- 7.1 To apply a remission of the uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, and targeted differential roading rate) for rural land on a fair and equitable basis to ratepayers where they are paying these charges on another property.
- 7.2 Section 20 of the Local Government (Rating) Act 2002 provides for two or more rating units to be treated as one unit for setting a rate if the units are:
1. In the same ownership; and
 2. Used jointly as a single operation; and
 3. Contiguous or separated by a road, railway, drain, water race, river or stream.
- 7.3 This Policy provides for the possibility of a rates remission where 1 & 3 of the above three conditions are not all met on land classified as rural, but where it is nevertheless considered the rating units would not be treated as separate.
- 7.4 In particular, this policy would provide a remission for the following ratepayers:
- Where land is leased land from other ratepayers where Section 11 of the



7.13 The lessee(s) of the rating units will be entered into the Council's rating database and the rates issued to the lessee to enable justification of remissions to the other rating units applied in conjunction with the leased rating units.

8. Rates remission for uneconomical lots

Objectives

- 8.1 To apply a remission of 50% on uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, targeted differential roading rate) on uneconomic rural properties.
- 8.2 This policy recognises that low value properties (generally very small) have been adversely impacted by the increase in targeted rates for rural properties.

Conditions and criteria

- 8.3 Rate remission to the extent to 50% on uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, targeted differential roading rate).
- 8.4 The land must be classified as "rural" for differential purposes.
- 8.5 No dwelling may exist in the rating unit.
- 8.6 Land value is less than \$10,000.
- 8.7 Application must be submitted on the required form and submitted to Council before 30 June.
- 8.8 Each application will be considered in line with the general guidelines however individual circumstances may vary and could reflect on the final decision.

9. Rates remission for subdivisions

Objectives

- 9.1 To support the development and holding of subdivision land for residential and rural lots by remitting uniform charges (UAGC,

swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, targeted differential roading rate) on unsold development land where each separate lot or title is treated as a separate Rating Unit.

Conditions and criteria

- 9.2 This remission applies to unsold subdivided land, where as a result of the High Court decision of 20 November 2000 "Neil Construction and others vs North Shore City Council and others", each separate lot or title is treated as a separate Rating Unit, and such land is implied to be not used as a single unit.
- 9.3 The rating units must have been created in accordance with Council's subdivision development requirements.
- 9.4 The rating units on which remission is applied must be owned by the same ratepayer.
- 9.5 The rating units must be vacant land.
- 9.6 Rate remission to the extent of uniform charges (UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, targeted differential roading rate) for unsold subdivided land.
- 9.7 Remission shall cease for any allotment if any interest in the land is passed by the developer to another party. Remission ceases from the end of the quarter in which the change in title occurs.
- 9.8 Application must be submitted on the required form and submitted to Council before 30 June.
- 9.9 The ratepayer will remain liable for at least one UAGC, swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, targeted differential roading rate.
- 9.10 Remissions will not apply to water and wastewater targeted rates.
- 9.11 Each application will be considered in line with the general guidelines however individual circumstances may vary and could reflect on the final decision.

10. Remission of rates on land affected by natural calamity

Objectives of the policy

- 10.1 To assist ratepayers experiencing financial hardship due to a natural calamity.

Conditions and criteria

Remissions approved under this policy do not set a precedent and will be applied only for each specific event and only to properties affected by the event.

The Council may remit all or part of any rate on any rating unit where the application meets the following criteria:

- 10.2 Where erosion, subsidence, submersion or other natural calamity has affected the use or occupation of any rating unit; and
- 10.3 It is applicable for each single event and does not apply to erosion, subsidence etc that may have occurred without a recognised major event; and
- 10.4 Where the Government has established a reimbursement scheme for rates relief in respect of such properties; or
- 10.5 The Council can set additional criteria for each event. This is because the criteria may change depending on the nature and severity of the event and available funding at the time. The Council may require financial or other records to be provided as part of the remission approval process.

11. Remission of rates for abandoned land

Objectives of the policy

- 11.1 To enable the Council to avoid administration costs where it is unlikely that rates assessed on an abandoned rating unit will ever be collected.

Conditions and criteria

- 11.2 Where any rating unit meets the definition of abandoned land as prescribed in section 77(1) of the Local Government (Rating) Act 2002 and that land has not been sold using the authority provided in sections 77–83. That all rates owing and future annual rates applied

will be remitted on an annual basis until sold or leased.

granted to a property under this policy within the year, the remission decision is to be made by the Council.

12. Remission of excess water charges

Property owners are liable for water supplied through the water meter and are responsible for the maintenance of the supply system on their property. However they may experience a leak or damage to the supply of which they are unaware. Council considers it is reasonable to allow a reduction in charges in these circumstances.

Objectives of the policy

- 12.1 To standardise procedures to assist ratepayers who have excessive water rates due to a fault (leak) in the internal reticulation serving their rating unit, having acted promptly in remedying the fault.

Conditions and criteria

Council may remit the excess water rates where the application meets the following criteria:

- 12.2 A remission application must be submitted on the required form; and
- 12.3 Council is satisfied a leak on the property has caused excessive consumption and is recorded on the water meter; and
- 12.4 The property owner has taken proactive measures to identify leaks on the property.
- 12.5 The leak has been repaired within two weeks of being identified (unless evidence is provided that the services of an appropriate repairer could not be obtained within this period); and
- 12.6 Proof of the leak being repaired has been provided to Council promptly after repair of the leak.
- 12.7 Remission will be 50% of the difference between the estimated consumption of the property prior to the leak, as deemed reasonable by Council, and the consumption over and above that estimate.
- 12.8 Remission is limited to the period where the leak was identified and fixed.
- 12.9 Remission for any particular property will generally be granted only once every year. Where a remission for a water leak has been

13. Remission for rating units merged during the rating year that meets Section 20 of the Local Government (Rating) Act 2002

Objectives

- 13.1 To provide rates relief to ratepayers of rating units that meet the conditions in (a), (b) and (c) of section 20 of the Local Government (Rating) Act 2002 partway through the financial year.

Conditions and criteria

- 13.2 The Council will remit all except one of each of the Uniform Annual General Charge (UAGC) and other rates set on a "per rating unit" basis (being the swimming pools and libraries rate, town centre refurbishment rate, stormwater rate, solid waste refuse and recycling targeted differential rate, targeted differential roading rate) in respect of the relevant contiguous rating units so that the relevant contiguous rating units are effectively treated as one rating unit for the purposes of those rates .
- 13.3 The rating units must meet the conditions specified under section 20 of the Local Government (Rating) Act 2002.
- 13.4 Application must be submitted on the required form.
- 13.5 The remission amount will be only of that portion of the relevant remitted rates that has yet to have been invoiced. The remission shall begin to apply from the Instalment period following that in which the application is received (and will not be back-dated to the beginning of the financial year).
- 13.6 If the application is received in the Instalment 4 period (between 1 April to 30 June in any year), the remission will not be available (but the Council will take the information contained in it into account in respect of the following year).

14. Policy on rates postponements

Council does not provide rates postponements.

15. Policy on remission of rates on Maori freehold land

Council does not provide remission of rates on Maori freehold land.

16. Policy on postponement of rates on Maori freehold land

Council does not provide postponement of rates on Maori freehold land.

04

FINANCIALS

Prospective financial statements

Guide to the financial statements

Within this section, you will find the financial detail of the Long Term Plan. This has been used throughout the document to provide the dollar values from individual activities, to activity groups and finally the overall position of the Council.

In the interests of transparency we provide two sets of financial information:

- The usual Generally Accepted Accounting Principles (GAAP) regulated statements of financial position, comprehensive revenue and expenses and the like; and
- A funding impact statement.

Key differences between these two sets of information are that GAAP regulated financial statements, as the name suggests, must adhere to GAAP requirements.

The Funding Impact Statement (FIS) is intended to make the sources and applications of Council funds more transparent to its stakeholders than might be the case if only the usual GAAP financial statements were provided.

As such the Funding Impact Statement is meant to show only flows of funding and therefore exclude vested assets, revaluations and depreciation. It is therefore, by necessity, exempt from the GAAP requirements but it must follow a prescribed format.

What the Funding Impact Statement attempts to do is:

- link the Council's Revenue and Financing Policy, the annual setting of rates, fees, and the annual borrowing requirement;
- set out the revenue and financing mechanisms that will be used in each year along with an indicative level or amount of funds to come from each mechanism; and
- show the planned application of funds in each year.

This section of the 10 Year Plan specifically contains the following information:

Financial statements

Prospective statement of comprehensive revenue and expense

This provides information on the surplus or deficit arising throughout the Plan impacting on the past and future

Comprehensive Revenue and Expense. This aids the reader to differentiate between components of financial performance according to frequency, potential for gain and loss and predictability.

Prospective statement of changes in net assets/equity

Also known as net worth, equity is measured as the difference between the total value of assets and total liabilities. This statement presents a comprehensive measure of income. Accumulated equity represents the communities' investment in publicly owned assets resulting from past surpluses.

Prospective statement of financial position

This presents information about the economic resources controlled by the Council. This information is useful in assessing the Council's ability to generate cash, provide services and for assessing future borrowing needs.

Prospective statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day to day cash management. It provides information about cash generation through Council activities to repay debt or to reinvest to maintain operating capacity.

Statement of capital expenditure

Provides a list of all capital projects by activities for the full 10 years.

Statement of reserves and special funds

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. This statement discloses the specific reserves Council has established.

Forecast statement of comprehensive revenue and expense

For the 10 Years from 1 July 2018 to 30 June 2028

After allowance for inflation

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Planned Revenue/Expense				
Operating transactions				
Rates	21,501	22,395	23,260	24,164
Subsidies	8,949	9,548	10,690	12,424
Fees and charges	2,755	2,743	2,813	2,894
Finance revenue	175	224	147	95
Miscellaneous revenue	687	376	234	183
Total Revenue	34,067	35,286	37,144	39,760
Expenditure				
Operating expenses	16,683	17,097	17,431	17,922
Depreciation and amortisation	11,473	13,117	13,542	13,928
Employee benefit costs	4,995	5,549	5,680	5,788
Finance costs	515	830	1,084	1,309
Total operating expenditure	33,666	36,593	37,737	38,947
Other asset gains/(losses)	64	79	64	68
Operating surplus/(deficit)	465	(1,228)	(529)	881
Other comprehensive revenue and expenses				
Gains on assets revaluations	14,811	18,736	19,070	20,738
Other comprehensive revenue and expenses subtotal	14,811	18,736	19,070	20,738
Total comprehensive revenue and expenses	15,212	17,508	18,541	21,619

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
25,092	26,079	27,081	28,119	28,851	29,684	30,532
13,383	10,866	11,105	11,489	11,842	12,137	12,391
2,955	3,000	3,069	3,084	3,159	3,238	3,322
40	42	49	60	68	75	64
930	250	1,195	643	268	210	372
42,400	40,237	42,499	43,395	44,188	45,344	46,681
18,932	19,248	20,634	20,223	20,340	21,007	21,530
14,340	14,669	15,014	15,477	15,848	16,246	16,766
5,893	5,999	6,114	6,230	6,355	6,482	6,620
1,504	1,678	1,799	1,956	2,021	2,018	2,031
40,669	41,594	43,561	43,886	44,564	45,753	46,947
73	79	87	91	100	107	117
1,804	(1,278)	(975)	(400)	(276)	(302)	(149)
20,647	22,154	25,466	24,396	26,033	30,791	29,646
20,647	22,154	25,466	24,396	26,033	30,791	29,646
22,451	20,876	24,491	23,996	25,757	30,489	29,497

Forecast statement of changes in net assets/equity

As at 30 June for the 10 years from 2018 to 2028

After allowance for inflation

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Net assets/equity at 1 July	881,011	878,962	896,470	915,011
Total recognised comprehensive revenue and expense for the period	15,212	17,508	18,541	21,619
Net Assets/Equity at 30 June	896,223	896,470	915,011	936,630

Detailed changes

Accumulated funds

Balance at 1 July	354,952	341,610	342,466	343,582
Net surplus (deficit) after tax for the year	465	(1,228)	(529)	881
Transfers from equity to special reserves	(1,210)	2,084	1,645	1,585
Balance at 30 June	354,207	342,466	343,582	346,048

Asset revaluation reserves

Balance at 1 July	497,343	503,419	522,155	541,225
Increase in revaluation reserves	14,811	18,736	19,070	20,738
Balance at 30 June	512,154	522,155	541,225	561,963

Special funded reserves

Balance at 1 July	28,602	33,883	31,799	30,154
Increase in special reserves	1,210	(2,084)	(1,645)	(1,585)
Balance at 30 June	29,812	31,799	30,154	28,569

Trust funds

Balance at 1 July	50	50	50	50
Increase in trust funds	-	-	-	-
Balance at 30 June	50	50	50	50

Net Assets/Equity at 30 June **896,223** **896,470** **915,011** **936,630**

*The opening balances for Year 1 are different from the 2017/18 Annual Plan closing balance, as the opening balance takes into account actual balance as at 30 May and the forecast revenue and expenditure to 30 June 2018.

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
936,630	959,081	979,957	1,004,448	1,028,444	1,054,201	1,084,690
22,451	20,876	24,491	23,996	25,757	30,489	29,497
959,081	979,957	1,004,448	1,028,444	1,054,201	1,084,690	1,114,187
346,048	349,663	350,131	350,716	350,437	349,157	348,052
1,804	(1,278)	(975)	(400)	(276)	(302)	(149)
1,811	1,746	1,560	121	(1,004)	(803)	(833)
349,663	350,131	350,716	350,437	349,157	348,052	347,070
561,963	582,610	604,764	630,230	654,626	680,659	711,450
20,647	22,154	25,466	24,396	26,033	30,791	29,646
582,610	604,764	630,230	654,626	680,659	711,450	741,096
28,569	26,758	25,012	23,452	23,331	24,335	25,138
(1,811)	(1,746)	(1,560)	(121)	1,004	803	833
26,758	25,012	23,452	23,331	24,335	25,138	25,971
50	50	50	50	50	50	50
-	-	-	-	-	-	-
50						
959,081	979,957	1,004,448	1,028,444	1,054,201	1,084,690	1,114,187

Forecast statement of financial position

As at 30 June for the 10 years from 2018 to 2028

After allowance for inflation

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Assets				
Current Assets				
Cash and cash equivalents	3,518	2,018	2,048	2,079
Debtors and other receivables	3,874	3,874	3,929	3,986
Other financial assets	3,723	4,579	2,869	1,162
Inventories	91	115	115	115
Total current assets	11,206	10,586	8,961	7,342
Non-current assets				
Investment property	1,637	1,649	1,682	1,718
Biological assets	1,449	1,539	1,570	1,602
Other financial assets	299	278	278	278
Property, plant and equipment	33,916	39,677	40,608	42,648
Infrastructural assets	859,013	863,522	887,585	912,376
Restricted assets	4,860	4,770	4,770	4,940
Intangible assets	1,179	1,203	1,203	1,203
Total non-current assets	902,353	912,638	937,696	964,765
Total assets	913,559	923,223	946,657	972,108
Liabilities				
Current liabilities				
Trade and other payables	4,264	4,087	4,173	4,260
Borrowings - current	2,000	2,000	2,000	-
Employee benefit liabilities	407	448	459	471
Provision for landfill aftercare	-	-	-	-
Total current liabilities	6,671	6,535	6,632	4,731
Non-current liabilities				
Borrowings - non-current	9,320	19,072	23,866	29,597
Employee benefit liabilities	29	29	32	35
Provision for landfill aftercare	641	641	641	641
Tenant contributions	675	475	475	475
Total non-current liabilities	10,665	20,217	25,014	30,748
Total liabilities	17,336	26,752	31,646	35,479

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
2,099	2,081	2,109	2,103	2,075	2,088	2,098
4,039	4,093	4,144	4,193	4,237	4,277	4,312
1,203	1,413	1,703	1,957	2,141	1,817	1,999
115	115	115	115	115	115	115
7,457	7,702	8,072	8,368	8,568	8,298	8,524
1,755	1,796	1,841	1,888	1,940	1,994	2,056
1,637	1,675	1,717	1,761	1,809	1,861	1,917
278	278	278	278	278	278	278
42,953	42,995	45,348	45,463	44,892	46,891	46,205
937,898	960,794	985,339	1,010,821	1,036,126	1,063,718	1,093,535
4,940	4,940	5,242	5,242	5,242	5,614	5,614
1,203	1,203	1,203	1,203	1,203	1,203	1,203
990,664	1,013,681	1,040,968	1,066,656	1,091,490	1,121,559	1,150,808
998,122	1,021,384	1,049,041	1,075,025	1,100,059	1,129,858	1,159,333
4,333	4,369	4,449	4,492	4,508	4,561	4,606
2,000	1,000	2,000	-	-	-	-
483	496	510	524	539	554	570
-	-	-	-	-	-	-
6,816	5,865	6,959	5,016	5,047	5,115	5,176
31,072	34,407	36,476	40,404	39,646	38,885	38,798
38	41	44	47	51	55	59
641	641	641	641	641	641	641
475	474	474	474	474	473	473
32,226	35,563	37,635	41,566	40,812	40,054	39,971
39,042	41,428	44,594	46,582	45,859	45,169	45,147

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Equity				
Accumulated funds	354,207	342,466	343,582	346,048
Asset revaluation reserves	512,154	522,155	541,225	561,963
Special funded reserves	29,812	31,799	30,154	28,569
Trust funds	50	50	50	50
Total equity	896,223	896,470	915,011	936,630
Total liabilities and equity	913,559	923,223	946,657	972,108

* The opening balances for Year 1 are different from the 2017/18 Annual Plan closing balance, as the opening balance takes into account actual balance as at 30 May and the forecast revenue and expenditure to 30 June 2018.

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
349,663	350,131	350,716	350,437	349,157	348,052	347,070
582,610	604,764	630,230	654,626	680,659	711,450	741,096
26,758	25,012	23,452	23,331	24,335	25,138	25,971
50	50	50	50	50	50	50
959,081	979,957	1,004,448	1,028,444	1,054,201	1,084,690	1,114,187
998,122	1,021,384	1,049,041	1,075,025	1,100,059	1,129,858	1,159,333

Forecast cash flow statement

For the 10 years from 1 July 2018 to 30 June 2028

After allowance for inflation

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Cash flows from operating activities				
Cash is provided from:				
Rates	21,991	22,885	23,705	24,617
Grants and subsidies	8,949	9,548	10,690	12,424
Fees and charges	2,755	2,743	2,813	2,894
Finance income	175	224	147	95
Other revenue	687	376	234	183
Total	34,557	35,776	37,589	40,213
Cash is applied to:				
Payments staff and suppliers	22,169	23,137	23,511	24,117
Finance costs	515	830	1,084	1,309
Total	22,684	23,967	24,595	25,426
Net cash from operating activities	11,874	11,810	12,993	14,786
Cash flows from investing activities				
Sale of fixed assets	-	-	-	-
Proceeds from investments realised	2,500	250	-	-
Total	2,500	250	-	-
Cash is applied to:				
Purchase of fixed assets	14,341	18,316	19,466	20,192
Purchase of investments	1,210	(2,184)	(1,710)	(1,706)
Total	15,551	16,132	17,756	18,486
Net cash from investing activities	(13,051)	(15,882)	(17,757)	(18,486)

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
25,560	26,557	27,574	28,627	29,377	30,229	31,097
13,383	10,866	11,105	11,489	11,842	12,137	12,391
2,955	3,000	3,069	3,084	3,159	3,238	3,322
40	42	50	60	69	75	64
930	250	1,195	643	268	210	372
42,868	40,715	42,993	43,903	44,715	45,889	47,246
25,256	25,726	27,194	26,951	27,230	28,003	28,683
1,504	1,678	1,799	1,957	2,022	2,019	2,032
26,760	27,404	28,993	28,908	29,252	30,022	30,715
16,107	13,310	13,999	14,995	15,462	15,867	16,530
-	-	-	-	-	-	-
(2,000)	(2,000)	(2,000)	(500)	750	1,000	500
(2,000)	(2,000)	(2,000)	(500)	750	1,000	500
19,521	15,452	16,749	16,677	14,548	15,418	16,252
(1,958)	(1,788)	(1,708)	(244)	937	680	686
17,563	13,664	15,041	16,433	15,485	16,098	16,938
(19,563)	(15,665)	(17,042)	(16,932)	(14,735)	(15,097)	(16,438)

	Plan 2017/18 (\$000s)	Year 1 2018/19 (\$000s)	Year 2 2019/20 (\$000s)	Year 3 2020/21 (\$000s)
Cash flows from financing activities				
Cash is provided from:				
Loans raised	3,177	8,072	6,794	5,731
Total	3,177	8,072	6,794	5,731
Cash is applied to:				
Repayment of loans	2,000	4,000	2,000	2,000
Tenant Contributions repaid	-	-	-	-
Total	2,000	4,000	2,000	2,000
Net cash from financing activities	1,177	4,072	4,794	3,731
Net (decrease)/increase in cash held	-	-	30	31
Total cash and cash equivalent resources at beginning	3,518	2,018	2,018	2,048
Total cash resources at year end	3,518	2,018	2,048	2,079

* The opening balances for Year 1 are different from the 2017/18 Annual Plan closing balance, as the opening balance takes into account actual balance as at 30 May and the forecast revenue and expenditure to 30 June 2018.

Year 4 2021/22 (\$000s)	Year 5 2022/23 (\$000s)	Year 6 2023/24 (\$000s)	Year 7 2024/25 (\$000s)	Year 8 2025/26 (\$000s)	Year 9 2026/27 (\$000s)	Year 10 2027/28 (\$000s)
3,476	4,337	4,071	3,931	-	-	-
3,476	4,337	4,071	3,931	-	-	-
-	2,000	1,000	2,000	755	757	82
-	-	-	-	-	-	-
-	2,000	1,000	2,000	755	757	82
3,476	2,337	3,071	1,931	(755)	(757)	(82)
20	(18)	28	(6)	(28)	13	10
2,079	2,099	2,081	2,109	2,103	2,075	2,088
2,099	2,081	2,109	2,103	2,075	2,088	2,098

Note 1: statement of capital expenditure

	Funding source	Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)
Route 52		500	1,533	4,178
Route 52 development	Subsidy 66% / Loan 34%	250	767	2,089
Route 52 renewal	Subsidy 66% / Depreciation Reserve 34%	250	767	2,089
Roading Developments		900	1,226	1,253
Minor safety improvements	Subsidy 66% / Loan 34%	900	1,226	1,253
Roading Renewals		6,557	6,814	6,809
Bridge renewals	Subsidy 66% / Depreciation Reserve 34%	250	256	261
Carpark renewals	Depreciation Reserve	132	160	171
Drainage renewals	Subsidy 66% / Depreciation Reserve 34%	550	562	574
Emergency reinstatement	Subsidy 66% / Depreciation Reserve 34%	550	562	574
Environmental renewals	Subsidy 66% / Depreciation Reserve 34%	-	-	-
Level crossing renewals	Subsidy 66% / Depreciation Reserve 34%	30	31	31
Pavement rehabilitation	Subsidy 66% / Depreciation Reserve 34%	1,750	1,661	1,880
Sealed roads resurfacing	Subsidy 66% / Depreciation Reserve 34%	2,095	2,274	2,063
Structures component replacements	Subsidy 66% / Depreciation Reserve 34%	200	204	209
Traffic services renewal	Subsidy 66% / Depreciation Reserve 34%	120	204	125
Unsealed road metalling	Subsidy 66% / Depreciation Reserve 34%	880	899	919
Pahiatua Main Street Upgrade		3,817	1,354	-
Fibre ducting for Pahiatua Main Street upgrade	Loan	192	-	-
Pahiatua Main Street upgrade	Loan	1,325	1,354	-
Stormwater reticulation renewals	Depreciation Reserve	300	-	-
Wastewater reticulation second pipe development	Loan	400	-	-
Wastewater reticulation renewals	Depreciation Reserve	400	-	-
Water reticulation second pipe development	Loan	600	-	-
Water reticulation renewals	Depreciation Reserve	600	-	-
Footpaths		155	414	345
Footpath development	Loan	30	31	31
Footpath renewals	Depreciation Reserve	125	332	313
Village main street upgrade	Loan	-	51	-

Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)	Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
4,274	-	-	-	-	-	-	10,485
2,137	-	-	-	-	-	-	5,243
2,137	-	-	-	-	-	-	5,243
1,282	1,313	1,344	1,378	1,414	1,452	1,493	13,056
1,282	1,313	1,344	1,378	1,414	1,452	1,493	13,056
7,666	7,824	7,758	8,402	8,329	8,628	8,811	77,598
267	274	280	287	295	303	311	2,783
326	307	61	305	22	97	41	1,623
588	602	616	632	648	666	684	6,122
588	602	616	632	648	666	684	6,122
64	66	67	69	71	73	75	484
32	33	34	34	35	36	37	334
2,116	2,166	2,218	2,481	2,545	2,614	2,687	22,118
2,404	2,462	2,521	2,584	2,651	2,723	2,799	24,575
214	219	224	230	236	242	249	2,226
128	131	134	138	141	145	149	1,417
940	963	986	1,011	1,037	1,065	1,095	9,795
-	-	-	-	-	-	-	5,171
-	-	-	-	-	-	-	192
-	-	-	-	-	-	-	2,679
-	-	-	-	-	-	-	300
-	-	-	-	-	-	-	400
-	-	-	-	-	-	-	400
-	-	-	-	-	-	-	600
-	-	-	-	-	-	-	600
486	443	510	465	536	490	566	4,410
32	33	34	34	35	36	37	334
401	410	420	431	442	454	467	3,794
53	-	56	-	59	-	62	282

	Funding source	Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)
Utilities Network Extension		-	262	268
Stormwater reticulation network extensions	Loan	-	87	89
Wastewater reticulation network extensions	Loan	-	103	105
Water reticulation network extensions	Loan	-	72	74
Wastewater Treatment Developments		325	1,696	2,199
Dannevirke disposal to land	Loan	-	-	-
Dannevirke pond three aerators	Loan	-	-	58
Dannevirke shower and toilet facility	Loan	25	-	-
Eketahuna wastewater pipeline to Pahiatua treatment plant	Loan	100	1,542	2,000
Ormondville aerator	Loan	-	-	28
Ormondville land irrigation/wetland	Loan	-	-	-
Ormondville wastewater treatment upgrade	Loan	-	-	-
Pahiatua aerators	Loan	-	-	28
Pahiatua wetland development	Loan	200	-	-
Pongaroa treatment upgrade	Loan	-	144	-
Pongaroa wetland	Loan	-	-	-
Sewerage treatment discharge to the Manawatu	Loan	-	-	-
Woodville shower and toilet facility	Loan	-	10	-
Woodville wetland development	Loan	-	-	84
Wastewater Treatment Renewals		533	194	58
Dannevirke aerators	Depreciation Reserve	-	-	-
Dannevirke dose pumps	Depreciation Reserve	-	9	-
Dannevirke screen	Depreciation Reserve	85	-	-
Dannevirke treatment plant	Depreciation Reserve	138	78	-
District telemetry	Depreciation Reserve	10	10	11
District-wide pond sites	Depreciation Reserve	-	-	-
Eketahuna aerator	Depreciation Reserve	-	-	-
Health and safety renewals	Depreciation Reserve	15	15	16
Norsewood wastewater consent	Depreciation Reserve	200	51	-
Unplanned renewals	Depreciation Reserve	30	31	32
Woodville aerators	Depreciation Reserve	-	-	-
Woodville uv unit	Depreciation Reserve	55	-	-

Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)	Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
275	282	290	298	307	316	326	2,625
92	94	97	99	102	105	109	875
108	111	114	117	120	124	128	1,029
76	77	80	82	84	87	89	720
92	353	766	1,239	87	124	332	7,213
-	-	527	1,169	-	-	-	1,696
-	-	-	70	72	-	77	277
-	-	-	-	-	-	-	25
-	-	-	-	-	-	-	3,642
-	-	-	-	-	-	-	28
-	11	-	-	-	124	-	135
-	-	-	-	-	-	243	243
-	-	-	-	14	-	-	43
-	-	11	-	-	-	13	224
-	-	-	-	-	-	-	144
92	-	-	-	-	-	-	92
-	342	227	-	-	-	-	569
-	-	-	-	-	-	-	10
-	-	-	-	-	-	-	84
49	77	72	74	69	152	70	1,348
-	-	-	9	10	10	-	29
-	-	10	-	-	-	-	18
-	-	-	-	-	-	-	85
-	-	-	-	-	-	-	215
-	11	11	12	-	12	13	90
-	17	-	-	-	-	-	17
-	-	-	-	5	-	-	5
16	17	17	18	18	19	19	169
-	-	-	-	-	-	-	251
32	33	34	35	36	37	38	339
-	-	-	-	-	74	-	74
-	-	-	-	-	-	-	55

		Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)
Funding source				
Wastewater Resource Consents		125	206	53
Dannevirke discharge consent renewal	Depreciation Reserve	-	-	-
Dannevirke land disposal consent	Loan	-	-	-
Ormondville discharge consent	Loan	-	-	-
Ormondville wetland development consent	Loan	-	-	-
Pahiatua wetland development consent	Loan	75	-	-
Pongaroa discharge consent renewal	Depreciation Reserve	50	206	-
Pongaroa wetland development consent	Loan	-	-	-
Woodville wetland development consent	Loan	-	-	53
Wastewater Reticulation Renewals		540	1,351	783
Infiltration strategy and implementation	Depreciation Reserve	-	910	284
Pump station	Depreciation Reserve	115	4	52
Unplanned renewals	Depreciation Reserve	25	26	26
Wastewater reticulation renewals	Depreciation Reserve	400	411	421
Water Treatment Developments		110	51	100
Eketahuna water storage	Loan	60	-	-
Norsewood increase water storage	Loan	-	-	47
Norsewood water pipeline from Dannevirke	Loan	-	-	-
Pressure reducing valves	Loan	50	51	53
Water Treatment Renewals		78	41	63
Akitio storage pipeline renewal	Depreciation Reserve	-	-	-
Dannevirke intake pipeline - Adelaide Road	Depreciation Reserve	-	-	-
Dannevirke intake pipeline - No.2 Reservoir	Depreciation Reserve	-	-	21
Dannevirke intake weir	Depreciation Reserve	20	-	-
Dannevirke stormwater pumps on impounded supply cover	Depreciation Reserve	8	-	-
Health & Safety Renewals	Depreciation Reserve	15	15	16
Leak detection	Depreciation Reserve	25	26	26
Pahiatua River pumps renewal	Depreciation Reserve	10	-	-
Water Resource Consents		52	-	-
Dannevirke Water Take Consent renewal	Depreciation Reserve	-	-	-
Eketahuna Consent renewal	Depreciation Reserve	52	-	-
Pahiatua Water Take Consent renewal	Depreciation Reserve	-	-	-

Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)	Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
54	166	114	12	60	557	831	2,177
-	-	-	-	-	372	767	1,139
-	166	114	-	-	-	-	280
-	-	-	12	60	186	-	258
-	-	-	-	-	-	64	64
-	-	-	-	-	-	-	75
-	-	-	-	-	-	-	256
54	-	-	-	-	-	-	54
-	-	-	-	-	-	-	53
593	626	636	625	643	650	690	7,138
-	-	-	-	-	-	-	1,194
26	44	39	12	12	-	19	323
27	28	28	29	30	31	32	282
540	554	569	584	601	619	639	5,338
108	55	455	468	-	-	-	1,347
-	-	-	-	-	-	-	60
-	-	-	-	-	-	-	47
54	55	455	468	-	-	-	1,032
54	-	-	-	-	-	-	208
863	875	1,353	70	48	50	51	3,492
-	-	-	12	-	-	-	12
-	-	455	-	-	-	-	455
809	830	853	-	-	-	-	2,513
-	-	-	-	-	-	-	20
-	-	-	-	-	-	-	8
16	17	17	18	18	19	19	169
27	28	28	29	30	31	32	282
11	-	-	12	-	-	-	32
54	55	-	-	60	87	-	308
-	-	-	-	60	87	-	147
-	-	-	-	-	-	-	52
54	55	-	-	-	-	-	109

Funding source		Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)
Water Reticulation Renewals		825	951	921
Dannevirke pump station renewals	Depreciation Reserve	-	-	-
Reticulation water mains renewals	Depreciation Reserve	600	617	684
Unplanned renewals	Depreciation Reserve	25	26	26
Water leakage strategy and implementation	Loan	200	308	211
Stormwater Development		150	154	158
District stormwater development	Loan	150	154	158
Stormwater Renewals		50	51	53
Reticulation renewals	Depreciation Reserve	50	51	53
Connectivity		210	418	219
Extension of proposed broadband services	Loan	-	26	-
Fibre ducting development	Loan	10	10	11
Mobile black spot - rights to large cell towers	Loan	50	51	-
Mobile black spot - rights to small cell towers	Loan	100	-	-
Town super-fast wireless development	Loan	-	51	-
Wireless black-spot reductions	Loan	50	281	208
Wireless renewals	Depreciation Reserve	-	-	-
Community Buildings		100	168	197
Dannevirke Sports Centre development	Loan	-	-	-
Dannevirke Sports Centre Pavilion renewals	Depreciation Reserve	-	-	2
Dannevirke Sports Centre Stadium renewals	Depreciation Reserve	-	-	42
Dannevirke Town Hall renewals	Depreciation Reserve	2	36	60
District-wide seating renewal	Depreciation Reserve	3	3	3
Eketahuna renewals	Depreciation Reserve	6	23	2
Pahiatua renewals	Depreciation Reserve	39	53	11
Pongaroa Town Hall renewals	Depreciation Reserve	-	-	8
Unplanned renewals	Depreciation Reserve	50	51	52
Woodville Community Centre renewals	Depreciation Reserve	-	2	16

Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)	Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
836	747	836	847	872	898	927	8,661
-	-	11	-	-	-	-	11
701	720	796	818	842	867	895	7,540
27	28	28	29	30	31	32	282
108	-	-	-	-	-	-	827
162	166	171	175	180	186	192	1,694
162	166	171	175	180	186	192	1,694
54	55	68	70	72	89	92	655
54	55	68	70	72	89	92	655
223	109	111	114	116	119	122	1,762
-	-	-	-	-	-	-	26
11	-	-	-	-	-	-	42
-	-	-	-	-	-	-	101
-	-	-	-	-	-	-	100
-	-	-	-	-	-	-	51
212	-	-	-	-	-	-	751
-	109	111	114	116	119	122	691
621	133	112	192	129	168	102	1,922
266	-	-	-	-	-	-	266
2	-	2	25	3	2	2	40
184	-	-	57	3	14	-	300
23	29	-	9	12	4	2	178
3	3	3	3	3	4	-	29
43	27	22	-	38	2	16	180
26	8	16	27	8	29	2	219
19	-	2	11	2	42	15	100
53	54	56	57	58	60	61	552
2	11	11	2	-	12	2	58

Funding source		Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)
Buildings Earthquake Strengthening		495	423	-
Community buildings assessments under new guidelines	Depreciation Reserve	200	-	-
Dannevirke Carnegie building earthquake assessment	Depreciation Reserve	-	102	-
Dannevirke Civic Centre	Loan	150	-	-
Dannevirke Sports Centre earthquake assessment	Depreciation Reserve	10	-	-
Pahiatua Service Centre building	Depreciation Reserve	125	179	-
Woodville Library/Service Centre	Depreciation Reserve	-	143	-
Woodville Sports Stadium earthquake assessment	Depreciation Reserve	10	-	-
Administrative Buildings		104	61	67
Dannevirke Civic Centre renewals	Depreciation Reserve	77	5	44
Dannevirke Civil Defence complex renewals	Depreciation Reserve	-	29	6
Dannevirke library renewals	Depreciation Reserve	15	-	5
Eketahuna library renewals	Depreciation Reserve	5	12	1
Pahiatua Service Centre renewals	Depreciation Reserve	1	10	5
Solar power development	Loan	-	-	-
Woodville Library/Service Centre renewals	Depreciation Reserve	6	5	5
Public Conveniences		12	181	19
Dannevirke Barraud Street renewal	Depreciation Reserve	-	133	-
Dannevirke Exeloos renewal	Depreciation Reserve	-	3	4
District-wide renewals	Depreciation Reserve	10	10	10
District-wide toilet renewals	Depreciation Reserve	2	35	4
Pensioner Housing Developments		25	41	42
Pahiatua three new units	Pensioner Housing Reserve	25	41	42
Scooter sheds	Pensioner Housing Reserve	-	-	-
Pensioner Housing Renewals		157	133	204
Aluminium windows	Pensioner Housing Reserve	70	-	87
Annual renewal of two units	Pensioner Housing Reserve	50	102	104
Fencing and scooter sheds	Pensioner Housing Reserve	27	31	12
Pensioner housing earthquake securing	Pensioner Housing Reserve	10	-	-

Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)	Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
-	-	-	-	-	-	-	918
-	-	-	-	-	-	-	200
-	-	-	-	-	-	-	102
-	-	-	-	-	-	-	150
-	-	-	-	-	-	-	10
-	-	-	-	-	-	-	304
-	-	-	-	-	-	-	143
-	-	-	-	-	-	-	10
32	68	102	141	52	43	18	689
11	8	8	90	17	14	-	273
-	-	-	11	2	-	-	49
5	-	89	-	6	8	6	135
11	-	-	11	2	-	6	49
-	1	-	-	19	2	-	39
-	54	-	23	-	12	-	89
5	5	6	6	6	6	6	56
68	22	11	20	20	18	22	392
2	-	-	2	-	-	2	139
53	3	-	5	3	-	5	77
11	11	11	11	12	12	12	110
2	8	-	2	5	6	2	66
43	-	13	-	14	-	-	177
43	-	-	-	-	-	-	150
-	-	13	-	14	-	-	27
-	91	-	24	-	-	-	609
-	91	-	24	-	-	-	273
-	-	-	-	-	-	-	256
-	-	-	-	-	-	-	70
-	-	-	-	-	-	-	10

		Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)
Funding source				
Library Renewals		110	112	115
Books	Depreciation Reserve	100	102	104
Furniture and fittings	Depreciation Reserve	10	10	10
Information Centres		43	130	7
Computer hardware development	Loan	7	7	7
District-wide information centres development	Loan	-	82	-
District-wide signage renewal	Depreciation Reserve	36	-	-
Visitor survey infrastructure development	Loan	-	41	-
Parks and Reserves Developments		250	26	26
District-wide cycleway development	Loan	-	-	-
District-wide drainage	Loan	5	5	5
District-wide play equipment	Loan	-	-	-
District wide reserve upgrade	Subsidy 50% / Loan 50%	200	-	-
District-wide walkway development	Loan	20	20	21
District-wide walkway strategy	Loan	25	-	-
Parks and Reserves Renewals		100	63	26
Dannevirke Domain playground equipment	Loan	50	-	-
Dannevirke Domain renewal	Depreciation Reserve	-	10	-
District-wide fencing	Depreciation Reserve	10	10	10
District-wide minor renewals	Depreciation Reserve	10	10	10
District-wide playground matting	Depreciation Reserve	-	31	-
Eketahuna Domain renewal	Depreciation Reserve	-	2	5
Harvard Park renewals	Depreciation Reserve	10	-	-
Pahiatua grandstand	Depreciation Reserve	20	-	-
Pahiatua hard surface	Depreciation Reserve	-	-	-
Waihi Falls toilet renewal	Depreciation Reserve	-	-	-
Camping Ground Developments		30	46	-
Dannevirke new cabins	Loan	-	-	-
District-wide power outlets	Loan	-	46	-
Woodville new buildings	Loan	30	-	-

Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)	Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
117	120	122	125	128	131	135	1,215
106	109	111	114	116	119	122	1,104
11	11	11	11	12	12	12	110
13	8	8	14	8	8	9	247
7	8	8	8	8	8	9	77
-	-	-	-	-	-	-	82
5	-	-	6	-	-	-	47
-	-	-	-	-	-	-	41
48	38	39	40	42	43	44	595
11	11	11	11	12	12	12	80
5	5	6	6	7	7	7	59
11	-	-	-	-	-	-	11
-	-	-	-	-	-	-	200
21	22	22	23	23	24	24	221
-	-	-	-	-	-	-	25
26	98	169	308	150	52	26	1,018
-	-	-	-	-	-	-	50
4	33	2	1	3	4	1	59
11	11	11	11	12	12	12	110
11	11	11	11	12	12	12	110
-	-	-	-	116	-	-	147
-	33	-	-	2	12	-	54
-	11	-	-	-	12	-	33
-	-	-	-	5	1	-	26
-	-	-	284	-	-	-	284
-	-	145	-	-	-	-	145
53	-	-	-	-	72	-	201
53	-	-	-	-	-	-	53
-	-	-	-	-	36	-	82
-	-	-	-	-	36	-	66

		Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)
Funding source				
Camping Ground Renewals		64	24	32
Dannevirke hardstand	Depreciation Reserve	-	20	-
Dannevirke septic tank renewal	Depreciation Reserve	20	-	-
District-wide renewals	Depreciation Reserve	9	4	32
Pahiatua septic tank renewal	Depreciation Reserve	35	-	-
Swimming Pools		537	7	527
District-wide plumbing and electrical renewals	Depreciation Reserve	37	7	7
Eketahuna pool replacement	Depreciation Reserve	500	-	-
Pahiatua pool replacement	Depreciation Reserve	-	-	520
Cemetery Developments		55	102	77
District-wide new berms	Loan	4	-	4
Mangatera new area	Loan	51	102	73
Solid Waste Developments		-	10	267
Pongaroa capping	Loan	-	10	64
Pongaroa transfer station	Loan	-	-	73
Woodville transfer station	Loan	-	-	130
Solid Waste Renewals		20	10	10
Access road renewals	Depreciation Reserve	10	-	-
Minor capital renewals	Depreciation Reserve	10	10	10
Civil Defence		155	156	16
Digital radio network development	Loan	150	153	-
Radio renewals	Depreciation Reserve	-	3	-
Satellite communications equipment renewal	Depreciation Reserve	5	-	16
Community Support		104	51	73
District-wide town CCTV renewals	Depreciation Reserve	30	31	52
Ducting for electric vehicle charging stations	Loan	74	20	21

Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)	Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
57	7	29	18	12	64	11	319
-	-	22	-	-	-	-	43
-	-	-	-	-	-	-	20
57	7	7	18	12	64	11	221
-	-	-	-	-	-	-	35
7	8	8	8	13	14	12	1,142
7	8	8	8	13	14	12	122
-	-	-	-	-	-	-	500
-	-	-	-	-	-	-	520
34	-	-	14	21	-	-	303
13	-	-	14	21	-	-	56
21	-	-	-	-	-	-	247
21	-	-	-	-	-	-	299
-	-	-	-	-	-	-	75
-	-	-	-	-	-	-	73
21	-	-	-	-	-	-	151
21	11	11	11	47	12	49	203
11	-	-	-	35	-	37	92
11	11	11	11	12	12	12	110
3	-	3	-	-	-	-	332
-	-	-	-	-	-	-	303
3	-	3	-	-	-	-	8
-	-	-	-	-	-	-	21
74	76	78	80	81	83	86	786
53	54	56	57	58	60	61	511
21	22	22	23	23	24	24	275

	Funding source	Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)
Support Developments		184	131	112
3D copiers development	Loan	-	-	10
CCTV development	Loan	34	14	14
Council fibre extensions	Loan	-	20	21
Hardware development	Loan	10	20	36
Software development	Loan	100	61	20
Unmanned aerial vehicles development	Loan	40	15	10
Support Renewals		413	474	545
Cabling and power renewal	Depreciation Reserve	20	-	-
CCTV renewals	Depreciation Reserve	10	10	10
Copiers renewal	Depreciation Reserve	28	34	19
Hardware renewal	Depreciation Reserve	265	288	292
Software renewal	Depreciation Reserve	58	100	153
Telephones renewal	Depreciation Reserve	32	36	40
Unmanned aerial vehicles renewal	Depreciation Reserve	-	7	31
Vehicle Renewals		331	298	265
Vehicle renewals	Depreciation Reserve	331	298	265
Project Management Office		100	102	104
Project Management Office	Depreciation Reserve	100	102	104
Total Capital Expenditure		18,316	19,466	20,192

Summary of capital projects

	Year 1 (\$000s)	Year 2 (\$000s)	Year 3 (\$000s)	Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)
Growth	80	405	387	352	282	290
Level of Service	5,662	6,573	6,746	4,756	2,272	3,082
Renewal	12,574	12,488	13,058	14,413	12,898	13,377
Grand Total	18,316	19,466	20,192	19,521	15,452	16,749

Year 4 (\$000s)	Year 5 (\$000s)	Year 6 (\$000s)	Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
88	64	61	51	52	65	54	862
-	-	11	-	-	12	-	33
15	15	-	-	-	-	-	92
21	-	-	-	-	-	-	62
21	21	22	22	23	23	24	222
21	17	17	18	18	19	19	309
11	11	11	11	11	12	12	144
682	1,069	1,007	866	642	512	555	6,766
-	21	-	-	-	23	-	65
11	11	11	11	11	12	12	108
35	30	20	37	20	32	21	275
289	374	274	347	461	336	375	3,301
282	544	620	398	54	21	68	2,298
45	50	50	51	52	53	55	465
21	40	33	22	42	35	24	254
335	385	382	415	227	214	503	3,354
335	385	382	415	227	214	503	3,354
106	109	111	114	116	119	122	1,104
106	109	111	114	116	119	122	1,104
19,521	15,452	16,749	16,677	14,548	15,418	16,252	172,591

Year 7 (\$000s)	Year 8 (\$000s)	Year 9 (\$000s)	Year 10 (\$000s)	Total (\$000s)
312	328	316	326	3,077
3,450	1,975	2,207	2,312	39,036
12,915	12,246	12,895	13,614	130,477
16,677	14,548	15,418	16,252	172,591

Note 2: statement of reserves and special funds

Reserves

The Council has an obligation to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community; and to act in the best interest of its ratepayers.

The management of reserves forms an integral component of meeting these obligations.

Reserves are held to ensure that funds received for a particular purpose are used for that purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest.

Council has 24 reserves of which 23 are Council created discretionary reserves which the council has established for the fair and transparent use of monies. Reserves are not separately held in cash and the funds are managed as part of the council's treasury management.

These discretionary reserves are disaggregated into the following categories:

- Depreciation reserves.
- Special reserves (which is broken down into other special reserves).
- Trust Funds.

Depreciation Reserves

The Council's assets are depreciated as they are consumed. As such, the cost of this depreciation is passed on to the consumer through either rates or fees and charges. There will normally be a timing difference between the collection of this depreciation charge and the utilisation of it to fund renewal capital works. This will create movements in these reserves.

Description	Purpose of Fund	Opening balance 2018 (000s)	Transfers in (000s)	Transfers out (000s)	Closing balance 2028 (000s)
Council	To receive depreciation funded each financial year, less any outgoings to pay for capital renewal of assets or debt prepayment for amount borrowed to fund capital development. This reserve can be used to fund internal borrowing.	25,742	118,120	(130,477)	13,385
Makuri Water Scheme	To establish a depreciation reserve to fund the renewal of assets for this scheme.	12	4	-	16
Pongaroa Water Supply	To establish a depreciation reserve to fund the renewal of assets for this scheme.	212	85	-	297
Tararua Aquatic Community Trust Wai Splash	To establish a depreciation reserve to fund the renewal of major assets.	143	734	-	877
Bush Multisport	To establish a depreciation reserve to fund the renewal of major assets.	125	300	-	425
Total		26,234	119,243	(130,477)	15,000

Special Funded Reserves

The value of these reserves funds is that they allow projects to precede without distortion in the revenue patterns particularly rates. The reserves also provide a useful source of funds for an unforeseen requirement.

Council authorises the establishment of special funds and process for accumulating and utilising special funds. Approvals of specific uses are set out in the Long Term Plan, or in Council decisions.

Description	Purpose of Fund	Opening balance 2018 (\$000s)	Transfers in (\$000s)	Transfers out (\$000s)	Closing balance 2028 (\$000s)
Tararua General Purpose	<p>Created for financing specific projects which shall be determined at Council's discretion.</p> <p>This reserve is also to receive:</p> <ul style="list-style-type: none"> • Proceeds from sale or disposal of assets where a particular function is discontinued, and for property sales. • Insurance monies received when buildings or property are damaged and not reinstated. • Residual of all existing reserves which have outlived their original purpose and could therefore be usefully merged as a general purpose fund and so classified. 	1,718	801	-	2,519
Tararua Emergency Roading	To provide funds to re-establish the district's infrastructural assets following a disaster, together with funds received from Central Government. There is no plan to use this reserve other than if a disaster occurs.	2,330	863	-	3,193
Tararua Gratuity	This reserve is for staff who have qualified or qualify for gratuities.	84	-	-	84
Tararua Housing	To account for any surplus from the housing activity and proceeds from sales/disposal of housing assets. These reserves will be used solely for the Housing activity.	1,127	597	(551)	1,173
District-wide Cemetery	<p>To accumulate funds from the purchase of cemeteries plots in the district.</p> <p>This reserve will be used solely for operation and capital expenditure for the Cemeteries activity.</p>	23	-	(23)	-
Recreation Grant	To accumulate funds to support recreational projects in the district.	78	375	(100)	353

Description	Purpose of Fund	Opening balance 2018 (\$000s)	Transfers in (\$000s)	Transfers out (\$000s)	Closing balance 2028 (\$000s)
Tenant Contribution (Debt Repayment)	To account for and refund tenant contributions for leasing of Council's housing properties.	475	-	-	475
Heritage Reserve	To accumulate funds to be used to further the district land use outcomes. The reserve is to be applied to the management and protection of those items listed in the District Plan Part 9 Appendix 2: Schedule of Heritage Resources.	74	154	-	228
Biodiversity Protection	To support: <ul style="list-style-type: none"> • sustainable management of the district's natural and physical environment; • protection and enhancement of the community's environment values. <p>The reserve is to be applied to the management and protection of those items listed in the District Plan Part 9 Appendix 3: Schedule of Natural Features (significant trees, vegetation and habitats landscapes).</p>	22	135	-	157
Forestry	Proceeds from forestry not otherwise required for the funding of continued operations and maintenance of the forest.	1,096	3,036	(2,412)	1,720
Election	To account for elections funds, rate funded each year to spread out election cost in the year of election.	(30)	211	(150)	31
Waste Management Fund	To account for the waste management levies received. This reserve will be solely used to fund specific projects for this activity.	291	647	(250)	688
Domain Boards Bank Balances	To account for the bank balances of the Domain Board in trust.	361	1,300	(1,300)	361
Total		7,649	8,110	(4,788)	10,971

Trust Funds

These special reserves are set up to receive bequests received from communities in the district for specific purpose. These funds are held in trust for these specific purposes.

Description	Purpose of Fund	Opening balance 2018 (\$000s)	Transfers in (\$000s)	Transfers out (\$000s)	Closing balance 2028 (\$000s)
Arts Council of New Zealand	To account for the annual grant that we receive from Creative New Zealand for allocation to support arts and cultural projects.	-	-	-	-
Mayoral Storm Relief Fund	To account for government assistance that Council receives to provide support (mainly for the welfare of farmers and businesses) following any major storm disruption in the Manawatu-Wanganui region.	8	-	-	8
Ormondville Playground	Funds held on behalf of the Ormondville community to purchase playground equipment in the town.	1	-	-	1
Pahiatua Heritage Trust	Funds left over from the old Pahiatua Arts Council that has since been wound up. Will be used towards Heritage assets in the district.	21	-	-	21
Dannevirke Fairbrother Trust	Funds bequest by the Trust for projects that benefit the Dannevirke community.	20	-	-	20
Total		50	-	-	50

Note 3: depreciation expense by group of activity

	Plan 2018 (000s)	Year 1 2019 (000s)	Year 2 2020 (000s)	Year 3 2021 (000s)
Building Communities and Leadership	4	34	34	34
Community and Recreation Facilities	1,957	2,028	2,055	2,074
District Promotion & Economic Development	5	35	76	92
Regulatory Services	102	39	46	46
Roading and Footpaths	7,268	8,796	9,049	9,294
Solid Waste Management	97	24	24	26
Stormwater Drainage	224	223	232	241
Wastewater	834	914	966	1,027
Water Supplies	982	1,024	1,060	1,094
Total	11,473	13,117	13,542	13,928

Year 4 2022	Year 5 2023	Year 6 2024	Year 7 2025	Year 8 2026	Year 9 2027	Year 10 2028
(000s)						
34	34	34	34	34	34	34
2,151	2,154	2,139	2,228	2,229	2,232	2,352
108	109	110	100	101	102	89
46	46	46	46	46	46	46
9,543	9,787	10,046	10,313	10,597	10,896	11,196
27	27	27	29	29	29	31
250	259	268	278	288	299	310
1,057	1,100	1,156	1,225	1,265	1,311	1,374
1,124	1,153	1,188	1,224	1,259	1,297	1,334
14,340	14,669	15,014	15,477	15,848	16,246	16,766

Statement of accounting policies

Reporting entity

Tararua District Council (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 the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes.

Tararua District Council has an associate, Manawatu-Wanganui LASS Limited, a 14% owned associate – Public Benefit Entity. They are domiciled and incorporated in New Zealand.

Basis of preparation

The financial information contained within these policies and financial statements is prospective information in terms of FRS-42 Prospective Financial Statements. The purpose for which the information has been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by Council and to provide a broad accountability mechanism of the Council to the community. The prospective information may not be appropriate for purposes other than those described.

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 information in the prospective financial statements is uncertain and its preparation requires the exercise of judgement. Actual financial results achieved are likely to vary from the information presented and the variations may be material. Events and circumstances may not occur as expected and may or may not have been predicted or the Council may subsequently take actions that differ from the proposed course of action on which the prospective financial statements are based.

Statement of compliance

The 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 (NZ GAAP).

These prospective financial statements have been prepared to comply with Public Benefit Entity Standards (PBE Standards) for a Tier 1 entity.

The preparation of prospective financial statements in conformity with PBE IPSAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the

circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Measurement base

The financial statements have been prepared on an historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets, financial instruments (including derivative instruments) and carbon credits.

Functional and presentation currency

The financial statements are presented in the functional currency of New Zealand, which is New Zealand dollars, and all values are rounded to the nearest thousand dollars (\$000s).

Authorisation for issue

The Council authorised the prospective financial statements on 27 June 2018. Council and management accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual results have been incorporated within the prospective financial statements.

Changes in accounting policies

There have been no changes in accounting policies. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Associates

Associates are entities over which Council has significant influence but not control and are neither subsidiaries nor joint venture interests.

Investments in associates are recorded in the financial statements using the equity method and are initially recognised at cost in the financial statements. The carrying

amount is increased or decreased to recognise Council's share of the surplus or deficit in the associate after the date of acquisition. Council's share of the surplus or deficit in the associate is recognised in surplus or deficit. Distributions from associates are recognised in the financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, Council discontinues recognising its share of further deficits. After Council's interest is reduced to zero, additional deficits are provided for, and liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, Council will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where Council transacts with an associate, surplus or deficits are eliminated to the extent of Council's interest in the associate.

Dilution gains or losses arising from investments in associates are recognised in the surplus or deficit.

Significant accounting policies

Revenue

Revenue is measured at fair value. Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Revenue may be derived from either exchange or non-exchange transactions.

Exchange and non-exchange transactions

An exchange transaction is one in which the Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transactions are where the Council receives value from another entity without giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced quarterly within the financial year to which the rates have been set. 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. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates arising from late payment penalties are recognised on as revenue when rates become overdue.

Revenue from water-by-meter rates is recognised on an accrual basis based on usage.

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

Contribution revenue

Development contributions and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Government subsidies

Government grants, for example from NZ Transport Agency, Ministry of Health and Ministry of Environment, are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sale of goods

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue, unless there is a return condition attached to the asset. Assets vested in Council are recognised as revenue when control over the asset is obtained.

The fair value of vested assets is determined by reference to the cost of constructing the asset.

Dividends

Dividends are recognised when the right to receive payment has been established.

Interest revenue

Interest revenue is recognised using the effective interest method.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the Statement of Comprehensive Revenue and Expense.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Borrowing costs

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

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the surplus or deficit.

Leases

Finance leases

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

At the commencement of the lease term, Council will recognise finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no 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.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 90 days or less, and bank overdrafts.

Bank overdrafts where applicable are shown within borrowings in current liabilities in the statement of financial position.

Debtors and other receivables

Debtors and other receivables are initially measured at face value less any provision for impairment.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost adjusted for any loss on service potential.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first in/first out method.

The write down from loss of service potential or net realisable value is recognised in the Surplus or Deficit in the year of the write down.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the Surplus or Deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Council classifies its financial assets into the following categories: fair value through surplus or deficit, held-to-maturity investments, loans and receivables and fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking.

Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses recognised in the surplus or deficit.

Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from 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 measured at their fair value at each balance date. The resulting gain or loss is recognised in the surplus or deficit as part of finance costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Council's loans and receivables comprise cash and cash equivalents, trade and other receivables, term deposits, community and related party loans.

After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the Surplus or Deficit.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Surplus or Deficit as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the Surplus or Deficit.

Financial assets at fair value through other comprehensive revenue and expenditure

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. Council's financial assets at fair value through equity comprise local authority stock and investments in quoted and unquoted shares.

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.

Council's investments in associate companies are not included in this category as they are held at cost, whereas, this category is to be measured at fair value.

After initial recognition, these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the Surplus or Deficit. On derecognition the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Other techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

Impairment of financial assets

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Surplus or Deficit.

Loans and other receivables

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Surplus or Deficit. When the receivable is uncollectable, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Quoted and Unquoted Equity Investments

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Surplus or Deficit) is removed from equity and recognised in the Surplus or Deficit.

Impairment losses recognised in the Surplus or Deficit on equity investments are not reversed through the Surplus or Deficit.

Non-current assets held for sale

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the Surplus or Deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

Property plant and equipment

Property, plant and equipment consists of:

Operational assets

These include land, buildings, library books, plant and equipment, motor vehicles, fibre cabling and conduits, furniture and fittings, and swimming pools.

Infrastructure assets

Infrastructure assets includes the roading corridor network, footpaths and fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

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.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Surplus or Deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Land, land under roads, restricted assets, assets under construction, investment properties and biological assets are not depreciated.

Depreciation is not charged on additions in the year of construction.

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

Asset Category	Useful Life	Depreciation Rate
Operational and restricted assets		
Buildings	9–100	(1.0%–11%)
Computer equipment	2–4.5	(22%–50%)
Furniture and fittings	20–30	(3%–5%)
Landfill post closure	2–45	(2.2%–50%)
Leasehold Development	1–10	(10%–100%)
Library Books	5–20	(5%–20%)
Motor vehicles	2–33	(3%–50%)
Plant and equipment	15–50	(2%–6.7%)
Swimming pools	15–50	(2%–6.7%)
Infrastructural assets		
Roading		
Top surface (seal)	12–18	(5.6%–8.3%)
Top Surface (Unsealed)	1	(100%)
Pavement (seal base course)	30–90	(1.1%–3.33%)

Asset Category	Useful Life	Depreciation Rate
Pavement (unsealed base course)	Not depreciated	
Sub-base (Rural)	Not depreciated	
Sub-base (Urban)	40	(2.5%)
Formation	Not depreciated	
Culverts	50–100	(1%–2%)
Kerbing	25–100	(1%–4%)
Footpaths	10–100	(1%–10%)
Signs	12	(8.3%)
Streetlights	20–60	(1.7%–5%)
Bridges	50–140	(0.7%–2%)
Stormwater		
Pipes	50–140	(0.7%–2%)
Manholes	90–140	(0.7%–1.1%)
Wastewater Network		
Pipes & manholes	50–120	(0.8%–2%)
Treatment ponds	55–60	(1.6%–1.8%)
Pumps	10–40	(2.5%–10%)
Flow monitoring equipment	20	(5%)
Water Network		
Monitoring equipment (hardware)	5–30	(3.3%–20%)
Pipes, hydrants, valves	40–150	(0.7%–2.5%)
Treatment plants	10–100	(1%–10%)
Pumps	15–30	(3.3%–6.7%)
Tanks	40–200	(0.5%–2.5%)
Waste Management	2–17	(5.9%–50%)
Items under construction	Non depreciable	

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

Revaluations	Frequency
Infrastructural Assets	Annually
Roads (except land under roads)	Annually
Bridges	Annually

Revaluations	Frequency
Sewerage	Annually
Stormwater	Annually
Water	Annually
Land	Every 3 years
Restricted Assets	Every 3 years
Buildings	Every 3 years

Land, buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value. All other asset classes are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The results of revaluing are credited or debited to other comprehensive revenue and expense and held in an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Surplus or Deficit. Any subsequent increase on revaluation that off-sets 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 credited to other comprehensive revenue and expense and held in the revaluation reserve for that class of asset.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems

Infrastructure assets are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. These assets are revalued annually as at 1 July.

Operational and restricted land and buildings

These are revalued at fair value as determined from market-based evidence by an independent valuer on a three yearly cycle.

Land under roads

Land under roads was valued based on fair value of adjacent land as determined by reference to the Council rating data. Subsequently, this has not been revalued.

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the statement of financial position because there is no service potential from the majority of paper roads. The public good of having access routes is very difficult to value. In addition there is a very limited market for sale to the surrounding or adjacent property owner, and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Carbon credits

Carbon credits are initially recognised at cost, or fair value on free carbon credits. After initial recognition, all carbon credits are revalued annually at fair value.

The net revaluation result is credited or debited to other comprehensive revenue and expense and is accumulated through revaluation reserve. Where this results in a debit balance in the reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase in 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.

Carbon credits are not amortised.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in Surplus or Deficit.

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

	Useful life	Depreciation rate
Computer software	3-5 years	20-33%

Forestry assets

Forestry assets are revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Surplus or Deficit.

The costs to maintain the forestry assets are included in the Surplus or Deficit.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Council measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the Surplus or Deficit. Investment properties are not depreciated.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability

to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows. If an asset's carrying amount exceeds its recoverable amount the asset is 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.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the Surplus or Deficit.

Livestock

A small number of deer are kept for recreational purposes, hence are not revalued but recognised at cost. These are held as inventory.

Payables and deferred revenue

Payables and deferred revenue are initially measured at face value.

Employee benefits

Short-term benefits

Employee benefits that Council expects to be settled within 12 months of balance date 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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences. Council recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term entitlements

Long Service Leave and Retirement Leave

These are long-term employee benefits that are assessed on an accrued entitlement basis at current rates of pay.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Surplus or Deficit as incurred.

Defined benefit schemes

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Provisions

Council recognises a provision 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 expenditures 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 management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Financial guarantee contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value even if payment under guarantee is not considered probable. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a provision is recognised based on the probability Council will be required

to reimburse a holder for a loss incurred and is disclosed as a contingent liability.

Borrowing

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds
- Revaluation reserves
- Special funded reserves
- Trust funds

Asset revaluation reserve

This reserve relates to the revaluation of infrastructure assets, carbon credits, land, and buildings to fair value.

Special funded and council created reserves

Special funded reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's Treasury Policies and Long Term Plan allow internal borrowing against these reserves on the basis they will be reimbursed over time or at time of need.

Trust funds

Trust funds are those subject to specific conditions accepted as binding by Council. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using specific cost drivers, like expenditure, floor area, employees and assets.

Statement of cash flows

Cash means cash and cash equivalent balances on hand, held in bank accounts, demand deposits and other highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Council invests such assets as part of its day to day cash management.

Operating activities are the principal revenue-producing activities of the entity and other activities that are not investing or financing activities. They include cash received from all revenue sources (such as rates, taxes and government grants) and record the cash payments made for the supply of goods and services (including payments to other public benefit entities to finance their operations, but not loans). Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows as they do not represent transactions that Council can control.

Investing activities are those activities relating to the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

Rounding

There will be rounding of numbers in the Long Term Plan as the financial reporting model used calculates to the dollar but the Annual Report is rounded to the nearest thousand.

Critical accounting estimates and assumptions

In preparing these financial statements Council has made estimates and assumptions concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible – for example stormwater, wastewater, and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Surplus or Deficit.

To minimise this risk, Council's infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations.

Property, plant and equipment useful lives and residual values

At each balance date the Council reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires Council to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by Council, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the statement of revenue and expense, and carrying amount of the asset in the statement of financial position. Council minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

Council has made changes to past assumptions concerning useful lives and residual values, and will continue to update these assumptions as new information comes to light.

Critical judgements in applying Council's accounting policies

Management has exercised the following critical judgements in applying the Council's accounting policies for the periods ending 30 June 2019–2028.

Classification of property

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The 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 housing policy. These properties are accounted for as property, plant and equipment.

Cautionary note

The forecast financial statements are prepared based on best estimates available at the time of preparing the accounts. Actual results are likely to vary from information presented and the variations may be material.

The purpose of this plan is to consult with the community on the spending priorities outlined within the plan, and may not be appropriate for any other purpose.

Long Term Plan significant forecasting assumptions and risks

For the 10 years from 2018 to 2028.

Growth projections to 2048.

The assumptions made by Council in preparing this Long Term Plan form an important part of the financial forecasts. These assumptions include the number of people and properties requiring Council services, the cost of borrowing to fund new infrastructure, cost increases for a range of materials and services and other major factors outside of Council control such as climate change and government legislation. The Council is required to identify the significant forecasting assumptions and risks underlying the forecast financial estimates. Where there is a high level of uncertainty, Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions.

The Council has made a number of assumptions in preparing this 10 year Long Term Plan. The issues/risks chosen for the assumptions reflect the key issues that will impact on the cost and levels of service delivered by Council. These have been identified from:

- previous Long Term Plan processes; and
- assessing the context, trends and legislative programme over the period 2017/18.

Risks and uncertainty are based on the past trends and volatility of each issue, whether the issue can be seen to be impacting already, and the weight of expert opinion on the future likelihood of occurring. Council takes a conservative approach as the pace of change is increasing, resulting in many possible futures. Council is aiming for resilience in infrastructure and finances in order to meet the challenges of rapid change in the future.

The assumptions ensure that all estimates and forecasts are made on the same basis across all Council activities. The assumptions underlying the prospective financial information are as at 30 June 2018. These assumptions apply for the ten-year period of the Plan, while also forming the basis for the assumptions made in the 30 year Infrastructure Strategy.

1.

Population growth or decline

Assumption

Population growth – Council has projected that over the 10 years, the district population will increase slightly by 2% with the total population in June 2028 at 18,250 compared to 17,850 forecast in June 2018 (based on Statistics NZ high scenario forecasts 2016 update – 2013 Census base).

Households (including unoccupied) are forecast to increase by 5% over the 10 years, with the total 8,200 households in June 2028 compared to 7,800 forecast in June 2018 (based on Statistics NZ high scenario forecasts 2015 update 2013 Census base). These forecast growth rates are consistent with the assumptions made for the 2015 Long Term Plan.

Risk

Population and household growth is significantly different (growth or decline) to that assumed, or population/businesses in a particular locality may change significantly. This could result from:

- significant changes to migration from international or national laws and trends.
- lower or higher birth and death rates.
- major trend changes in the occupancy rate of households.
- major changes in the economic returns for farming.

Level of uncertainty

Low to Medium

Impact

Low to Medium

Financial effect of uncertainty

- Growth – significantly higher population growth will put pressure on existing infrastructure and services. Council will need to find ways of raising additional revenue required to meet the increase level of service due to growth or consider lower levels of service.
- Decline – a significant decrease in district population would mean a smaller ratepayer base will be expected to meet the increasing infrastructure costs (particularly urban), or Council will need to reduce the levels of service to maintain rates at an affordable level.
- Sector – the demand for increased levels of service comes from a growth in population and properties. An increase in urban, rural or industrial/commercial sectors will put modest pressure on Council services and its ability to meet the additional demands.

Mitigation

- Growth – higher than expected population growth will mean Council's rating base will increase allowing Council to collect more rates. Council's balance sheet also has sufficient capacity to meet increase levels of service due to growth. Council network infrastructure has existing capacity to meet moderate additional urban growth, reflecting the significant decline in population in the past 25 years.
- Decline – despite a long term trend of a reducing population (from 2014 changed to increasing population), the number of rateable properties has not varied significantly over the past 18 years with the rating base being maintained. This is expected to continue as a minimum. Council as part of its economic development activity has budgeted for several projects to help bring businesses and people into the district.
- Sector – Council has anticipated a slight increase in population and has incorporated this in the Long Term Plan. A shift in population growth or even decline in the three sectors would mean that Council would need to review its planned projects and their timing.
- Changes to government policy can adversely impact on the district economic activity. Council is a member of Local Government New Zealand and is an active member of the rural sector group that proactively lobbies government.

2.

Ageing population

Assumption

The median age of district residents will increase significantly over the long term. The number of residents aged 65+ increased by 17% from 2006 to 2013. Older people now make up 17% of the resident population (March 2013 census). This is forecast to increase to 26% of the population in 2028.

This is an expected increase of 1,340 people aged 65+ over the 10 years, against a total population forecast increase of 400 people.

The expected population growth can be attributed to families moving into the district as signalled by school roles in the district having shown recent modest increases.

The median age is forecast to increase from 42.3 in 2018 to 44.6 years in 2028.

Risk

The main risks are that population will continue to age significantly faster than forecast, and/or Council services do not sufficiently meet the needs of older people. The increase in older people has happened at a faster rate than forecast over the last census period, although that was during a period of population decline. If the migration flows again turn into a strong outflow to Australia then this trend will continue.

Affordability will increasingly become an issue for ratepayers and threaten the ability of Council to fund the forecast levels of service.

Level of uncertainty

Low – the long-term trend to an older population is reasonably certain. The actual outcomes are highly dependent on the migration trends. Higher inward net migration tends to slow down the ageing population trend.

Impact

Low.

Financial effect of uncertainty

A major shift towards older people is likely to change the type of services demanded from Council, and the ability to pay for those services. This is likely to result in new types of services and facilities. The specifications of Council services may change but overall this is unlikely to result in significantly higher costs. This would include recreation assets and services, footpaths design and supporting the wider elderly care sector.

Council will come under increasing pressure to reduce costs and certain types of services in order to deliver rate increases close to the increases in the superannuation benefit. However, the growth forecast is likely to result in an increase in the numbers of working people with families over the short to medium term (from positive migration).

Mitigation

Changes in demands for Council services are not new and are part of the political process. The range of Council services utilised by older people is not significantly different from younger people. Council is placing more emphasis on recreational activities such as walkways and cycleways, and the upgrading of reserve amenities. While the need for organised active team sports as traditionally catered for may decline there will still be a demand for these services.

Council has included in the Long Term Plan projects (for example, a walkways and cycleway strategy), to meet the increased demand where required.

Council has also increased its commitment to economic development, introducing new programs aimed at attracting positive migration.

3.

Natural disasters

Assumption

Natural disasters – Council will be prepared to respond to any natural hazards including floods, storms, droughts, earthquakes and volcanic activity that occur during the life of this long-term plan. It is assumed that natural disasters will not be catastrophic in scale such as experienced by Christchurch and more recently Kaikoura.

It is assumed that Council will be able to obtain cover as required from private insurance companies.

Risk

Natural disaster can cause significant damage to infrastructure and disruption of service. An increasing number of natural disasters including earthquakes, floods and volcanic events have occurred in New Zealand in the last decade. Insurance is becoming increasingly difficult to obtain at an affordable level.

Council may not be adequately prepared or resourced to respond to a major natural disaster, or to a succession of natural disasters. The current risk partnership with government where the government covers 60% of costs to water and wastewater network assets from natural disasters (leaving Council to cover 40% through external insurance cover or self-insurance) may not continue. Local Government New Zealand is currently working on options with government. Any reduction in government cover from 60% will result in increased insurance costs or higher risks.

The percentage government contribution to emergency roading repairs, through NZ Transport Agency, is set by the FAR plus 20% (86%) once damage costs are above 10% of the normal annual maintenance budget. The minimum subsidy level for roading repairs is 66%. A large event (flood or earthquake) will likely cause a large backlog of road repairs that would disrupt the normal maintenance programme for a period of time.

Level of uncertainty

Low.

Impact

High.

Financial effect of uncertainty

A major natural event would impact on council by demanding immediate funding. This would reduce the resilience of the Council for meeting future unforeseen costs. Additional borrowing would impact on future rating levels. An earthquake may cause 10% destruction of Council's assets costing \$110 million.

Tararua District and other district businesses could be subject to a break in business continuity in the event of a major natural event. Council services including water (treatment), the road network and wastewater networks and treatment could be disrupted for considerable periods. Depending on the severity or timing of disasters, Council may not have enough staff to rapidly manage recovery and response. Council would come under pressure to provide rates relief or financial support to properties that do not have roading access or water and wastewater services (urban).

Mitigation

The Council has prepared a detailed business continuity plan, which outlines both crisis response and recovery. Civil Defence emergency planning is in alignment with business continuity preparedness. The Council also continues to be part of the Manawatu-Wanganui Civil Defence and Emergency Management Group working to ensure preparedness for any natural disaster, coordinate a response and support recovery.

Any major natural disaster that results in significant repair costs to Council will be largely funded by insurance (cover is in place) and/or government assistance (through various funding arrangements).

Council provides funding for major disaster or civil emergency response through Council's civil defence role, a funded provision for annual flood damage on roads, insurance of operational assets and utility assets, cash reserves and an emergency loan facility for infrastructure replacement.

Council has cover for 40% of the potential waters infrastructure costs from commercial insurance and the remaining 60% is covered by central government to manage this additional unexpected cost. Commercial cover for Council buildings and other assets is fully in place.

Council has created a Disaster Fund Reserve to pay for any shortfall in insurance, central government and NZ Transport Agency funding.

4.

Infrastructural capacity

Assumption

That forecast population, household and business growth could be catered for by current and planned capacity of assets.

Risk

A major surge in household and/or industrial growth in a number of urban centres would place pressure on stormwater, wastewater, and water supply infrastructure in those networks. This is unlikely over the short to medium term, as there is considerable existing capacity (both in infrastructure and housing) in the urban areas.

Level of uncertainty

Low – a much higher growth rate would be required before capacity issues arose during the next 10 years.

Impact

Low.

Financial effect of uncertainty

Capacity exists to cater for forecast population and business growth. Growth significantly above this level may result in the need to expand the major infrastructure networks and would require funding. Growth will place more demand on recreational and community facilities. These facilities also have considerable capacity to cater for additional residents.

Urban growth that required additional infrastructure capacity would require investment by council. This could be achieved through a combination of loan funding, development contributions, reserves and by rating. Council operates within safe margins of borrowing and more borrowing could be undertaken should the need arise, although this is considered unlikely.

Mitigation

The reducing household occupancy rate will result in an increasing number of urban households. While this results in increased network connections and hard surface stormwater runoff, there is also an offsetting trend to lower usage per connection through water saving appliances, public awareness and education, and active maintenance processes focused on locating infiltration and leakages.

Additional properties results in an expansion of the rating base. Given the current and already planned infrastructural capacities the forecast growth results in a positive financial impact on Council.

Current capacity is generally sufficient to cater for expected population changes.

5.

Climate change

Assumption

It is assumed that the district will be affected by long-term climate change in parallel with predicted changes as advised by government agencies. This is likely to result in increasing frequency and intensity of weather events during the 10 Year Plan.

Risk

That there will be increasing intensity of climate related event(s) requiring emergency work that cannot be funded out of normal budgetary provisions.

Level of uncertainty

Low/medium – while the long term trend of rising temperatures and more frequent intense weather events is reasonably certain, the short to medium term impacts are less certain.

Impact

High.

Financial effect of uncertainty

The effects of climatic change on the East Coast is likely to mean more intense periods of rain and also more severe droughts; both of which may impact on rural ratepayers ability to remain profitable and afford the costs of Council.

Unexpected pressures may come on infrastructure requiring new capital developments such as stormwater control. Pressure will increase to fund these works.

While these impacts may not be significant in terms of the overall Council activities, there is expected to be impacts to the way activities allocate resources and the type of proactive projects undertaken. Many of these are already underway and are being built into normal operating budgets.

- Roading – increased frequency and intensity of rainfall events are leading to more drainage works in the road network that reduce long-term maintenance costs resulting from washouts, slumping and scouring.
- Water – longer periods of drought result in increased demand, while flood events create turbidity. Council has invested, and is continuing to invest, in bigger water storage facilities to reduce these risks. Demand management programmes (awareness, rainwater storage etc) are already underway to reduce peak demand.
- Wastewater – increased frequency and intensity of rainfall events results in infiltration and inflows that increase volumes to be treated. Programmes to address this include leak detection, CCTV inspections and new stormwater upgrades.
- Stormwater – increased frequency and intensity of rainfall events results in service levels falling. Increasing size and coverage of networks may be required.

Significant impacts will continue to increase in frequency over the next few decades. Council has a policy of holding depreciation renewal reserves. Costs

from damages associated with extreme weather are likely to rise as the incidence of these events continue to increase in the future.

The effect of climate change on the world may continue to make New Zealand an attractive place to immigrate to with possible increasing demand on Council services.

Mitigation

Financial impacts will be mitigated by ensuring adequate insurance cover is used and appropriate maintenance is undertaken as a preventative measure. Climate change is not an exact science and unusual weather patterns are becoming more common at present. Much more rapid climate change is possible and could result in frequent storm damage from flooding and wind. A watching brief will be maintained.

Council is already providing for many climate related risks within existing budgets, such as prevention of infiltration of stormwater into sewerage from heavy rainfall, installation of larger roading culverts, development of new stormwater systems, and construction of water storage facilities in the plan. Stormwater modelling has been carried out as a basis to identify optimal investments.

Current NIWA analysis is that the climate is changing consistent to their model forecasts.

6.

Inflation

Assumption

Council has adjusted financial projections to reflect the estimated impact of inflation. Council has used the Local Government Cost Index (LGCI) forecasts of price level changes to calculate a weighted average inflation rate for each year of the plan. Appendix one contains the BERL inflation adjusters (commissioned by the Society of Local Government Managers) used in producing this plan. These forecasts were issued in September 2017.

Risk

That actual inflation will be significantly different from the assumed inflation. Council is exposed to cost increases based on international oil prices (pipes, bitumen, and fuel). Council has no control on these prices and these are often volatile due to shifts in exchange rates and international oil prices.

Level of uncertainty

Medium.

Impact

Medium.

Financial effect of uncertainty

This will lead to misstatement in some of the costs in the budgeted financial statements. Council is particularly susceptible to changes in the price of imported plastics, capital equipment, petrol and diesel as about 50% of Council business is roading related.

Mitigation

The LGCI forecasts are usually above the Consumer Price Index (based on the actual outcomes in the last 10 years) and this builds in some buffer for any price increases. However, the reverse can occur as New Zealand is subject to imported inflation with limited options to avoid sudden price increases caused by overseas trends or a major devaluation of the New Zealand dollar.

While individual indices will at times vary from what has been included in this Long Term Plan, over the longer term this will tend to average out.

7.

Asset lives

Assumption

Useful lives of assets reflect those recorded in asset management plans or are based upon correct professional advice. Refer to Accounting Policies for depreciation rates. The overall costs of renewals and operating costs for water, stormwater, wastewater, and roading is shown in the Infrastructure Strategy.

Risk

Assets wear out earlier or later than estimated.

Level of uncertainty

Years 1–3 low; years 4–10 medium; years 11–30 (as shown in the Infrastructure Strategy) medium.

Impact

Medium.

Financial effect of uncertainty

The financial effect of the uncertainty is likely to be immaterial unless asset lives for significant assets such as bridges and/or pipe networks change significantly. Depreciation and interest costs would increase or decrease if capital expenditure were required earlier or later than anticipated.

Mitigation

Impact of increased depreciation and interest cost could be mitigated as capital projects could be reprioritised in the event of early expiration of assets or funded through use of internal borrowings.

Additional condition assessment programmes and systems have been integrated into operational services for water, wastewater, stormwater, property, and roading (including bridges) to give more accurate assessments of asset lives.

8.

Revaluation of infrastructure and property assets

Assumption

Assets are valued as stated in the Accounting Policies. The following assumptions have been applied to projected asset revaluations:

- The revaluations will reflect the changes predicted by BERL.
- Depreciation impact of inflation will be in the year following revaluation.

Risk

That the BERL forecasts will be materially incorrect, leading to misstatements, in particular forecast asset values that will result in changes to the depreciation charged and hence the rates levied.

Level of uncertainty

Medium.

Impact

Medium.

Financial effect of uncertainty

Increased valuations will increase depreciation and affect funding levels.

Valuation changes that result in a 1% budget change in the total funded depreciation (an overall impact across all asset classes) would increase depreciation costs by \$70,000 a year.

Mitigation

The 10 Year Plan for each subsequent year is reviewed by way of the Annual Plan and a new 10 Year Plan is produced every three years.

As part of the Asset Management Plan process, an audit of the asset register has been carried out in 2017/18 to ensure valuations include all current capital assets.

9.

Contracts

Assumption

There will be no significant variations in terms of price from the re-tendering of operation and maintenance contracts and renewal of service level agreements, other than those variations recognised in this plan.

Risk

There is a significant variation in cost and/or terms from re-tendering contracts and renewal of service level agreements. Refer to the inflation assumption for more detail on cost impacts.

Level of uncertainty

Low.

Impact

Medium.

Financial effect of uncertainty

Council has many contracts across different activities. These involve different competitive markets. In most cases the impacts of changes in contract costs and terms (both positive and negative) even out. The exception is where the inflation forecast is significantly wrong and costs in general are higher or lower than forecast.

Mitigation

Contracts have cost increase clauses based on inflation indexing included in the contract documents. Such cost increases are already factored in the financial forecast as inflation adjustments.

Council is also able to review levels of service and budgets on an annual basis, through either the Annual Plan or Long Term Plan processes.

10.

Sources of funds for the replacement of significant assets

Assumption

That the depreciation reserves will adequately fund the renewals of assets over the 10 year period and the longer term (to 2048). Additional details are set out in the Revenue and Finance Policy, Financial Strategy, and Infrastructure Strategy.

Risk

That there will be a shortfall in funds available to replace assets.

Level of uncertainty

Medium.

Impact

Medium.

Financial effect of uncertainty

Council has built depreciation reserves over time to fund the long term renewals of assets. The impact of the uncertainty on rating levels is likely to be immaterial in the short term as the depreciation funds have an overall substantial positive balance (2018/19 opening balance \$23.8 million). This balance is forecast to be \$16.4 million at the end of the 10 year period (June 2028). This reflects that significant renewals are forecast in the 10 year period.

The assumptions on inflation, asset lives, and revaluation of property, plant and equipment will have an impact on the required funding levels for depreciation over the medium to long term.

Mitigation

Council is able to access borrowings to supplement depreciation reserves, if required, at levels forecast within the Long Term Plan. Council's strategy is to keep external debt at relatively modest levels in order to provide resilience and capability to borrow for unexpected financial requirements.

11.

NZ Transport Agency funding

Assumption

NZ Transport Agency requirements and specifications for the performance of subsidised work will not alter to the extent that they impact adversely on operating costs. As a result of the FAR review in 2014 and a recalculation of the formula in 2017, Council is forecasting that the current subsidy level of 64% (2017/18 for maintenance and renewal costs within the approved NZ Transport Agency roading programme) will increase to 66% in 2018/19. The 66% level of subsidy is assumed to continue after that for the long term.

The new One Network Road Classification (ONRC) process being implemented by the NZ Transport Agency in 2018/19 will support the current levels of service delivered by Tararua District Council. It is assumed that the 66% FAR will apply to the current total road maintenance budget (including emergency works).

The latest Government Policy Statement on Land Transport has indicated that footpaths will be included in the NZ Transport Agency funding regime at the same rate as the FAR above. As a result, Council assumes footpaths will be funded in the same manner as the roading programme above.

Risk

Changes in the subsidy rate and variation in criteria for inclusion in the subsidised works programme. The new national level of service framework (ONRC) is being implemented for 2018 onwards. This may reduce the roading programme eligible for subsidy (the FAR may be applied to a reduced approved roading programme budget).

Level of uncertainty

Low – Roding.

Medium – Footpaths.

Impact

Medium.

Financial effect of uncertainty

Variations in subsidy rates will increase/decrease Council's subsidy revenue by \$120,000 to \$160,000 for every 1% change in subsidy.

Mitigation

NZ Transport Agency completed a major review of the FAR in 2014 and a recalculation of the formula in 2017. There is unlikely to be a major review again in the Long Term Plan timeframe. Council is able to review levels of service and community expectations through the Long Term Plan processes.

Council, through the Alliance contract, is aiming to fully meet the process requirements to comply with the new ONRC system. Working with NZ Transport Agency as funding partners will ensure early identification of any major issues with funding for the roading programme.

12.

Subsidies for water and wastewater upgrades

Assumption

Health and Environment subsidies will not be available for wastewater network improvement projects that are additional to those already approved under the Ministry for the Environment River Clean-up Fund. Water supply subsidies from the Ministry of Health Drinking Water Subsidy Scheme are assumed to close in 2016/17. Details of individual upgrade projects and the funding sources are set out in the Statement of Capital Expenditure.

Risk

There is no risk to the Long Term Plan forecasts as any variation to this assumption will be financially positive to Council.

Level of uncertainty

Medium.

Impact

Low.

Financial effect of uncertainty

Any further subsidies will reduce the rate requirements and debt levels.

Mitigation

Council is able to review levels of service and community expectations through the Annual Plan and Long Term Plan processes.

Council continues to actively lobby government on the need for government investment in water, stormwater, and wastewater upgrades. This is done through regional (including Manawatu River Accord) and national (Local Government New Zealand) initiatives.

13.

Wind farm developments and forestry harvest impacts (roading)

Assumption

Development of wind farms (if they proceed) will not have significant impact of Council renewals expenditure for the roading network.

Harvesting of forests in the northeast of the district will create road maintenance impacts that can be managed within the budgeted Roading budget.

Risk

Wind farms will result in significant cost to Council in upgrades and renewals or their timing for the roading network.

Forestry harvests that grow significantly over the 10 years cause major damage to some arterial roads resulting in costly renewals.

Level of uncertainty

Low.

Impact

Low.

Financial effect of uncertainty

While new windfarms are becoming less likely (resource consents are expiring over time) reflecting a stable to declining demand for power, forestry harvesting is almost a certainty. Depreciation reserves will be required to fund any renewals required as a result of increasing wear on the roading network.

For new wind farms resource consent conditions on the power generators at the time of development are expected to cover the full cost of the development. Financial contributions will not be possible after 2022 due to a recent amendment to the Resource Management Act 1991.

Council may need to increase operating budgets to fund any additional maintenance as a result of increased heavy traffic volumes.

Mitigation

Council through the resource consent application process will ensure that conditions of development include adverse impacts on existing infrastructure and the environment.

Council through the Tararua Alliance is working with the major forest owners to identify likely tonnages per year and the roading route the trucks will take. Targeted capability upgrades of key roads will be planned in order to maintain levels of service, while basic renewals will be programmed after harvest traffic where possible.

14.

Legislative and One Plan changes

Assumption

Legislative changes are expected to have a minor effect on Council's finances and/or levels of service, but no change to the current governance arrangements. It is assumed existing shared services and collaboration will continue.

The Council is assumed to retain the current boundaries and it is assumed that there will be no forced amalgamations.

The forecasts assume:

- no additional expenditure above that budgeted to assess all commercial and some multi-unit multi-storey residential buildings (earthquake prone building regulations);
- additional costs to meet more stringent resource consent requirements for water and wastewater consent renewals;
- that the Council will continue to deliver infrastructural services within the existing legislative framework;
- that legislated minimum levels of service/standards (such as drinking water quality) will not be changed.

Risk

Further legislative changes could increase the levels of service and/or number of activities Council is required to deliver. Likely areas are regulatory and compliance areas including Resource Management Act processes and freshwater standards. Recent changes to the Resource Management Act 1991 have increased levels of service required by Council but the exact costs remain uncertain.

Roading, Water Supply, Wastewater, and Stormwater are also the subjects of ongoing reviews that could impact on the way these services are delivered. Local Government New Zealand is leading a review of possible efficiencies in the three waters activities.

The government has stated that forced amalgamations will not occur. This may change over time. Any group in the community can now initiate a review of Council boundaries. Over time, if amalgamations proceed in other regions, it is likely that the issue of amalgamation with one or more neighbours will arise and be the subject of a Local Government Commission review.

The 2017 legal ruling on the implementation of the One Plan could result in some forms of intensive farming becoming unprofitable in Tararua, and a general reduction in farming income. This would have a major impact on the district economy, and the ability to pay rates over time.

Level of uncertainty

Medium.

Impact

High.

Financial effect of uncertainty

Resources will be required to assess the structural rating of all the buildings required under changes to the Building Act 2004 regulations. A government decision around who will fund any additional assessments has not yet been confirmed. It is likely that additional costs will fall on Council. Council has budgeted for this but this sum may not be sufficient to meet obligations if Council is required to fund all of the work itself.

Changes to the Resource Management Act in 2017 has resulted in increased operating budgets.

Changes to the implementation of the One Plan for farming practices has no immediate financial impact on Council. Reduced profitability of farming will impact on rates affordability and become a significant governance issue. Council would be under pressure to reduce rates and levels of service might have to be reduced.

Ongoing increases in standards for freshwater management are resulting in likely significant increased costs to renew urban wastewater discharge consents, and may result in new treatment requirements for urban stormwater discharges.

Any amalgamation process would result in policy resources being diverted or additional external advice being sought and could significantly interfere with the assumed work programme.

Any changes to the delivery of infrastructure services may remove these costs from the Council, but is unlikely to reduce the costs to ratepayers who receive the services.

Mitigation

Council continues to enjoy close working relationships with neighbouring councils at the governance and officer levels. This is particularly important with Horizons with a need to work closely together in order to meet the requirements under the One Plan. Opportunities exist at the governance level to ensure that Horizons Regional Council and Tararua District Council have a clear understanding of the impacts on ratepayers of policy decisions. Council has the right to appeal resource consent conditions through the legal system as a last resort. Council also makes submissions to Horizons as part of the Annual Plan and Long Term Plan processes.

Specific requirements from new legislation can be partially addressed through changes to fees and charges, or through additional targeted rates. Council will make submissions on government Bills where the impacts are substantial to ensure government policy makers are aware of the potential impacts.

15.

Resource consent renewals

Assumption

Conditions of existing resource consents held by Council will not be altered significantly from that budgeted. Any resource consents due for renewal during the 10-year period will be renewed accordingly. Resource consents issued for new/upgraded infrastructure will not contain significantly different conditions/standards to those anticipated in the project.

Risk

Conditions of resource consents are altered significantly resulting in major investments to meet conditions. The length of consent renewals could be reduced to 10 years or less. This would result in the need to budget for many more renewal processes.

Council in some cases is unable to renew existing resource consents upon expiry. Council may be forced to consider alternative systems such as piping wastewater to another treatment plant.

Level of uncertainty

High.

Impact

High.

Financial effect of uncertainty

The financial effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the Council needing to spend additional funds to enable compliance. If there were changes to conditions or consents not renewed or issued, Council would face additional costs to meet consents or to continue a process to apply for new consents. Council is well positioned to support additional consent requirements however there would be an opportunity cost of not undertaking other infrastructure works or services. Affordability of services in small communities could become increasingly difficult.

Based on recent resource consent renewal outcomes for wastewater treatment and discharge in neighbouring districts the risks are increasing and potential costs are high. Council is likely to be required to increase levels of service for all wastewater treatment plants as consents expire.

Mitigation

The Council will monitor and work with Horizons to ensure Council has sufficient notice of and is well placed to manage any change required.

Council will work more closely with local iwi to build relationships and design treatment systems that better reflect local iwi views on the impact on the Manawatu and tributary rivers. Informed debate and joint solutions is more likely to reduce legal costs and the costs to the community.

The government has recognised the financial impacts on smaller communities and contestable funding is available for both water and wastewater upgrades. The Council has recently been successful in obtaining some of this funding. Council will continue to lobby for more funding, and will actively apply for funding where available.

16.

Interest rates

Assumption

Council has budgeted for this long-term plan that interest on loans raised will be 4.4% in year one and average 4.9% over 10 years. It is assumed that return on investments made by Council will be 3.2% year 1 and average 3.4% over 10 years. Appendix 2 shows the external interest rates for each year of the Long Term Plan. The interest rate applied on internal borrowing for the 10 years is 3.2%.

Risk

Prevailing interest rates will differ significantly from those estimated.

Level of uncertainty

Medium.

Impact

Low.

Financial effect of uncertainty

Based on Council projected borrowings levels, interest costs will increase/decrease by between \$120,000 and \$390,000 per annum for every 1% movement in interest rates.

Council investments will increase/decrease by between \$20,000 and \$50,000 per annum for every 1% movement in interest rates.

Mitigation

Interest rates are largely driven by factors external to the New Zealand economy. Council is not predicting a significant increase in borrowings over the 10-year period. Council has in place an interest rate strategy (swaps) to deliver greater certainty over the interest rate cost for the duration of the Long Term Plan. Council receives professional advice on the direction of future interest rates.

17.

Access to external funding

Assumption

Council will be able to borrow at the required level.

Risk

Inability to fund services or capital investment if Council is not able to borrow. Risk is seen as low as Council have access to the Local Government Funding Agency (LGFA) funding market. While it is likely Council will be able to secure loans, it cannot be guaranteed.

Level of uncertainty

Low.

Impact

High.

Financial effect of uncertainty

If rates are used as an alternative source of funding for capital projects, rates requirements would rise and forecast levels of service would come under review.

Mitigation

There is high demand for local government debt. The Council now has access to the LGFA that can source funds from overseas as well as New Zealand. The Council enjoys a strong relationship and loan facilities with its bankers, which could be drawn down if the need arose. The financial strategy is prudent in all regards with debt levels reflecting a prudent approach.

Appendix 1

SOLGM / BERL price adjustors as at September 2017

The following tables are extracts from the 'Forecasts of Price Level Change Adjustors – 2017 Update Note to Society of Local Government Managers'.

Adjustors: % per annum change

Year ending	% change (on year earlier)				
	Planning and regulation	Roading	Transport	Community activities	Water and environmental
June 2015	1.5	2.3	1.6	1.8	3.2
June 2016	0.8	1.4	1.1	1.6	2.1
June 2017	1.4	1.6	1.6	1.8	1.2
June 2018	1.8	1.9	1.9	1.7	1.8
June 2019	2.0	2.0	2.0	1.7	2.3
June 2020	2.1	2.2	2.0	2.0	2.5
June 2021	2.1	2.2	2.1	2.1	2.3
June 2022	2.1	2.3	2.2	2.1	2.4
June 2023	2.2	2.4	2.2	2.2	2.4
June 2024	2.3	2.4	2.3	2.3	2.5
June 2025	2.3	2.5	2.4	2.3	2.6
June 2026	2.4	2.6	2.5	2.4	2.6
June 2027	2.4	2.7	2.5	2.4	2.7
June 2028	2.5	2.8	2.7	2.6	2.8

LGCI, annual average % change

Year ending	% change (on year earlier)		
	OPEX	CAPEX	Total
June 2007	4.1	4.3	4.2
June 2008	4.9	4.7	4.9
June 2009	5.5	5.7	5.6
June 2010	1.7	1.8	1.8
June 2011	2.3	2.3	2.3
June 2012	3.1	3.3	3.1
June 2013	1.9	1.8	1.9
June 2014	1.6	1.7	1.7
June 2015	2.0	2.3	2.1
June 2016	1.3	1.5	1.4
June 2017	1.5	1.5	1.5
June 2018	1.8	1.8	1.8
June 2019	2.0	2.0	2.0
June 2020	2.2	2.2	2.2
June 2021	2.2	2.2	2.2
June 2022	2.2	2.2	2.2
June 2023	2.3	2.3	2.3
June 2024	2.3	2.4	2.3
June 2025	2.4	2.4	2.4
June 2026	2.5	2.5	2.5
June 2027	2.5	2.6	2.6
June 2028	2.6	2.7	2.7

Forecasts for eight price indices, annual average % change

Year ending	% change (on year earlier)							
	PPI inputs - local govt admin	PPI inputs - arts and recreation services	PPI inputs - water, sewer, drainage, and waste services	CGI - earthmoving and site work	CGI - pipelines	CGI - reclamation and river control	LCI - all salary and wage rates - local govt sector	LCI - all salary and wage rates - private sector
June 2015	0.5	0.5	3.0	3.2	4.0	3.4	2.0	1.8
June 2016	0.4	1.3	3.3	1.8	0.7	0.6	1.8	1.7
June 2017	1.4	1.8	1.1	1.8	1.3	0.7	1.9	1.6
June 2018	2.1	1.5	2.3	1.9	1.5	0.8	1.6	1.5
June 2019	2.1	1.3	3.0	2.0	2.2	1.4	1.6	1.9
June 2020	2.0	1.9	2.8	2.3	2.7	2.2	1.6	1.9
June 2021	2.0	1.9	2.4	2.4	2.5	2.3	1.7	1.8
June 2022	2.1	1.9	2.5	2.4	2.4	2.3	1.8	1.6
June 2023	2.2	2.0	2.6	2.5	2.4	2.3	1.8	1.7
June 2024	2.3	2.0	2.7	2.6	2.4	2.3	1.9	1.8
June 2025	2.3	2.1	2.8	2.7	2.4	2.4	1.9	1.8
June 2026	2.4	2.1	2.9	2.8	2.4	2.4	2.0	1.9
June 2027	2.5	2.1	3.0	2.9	2.4	2.4	2.0	1.9
June 2028	2.5	2.2	3.1	3.1	2.4	2.4	2.1	2.0

Appendix 2

Interest rate assumptions by year

External interest rates	Investments	Loans
2019	3.2%	4.4%
2020	3.2%	4.6%
2021	3.3%	4.7%
2022	3.4%	4.8%
2023	3.5%	4.9%
2024	3.5%	4.9%
2025	3.5%	5.0%
2026	3.5%	5.1%
2027	3.5%	5.1%
2028	3.5%	5.2%
10 year average	3.4%	4.9%

05

POLICIES

Summary of the Significance and Engagement Policy

Overview

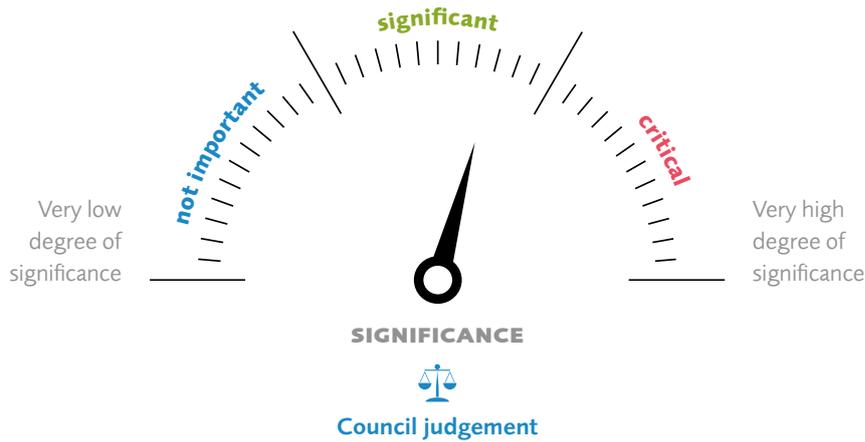
The Significance and Engagement Policy sets out what decisions or matters the Council and the community consider particularly important, how the Council will go about assessing the importance of matters, and how and when the community can expect to be consulted on both.

This policy provides the following guidance for Council and its communities:

- Identifies the degree of significance attached to particular issues, proposals, assets, decisions and activities.
- Provides clarity about how and when communities can expect to be engaged in decisions made by Council.
- Informs Council about the extent, form and type of engagement required.
- Ensures Council meets the needs of local communities, sector good practice and the intent of the Local Government Act 2002.

In determining the degree of significance of any issues, proposals, assets, decisions, or activities, Council will assess and consider the following criteria and measures:

Criteria	Measure
The degree to which the issue/ decision affects the district	Has a substantial tangible impact on the whole district based on changes to services levels or the manner in which revenue is to be obtained.
The degree to which the issue/ decision affects the level of service of a significant activity	A significant multi-year change in the levels of service at an activity level.
The impact on the ability of future councils to reverse the decision, where financial or legislative agreements permit	Future councils will be committed to long-term (>5 year) contract costs (>5% of Council operational costs), without the ability to periodically consider viable alternatives.
The degree to which the issue/ decision has a new financial impact on Council or the rating levels of its communities	Impact on rates is not within the Financial Strategy limit (LGCI plus or minus 2% in one year).



Criteria

The degree to which a decision or action would require a change in an underlying strategic policy

The level of district interest in the decision

Measure

The decision represents a new strategic direction for Council.

A decision or proposal on a matter where the majority of a community expresses considerable interest or the community is deeply divided.

If an issue exceeds at least two of the above criteria, the matter is more likely to be considered significant, requiring a higher level of community engagement.

The policy will be reviewed at a minimum of every three years during the first six months of the new Council term.

Strategic assets

The Council considers the following as Strategic Assets:

- The roading network
- Wastewater reticulation and treatment network
- Water supply reticulation and treatment network
- Pensioner housing
- Stormwater collection and disposal network
- The total of the land designated as Reserves under the Reserves Act 1977

Decisions on transferring the ownership or control of strategic assets have Special Consultative Procedure requirements required under the Local Government Act 2002, and hence supersede this Policy. The Council would not undertake significant engagement for decisions that relate to changes to a part of a strategic asset, unless that part would have a tangible and significant effect on the level of service being sought and provided to the community.

When Council may not consult or engage with the community

The size and scale of any decision includes the longer-term consequences, not just the immediate impacts. Other legislation or processes that can restrict the ability of Council to select a flexible process with the community bind some decisions made by Council. There are times when Council will not normally consult with the community because the issue is routine, operational or because there is an emergency.

Procedures and guidelines

Council will be guided by the following:

- The potential effect on delivering Council's vision and strategic goals.
- The potential impact on the current and future well-being of the Tararua District.
- Whether the proposal or decision will affect a large portion of the community.
- How the decision aligns with historical Council decisions.
- The impact on Maori cultural values and their relationship to land and water.
- The level of community interest in the decision and whether community views on the issue are already known.
- The impact on the scale and cost of services delivered by the Council.

In general, the more significant an issue, the greater the need for community engagement.

Council will make available background information on the options available relative to the issue, reflecting the significance of the decision, and the interest and

involvement of the community. Engagement plans will reflect any Memorandum of Understanding or any other similar high-level agreements with stakeholders as a starting point.

Council will normally respond to written/oral submissions in formal hearing processes, and will cater for sign language or other languages if advance notice of at least a week is given. In other processes involving large numbers of resident input, the Council response will be a more general feedback through local newspapers, local newsletters or the Council website.

Level of engagement

Council will choose the form of consultation that best suits the community affected and the decision being made. While this will vary between specific issues, assets, or other matters the Council has a preference for:

- a) Direct communication with the most affected parties.
- b) The use of digital media including websites and email based surveys.
- c) Background information through local newspapers.
- d) Written and oral submissions.
- e) Inclusive planning sessions open to the public.
- f) Formal public meetings only if requested by affected communities or required by legislation.

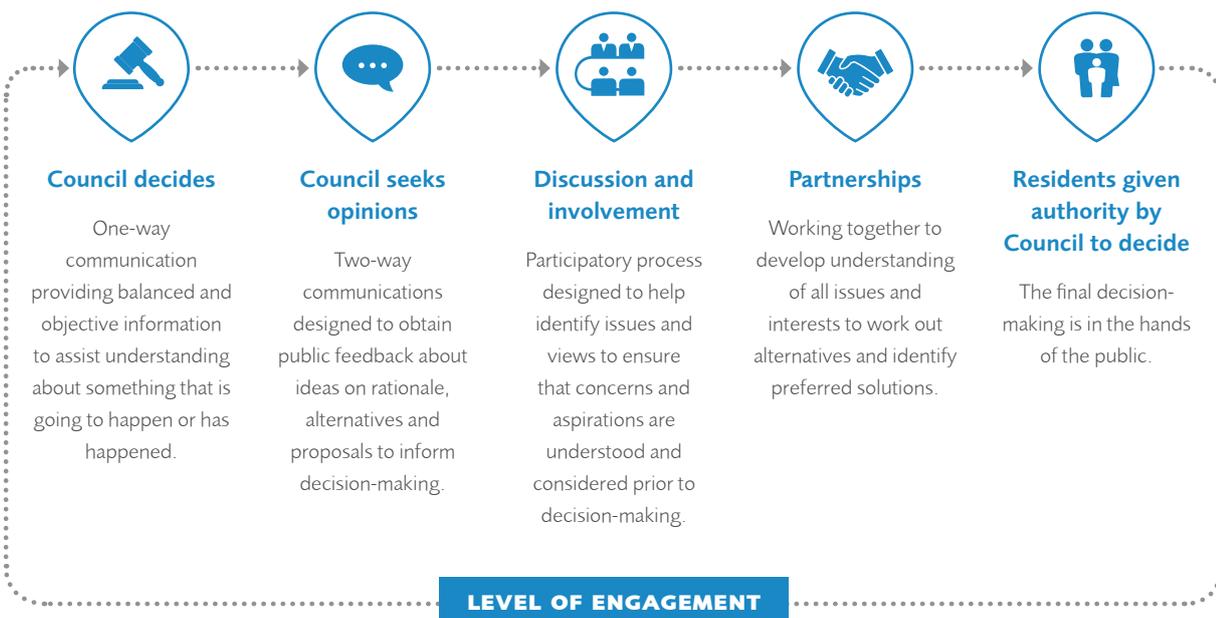
Community engagement occurs across a spectrum at differing levels. As you move from providing information to full community engagement, Council must balance the benefits of community input against the time and cost of achieving this.

Council does not always have control over decision making timeframes, and the costs must be in proportion to the issue being addressed. However, Council does recognise that the costs of poor decisions can be very high over time. Over the time of a decision making process, a variety of techniques may be used on any issue or proposal.

The Council will select the exact method that it considers appropriate after considering criteria or circumstances that reflect specific requirements of the community affected and the information that already exists. The different levels of engagement available to the Council cover a wide range (see diagram below):

It will not always be appropriate or practicable to conduct processes at the participatory end of the consultation continuum. Many minor issues will not warrant a participatory approach and constraints of time and money will limit what is possible on some occasions.

Even in situations where there is plenty of opportunity to gain community input, it may not be possible to have significant control over what is done with the results. There are a number of government legislative and regional council policies that can influence or, in some cases, limit the options for Council decisions.



Policy on financial contribution

Introduction

Section 102(4) of the Local Government Act 2002 requires the Council to adopt a policy on development contributions (money or land required from developers under the provisions of the Local Government Act 2002) or financial contributions (money or land required from developers under the provisions of the Resource Management Act 1991 and the Tararua District Plan).

The Resource Management Act 1991 requires the Council to manage the effects of subdivision and development in a manner that promotes the sustainable management of the district's natural and physical resources. Contributions from subdividers and developers provide a means of offsetting, avoiding, remedying or mitigating the adverse effects of such activities.

Financial contributions (whether cash, land, works or services) may be required from developers where the cost of providing or upgrading the public infrastructure or utility service can be attributed to a development.

Requiring developers to pay the actual costs of extending services is considered to be an appropriate method of encouraging an efficient, consolidated, compact pattern of land use. It is recognised that the true costs of service provision for an extended network would include not only the actual cost of the extension, but also a share of the costs that have been invested by the community in the establishment of the existing service network.

As a general rule, the Council will use financial mechanisms to ensure that ratepayers do not subsidise land developers who are seeking to extend service networks to serve their subdivisions and developments while there is still spare capacity on the existing network.

Currently the district is not experiencing, nor forecasted to experience, demand for public infrastructure generated by growth, therefore no allowance has been made for capital expenditure to be funded from financial contributions during the term of the Long Term Plan.

Financial contributions as conditions of resource consents

Under section 5.1.6.3 of the District Plan contributions (whether cash, land, works or services) may be required as conditions of land use and subdivision consent in relation to the matters below. It should be noted that the amount or value of contributions (if any) will depend upon the circumstances of each resource consent application. The purpose, circumstances and maximum amount of financial

contributions that may be imposed by the Council as a condition of consent is specified below:

(a) Provision of new roads and streets

Required where access cannot be provided from existing streets or where capacity of existing roads would be exceeded.

Maximum amount is the actual cost of building the road, including the value of the land.

(b) Upgrading and widening of existing roads

Required where development will result in need to upgrade the road.

Maximum amount is the actual cost of the work.

(c) Private rights of way, accessways and vehicle crossings

Construction and sealing may be required to ensure that there is no adverse effect on the roading network.

Maximum amount is the actual cost of the work.

(d) Off-street vehicle parking/loading spaces

Where on-site parking cannot be provided, Council may require a financial contribution to provide and maintain nearby public car parks.

Maximum amount is \$2,000 per car parking/loading space.

(e) Street lighting

Council may require the upgrading of street lighting where, as a result of a proposed development, it is deemed necessary.

Maximum amount is the actual cost of the work.

(f) Earthworks

Where earthworks are required to provide building areas, roads or services, Council may require the work to be carried out to a specified standard.

Maximum amount is the actual cost of the work.

(g) Water supply

To ensure that a satisfactory supply of water is provided to a development, Council may require a potable water supply to be established or connection to reticulated services to be made.

Maximum amount is the actual cost of the work.

(h) Sewage/wastewater disposal

Council may require either connection to an existing reticulated system, the upgrading of the system, or the establishment of on-site treatment and disposal.

Maximum amount is the actual cost of the work.

(i) Stormwater

Council may require drainage facilities to reduce the adverse effects of uncontrolled run-off of stormwater from new developments.

Maximum amount is the actual cost of the work.

(j) Landscape treatment/fences

Where it is desirable to reduce the adverse visual effects of a proposed development, or any existing facilities, the Council may require landscape treatment or fences.

Maximum amount is the actual cost of the work.

(k) Open spaces, reserves and public recreational facilities

Where major new developments will generate a significant increase in demand for and usage of facilities, or where there is an opportunity to protect and enhance important natural features or areas, Council may require financial contributions.

Maximum amount is:

- (i) In relation to building development, 0.5% of value of development
- (ii) In relation to subdivision, 5% of value of additional allotments.

(Note contributions will only be levied in areas that will be identified as being in need of such facilities in the Council's Recreation and Reserves Strategy).

(l) Esplanade reserves/strips/accessways

Where a development is proposed along the margins of watercourses/waterbodies that are identified in the District Plan as priority areas, the Council may require the provision of an esplanade reserve, strip or access strip.

Maximum amount is actual cost of vesting 20 metre wide area adjacent to watercourse/waterbody.

(Note priority areas are still being identified. Until they are, Section 231 of the Resource Management Act applies, which requires a 20 metre wide esplanade reserve where new allotments are created along the bank of any river or lake or adjacent to the sea.)

Policy on the development of Maori capacity to participate in Council decision- making

Local iwi are an important key stakeholder in the governance of the district.

Council has a long-standing partnership arrangement with Rangitane O Tamaki Nui A Rua. Ngati Kahungunu has requested a similar relationship with Council. Rangitane iwi has concluded its Crown treaty settlement, and Ngati Kahungunu is progressing towards achieving the completion of their negotiations.

Te Tiriti o Waitangi – the Treaty of Waitangi – is the founding document between Maori and the Crown. The Council has delegated responsibilities from the Crown to ensure that local authorities observe the principals of the Treaty. The Local Government Act 2002 requires the Council to engage with Maori in decision-making processes relating to a wide variety of issues.

The Local Government Act 2002 requires the Council to establish processes to provide opportunities for Maori to contribute to Council's decision-making processes, and consider ways that it may foster the development of Maori capacity to participate in Council decision-making. These principles and more detailed requirements are set out in Parts 2 (Purpose and Role of Local Government) and 6 (Planning, Decision-Making and Accountability – specifically Section 82).

Processes to provide opportunities for iwi to contribute to Council decision-making are referenced in Council's Significance and Engagement Policy.

There is a need to especially consider Maori contributions as local iwi:

- are Partners with the Crown as set out in the Treaty of Waitangi;
- if a significant decision relates to land or a body of water, Council must "take into account the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna and other taonga". (Section 77)
- Maori organisational forms and the iwi-hapu-whanau linkages are complex.

The Council has a current Memorandum of Partnership with Rangitane O Tamaki Nui A Rua. This covers processes for engagement in decision-making. A draft Memorandum of Understanding with Ngati Kahungunu is being considered.

Council has resolved to work closely with representatives from both iwi to acknowledge its commitment to fostering and strengthening these relationships.

To provide for the special relationship with Maori and recognise its obligations under the principles of the Treaty of Waitangi the Council has formed the Iwi Liaison Working Party. Its terms of reference are:

- Work with Ngati Kahungunu iwi to prepare a new memorandum agreement for consideration by the Council. (As noted the Council already has an existing Memorandum of Partnership with Rangitane iwi).
- Facilitate an understanding of issues affecting Maori in the district.
- Review the existing and expected capacity of Maori to contribute to the Council's decision-making processes as required by the Local Government Act 2002.
- Develop appropriate communication protocols.

Applications for wastewater treatment plant consent renewals within the district are in the process of being progressed, and this process will involve the completion of cultural values assessments from each iwi and liaison with their representatives on options to finalise the design and operation of wetlands.

Assessment of water and sanitary services

Assessment of water and sanitary services

The Assessment of Water and Sanitary Services was a mandatory requirement under the original Local Government Act 2002. This requirement was removed as part of the 2010 amendment to the Local Government Act 2002. Council is now expected to carry out an assessment "from time to time"¹. The Local Government Act 2002 requires that the Council identify and explain any significant differences between the Assessment of Water and Sanitary Services and the Long Term Plan.

A full assessment of water and sanitary services was completed in 2005. Council has been continuing to make progress addressing all the major issues identified in the assessment. These included:

- the need to meet the Drinking Water Standards (DWS);
- renew wastewater consents and undertake any required upgrades; and
- the closure of the two major landfills.

Water Safety Plans have been prepared for all public water supplies since 2005. Council has included in the 2018 Long Term Plan the final projects required to upgrade all public water systems to meet the 2005 Drinking Water Standards, and a series of wastewater upgrades that are linked to Horizons One Plan requirements for discharge consents and the Manawatu River Accord. As signatory to the Manawatu River Accord the Council has been part of a successful joint funding approach, with Horizons and central government, for grants to upgrade a number of wastewater treatment plants.

Stormwater management is focusing on network modelling to fully understand our networks. Council has allocated \$1.5 million over the next 10 years to carry out incremental network upgrades that generate the greatest benefits.

¹ Local Government Act 2002, section 125, Requirement to assess water and other sanitary services

(1) A territorial authority must, from time to time, assess the provision within its district of—

- (a) water services; and
- (b) other sanitary services.

Major stormwater diversion projects for Pahiatua and Dannevirke, included in previous Long Term Plan's, have been removed as the benefits of these major investments are now in doubt.

There have been no significant changes to the management of cemeteries or public toilets. Demand is stable and projects are focused on renewals and the development of new burial plots as required. The two major landfills (Dannevirke and Pahiatua) were closed in 2010 and 2011. The last two operating landfills are planned for closure over the next four years. New transfer stations have been built to replace these assets.

Overall, Council considers that this Long Term Plan contains no significant variation to the strategies and major issues contained in the Assessment of Water and Sanitary Services. The full review of all Council Asset Management Plans has provided updated costs and confirmation of the strategies. Once the water and wastewater upgrades are completed over the medium term, Council will carry out a full review of the future strategies around water and sanitary services.

Waste management and minimisation plan

Council adopted a reviewed Waste Management and Minimisation Plan (WMMP), as required by the Waste Management Act 2008, in December 2017. The new WMMP signals a shift in focus from setting up transfer stations and recycling facilities, now largely in place, to one of driving reducing waste to landfill.

This Long Term Plan includes a continuation of a strong emphasis on recycling, as well as operating efficiencies of solid waste disposal facilities. A new glass recycling facility is to be built in Dannevirke, kerbside recycling shifts to a fortnightly service, the Pongaroa landfill is proposed to be closed, and a series of projects focus on educating

and encouraging reduction of waste at the household and business stage.

The 2018 Long Term Plan has been prepared to fully reflect the initiatives and projects as contained in the 2017 Waste Management and Minimisation Plan. Overall, Council considers that this Long Term Plan contains no significant variation to the strategies and major issues contained in the Waste Management and Minimisation Plan.

Infrastructure strategy

In 2014 the Local Government Act 2002 was amended to require local authorities to prepare and adopt a 30-year infrastructure strategy as part of its Long Term Plan.

Long term planning for infrastructure is not new to the Tararua District Council; we had prepared comprehensive asset management plans for each of our asset groups¹ in 2011/12. These asset management plans have been extensively updated and are the foundation documents for the Council's 2018–2028 Long Term Plan.

This strategy brings together, into one document, key outputs from the Transportation, Water, Wastewater and Stormwater Asset Management Plans.

It has been prepared to meet the requirements of Section 101b of the Local Government Act 2002 and it provides the Council and community with an integrated picture of the key infrastructure service issues they are likely to face over the next thirty years.

The resulting Strategy addresses:

- the scenario Council considers is the most likely in terms of growth, legislation and regulations, asset performance and renewals,
- how Council is planning to deal with these issues and the main options for dealing with those issues,
- whether Council can continue to deliver the stated levels of service in an affordable and sustainable way, and
- the indicative estimates and timing of the cost of managing infrastructure assets under this scenario.

This is the second infrastructure strategy prepared by Tararua District Council. Coupled with better understanding of the data that underpins the asset management plans, Council sees this 30-year strategy as a demonstration of sound stewardship of the Council-Community owned assets and future finances.

¹ Transportation (roading and footpaths), water, wastewater, stormwater, community facilities (parks, reserves, and buildings) and solid waste.

1.

Introduction

The provision and management of infrastructure is a core function of Council, accounting for the largest portion of its annual operating and capital expenditure. Infrastructure provided by the Council protects public health by providing clean drinking water and treating and disposing of wastewater appropriately. It enables goods and people to move around the district, contributing to the economy and facilitating social interaction. It ensures that homes and businesses are protected from the effects of flooding, and it is at the heart of the recovery following a natural disaster.

Planning and delivering infrastructure is a balance between providing for growth in demand and the levels of service the community desires, and affordability for ratepayers. Infrastructural assets have long lives that extend well beyond the 30 years of this strategy. Once in place, these assets incur operating, maintenance and renewal costs that communities are committed to fund for many years to come. Planning for future infrastructure needs to be considered with a long-term view in mind.

Planning brings with it uncertainty. Assumptions are made about demand and the service standards future generations will want and are willing to pay for. The regulatory environment is also changing and Council needs to build and replace existing assets with new assets that will deliver on increasing health, safety, and environmental standards in the future.

The purpose of the infrastructure strategy is to:

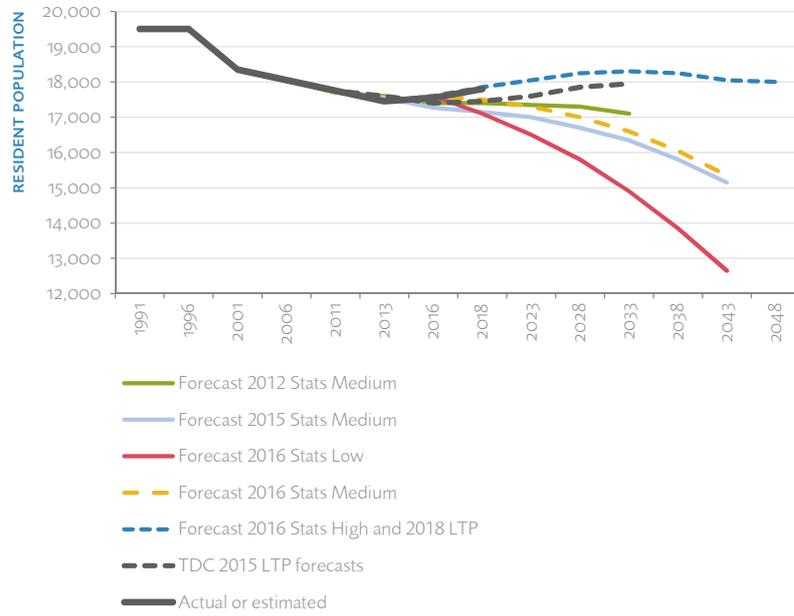
- a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and
- b) identify the principal options for managing those issues and the implications of those options.²

The strategy focuses on understanding the medium to long-term infrastructure needs, which in turn informs the 10-year Long Term Plan decision-making process of Council.

² Local Government Act, Section 103B (2)(b)

Figure 1: Population growth scenarios

POPULATION ACTUALS, ESTIMATES AND FORECASTS - JUNE YEARS



2.

Tararua at a glance

Tararua District is situated on the southeast coast of the North Island, bound to the west by the Tararua Range. It covers an area of 4,360km² and has an estimated resident population³ of 17,850.

The four main towns of Dannevirke, Woodville, Pahiatua, and Eketahuna are service centres for the agricultural sector. In addition they service other categories of economic activity, such as industry and tourism (mostly domestic from passing traffic).

The primary industry in Tararua is agriculture with over a third of the district's workers employed in this sector. Tararua has a wealth of resources, the greatest being the farmland that grows top quality stock, producing wool, meat, and dairy products of a particularly high standard.

A small number of larger industries include meat processing, dairy processing and steel fabrication, and smaller scale industries including clothing. Agriculture, retail trade, manufacturing, farm servicing, health and education services make up the bulk of employment. Cottage industries and home occupations are common. Tourism currently makes a small contribution to the district's economy.

2.1 Our infrastructure

The Council manages activities and assets on behalf of the ratepayers of the Tararua District to a value in excess of \$1,160 million. The assets are part of the district's physical infrastructure and are essential to the delivery of services to meet the community's needs and for the Tararua District Council to achieve the levels of service outlined in the Long Term Plan.

A broad range of infrastructure networks support the Tararua District. Transportation networks stretch across the district, linking people, places and businesses with each other and other parts of New Zealand. Our piped networks on the other hand, are confined to the towns. They enable residents and businesses to connect to water, wastewater, and stormwater schemes.

A number of different borough councils established the assets of Council prior to the merger and establishment of Tararua District Council in 1989. As a result, levels of service vary across the district, particularly for piped networks. Council has been prudent in its investment and funding provisions for the future replacement of this ageing infrastructure.

In an environment of low population growth, Council has made a steady investment in its infrastructure over time with a focus on addressing condition and performance issues, and establishing appropriate and affordable levels of service.

2.2 Demographic context

Preparing 30-year forecasts of core network infrastructure requires forecasting of population and households to 2048. However, detailed forecasts based on the 2013 census are now well out of date, and population trends have significantly changed since 2013/14. The new census was conducted in early March 2018, but results will not be available until after the adoption of the 2018–2028 Long Term Plan. District and area unit population forecasts published by Statistics NZ go out to 2043, but are based on the 2013 census data. Household forecasts published by

³ Statistics New Zealand estimate June 2017

Statistics NZ currently go out to 2038. The accuracy of such long term forecasts is likely to be low, with the result being driven by government policy and legislation, international farm product prices, and the relative attractiveness of other areas and countries for employment. Society, government policies, technology, transport, communication, etc will likely be very different.

2.2.1 Population to 2048

The population of the Tararua District declined over the 12 years to 2014 at around 0.5% a year. Since 2013/14 there has been a major change in international migration trends resulting in record levels of net inward international migration for Tararua.

Currently, Tararua is seeing continued strong retail trade sales and improved farm returns for beef, sheep, and dairy. Forestry prices are also strong.

Council has determined that the most likely scenario (MLS) in terms of population and household change is one of modest growth for the next 10–15 years before an ageing population results in stability then decline. This is the current high series scenario from Statistics NZ. Annual estimates for 2016 and 2017 from Statistics NZ match this scenario.

The population forecast over the next 30 years to 2048 is driven by a number of assumptions:

- A continuation in the medium term of lower outward net migration as less residents leave to seek employment in Australia and more people choose to live in the Tararua.
- Strong commodity prices result in increased disposable incomes in the rural sector flowing through to increased retail and servicing profitability.
- Improved infrastructure (including water, wastewater, and broadband fibre) and recreational facilities.
- Greater focus on regional development by government.
- Employment growth in manufacturing and retail business builds on the positive initiatives currently underway, and more promotion by the Council.
- Increasing demand for affordable rural lifestyles.
- Increasing demand for low-cost housing within commuting distance to Hastings and Palmerston North.
- Climate change is likely to increase world instability with New Zealand remaining attractive.

It should be noted that in 2012 Council did forecast a decline to 2013 followed by a modest recovery. The actual 2013 census result was a bigger decline. Current trends indicate that the forecast recovery driven by less outward migration is occurring much sooner than expected and at more positive levels. Modest growth is now being confirmed in Statistics NZ population estimates for 2015 and 2016, with stronger growth in 2017. For these and other reasons outlined above, using the Statistics NZ high series is defensible.

The Council is forecasting that rural incomes will continue to be sound on the back of the current higher food commodity prices. This should result in higher disposable incomes for many residents in the next few years. Changes can happen quickly and can be generated by events outside the Tararua area or influence (such as a major earthquake in Wellington). These impacts are normally seen through the net migration figures. New jobs and/or a greater interest in relocating to Tararua for lifestyle reasons will result in the population growing faster over the next 10 years. The current forecasts show population declining slightly from 2033.

Table 1: Population forecast to 2048

Year	Actual Census base	2016 update 2013 base medium series Statistics NZ forecasts	2016 update 2013 base high series Statistics NZ forecasts	TDC 2015 LTP	2018 LTP assumptions
Usually resident population forecasts as at 30 June					
1991	19,500				
1996	19,500				
2001	18,350				
2006	18,050				
2011	17,750				
2013	17,450				
2016 estimate		17,600	17,600	17,400	17,600
2018 forecast		17,500	17,850	17,450	17,850
2023 forecast		17,300	18,050	17,600	18,050
2028 forecast		17,000	18,250	17,850	18,250
2033 forecast		16,600	18,300	17,950	18,300
2038 forecast		16,050	18,250		18,250
2043 forecast		15,350	18,050		18,050
2048 forecast					18,000

2.2.2 Population forecast – by area

The Statistics NZ 2016 update high growth forecasts (based on the 2013 Census) show an increase in urban populations over the next 10 years, followed by modest declines. In the rural areas the forecasts show modest but steady growth, mainly in lifestyle type developments. Council is not forecasting increased population on commercial farming properties as the number of these are declining (farm sizes are increasing). Individual township population forecasts and outcomes will likely change over time, but Council is not expecting any urban area to have a future population higher than that achieved in the past 20 years.

Table 2: 30-year forecasts for major urban area and combined rural areas

June year	Dannevirke	Woodville	Pahiatua	Eketa-huna	Four towns	Rural north	Rural south	Rural total	Tararua total	Urban 4 towns %	Rural %
1996	5,690	1,610	2,770	650	10,720	4,460	4,330	8,790	19,510	55%	45%
2001	5,530	1,520	2,680	590	10,320	4,040	3,960	8,000	18,320	56%	44%
2006	5,660	1,430	2,630	470	10,190	4,080	3,810	7,890	18,080	56%	44%
2013	5,210	1,440	2,490	460	9,600	4,060	3,790	7,850	17,450	55%	45%
2018	5,310	1,460	2,550	450	9,770	4,220	3,880	8,100	17,870	55%	45%
2023	5,330	1,480	2,560	440	9,810	4,350	3,950	8,300	18,110	54%	46%
2028	5,330	1,490	2,560	440	9,820	4,480	4,000	8,480	18,300	53%	47%
2033	5,290	1,490	2,560	440	9,780	4,570	4,030	8,600	18,380	53%	47%
2038	5,190	1,470	2,550	430	9,640	4,660	4,040	8,700	18,340	52%	48%
2043	5,050	1,440	2,530	430	9,450	4,700	4,030	8,730	18,180	51%	49%

2.2.3 Population forecasts – by household

Total households are forecast to increase modestly from 2018 to 2028, then increase slowly driven by declining occupancy rates. Recent population growth since 2014, with very few new houses built, has resulted in household occupancy increasing and the number of unoccupied dwellings declining. At some point if population continues to increase there will be an increase in new house building. The pattern of a steady decline in the number of people per household is forecast by Statistics NZ to continue. This is a long-term trend across most of New Zealand, however the 2018 census may signal a change to this trend. The 2013 census recorded a 1% increase in occupied dwellings and a 15% increase in unoccupied dwellings compared to 2006. Overall, there was a 2% increase in total dwellings.

Table 3: Statistics NZ high growth forecasts 2013 Census base

Year	2013 Census base occupied dwellings	Unoccupied dwellings TDC forecasts from 2013 Census base	Occupancy rate	Total households	Implied new dwellings
Households – Statistics NZ forecasts based on high series 2015 update forecasts adjusted for 2016 update high series population forecasts and Statistics NZ occupancy rates					
2006	7,100	496	2.5	7,596	-
2013 base	7,200	534	2.4	7,734	138
2018 forecast	7,438	400	2.4	7,838	100
2023	7,738	300	2.3	8,038	200
2028	7,935	300	2.3	8,235	200
2033	7,957	375	2.3	8,332	100
2038	8,150	350	2.2	8,500	170
2043	8,205	400	2.2	8,605	100
2048	8,182	500	2.2	8,680	75

Total household numbers, including unoccupied dwellings, are forecast to have a modest increase despite the relatively stable population. Forecasts are driven by the household occupancy rate falling from 2.4 residents per house in 2013 (2.5 in 2006) to 2.3 residents in 2031, and 2.2 residents in 2046. Eketahuna and Pahiatua are forecast to have the smallest increase, with Dannevirke, Woodville and the rural areas having a modest increase.

Table 4: 30-year forecasts for total households major urban area and combined rural areas

	2013	2018	2028	2048	% change 2018 to 2048	% of district households 2018	% of district households 2048
Number of households, forecasts based on 2013 Census data 2015 update household data and occupancy rate forecast for Tararua							
Dannevirke	2,227	2,269	2,317	2,273	-	31%	28%
Woodville	636	635	637	645	2%	9%	8%
Pahiatua	1,040	1,073	1,094	1,136	6%	14%	14%
Eketahuna	227	230	230	230	-	3%	3%
Balance rural area	3,071	3,240	3,533	3,783	20%	44%	48%
Tararua district	7,200	7,438	7,799	8,182	10%		

2.3 Strategic context

The Infrastructure Strategy is informed by the asset management plans, which are the Council’s tactical plans for delivery on the Outcomes of Council through management and investment in infrastructure. Whereas the Financial Strategy sets out the funding options and constraints, the asset management plans identify the demand for infrastructure and renewal requirements. Through integrated development of the infrastructure and financial strategies, trade-offs and key strategies are developed, which inform the Council’s Long Term Plan.

The relationship between these documents is shown in Figure 2.

Figure 2: Relationship between key planning documents



While the relationship is shown as hierarchical, planning information flows both ways. Knowledge of Council’s current services and the assets that support them helps inform the future Vision. In turn, the asset management planning process is informed by the Vision; the services likely to be needed in the future.

In January 2012, the Council adopted its first asset management policy. The adoption of an asset management policy ensures that the Council takes a consistent approach to asset management planning, that the asset management plans reflect the strategic direction of Council, and provide a sound basis for developing the Infrastructure Strategy and Long Term Plan.

2.3.1 Council’s vision and strategy

The Vision for the 2018–2028 Long Term Plan is the vision the Council first developed with the community for the 2012 Long Term Plan:

“A growing and prosperous district providing a wide range of employment opportunities that is underpinned by highly efficient, capable and affordable infrastructure.”

The Vision is underpinned by five Council Outcomes:

- **Efficient Infrastructure** Highly efficient, fit for purpose and affordable rural and urban infrastructure.
- **Prosperous Economy** A strong, growing, prosperous local economy that attracts, welcomes and retains businesses and residents.
A district with a clear identity that promotes its lifestyle.
- **Collaborative Council** A council seen as a leader in community partnerships and collaboration to ensure services are delivered in the most effective and affordable way.
- **Great Lifestyle** Recreation facilities, heritage and public amenities that support an outstanding lifestyle.
- **Sustainable Environment** The district has a natural environment that is protected, preserved, and enhanced for present and future generations.

The Infrastructure Strategy is consistent with the 2018 Long Term Plan – to continue the current focus on core network infrastructure, economic development and financial prudence. Council expects to complete the current round of Water and Wastewater upgrades during the period of the 2018–2028 Long Term Plan. The focus on economic development and promotion will continue to drive an increase in wealth for existing residents, and to increase the long-term population to improve the viability of the district.

2.3.2 Financial strategy

The Financial Strategy provides a financial framework for making decisions and outlines how Council intends to manage its finances prudently. Council’s 2018–2028 Long Term Plan financial strategy is about funding necessary infrastructure upgrades and developments while keeping our services affordable and sustainable.

While the Infrastructure Strategy provides details of the level and timing of investment needed to operate, replace, renew and upgrade existing facilities, the Financial Strategy outlines the required rating and debt levels to fund these investments. Together they outline how the Council intends to balance investment in assets and services with affordability.

Any major changes to the direction of the financial strategy of Council would require a review of this Infrastructure Strategy and vice versa.

2.3.3 Asset management plans

The key documents underpinning the Infrastructure Strategy are the asset management plans. The delivery of many of the public services essential to our community relies upon them. They represent a significant investment

by the community, built up over the last 100 years and more. Asset management plans are the tool for combining 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. This requires taking a life cycle approach to asset planning.

Asset data drives the requirement for depreciation funding and has a major impact on rating levels. Poor data can lead to:

- Difficulties in planning for maintenance and replacement programmes capacity assesment,
- insufficient depreciation reserves and possible rating shocks from unplanned renewals of networks,
- rates funding being too high if assets on average are in better condition than thought and renewal cycles are longer than planned,
- unexpected service failure.

The objectives of the Council's asset management plans are:

1. To provide for a consistent approach to asset management planning within the Council and to ensure the plans reflect the strategic direction of the Council.
2. To demonstrate to the community that the Council recognises the critical importance of managing the district's assets in an effective and sustainable manner in order to deliver appropriate levels of service to current and future generations.
3. To confirm a coordinated process for each significant asset area that reflects Council's strategic direction, and links their contribution to the Council Outcomes with specific levels of service, performance levels and desired improvement priorities and strategies.

Principles of Council asset management planning:

- The Council will develop affordable and financially sustainable asset management plans that are to industry standard appropriate for the scale of assets and associated risks being managed.
- Asset management plans will reflect the strategy and priorities of the Council and will be used to drive the day to day management of assets and the associated services.
- The Council will manage the infrastructure assets in a planned, systemic and sustainable manner.

Many of the asset planning activities undertaken by Council are applied to all infrastructure assets. For this reason, Tararua District Council has developed asset management plans in two parts. A single Part A document provides an overview of asset management planning at Tararua District Council. A Part B document for each asset group describes the assets and how the Part A principles are applied to the management of the assets.

Council has recently reviewed the 2015 asset management plans as the first step in preparing its 2018–2028 Long Term Plan. As the Vision for the 2018–2028 Long Term Plan is no different to the 2012 and 2015 Vision, the asset management plan review focused on levels of service and asset performance, identifying any known significant issues for the delivery of the activity/assets now and in the future. This work has led to the identification of the current and future asset requirements and the financial forecast for capital (renewals and new capital projects) and operational expenditure for each asset group.

2.3.4 Tararua Alliance

An alliance service delivery model with Downer NZ has been adopted for asset management of Council infrastructure. This partnership is called the Tararua Alliance and provides asset management, and operational and maintenance services in collaboration with Council staff. The Tararua Alliance has been established to maximise efficiency of service delivery. At present, water and wastewater treatment services remain with Council, but transition to the Tararua Alliance is being considered.

The Tararua Alliance applies an asset management approach to managing infrastructure assets, ensuring the latest practices and techniques are in place to deliver the agreed level of service for the least life cycle cost. These include: advanced data management, optimised decision-making, efficient maintenance operations, effective asset renewal strategies, risk management through the identification of critical assets, and adoption of the business case approach to investment.

2.4 Most likely scenario (MLS)

The basis of this strategy is built on a series of assumptions and forecasts that translate into major drivers of demand for expenditure. Section 2.2 outlines the demographic context under which the Council forecasts it will be operating.

Council has developed a detailed forecast of assumptions that impact across all Council activities. These detailed assumptions are included in the Long Term Plan 2018–2028 and are summarised in the 'Long Term Plan Significant Forecasting Assumptions and Risks', pages 292–319. More detailed forecasts of issues that impact directly on the infrastructure activities have been developed through the asset management plan process. Where relevant, these assumptions are summarised in Section 6 of this strategy.

3.

Significant infrastructure issues

Unlike many other councils in New Zealand, Tararua District Council does not forecast growth to be an infrastructure issue in the next thirty years. The existing urban areas have considerable capacity to cater to stronger population growth. The majority of existing roads, arterial pipes, and treatment plants were designed for a larger urban population that peaked in the early 1990s. The forecast population, while growing, is still below those levels. With a slowly increasing population (estimated since 2013/14) and continuing increases forecast, decline is not considered to be an issue either. This is a major improvement on the situation faced over the last 20 years, and has given confidence to Council that infrastructure investments can remain affordable to fund and maintain.

Overall, the Council's assets are in good condition. Assets are ageing, but Council is making regular and ongoing investments in preventative maintenance and has increased renewals. Council has done substantial work in improving the accuracy of data that drives the asset management plans. This work will continue over the next few years. This will ensure that Council has confidence that these assets are able to continue to deliver the agreed levels of service for the least lifecycle cost without increasing the risk of failure. With the current financial strategy, including renewal and operating budgets, the maintenance, operation and renewal of assets are unlikely to be significant issues for Council over the next 30 years.

On a network basis, Council has not identified any significant gaps between the levels of service people expect from core infrastructure and the levels of service Council is able to deliver, now and over the next thirty years. This does assume continued external funding for Rooding, at least at the current levels, to continue for the long term. Where levels of service gaps exist currently, projects and changes in management techniques have already been identified or are underway to address these, as detailed in the asset management plans.

The biggest significant infrastructure issue facing our community is maintaining affordability while upgrading ageing infrastructure. The population of the district is dispersed and there is a large roading network to maintain.

There are multiple small towns each with their own wastewater and water schemes. These networks are in the process of being upgraded to meet increased environmental and health standards, and to improve the resilience of the infrastructure for the future.

The quality of life, health, and economy of the Tararua District is reliant on infrastructure. The impact of infrastructure failure through natural disasters can result in loss of service or access, social and business disruption, and costly repairs. Within the region there are a number of existing and potential natural hazards including flooding, land instability, storms, coastal inundation, and earthquakes. We are already seeing weather related events increasing in frequency and intensity due to climate change. This is forecast to continue to increase. It will be a challenge for the Council to invest in the resilience of its infrastructure while still maintaining affordability.

Council is facing increased demand on part of the roading network due to land use changes over the last 30 years, such as increasing heavy trucks on the road network as a result of forestry harvesting which is decreasing level of service and/or increasing the cost of service.

The Manawatu Gorge road closure could result in major changes to the inter-regional roading linkages over the next 5–10 years. This presents opportunities as well as risks, with council only having an advocacy and lobbying role in the final decision of a replacement State Highway route. Potentially the district could see a much improved and quicker connection with Palmerston North City and Manawatu District, resulting in more demand for local housing and services.

4.

Infrastructure strategy

A number of options for managing forecast infrastructure issues were developed as preparation for this strategy. Council programme summaries detail these issues and options. The Council has developed its strategic response to identified infrastructure issues within the constraints of affordability and the Financial Strategy.

The Infrastructure Strategy takes its priorities from the Council Vision and key high level strategies. These are:

- Continued investment in core infrastructure; and
- Promoting and facilitating economic development; and
- Continued financial viability through sustainable growth and investment.

In order to meet the above, Council has a continued focus on ensuring that infrastructure delivers the agreed levels of service to the community in the most cost effective manner. The focus for the next thirty years will be on assessing options for service delivery and "thinking smart":

- Increasing demand from modest population growth will be offset by reductions in leakages achieved by the Reticulation Water Leakage Strategy project.
- Prudent operation and maintenance of existing infrastructure assets, as outlined in Council's asset management plans. Renewals have been increased in this Long Term Plan for Water and Wastewater to address declining condition ratings.
- Investment in innovative and cost effective infrastructure solutions to replace ageing assets and enhance the overall network performance.
- Undertaking regular condition and performance monitoring of assets in order to renew and replace assets in a timely manner and ensure no loss of service.
- Assessing the future need of major assets and considering the most efficient and effective options to deliver long term service levels (optimisation of assets).
- Honouring our commitment to the Manawatu River Accord by striving to continually improve the quality of our district's waterways through innovation in operation and design of our wastewater treatment plants and stormwater networks.
- Improving resilience by building redundancy or spare capacity into systems, relocating infrastructure that is at significant risk of hazards, strengthening existing infrastructure (e.g. seismic strengthening) to withstand hazards or building assets which are less vulnerable to hazards.
- Investment in new infrastructure that provides enhanced levels of service, and meets or exceeds environmental and health standards, at a scale and complexity that matches our small urban towns. This may mean increased expenditure up front in order to reduce whole of life costs, and avoiding copying designs from large urban networks. Balancing this with ensuring sufficient capacity is maintained in networks to support economic and social development of communities.
- Considering alternative options that deliver the least cost whole of life solutions. This includes minimising the number of treatment plants and Resource Management Act discharge and other consents.
- Council is increasingly focusing on smart procurement processes, and generating efficiencies through collaborative buying of goods and services with other councils.

5.

Infrastructure investment summary

The provision of fit for purpose, affordable infrastructure is key to delivering on the Council's Vision. Many of the infrastructure renewal projects of Council are small, have relatively little impact on the delivery of agreed levels of service, and are therefore "business as usual" for Council.

The charts below show annual data for the first 10 years, then in five year blocks after that out to 30 years (2048). The five year blocks shown are the simple annual average of the costs over each period. Figure 3 provides a summary of the forecast annual capital expenditure under the most likely scenario (mls) for the four infrastructure groups covered by this policy. Figure 4 shows the capital expenditure over the next 30 years for the MLS.

The investment in capital projects is only part of the picture. The capital investments Council has made in the past, and will continue to make in the future, commit Council and its community to a long-term stream of annual costs to maintain, operate, renew and replace these assets. Figure 3 shows that the Council's operating expenditure on infrastructure assets is forecast to steadily rise over the 30-year period as a result of the operating impact of investments and inflation. Transportation makes up most of the expenditure, consistent with the historical expenditure pattern of this Council, however, expenditure on the three waters is increasing proportionally as Council upgrades the urban piped networks.

Table 5: Historic renewals – transport and three waters

Activity	2011/12	2012/13	2014/15	2015/16	2016/17
Roading	5,980	5,393	6,219	6,002	6,138
Footpaths	37	113	7	323	67
Water Supply	155	575	194	432	572
Wastewater	57	417	571	2,064	815
Stormwater	84	144	-	42	28
Total	6,313	6,642	6,991	8,863	7,620

Figures 3 to 6 show that operating expenditure will account for most of the annual costs, with renewals making up most of the capital expenditure, and investment in level of service being relatively minor by comparison, particularly after year five.

Figure 3: Annual renewal capital expenditure by activity

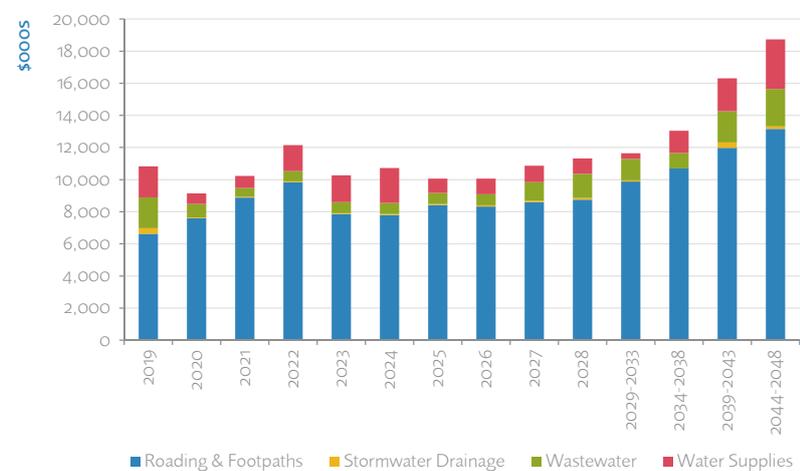


Figure 4: Annual capital expenditure – transport and the three waters

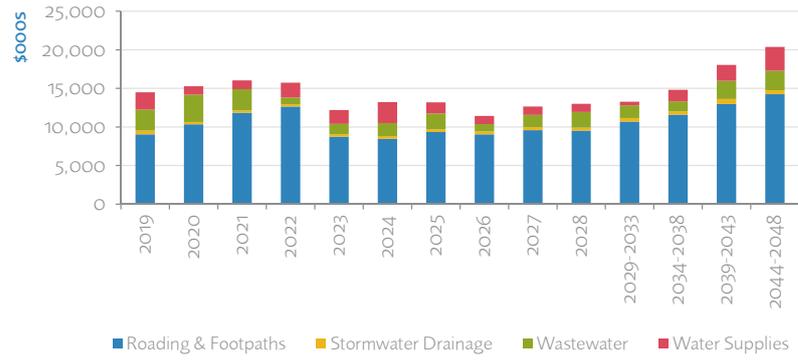


Figure 5: Annual operating expenditure – transport and the three waters

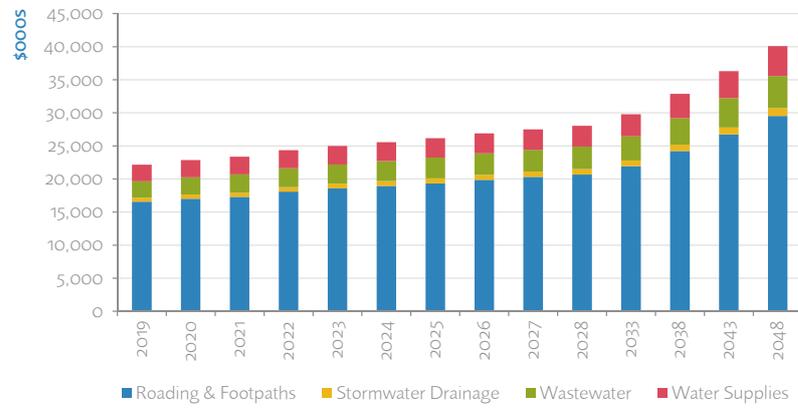
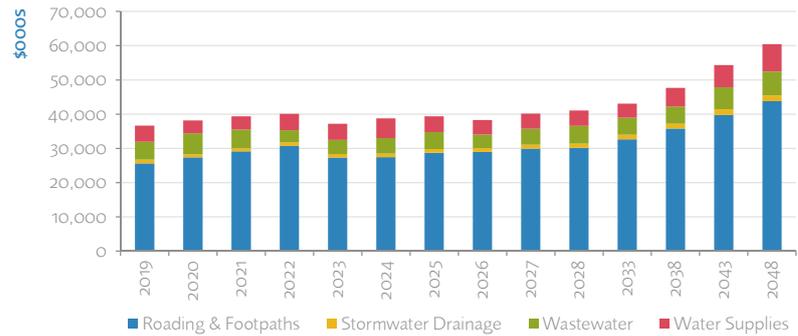


Figure 6: Total annual spend – transport and the three waters



5.1 Sustainability of asset funding

Currently, our assets are generally in a good condition. The roading network has a good rating for smoothness and low volumes of traffic on most of the network, although the bridges are ageing and will require renewal over the next 50 years. Water networks are in good condition, but renewals have been increased for this Long Term Plan reflecting better knowledge of issues in the networks. Extensive renewals will be required within the next 30 years in Dannevirke, Pahiatua and Woodville, in particular. Stormwater networks are relatively basic and do not yet need a high level of investment. Wastewater networks are in reasonable condition and have been the focus of CCTV camera inspections. This has allowed Council to gain a good understanding of asset condition and performance of the reticulation. Greater emphasis is being placed on performance and compliance issues including the amount of inflow and infiltration.

The strategy is to renew the assets before maintenance costs rise, resulting in the effective use of scheme funds (optimised decision-making). The required level of renewal will vary, depending on:

- the age profile of the asset;
- the condition profile of the asset;
- the ongoing maintenance demand;
- the performance of the asset.

Council is part way through a process of improving its asset management plans and has recently shifted to a new asset management information system. This is part of a shift to a more proactive management approach that will directly link condition assessments to asset lives and funding required. The new system is being progressively implemented and will be fully in place for the 2021 Long Term Plan process.

5.1.1 Financial provisions

Council has built depreciation reserves over time to fund the long term renewals of assets. These depreciation funds have an overall substantial positive balance (2018/19 opening balance \$23.8 million). This balance is forecast to reach \$16.3 million at the end of the 10 year period (June 2028). This is a significant reduction in forecast reserve balances compared to the 2015 Infrastructure Strategy. This reflects the significantly increased renewals that are forecast in the 10 year period. The work on improving data quality that Council has done, and is continuing to do, has highlighted condition issues with wastewater and water reticulation networks. The data registers are now more accurate with additional assets identified across the infrastructure networks.

As part of ongoing work to ensure sustainable management of the networks, Council is undertaking modelling of each of the asset networks, including componentisation (identifying each of the assets that make up a network) and optimisation (what will be replaced and when). This gives Council a long term analysis of whether the depreciation reserve is sufficient to fund each network on a sustainable basis. Below are the first outputs of this work, which give some comfort to Council on the level of depreciation funded.

The bridge renewal period goes out 70 years, which covers the main renewal period for all Council bridges. Further work on analysing the life of asset components, such as the structure, bridge decking, rails etc could result in the overall renewal funding requirements being lower on average each year. Bridge structures are likely to have a much longer asset life given sound maintenance programmes.

For wastewater the extensive renewals of reticulation and treatment plant assets sees that depreciation reserve remain in deficit of up to \$3 million in the next 10 years. Following this the balance fluctuates around zero before growing significantly from 2060 onwards.

Figure 7: Bridge depreciation

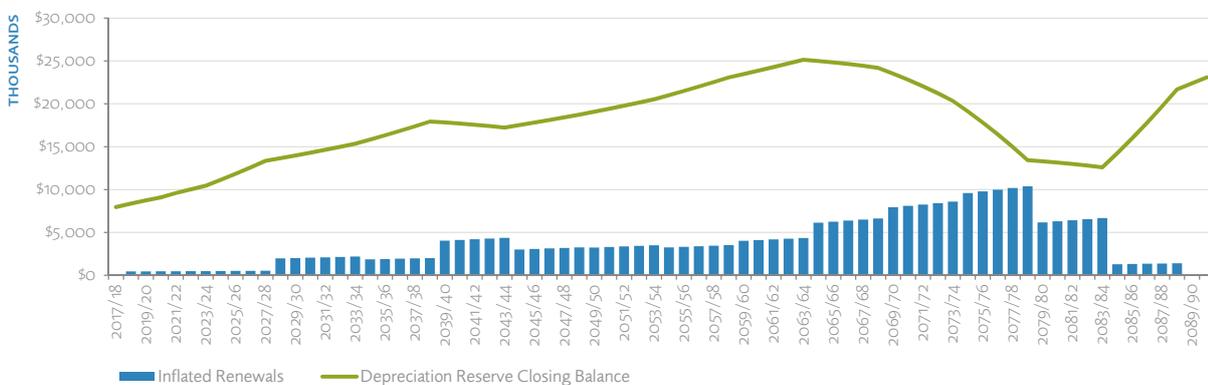
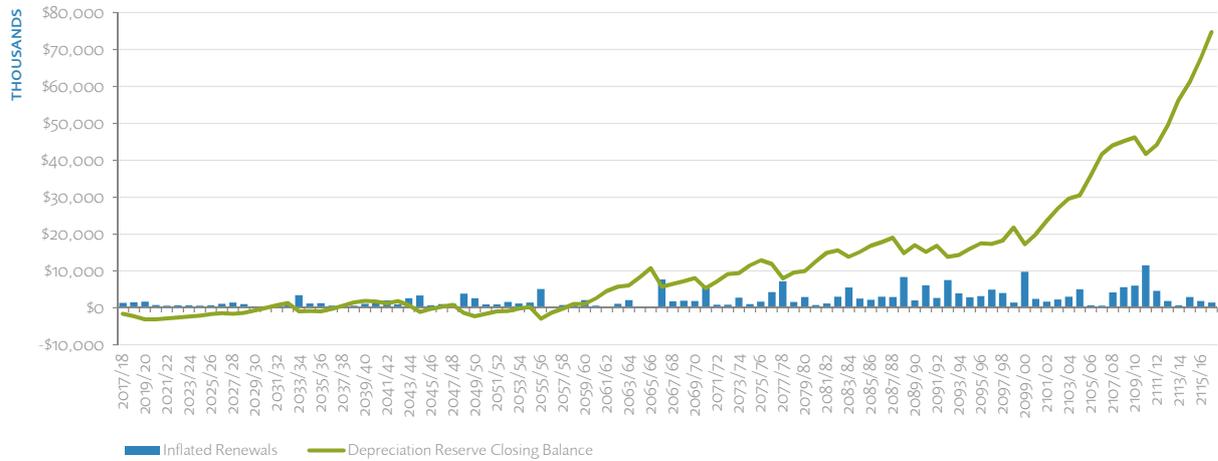


Figure 8: Wastewater depreciation



Council uses positive cash balances to internally borrow for infrastructure upgrades. Council has no intention of changing its policy of fully funding depreciation, but does use smoothing techniques and does intend to use optimisation techniques that may result in not funding or part funding some renewals.

In the event of natural disasters or new legal requirements to increase standards Council can access these reserve funds to fund the renewal of assets. Council is also able to access borrowings to supplement depreciation reserves, if required.

5.2 Maintaining or improving public health and environmental outcomes

Council has two main focus areas for maintaining or improving public health. The first is based around the upgrade of public urban water supplies to improve the quality and resilience of these networks. This involves meeting the mandatory Drinking Water Standards. The second is to upgrade the treatment and disposal of urban wastewater to improve the health of our river systems. As such, the latter is more focused on environmental outcomes.

Council has already completed a number of these projects in the last few years. The major projects remaining are:

Environmental outcomes

- Wastewater infiltration strategy implementation.

- Wetland developments Pongaroa, Woodville, and Pahiatua.
- Dannevirke disposal of treated effluent to land.
- Eketahuna treatment pipeline to Pahiatua.
- Ormondville treatment plant upgrade.

Maintaining or improving public health

- Dannevirke water treatment upgrade.
- Norsewood water supply upgrade – pipeline from Dannevirke.
- Reticulation water leakage strategy.
- Stormwater network upgrades ongoing.

Details on these projects are set out in Section 5.4 on significant capital expenditure decisions.

5.3 Disposal of assets and deferral of expenditure

Council has no intention to dispose of assets covered by this strategy, or to defer expenditure on assets. There are no significant disposal issues for assets at the end of their useful lives.

Pipe assets may be relined (sewer), replaced, or left in situ (if no longer required) as opposed to being removed. Pipes are typically located in the roading corridor, and their removal necessitates reinstatement work that causes disruption to the community and costs that exceed the benefit of pipe removal. Exceptions are where the location is needed for a new asset or a change in the design of the roading assets necessitates the pipe removal. Council has

a strategy over time to replace pipe assets at the end of their life in locations whereby trenches can be "shared" for multiple assets and disruption to the roading corridor is minimised. Council has no intentions to remove any roading assets; these assets are typically rehabilitated in their current location.

5.4 Significant capital expenditure decisions

In preparing an Infrastructure Strategy, in accordance with the Local Government Act 2002 Amendment Act 2014, Council is required to:

Identify the significant decisions about capital expenditure that local authority expects it will be required to make – (Section 101B (4) (b) (i))

In determining what decisions are significant, in the context of this strategy; reference has been made to Council's Significance and Engagement Policy.

Generally a significant infrastructure decision, in the context of this Strategy, will have two or more of the following characteristics:

- Has a substantial tangible impact on the whole district based on changes to services levels or the manner in which revenue is to be obtained.
- Has a significant multi-year change in the levels of service at an activity level.
- The decision represents a new strategic direction for Council.
- A decision or proposal on a matter where the majority of a community expresses considerable interest or the community is deeply divided.

Council has identified a number of significant capital expenditure decisions as part of the 2018–2028 Long Term Plan process. A number of the projects are part of an existing programme of network upgrades (Water and Wastewater) that has been underway since 2012.

Significant capital expenditure decisions identified are:

1. Upgrade of Route 52 (Weber to Central Hawkes Bay District Council boundary).
2. Upgrade of water supplies – ongoing programme to meet the mandatory standards set by the New Zealand Drinking Water Standards 2005:
 - Dannevirke water treatment plant.
 - Dannevirke to Norsewood pipeline.
 - Reticulation water leakage strategy.
3. Upgrade of wastewater treatment plants. This programme is ongoing and also addresses ongoing operational efficiency and affordability of the treatment solutions:

- Pipeline from Eketahuna to Pahiatua (reduce whole of life consent and treatment costs).
- Wastewater infiltration strategy implementation.
- Dannevirke wastewater discharge disposal to land.
- Pahiatua wetland and consent.
- Pongaroa wetland and consent.
- Woodville wetland.
- Ormondville treatment plant upgrade.

4. Stormwater district-wide upgrades.
5. Pahiatua town centre upgrade.
6. Wastewater lateral ownership.
7. Utility network extensions.

Table 6 provides an overview of the significant capital expenditure decisions the Council will make as part of its 2018–2028 Long Term Plan regarding transportation and the three waters. The table outlines the options the Council has considered. In some cases, these are for projects which have previously been consulted on, but assumptions have changed and alternative options exist for the community.

Where Council has a preferred option, this is indicated and the cost of that option included within the financial summary. In some cases, the infrastructure decision is some way off, and further investigations are required before Council can determine its final preferred option. In these cases, a business case will be prepared, and the preferred option consulted on as part of an Annual Plan or Long Term Plan. The financial summary for these projects includes a best guess estimate for the project, made by the appropriate Asset Manager, based on the information at hand.

Table 6: Significant capital expenditure decisions

Asset / Network	Issue / Risk	Practical options
Dannevirke water supply	<p>The Dannevirke 130,000m³ impounded water supply was commissioned in 2013. A Dannevirke treatment upgrade was completed in 2016. Although potable, the supply does not yet meet the NZ Drinking water standards. This is due to the supply not meeting the standards around protozoa (cryptosporidium). To meet the mandatory standards Council must add further barriers to possible health risks that may occur.</p>	<ol style="list-style-type: none"> 1. Upgrade treatment plant sooner. 2. Upgrade treatment plant in Year 3. 3. Defer treatment plant upgrade until Year 6. <p>Objective: Ensure Dannevirke water treatment plant can meet the required log credits from the Ministry of Health compliance standards so the Dannevirke drinking water meets the mandatory New Zealand Drinking Water Standards.</p> <p>Council's preferred option is Option 2.</p>
Norsewood water supply	<p>The Council supply supplements house roof fed water tanks, and is a bore supply with a high manganese and iron content. A small treatment plant feeds into storage tanks. This network design cannot comply with the mandatory New Zealand Drinking Water Standards as the roof fed water is not treated so could be contaminated from animal droppings. Relying on the Council supply would require another resource consent and additional bores, as well as an upgrade to the treatment plant.</p>	<ol style="list-style-type: none"> 1. Status quo – not considered an option as does not meet mandatory New Zealand Drinking Water Standards. 2. Upgrade bore, treatment plant and disconnect all tank water. 3. Development of a water pipeline from Dannevirke to Norsewood (20km) fed to a new storage reservoir. Disconnect all tank water. <p>Council's preferred option is Option 3.</p>
Reticulation water leakage strategy	<p>The reticulation networks have substantial water leakage that results in Council having to source and treat more water than is necessary to meet demand. With the higher standards of treatment, and increasing pressure for environmental reasons, this is potentially costing the community significantly. Council needs to implement an appropriate programme to quantify water losses from each system, and then identify programmes for reducing water losses.</p> <p>Development of network pressure zones and installation of isolation valves is required in order to measure flows and determine the levels of water loss, and where the loss is occurring (Council mains or on private properties).</p>	<ol style="list-style-type: none"> 1. Status quo – Continue to accept significant losses of treated water. 2. Implement investigative and zone meter programme. <p>Council's preferred option is Option 2.</p>

Implications / Decision (cost and timing)	Purpose of increase/decrease expenditure				
	Renewal	LOS increase	Growth	Public health	Natural hazard
<p>Project budgeted for Year 3. Bringing the project forward would require other projects to be delayed due to limited staff resources. The priority is seen as wastewater consent renewals and upgrade projects, as well as other water supply upgrades. There is low risk to the community from the current supply.</p> <p>Consultation as part of 2018/19 Draft Long Term Plan.</p> <p>Financial provision of \$800,000 in Year 3 of Long Term Plan (2018/19) based on an upgrade to the existing treatment plant.</p> <p>Note: once decision has been made, there is a long lead in time for this project due to engineering designs, consents for building and managing the storage.</p>		●		●	
<p>Option 3 – the community will have a scheme that is compliant with the New Zealand Drinking Water Standards, which will further reduce any health risk implication to Tararua District Council for delivery of potable water to the household. Will remove requirement to renew water take consents, as well as renewals for treatment plant and bores.</p> <p>Requires detailed business case to be completed in Year 2 to prove lower whole of life costs. Project cost is \$945,000 in Long Term Plan starting Year 3 (2020/21) and completion in Year 7.</p>		●		●	
<p>Project cost is \$850,000 starting in Year 1 and continuing for four years. This will allow Council to accurately measure water loss and target renewals to address major leaks. Council has a mandatory responsibility under the Local Government Act 2002 to report the level of water loss across the public drinking water supply networks.</p> <p>There are environmental benefits from using less water, as well as reducing operating costs. This will also improve network resilience.</p>	●	●			

Asset / Network

Wastewater plant upgrades – wetlands

Pipeline Eketahuna to Pahiatua

Issue / Risk

Environmental standards for wastewater disposal have increased and, as a signatory to the Manawatu River Accord, Tararua District Council is committed to improving the environmental outcomes from the discharge of treated wastewater.

A programme of upgrades began in 2012, assisted through funding from the Ministry for the Environment.

A number of schemes require resource consent renewals for discharge consents. The conditions attached to these consents have been rapidly increasing in terms of monitoring, treatment quality and cost.

The overall programme consists of a number of specific projects, including pond lining, treatment upgrades, wetland developments and land disposal irrigation systems.

There is a risk that the programme will not be finished on time or achieve the environmental standard required for new consents, and that quality standards continue to increase imposing escalating costs on urban properties.

Practical options

Components of the upgrades contain a number of options. Council wishes to achieve the following with each treatment plant upgrade:

- Pipeline from Eketahuna to Pahiatua to eliminate one discharge resource consent and significant treatment upgrade requirements. This will reduce whole of life costs including discharge consent renewals every 15 years. Eketahuna discharge volumes are a small percentage of Pahiatua flows. Alternative option is to continue with Eketahuna treatment plant upgrades and discharge consent process.
- Effluent results and wetland developments meet or exceed likely consent requirements.
- Treatment processes are sustainable – environment and financial.
- Treatment plants are resilient.
- Surplus capacity is built in to cope with changes in inflow during extreme events.

Land disposal of treated wastewater

Council is planning to dispose of treated wastewater to land as part of its commitment to cleaning up our rivers. The discharge budgeted for is Dannevirke.

Investigations to date have not found any suitable land near to the Dannevirke treatment plant due to climate, soil types, current land usage, and industry restrictions on grazing treated land.

1. Abandon plans for land irrigation and continue to improve the quality of effluent entering waterways through treatment plant upgrades.
2. Continue with plans to develop land irrigation to irrigate land. Consider Council alternative locations such as the Council-owned aerodrome and the Dannevirke Golf Club.

Council's preferred option is Option 2. Council is committed to the River Accord and removal of waste is a key objective for the signatories, including local iwi.

Implications / Decision (cost and timing)	Purpose of increase/decrease expenditure				
	Renewal	LOS increase	Growth	Public health	Natural hazard
<p>Pipeline Eketahuna to Pahiatua – budget \$3.5 million Years 1–3. Consulted on in 2018 Long Term Plan and subject to final business case outcomes.</p> <p>Wetland developments are planned for Pahiatua, Pongaroa (treatment plant and wetland), Ormondville (treatment plant and wetland) and Woodville. These wetlands will provide additional filtration and meet a number of iwi preferences that will help to meet discharge consent requirements as set by Horizons Regional Council.</p> <p>Pahiatua wetland – \$275,000 Year 1</p> <p>Pongaroa treatment plant, wetland – \$275,000 Years 2–4.</p> <p>Ormondville (treatment plant, wetland) – \$560,000 Years 5–10.</p> <p>Woodville wetland – \$135,000 Year 3.</p>	●	●		●	●

<p>Council has included this project in the 2018 Long Term Plan with increased funding in Years 6 and 7 of \$1.5 million in anticipation of a site being found.</p> <p>Funding includes pumping and reticulation costs.</p>		●		●	
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Asset / Network

Stormwater upgrades

Issue / Risk

Climate change research indicates that there will be an increase in the quantity and severity of weather events that we currently experience.

Council has taken the approach of budgeting for a series of smaller upgrades to make incremental improvements, rather than a few large and expensive upgrades. This is at \$150,000 a year over the 10 years, \$1.5 million in total. These projects will be those giving the best outcomes from the model with a focus on reducing the risk of flooding of residential houses. This level of funding is lower than planned for in the 2015 Long Term Plan, and will not be sufficient to address amenity or aesthetic flooding issues. Significant stormwater upgrades including piping of open drains or installing new pipelines would be very limited with the proposed level of funding. Until Council has completed network modelling, and considered the likely outcomes of investments, Council is reluctant to invest in any large scale upgrade projects.

Practical options

1. No stormwater infrastructure upgrades and accept the risk that flooding will increase over time.
2. Moderate increase in capital budgets of \$150,000 per year focused on reducing the risk of flooding to residential properties while optimising existing systems. Investigate and develop further options to provide robust justification for future capital projects.
3. Undertake the capital programme that was set out in previous Council Long Term Plans. The model indicates that there are low benefits to these projects:
 - Dannevirke Mangapurupuru diversion.
 - Dannevirke Allardice Street diversion from High Street.
 - Pahiatua diversion prior to town system.
 - Pahiatua pipe Huxley Street drain.

Council's preferred option is Option 2.

Wastewater infiltration strategy implementation

Council is aware that there is considerable inflow of stormwater into the wastewater reticulation system during heavy rainfall events. Volumes of wastewater at treatment plants increase significantly at these times. This is caused by overflowing stormwater systems, coupled with pipe leaks and possibly illegal connections. The increased wet weather flows causes higher operating costs, and the need for larger treatment ponds and pipes. Smoke detection is the most effective process to identify leaking pipes.

1. Do nothing – treated volumes continue to be higher during heavy rain. This will result in significant investment costs in infrastructure to meet consent conditions.
2. Aggressive programme of infiltration detection (smoke) and repair over Years 2 and 3.

Council's preferred option is Option 2.

Implications / Decision (cost and timing)	Purpose of increase/decrease expenditure				
	Renewal	LOS increase	Growth	Public health	Natural hazard
<p>The community will need to consider the effect and increased risk of flooding as a result of these events, against the costs of trying to solve these issues. These projects will be those giving the best outcomes from the model with a focus on reducing the risk of flooding of residential houses. This level of funding will not be sufficient to address amenity or aesthetic flooding issues. Significant stormwater upgrades including piping of open drains or installing new pipelines would be very limited with the proposed level of funding.</p> <p>\$150,000 a year over 10 years, increasing to \$200,000 a year for years 11–30. Further modelling will prioritise Council investment over time.</p> <p>The estimated cost of the large diversion and piping projects that were signalled as part of the 2015 Long Term Plan (Option 3) has increased from \$3.2 million to \$20 million as a result of modelling work.</p>			●		●

<p>Council is undertaking a number of wastewater treatment upgrades. The design of these upgrades include wastewater flows based on population and industry. Reducing the amount of infiltration by detecting and repairing leaks will reduce the capital cost of the upgrades by reducing volumes to be treated. The costs of this project are based on the costs of carrying out smoke detection operations for a year, plus an estimate of the number of leaks that will require repair.</p> <p>Total costs are \$900,000 in Year 2 and \$270,000 in Year 3.</p>	●				●
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Asset / Network

Route 52 upgrade - roading

Issue / Risk

Council has committed to investing in improving Route 52 due to the current level of service, vulnerability to weather events, and increasing demand from tourism and forestry vehicles. Currently the northern part of Route 52 is not meeting levels of service, and is taking a significant part of the maintenance budget to keep open.

Upgrading will focus on improving resilience and motorist safety on the northern section of Route 52 (Central Hawkes Bay boundary to Weber junction – 24km), to maximise accessibility through less frequent road closures and ensure the road is constructed to a standard in keeping with its function and use.

This expenditure is currently flagged across the 2018–2021 period, but is dependent on the development of a business case and approved NZ Transport Agency funding.

Practical options

1. Do nothing – road will continue to deteriorate and will struggle to provide satisfactory access.
2. Gradual improvements using minor safety funding over 10 years. This will not increase Council debt but will take all of the minor safety improvement funding over the 10 years.
3. Major boost in funding in short term, with funding from NZ Transport Agency for 66% and Council 34%. Funded through debt.
4. Upgrade more of Route 52 through to Pongaroa (24kms). This would increase the cost by \$10 million. Council considers this as unaffordable given current funding models

Council's preferred option is Option 3.

Pahiatua town centre upgrade

There is an opportunity to upgrade the Pahiatua town centre including footpaths, parking and underground services. This could lead to improved driver and pedestrian safety, improved services, less surface flooding, enhanced aesthetics and encouragement for visitors to stop and shop.

Outcomes may be compromised if state highway assets are not upgraded as part of the project.

1. Defer or cancel project.
2. Undertake project as planned and use renewal budgets to replace roading kerb and channel, and underground water, wastewater and stormwater assets.

Council's preferred option is Option 2.

This option ensures that ageing pipes are renewed when footpaths are dug up.

Council has set the upgrade budget and is working with the Pahiatua community to finalise a design that fits within the budget.

Wastewater laterals ownership

Laterals are the pipes that carry waste water from homes and businesses to Council's main infrastructure pipes. The responsibility for maintenance of these laterals currently rests with the property owners from the building, across the footpath and road to the mains. The estimated cost to replace a lateral should it be required is estimated between \$2,000 - \$20,000 and varies significantly due to location and depth.

Laterals across the district are aging and Council anticipates maintenance and renewals requirements will increase significantly over the coming decades. This is likely to place financial pressure on a significant number of ratepayers, particularly those on fixed incomes.

1. Status quo – leave liability with property owners.
2. Carry out a business case to investigate taking over ownership of all wastewater laterals, including renewals and maintenance, up to property boundaries.
3. Take over ownership immediately.

Council's preferred option is Option 2.

Implications / Decision (cost and timing)	Purpose of increase/decrease expenditure				
	Renewal	LOS increase	Growth	Public health	Natural hazard
<p>Upgrading this 24km section of Route 52 is estimated as a \$10 million project. Council would fund its share (\$3.4 million) through loans. Funding from NZ Transport Agency is subject to a convincing business case and is not guaranteed. The business case is programmed for Year 1, with upgrades in years 2, 3 and 4.</p> <p>Doing nothing to improve the resilience of the road will mean that large maintenance 'patch' jobs will continue. This consumes large sums every year and does not address the underlying issues. Each storm event results in more dropouts and slumping of the road. Increasing forestry logging trucks will make the situation worse over the next 10 years.</p> <p>Extending the upgrade to Pongaroa places significant funding issues on Council debt levels, but may be possible in the future given additional NZ Transport Agency or government funding assistance.</p>	●	●		●	
<p>Council has budgeted \$2.9 million in Years 1 and 2 to undertake the project. The project has been budgeted for since the 2012 Long Term Plan, and there has been extensive consultation with the local community. Over the last six years Council has upgraded Dannevirke, Woodville and most recently Eketahuna main streets. This project will see the final part of the upgrade programme for the mainstreets in the major towns. Council has also budgeted \$2.5 million for the renewal of underground services that will be carried out as part of this project. These renewal are funded through depreciation reserves and will not impact on the rates required.</p>	●	●		●	
<p>Council plans to research the implications of assuming maintenance and ownership of laterals from the property boundary to the mains, thereby reducing potential future costs to owners. The additional assets to be added to Council networks is expected to be substantial (\$ millions) and the impact on depreciation and rates significant.</p> <p>Responsibility for laterals on private property will continue to rest with the owner at this stage.</p> <p>Council will consult with the community as research into wastewater laterals is undertaken, including advising the likely impact on rates.</p> <p>Council final decision likely as part of 2021 Long Term Plan process.</p>	●	●		●	●

Asset / Network

Extending Utility Networks

Issue / Risk

For over 20 years to 2013/14 the population of the district fell, resulting in low property prices and a good supply of rental housing. In the last few years the population has been increasing, with new residents coming into the district. In the year to June 2017 Statistics NZ estimated population growth of 1.4% for the district. Currently property prices are rising and there is a shortage of rental housing, however there are still very few houses being built. Our main towns have some sections available, but there has been no expansion of the urban boundaries for some years.

Practical options

1. Do nothing – react to growth demands as they occur (reactive)
2. Plan to extend three waters networks in the four major towns to meet forecast growth with small extensions of around 10 sections a year.

Council's preferred option is Option 2.

This option allows Council to budget for greenfield residential demand if it occurs. If demand is not evident at the time, then Council would not carry out an annual extension.

Implications / Decision (cost and timing)

Council wants to ensure it is not holding back new houses/businesses, to support construction businesses, and to encourage population growth in the district. Up until now Council has responded to connection requests, where possible and affordable, to ad-hoc requests from property owners on the edge of the network. These occasional and sporadic extensions are not always in the most efficient location for managing demand in an ageing and in some cases, poorly performing network

From Year 2 onwards \$250,000 a year. There is an increase in rates funding from 10 new sections a year. Funding is budgeted to cease in Year 20 as household growth stabilises.

Purpose of increase/decrease expenditure

Renewal	LOS increase	Growth	Public health	Natural hazard
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6.

Asset life cycle management

This section of the Strategy provides more detail on each of the four infrastructure asset groups covered by this strategy, including key issues, level of service and demand assumptions, plans to renew and upgrade existing assets, including to maintain or improve public health and environmental standards and to improve asset resilience.

6.1 Significant assets

The Local Government Act requires Council to include the assumptions of the local authority about the life cycle of significant infrastructure assets – (Section (4)(c)(i)).

Council identifies those assets critical to the delivery of level of service, as part of its asset management planning process. These assets are listed within each of the asset management plans. These constitute Council's significant assets in the context of this strategy.

In some cases these are individual assets, e.g. a wastewater treatment plant. In other cases they are a network or collection of assets that are managed collectively to deliver the agreed level of service. They are not significant to Council because of their dollar value, but because of the tangible impact they have on delivery of levels of service.

6.1.1 Life cycle management practices

Council ensures that asset management practices are applied in a consistent way. These practices are detailed in Part A of the Tararua District Council Asset Management Plan. The current practices relevant to this strategy are as follows:

6.1.2 Condition and performance processes

The assessment of asset condition is an essential part of asset management planning. Asset condition assessments are undertaken to determine:

- where the asset is in its life cycle;
- the remaining effective life of an asset;
- the rate of deterioration of the asset;
- when asset rehabilitation or replacement will be required;
- financial cash flow projections;
- the risk of failure;
- the frequency of inspection required to manage risk of failure.

The data collected is used to support core asset management activities, such as risk management, predictive modelling, planned maintenance and rehabilitation, asset valuation, and budget forecasting.

Assets are assigned a grade from 0–5. The general meanings of the grades are as follows:

Table 7: Asset grades

Grade	Condition	General meaning
0	Non-existent	Asset absent or no longer exists <i>No work required</i>
1	Excellent	Sound physical condition
2	Good	Acceptable physical condition; minimal short term failure risk but potential for deterioration <i>Only minor work required (if any)</i>
3	Average	Significant deterioration evident; failure unlikely in near future but further deterioration likely <i>Work required but asset is still serviceable</i>
4	Poor	Failure likely in short term <i>Substantial work required in short term, asset barely serviceable</i>
5	Very Poor	Failed or failure imminent / safety risk <i>Major work or replacement required urgently</i>

Formal assessment of road assets is an ongoing process.

Historically, formal condition assessment was not undertaken for pipe networks. Council purchased a CCTV camera in 2012 and initiated a programme of formal grading of pipes using the New Zealand Water and Wastes Association grading system. To date, wastewater pipes within the Dannevirke and Eketahuna networks have been inspected, as well as wastewater and stormwater pipes at other locations where an issue has arisen.

Condition assessment primarily relates to the physical state of an asset, whereas the performance of the asset is closely aligned to the level of service provided to customers. For example, wastewater pipes may be under performing due to a build up of fat, even though the pipe itself is in perfect condition. Alternatively it may be operating satisfactorily even though the pipe condition is poor.

Performance grading is a relatively new concept for Council. Performance assessment has been largely limited to bridges and some treatment plants and network pipes. Assets are assigned a performance grade from 0–5. The general meanings of the grades are shown in Table 8.

Performance information is maintained through investigations undertaken in response to customer requests for service/complaints and routine maintenance audits. For example, water quality testing, hydrant flow and static pressure testing, and traffic counts. There is opportunity

for further development of the process for capturing performance data.

Table 8: Performance gradings

Grade	Condition	General meaning
1	Excellent	Meets user needs in every way <i>No work required</i>
2	Good	Largely meets user needs <i>Only minor modification required (if any)</i>
3	Average	Meets most of the user needs, but there are levels of service gaps <i>Some modification needed</i>
4	Poor	Meets very little of the user needs <i>Substantial modification work required in short term</i>
5	Very Poor	No longer an appropriate asset to meet current levels of service <i>Replacement required</i>

6.1.3 Maintenance strategy

The short-term maintenance strategy is intended to retain current levels of service with respect to asset condition and functionality whilst minimising costs. In the longer-term maintenance activity will be modified as necessary to reflect:

- the age of assets relative to expected economic life cycle;
- the risk of failure of critical assets;
- changes in the desired level of service;
- the nature and timing of asset upgrading/development works.

6.1.4 Renewal tactics

The general renewal strategy is to rehabilitate or replace assets when justified by:

- Asset performance.
- Renewal of an asset where it fails to meet the required level of service.

Non-performing assets are identified by the monitoring of asset reliability, capacity and efficiency during planned maintenance inspections and operational activity. Indicators of non-performing assets include:

- Repeated asset failure.

- Repeated reticulation leaks.
- Ineffective and/or uneconomic operation.
- Inefficient energy consumption.
- Economics – when it is no longer economic to continue repairing the asset (i.e. the annual cost of repairs exceeds the annualised cost of its renewal).
- Risk – risk of failure and associated environmental, public health, financial and social impact justifies proactive action.

Council will proactively renew water, stormwater and wastewater pipes in conjunction with other infrastructure projects in the roading corridor, to reduce the cost of trenching and reinstatement and minimise social and business disruption, providing the asset has been identified as being near the end of its physical life and/or not performing to the required standard.

Council will also take the opportunity when renewing assets to achieve increased environmental standards, public health and provide greater asset resilience, where this can be achieved as an augmentation to the asset renewal programme.

Renewal budgets are forecast by asset managers based on life and condition/performance. RAMM (road assessment and maintenance management) is used to generate renewal forecasts for road assets.

6.1.5 Data sources

The component data entered in Assetic (Council's utilities and property asset management software) is the data source for the valuation of three waters assets.

RAMM is the data source for roading assets.

The confidence in the asset data used as a basis for the financial forecasts has been assessed using the grading system from the International Infrastructure Management Manual International Edition, 2011, as reproduced below.

Table 11: Data accuracy grading system

Confidence grade	Description	Accuracy
1	Accurate	100%
2	Minor Inaccuracies	± 5%
3	50% estimated	± 20%
4	Significant data estimation	± 30%
5	All data estimated	± 40%

The confidence gradings for asset data are included in Appendix A.

6.1.6 Asset lives

Assumptions about asset lives are contained in the property, plant and equipment section of the 'Statement of Accounting Policies' in the Long Term Plan. Whereas the table shows a range of values, in reality each asset and asset component within the asset database has a theoretical useful life. The assigned value is based on the asset type, the materials it is constructed from, the size of the asset (particularly pipes), the use of the asset (particularly bridges, roads and pipes) and the environment in which the asset is located.

Assigned useful lives are based on industry guidelines and the knowledge of the asset manager. They are reviewed annually.

6.2 Water supplies

Council aims to provide a reliable, compliant and cost-effective supply of safe, potable water in reticulated communities.

6.2.1 Overview of water assets

Ongoing treatment plant upgrades and improvements have improved the water quality and reduced risk in many of our schemes with several more projects currently being both planned and delivered. Significant investment in water storage and resilience improvements have been made within the past few years in Dannevirke and will continue into the near future in Woodville and Pahiatua. This reduces Council's risk of water shortages and outages due to seasonal water source restrictions.

The residential water schemes of the district are outlined in Table 10.

Table 10: Tararua District Council water supplies

Water supply networks as at 30 June 2017	Reticulation		Treatment		
	Length of pipe (km)	Number of metered connections	Number of unmetered connections	Average daily flow (m ³)	Storage capacity (days)
Dannevirke	92.0	315	2,467	3,875	25
Pahiatua	35.5	60	1,154	1,149	2
Woodville	36.7	191	654	1,000	3.5
Eketahuna	21.2	26	291	419	2
Norsewood	4.5	74	72	80	2
Akitio	2.0	53	56	-	4.5
Pongaroa	5.5	-	63	50	2
Total	197.4	594	4,757		

Table 11: Water supply networks as at June 2017

Description	Asset register as at June 2017		
	Gross replacement cost	Depreciated replacement cost	Annual depreciation
Reticulation	63,377,082	34,281,613	529,596
Treatment plants and storage	14,280,399	9,222,404	454,976
Total	77,657,481	43,504,017	984,572

All schemes consist of three main categories of assets:

Water intakes

Water sources in the Tararua are a mix of bores and open watercourses (streams/rivers). Where the source is a bore, assets consist of the bore and pump, and pump shed. Where the source is an open watercourse, assets are typically an intake structure of some kind with telemetry to control the intake volume. Water intakes are subject to resource consent conditions.

Water treatment and storage

Water moves to the treatment and storage facilities through a pipe network controlled by valves either through gravity or via pumping. Treatment facilities

vary from scheme to scheme, but typically consist of a filtering process and a chlorination process. The process may also include physical disinfection – UV. Water is stored both as untreated and treated water.

Water reticulation

Treated water is delivered to the consumer through a network of pipes. The flow of water is controlled through a series of valves and may include some pumping. Water is accessed via individual property connections to mains and sub-mains, and through hydrants. Council is able to monitor water flows and usage through meters located throughout the network and at extraordinary user connections.

6.2.2 Key issues

The key issues that have been identified for Council's water supplies include:

- Improve the quality and continuity of water supplies.
- Provide greater water storage capacity to improve scheme resilience and meet fire supply storage requirements.
- Reduce water loss and manage water demand to meet reasonable use provisions in the One Plan.
- Improve the collection of data associated with water sources/intakes, storage and pumping and treatment plants.
- Better understand system deficiencies through hydraulic analysis.
- Identify critical assets and programme routine maintenance activities to reduce the risk of failure and improve resilience of the network.
- Understand risks to water quality safety, reliability, and resilience including backflow, and the impact of extraordinary users on system performance.
- Ensure the networks meet New Zealand Fire Service Firefighting standards.
- Reduce the extent of customers impacted by planned or unplanned shutdowns through installation of additional isolation valves.
- Understand asset life cycle performance as a driver for continued investment in the renewal water supply infrastructure.

6.2.3 Level of service assumptions

- The future costs of providing desired levels of service and funding are based on the current Drinking Water Standards. No significant changes to the standards will occur during the period of the plan.

- Government subsidies will not be available for further network upgrades.
- Levels of service will be progressively increased in those schemes where the current level of service falls below the agreed targets in the Long Term Plan. All other level of service will remain unchanged.

None of the above assumptions are rated as having a high degree of uncertainty. While the New Zealand Drinking Water Standards are unlikely to change, monitoring systems and frequency is likely to impact on operating costs as a result of the Havelock North water inquiry.

Council intends to deliver the following levels of service to communities connected to a Council owned residential water scheme. These are no different to the levels of service that are currently being delivered:

- Council provides a reliable water supply.
- Council provides water at a consistent volume.
- Water looks and tastes good.
- Interruptions to supply are minimised.
- Water provided is safe to drink.
- Council is responsive to issues relating to water supplies.
- Wastage of water is minimised.

In order to achieve the above service standards, Council intends to:

- Progressively increase the safety of water supplied to communities through continuation of the programme of water supply and treatment upgrades. Approved water safety plans for each scheme will be in place in full compliance with the Health (Drinking Water) Amendment Act 2007.
- Ensure that all towns are provided with a specified minimum flow rate at a nominated pressure that is sufficient to meet residential and firefighting needs. This may be achieved by providing and managing storage, and upgrading system deficiencies to remove constraints to flow.
- Implement an appropriate programme to quantify water losses from each system, and then identify programmes for reducing water losses.
- Ensure that extraordinary usage is managed to minimise detrimental effects on water quality and quantity.
- Maintain and renew assets in accordance with good asset management practice
- Identify and implement a programme to improve network resilience with development of network pressure zones and installation of isolation valves.

6.2.4 Demand assumptions

- Council will continue to supply reticulated water to the six towns that currently have a residential water scheme.
- Future demand for water will be similar to current trends.
- Conditions of existing resource consents held by Council will not be altered significantly.
- There will be no large extensions to the water network needed to meet growth during the 30-year period .
- No new large wet industries will connect to Council water supplies – it is forecast that no new large wet industries will enter the district, and that if they did, they would source their own water, in the same way as existing wet industries – Fonterra, Tui Breweries, Oringi, etc.
- Growth in connections will be limited to infill developments and small subdivisions.
- The existing reticulation and supplies will have sufficient surplus capacity to meet forecast demand, throughout the year, once storage issues have been addressed.
- Users will continue to be responsible for the management and funding of their connection to the Council main.

None of the above assumptions are rated as having a high degree of uncertainty.

6.2.5 Asset condition

The condition of water assets is now being assessed by physical inspection where assets are easy to access, such as treatment plants and pumps, and hydrants. Where assets are below ground, such as pipes and valves, inspection is part of physical renewal work, asset failures and when addressing asset performance issues. Figure 9 provides an overview of the condition of assets within each scheme using the 1–5 condition grading system outlined in Section 6.1.2. Condition assessment in this chart is reliant solely on asset age and material type alone, and confidence in this data is considered low. Condition rating processes have improved and confidence in the data will increase over the next few years.

Figure 9: Condition of water scheme reticulation

CONDITION ASSESSMENT BY LOCATION

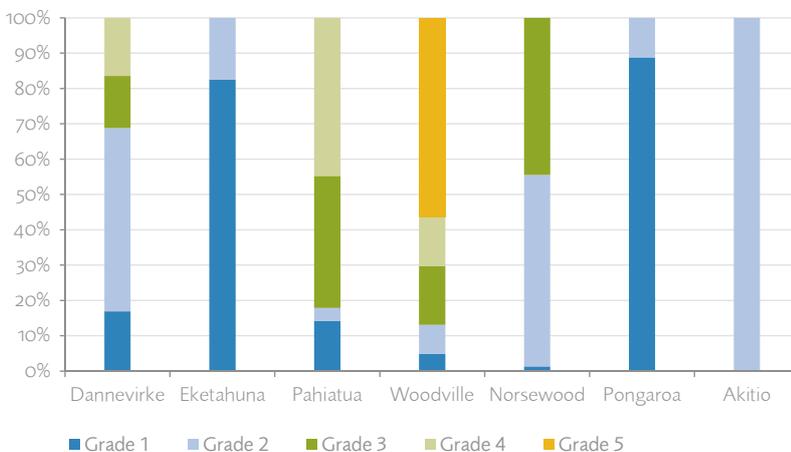
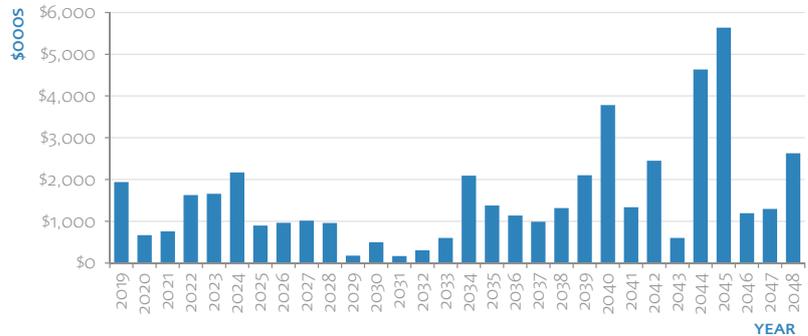


Figure 10 shows the renewal forecast for pipe schemes based on Assetic data. The installation date is the major factor contributing to the peaks shown in the graph, and it is likely that these renewals will occur over a longer timeframe.

Figure 10: Total water supply renewals 2018–2048



For water assets, the condition grading of the schemes is largely based on age and type of material. Data quantity and quality for reticulation assets is being progressively improved to inform better renewal decision-making and is now considered to be average across the network with some schemes being better than others. The poor condition rating for Woodville is largely driven by a lack of accurate age information of assets in the database. Currently there are few issues with failing water pipes in Woodville. As more accurate condition rating data is added the proportion of Woodville water assets rated as grade 5 is expected to reduce. Recent improvements to treatment facilities means that many schemes have treatment assets in very good to excellent condition.

The water data set is now in a new software programme (Assetic). This gives Tararua District Council greater ability to forecast the timing of renewals based on condition, age and performance, and the relative importance of these.

The data improvement project is ongoing to improve this confidence statement. Data for intake/sources, storage, pump stations and treatment are held at very high level only. The focus going forward will be on data collection for non-reticulation assets, and improving the population of attribute data associated with piped networks.

The quality standards and monitoring of water sources, storage and usage is set through legislation, national regulations, or Regional Council consents. Council has little control on these minimum standards.

As a result of recent water contaminations, it is likely that some of these standards will be increased. The timing of resource consents, Water Safety Plans and Catchment Risk Assessments for Drinking Water Supplies therefore have a direct impact on operating costs and upgrade projects.

Council has no expectation as to the outcomes of consent renewals for water takes. As such no upgrade projects linked to these consent renewals have been budgeted for. There is a risk that standards will increase and the water takes will be reduced, forcing Council to seek alternative water supplies (bores, dams).

Table 12: Due dates for regulatory consents and plans

Water network	Resource consent expiry	Water safety plans (revisions due)	Catchment risk assessments
Dannevirke	July 2026	August 2018	due September 2018
Pahiatua river source	January 2022	1 January 2022	currently being prepared
Pahiatua bore	2029	-	-
Eketahuna	November 2019	1 January 2021	due November 2021
Woodville	May 2021	January 2022	due January 2022
Norsewood	None	1 January 2021	currently being prepared
Akitio	None	-	currently being prepared
Pongaroa			due February 2020

6.2.6 Significant decisions relating to water supply

Council has made significant progress on upgrading urban water networks, including the source, storage and treatment of water. Mandatory water quality standards are a big driver of these investments. Although potable, the Ministry of Health attached an (E) grade to the majority of Council's supplies. This is largely due to the open water sources Council uses to abstract water and the low levels of treatment in place. To obtain a higher grade would involve adding further barriers to possible health risks that may occur, if not detected and correctly treated. The Health (Drinking Water) Amendment Act (2007) requires all water suppliers to take practicable steps to meet the 2005 Drinking Water Standards by various dates – depending on the size of the community supplied. Council is part way through a programme to address health risks and at the same time to address level of service issues such as taste and odour.

The following are the significant decisions relating to Water Supplies:

Norsewood water

This network design cannot comply with the mandatory New Zealand Drinking Water Standards as the roof fed water is not treated so could be contaminated from animal droppings. Relying on the Council supply would require another resource consent and additional bores, as well as an upgrade to the treatment plant. Council is intending to build a pipeline from Dannevirke for treated water to be supplied to Norsewood. Requires detailed business case to be completed in Year 2 to prove lower whole of life costs. Project cost \$945,000 in the Long Term Plan starting Year 3 (2020/21) and completion in Year 7.

Dannevirke treatment plant upgrade

To meet the mandatory standards Council must add further barriers to possible health risks that may occur. This will ensure the Dannevirke water treatment plant can meet the required log credits from the Ministry of Health compliance standards so the Dannevirke drinking water meets the mandatory New Zealand Drinking Water Standards. Financial provision of \$800,000 in Year 3 of the Long Term Plan (2018/19) based on an upgrade to the existing treatment plant.

Reticulation water leakage strategy

Council needs to implement an appropriate programme to quantify water losses from each system, and then identify programmes for reducing water losses. Project cost is \$850,000 starting in year 1 and continuing for four years. This will allow Council to accurately measure water loss and target renewals

to address major leaks. Council has a mandatory responsibility under the Local Government Act 2002 to report the level of water loss across the public drinking water supply networks.

Network utility extensions

Council is proposing to budget for a very modest extension of 10 sections annually of the utility networks (Water, Wastewater, and Stormwater) in Dannevirke, Pahiatua and Woodville to have more land available for developers and existing residential sections. This is to ensure Council is not holding back new houses/businesses, to support construction businesses, and to encourage population growth in the district. Up until now Council has responded to connection requests, where possible and affordable, to ad-hoc requests from property owners on the edge of the network. These occasional and sporadic extensions are not always in the most efficient location for managing demand.

The Water part of this overall budget is \$70,000 a year starting in Year 2 and continuing until Year 20.

6.3 Wastewater schemes

Council aims to provide compliant network systems for the urban areas with a reliable wastewater system that protects people's health and our environment.

6.3.1 Overview of water assets

The residential wastewater schemes of the district are outlined in Table 13.

Table 13: Tararua District Council wastewater schemes

Location of network	Property connections	Pipe length (km)	Pump stations number	Treatment plant
Dannevirke	2,437	39	6	3 ponds, 9.2ha
Pahiatua	1,134	19	3	3 ponds, 4.1ha
Woodville	690	16	-	2 ponds, 2.9ha
Eketahuna	227	8.5	1	2 ponds, 0.4ha
Norsewood	66	3.5	2	2 ponds, 0.06ha
Pongaroa	67	3.7	2	2 ponds, 0.32ha
Ormondville	38	3.1	3	2 ponds, 0.22ha
Total plant & networks	4,659	92	17	16 ponds

Table 14: Wastewater networks as at June 2017

Description	Asset register as at June 2017		
	Gross replacement cost	Depreciated replacement cost	Annual depreciation
Reticulation	37,899,034	16,220,000	420,450
Treatment plants and storage	20,029,628	16,057,603	425,113
Total	57,928,662	32,277,603	845,563

All schemes consist of three main categories of assets:

- **Wastewater reticulation**

Untreated wastewater is discharged by the consumer through a network of pipes. The flow of wastewater is controlled through a series of valves and may include some pumping. Wastewater makes its way from the property connection into mains and sub-mains, and through to the treatment plant. Council is able to monitor wastewater flows through meters located throughout the network and at the treatment plant.

- **Wastewater treatment**

Wastewater moves into the wastewater treatment plant through a screen which removes solid particles. The wastewater then moves through a series of ponds, where biological processes occur to reduce the level of nutrients. It is in these ponds that particulate matter that has not broken down settles to the bottom of the pond. The wastewater then moves through a treatment plant. Treatment facilities vary from scheme to scheme, but typically consist of a filtering process and a chemical treatment process. The process may also include physical disinfection (UV).

- **Treated wastewater discharges**

Treated wastewater is discharged into open water courses under the provisions of a resource consent. The consent conditions vary from scheme to scheme but include conditions for water quality – nutrient levels and volume. Discharges structures have been developed and located to facilitate as much mixing with the receiving environment as is possible.

6.3.2 Key issues

The key issues that have been identified for Council's wastewater schemes include:

- Discharge effluent quality – to meet the requirements of the Manawatu River Leader's Accord Action Plan, particularly with regard to higher nutrient discharge standards.
- Resource consents have expired and are in the renewal process. Some are due to expire and will be required to go through the consenting process.
- Affordability – more demanding treatment requirements will over time impact on communities' ability to pay for wastewater,
- Infiltration into wastewater pipes leading to greater volumes of wastewater arriving at the plants for treatment than is necessary.

- Continued investment in the renewal of pipes and other wastewater supply infrastructure.
- Network failure – Maintaining the quality and continuity of sewerage systems, which are particularly susceptible to severe damage in seismic events and inundation in high rainfall events.

6.3.3 Level of service assumptions

- Existing and new resource consent requirements will necessitate upgrades of the seven schemes.
- The future costs of providing desired levels of service and funding are based on the provisions of the current One Plan. No significant changes to this plan will occur during the period of the strategy.
- Society will continue to have an increasing focus on environmental protection (waterways).
- Levels of service will be progressively increased in those schemes where the current level of service falls below the agreed targets in the Long Term Plan. All other level of service will remain unchanged.

None of the above assumptions are rated as having a high degree of uncertainty.

Council intends to deliver the following levels of service to communities connected to a Council-owned residential wastewater scheme (these are no different to the levels of service that are currently being delivered):

- A reliable wastewater service.
- Risks to public health and our natural environment are minimised.
- Council responds quickly to customer complaints.
- Council services meet customer expectations.

In order to achieve the above service standards, Council intends to increase the following levels of service:

- **Discharge water quality**

Council will progressively increase the cleanliness and safety of water in the streams and rivers into which treated wastewater is discharged through continuing the programme of wastewater treatment upgrades it began in 2012. Council intends for all schemes to have a resource consent in place (Eketahuna will be discharged through the Pahiatua discharge consent) and be operating in accordance with or exceeding consent conditions within three years. Schemes that have expiring consents have budgets allocated for both the consent renewal and upgrade projects.

- **A reliable wastewater scheme**

It is Council's intention to continue its CCTV programme to identify pipe failures and pipe blockages and prioritise the renewal and servicing of these pipes.

- **Infiltration**

Council will continue, and expand, its programme to address infiltration and reduce the volume of water entering the wastewater network from leaking pipes and stormwater connections. This has been identified as a separate project with additional funding called the Infiltration and Inflow Strategy Implementation, and is focused on Years 2 and 3 of the Long Term Plan. This will lead to increased resilience of the wastewater scheme during heavy rainfall events and a reduction in the volume of wastewater entering the treatment plants.

Council does not intend to decrease any levels of service.

6.3.4 Demand assumptions

- Council will continue to supply reticulated wastewater schemes to the seven towns that currently have a residential wastewater scheme.
- Over the next thirty years, the populations of the Tararua urban towns are forecast to increase modestly but remain below the level they were in the 1990's when the schemes were last extended. There will be no large extensions to the wastewater network needed to meet growth during the 30-year period.
- Conditions of existing resource consents held by Council are likely to raise the quality standards required. Council's existing treatment plants will be able to comply with these increased conditions through identified upgrades and the provision of wetlands. However, the cost per user of maintaining current systems to meet increased environmental requirements will increase.
- No new wet industries will enter the district and, if they do, they will make some provision for wastewater treatment on-site.
- Growth in connections will be limited to infill developments and small subdivisions.
- Changes to Council policy on trade waste charges will not impact on demand.
- The existing reticulation and treatment plants will have sufficient surplus capacity to meet forecast demand and discharge consent conditions, throughout the year, once infiltration issues have been addressed.
- Users will continue to be responsible for the management and funding of their connection to the Council main.

The only assumption rated as having a high degree of uncertainty is the resource consent conditions. It is possible that new quality standards imposed by the Regional Council and/or national legislation would result in new treatment plants or land based discharges being required. This would result in a new programme of investment upgrades that could test the affordability limits for properties connected to the networks.

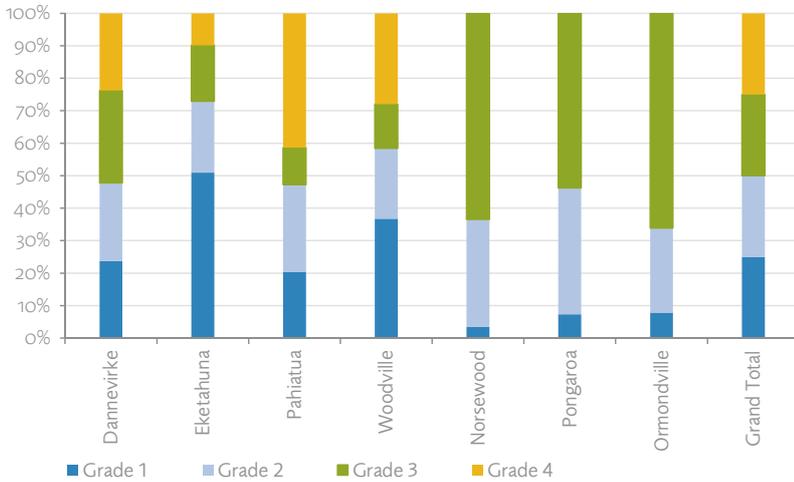
6.3.5 Asset condition

The condition of wastewater assets is assessed by physical inspection – where assets are easy to access, such as treatment plants, ponds and pumps, and through the use of the CCTV camera where assets are below ground such as pipes. Inspection occurs as part of physical renewal work, asset failures and when addressing performance issues. Figure 11 provides an overview of the condition

of assets within each scheme using the 1–5 condition grading system outlined in section 6.1.2.

Figure 11: Condition of wastewater schemes

CONDITION ASSESSMENT BY LOCATION

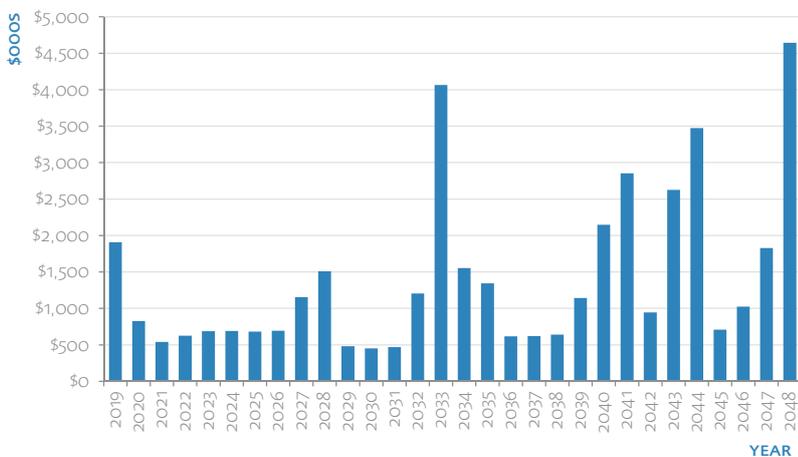


For wastewater assets, the condition grading of the schemes is largely based on age and type of material. The CCTV camera has allowed Council to gain a good understanding of asset condition and performance of the reticulation. This data is now being used to programme pipe renewals. When Council has a complete data set, this information will be used to reassess the overall condition of each scheme and forecast the timing of renewals.

Renewal profile

Figure 12 shows the renewal forecast for wastewater schemes based on Assetic data. The large peak in 2033 represents the replacement of the microfiltration plant at Dannevirke. In reality this plant will not be replaced in totality. Further work on the asset data is needed to componentise assets to get better definition of renewal needs.

Figure 12: Total wastewater renewals 2018–2048



The wastewater data set is now in Assetic, a programme that gives Council greater ability to forecast the timing of renewals based on condition, age and performance, and the relative importance of these.

Council renewals also include the resource consents for wastewater discharge. The following is the current situation with these consents:

- Dannevirke (expires December 2027).
- Pahiatua (expired June 2005) – new application lodged.
- Eketahuna (expired Oct 2005) – new application lodged.
- Norsewood (June 2018) – new application to be lodged early 2018.
- Woodville (expired March 2011) – application lodged.
- Pongaroa (expires April 2019).
- Ormondville (expires July 2026).

Council is planning on the consent being renewed for 15 years once each consent process is completed.

Council has assumed that each renewal will require an upgrade as consent conditions increase the quality standard required to be met. There is a risk that the consents will be granted for less time, with some other consents in the region recently granted for 10 years. This would increase depreciation expense.

6.3.6 Significant decisions relating to wastewater

Council has been working on the upgrade to our urban wastewater networks, driven by compliance with resource consent conditions set by Horizons Regional Council. Meeting our obligations to our partners under the Manawatu River Accord is central to the investment programme. A number of schemes require resource consent renewals for discharge consents.

Council has assumed that schemes subject to consent renewals will not require additional major upgrades to meet the conditions of new consent, other than those already identified or allowed for. The impact of nitrogen in many waterways has become more pronounced in recent years due to the cumulative effects of urban discharges and rural farming activities. Treatment systems may need to be modified to limit nitrogen levels in discharges. Wetlands are now being promoted as one way of mitigating iwi concerns with regard to the effects of discharges on mauri.

Consenting processes are becoming very time consuming and expensive, with consents often being granted for relatively short terms (less than 10 years). The difficulties and costs associated with consenting processes means that innovative approaches are becoming more attractive

such as inter-connection of wastewater schemes. These approaches may enable focussed investment by achieving economies of scale at one or more centralised locations which will reduce the number of consents required and may lead to significant water quality improvements.

Resource Consents for Eketahuna and Pahiatua have been to hearings and Council is awaiting the panel's decision. Consents are now granted under the One Plan, which sets the standards for discharges to water and air within the jurisdiction of Horizons Regional Council. Council has assumed that new consents issued will have a life of 15 years. There is considerable risk that consents will have a shorter life than this.

Capital budgets have been set in anticipation of upgrades being required where new consents are being granted.

The decision: "Utility network extension" is covered under Water Schemes. The Wastewater share of this project is \$100,000 a year starting in Year 2 and ceasing in Year 20.

Eketahuna to Pahiatua pipeline

Council is currently part way through the process of renewing the discharge consent for the Eketahuna wastewater network. The process is resulting in the need for costly upgrades for the small number of properties connected (< 200). Constructing a pipeline from Eketahuna to Pahiatua will eliminate the need for this discharge resource consent and significant treatment upgrade requirements. This will reduce whole of life costs, including discharge consent renewals every 15 years. Eketahuna discharge volumes are a small percentage of Pahiatua flows. The alternative option is to continue with Eketahuna treatment plant upgrades and discharge consent process. Council has budgeted \$3.5 million in Years 1–3. This project will be consulted on in the 2018 Long Term Plan and subject to final business case outcomes.

Wetland and treatment plant upgrades

A number of networks are now budgeted to have wetlands constructed as part of the treatment and discharge process upgrades (Pahiatua, Ormondville, Pongaroa, and Woodville). Council has little to no choice on whether to carry out upgrades. As part of renewing discharge consents, each discharge must meet the conditions set by Horizons through the One Plan rules. Wetland developments are planned for Pahiatua, Pongaroa (treatment plant and wetland), Ormondville (treatment plant and wetland), and Woodville. These wetlands will provide additional filtration and meet a number of iwi preferences that will help to meet discharge consent requirements as set by Horizons Regional Council. Total budgeted cost is \$1.25 million over 10 years.

Land irrigation

Council is planning to dispose of treated wastewater to land as part of its commitment to cleaning up our rivers. The discharge budgeted for in the next 10 years is for the

Dannevirke discharge. Investigations to date have not found any suitable land near to the Dannevirke treatment plant due to climate, soil types, current land usage, and industry restrictions on grazing treated land. A budget of \$1.5 million has been included in the 10 year plan.

Wastewater laterals ownership

The responsibility for maintenance of these laterals currently rests with the property owners from the building, across the footpath and road to the mains. The estimated cost to replace a lateral, should it be required, is estimated between \$2,000–\$20,000 and varies significantly due to location and depth. Laterals across the district are ageing, and Council anticipates maintenance and renewal requirements will increase significantly over the coming decades. This is likely to place financial pressure on a significant number of ratepayers, particularly those on fixed incomes. This policy decision will be progressed as a staged process. Before making a final decision, Council will develop a business case to assess ownership, responsibilities, and financial impacts on the Council.

6.4 Stormwater

Council aims to provide protection of the community's assets from flooding by providing systems that enable stormwater to dissipate as quickly as practicable.

6.4.1 Overview of stormwater assets

The urban stormwater schemes of the district are outlined in Table 15.

Table 15: Tararua District Council stormwater schemes

Asset type	Gross replacement cost (\$)	Depreciated replacement cost (\$)
Culverts and pipes	16,257,957	10,013,166
Inlet/outlet structures	107,878	78,266
Manholes	1,254,246	882,532
Open channels	452,644	232,358
Grand Total	18,072,725	11,206,322

The network assets consist of:

- 33.2km of pipes;
- 27.9km of open channels; and
- 314 manholes and 14 inlet/outlet structures.

Also part of the system but managed under Council's Transportation Activity Management Plan:

- Approximately 886 sumps made of steel reinforced concrete with metal grates.
- Approximately 225km of kerb and channel draining to the stormwater networks.

6.4.2 Key issues

The key issues that have been identified for Council's stormwater schemes include:

- Localised surface flooding during heavy rainfall events.
- High volumes of water entering the townships from surrounding rural areas.
- The high cost of maintaining open water courses.
- Potential public health and safety issues associated with open drains in urban areas.
- Lack of understanding of hydraulic performance of the system. Further modelling is required to understand where the networks need to be upgraded to meet service standards.
- Inconsistent standards for the design of parts of Council's stormwater networks.
- The potential impact of changing demands due to climate change.
- Ability to fund investments in flood protection.

In 2016, the Council started a project to create a digital stormwater model of the network. This allows Council to model the anticipated outcomes from investment in stormwater infrastructure taking into consideration changing weather patterns. This will help ensure we make the right decisions that produce the most benefit for the community and provide value for money solutions.

Research indicates that there will be an increase in the quantity and severity of weather events that we currently experience. Storms of increased intensity could result in flood of habitable floor levels over time. The community will need to consider the effect and increased risk of flooding as a result of these events, against the costs of trying to solve these issues. Discharge quality of stormwater is becoming an increasingly challenging activity for small Council's with indications that more emphasis will be put on the quality of stormwater discharges, thus detracting from potential funding for flood protection projects.

6.4.3 Level of service assumptions

- The future costs of providing desired levels of service and funding are based on the current One Plan. No significant changes to this plan will occur during the period of the strategy.
- Levels of service will be progressively increased in those schemes where the current level of service falls below the agreed targets in the Long Term Plan. All other levels of service will remain unchanged.

None of the above assumptions are rated as having a high degree of uncertainty. There is some uncertainty as to whether Horizons will impose discharge consents on urban stormwater schemes in the future. This would impact on

the operating costs of the schemes by potentially requiring treatment/filtration of discharges.

Council intends to deliver the following levels of service to communities connected to an urban stormwater scheme. These now reflect that Council does not protect all property from ponding with some commercial property and some residential outbuildings impacted after heavy rain:

- Affordable protection for urban community assets, commercial properties and habitable dwellings from flood events.
- A reliable stormwater network.
- Council ensures quality and efficiency of the stormwater network.

In order to achieve the above service standards, Council intends to increase the following levels of service:

- **Surface flooding and resilience of schemes**

Council intends to reduce the incidence of surface flooding events and incidences of residential and business inundation by stormwater during heavy rainfall. Modelling techniques will be used to assess stormwater distribution throughout the townships, identifying the areas with stormwater issues that can be addressed by modest upgrades. Council's response to this information will be a series of targeted upgrade projects within the development budgets available (\$1.5 million over the first 10 years). Council expects that investment will increase in Years 11–30.

Council does not intend to decrease any levels of service.

6.4.4 Demand assumptions

- Council will continue to manage stormwater in the four towns that currently have an urban stormwater scheme.
- Annual stormwater volumes will remain constant over the next 30 years for the four networks.
- Eliminating infiltration into the sewerage reticulation may, in turn, create a greater stormwater discharge into the network.
- Any new stormwater diversion projects would create new point discharges that would require resource consent from the Regional Council.
- The current levels of service achieved will continue (design return events).
- Ensuring the waterways are clear at all times from rubbish, debris and weed growth so the system runs at full capacity with no obstruction during heavy rainfall.
- There will be increased incidences of heavy stormwater events due to climate change.
- No new major legislation on stormwater will be enacted.

- Growth in connections will be limited to infill developments and small subdivisions.
- Users will continue to be responsible for the management and funding of their connection to the stormwater outlet in the Council kerb and channel.

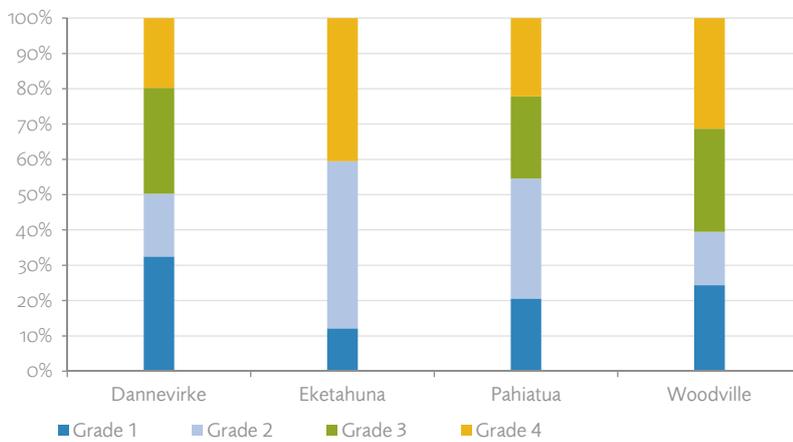
None of the above assumptions are rated as having a high degree of uncertainty.

6.4.5 Asset condition

The condition of stormwater assets is assessed by physical inspection where assets are easy to access, such as sumps, grates, and through the use of the CCTV camera where assets are below ground such as pipes. Inspection also occurs as part of physical renewal work, asset failures and when addressing performance issues. Figure 13 provides an overview of the condition of assets within each scheme using the 1–5 condition grading system outlined in Section 6.1.2.

Figure 13: Condition of stormwater schemes

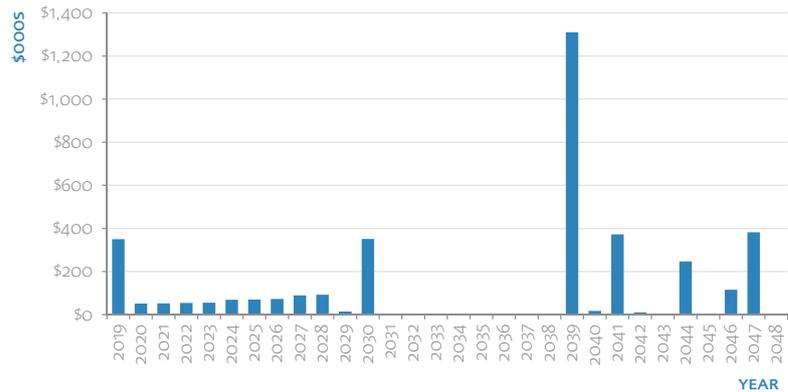
CONDITION ASSESSMENT BY LOCATION



For stormwater assets, the condition grading of the schemes is largely based on age and type of material. The CCTV camera has allowed Council to gain a good understanding of pipe condition and performance. This data is now being used to programme pipe renewals. When Council has a complete data set, this information will be used to reassess the over-all condition of each scheme and forecast the timing of renewals.

Figure 14 provides an overview of the current renewal profile for stormwater assets based on Assetic data. The large peak in 2039 is as a result of assumed installation date, rather than known condition. The data will be reviewed as part of Council's asset management improvement programme.

Figure 14: Total stormwater renewals 2018–2048



6.4.6 Significant decisions relating to stormwater

Upgrade programme

Council has for many years planned on some large projects in Dannevirke and Pahiatua to upgrade the stormwater network. The new model indicates that the benefits from these large investments are limited, and that Council would need to invest many more millions of dollars in order to remove the existing ponding issues. This would have a significant impact on urban rates. Currently there are no issues with stormwater entering houses, but ponding does occur in backyards, streets and some commercial areas.

Council has taken the approach of budgeting for a series of smaller upgrades to make incremental improvements, rather than a few large and expensive upgrades. This is at \$150,000 a year over the 10 years, \$1.5 million in total. These projects will be those giving the best outcomes from the model with a focus on reducing the risk of flooding of residential houses. This level of funding will not be sufficient to address amenity or aesthetic flooding issues. Significant stormwater upgrades including piping of open drains or installing new pipelines would be very limited with the proposed level of funding.

Investment on these upgrades will continue from Year 11 to Year 30 at a slightly higher level. This ongoing investment reflects the expected increasing impacts from climate change, as well as the number of ponding issues currently known.

6.5 Transportation

Council aims to provide a safe and efficient Roding network that meets the short and long term needs of the district and is operated and enhanced in a sustainable manner at the lowest overall whole of life cost.

6.5.1 Overview of transportation assets

The transportation assets of the district consist of:

- 1,185.5km of sealed roads
- 772.5km of unsealed roads
- 111.4kms of footpaths
- 10,556 road signs
- 391 bridges
- 112 large culverts

- 109km of culverts
- 18.6km retaining walls
- 1,542 surface water channels
- 1,165 streetlights

The values of the transportation assets are detailed in Table 16.

Table 16: Tararua District Council transportation assets 30 June 2017 – valuation

	Gross replacement cost (\$)	Depreciated replacement cost (\$)
Sealed road surface	26,974,113	14,796,124
Sealed pavement layers	273,536,092	203,869,135
Formation	316,413,125	316,413,125
Unsealed pavement layers	38,973,330	33,349,140
Footpaths	43,166,588	37,171,886
Bridges and large culverts	157,627,594	71,141,399
Retaining walls	45,173,739	22,586,870
Drainage	44,525,598	24,998,833
Surface water channel	43,222,568	21,615,999
Markings and RRPMs	186,066	186,066
Railings	623,643	292,346
Street lights:	1,641,362	925,248
Road traffic facilities signs	2,842,503	1,437,598
Total	995,092,387	748,969,834

The roading network within Tararua District has grown from the amalgamation of various counties/boroughs, such as Dannevirke, Woodville, Pahiatua, Eketahuna, Akitio, and Weber.

All counties/boroughs had various forms of road management within very differing ground/road conditions. Areas towards the coastal region had very unstable country, whereas, areas to the south had many roads built on river gravels.

Records show prior to various amalgamations many roads were sealed particularly within the Woodville area. Pavements were not fully reconstructed but road surfaces broomed and sealed. This occurred through the early seventies/ eighties. Over the following years reseals and pavement rehabilitation have been undertaken on the sealed surfaces.

The majority of the network is classified as Access or Low Volume with average traffic volumes less than 200 vehicles per day.

The "arterial" and "primary collector" roads in the network play a pivotal role in connecting the region to its neighbours and ensuring traffic flows effectively through the region. These include the two bypass roads for the Manawatu Gorge: Saddle Road and Pahiatua Track.

Also taken into consideration for criticality is the number of available access points to a community. Tararua beach communities may only have one way in or out and so, although classified low, they are highly critical to that community.

The Weber-Route 52-Pahiatua-Pongaroa-Alfredton Road loop provides the main route into a large section of the district.

6.5.2 Key issues

Tararua District Council's road network is the fourth largest of any local authority in New Zealand, with one of the fewest number of ratepayers per kilometre of road. The depreciated replacement value of Council's roads and associated assets is approximately \$746 million. This is the most costly of the Council's major activities and, due to the low population base, the Tararua District Council is heavily reliant upon subsidies received from the NZ Transport Agency.

The challenges facing the Roding network are not related to traffic growth. Across the network there is considerable spare capacity to cater for additional traffic flows. The key issues are:

- Our road network is vulnerable to significant environmental events resulting in decreased accessibility and high intervention costs.
- Increasing heavy vehicle demand changes due to forestry is resulting in decreasing levels of service and increasing reactive interventions.
- Our ageing infrastructure has very limited historic data/information resulting in difficulties in making effective and efficient investment decisions.
- Inconsistent road form and an unpredictable road reserve is resulting in a high risk of serious crash to motorists.
- Renewing the large number of bridges (or components of) in the future.
- The unknown future of the Manawatu Gorge road, or its alternative route, and the impact this will have on the local road network.
- Affordability due to the low number of ratepayers per kilometre of road (one of the lowest in the country).

6.5.3 Forestry impact

Approximately 22,000 hectares of pine forest in Tararua is expected to be harvested over the next 15 years, peaking in five to ten years time. In 2017, just under 1 million tonne-kilometres (accounting for logs only) are expected across the district's roading network as a result of forest harvesting. This is predicted to increase by a magnitude of two next year, by five within the next three years, and by ten within the next five to ten years, with an average of 8 million tonne-kilometres per annum (accounting for logs only). Figure 15 shows the forecast increases in forestry tonnages transported on the roading network. These figures are based on discussions with commercial forest owners and aerial maps of existing plantation forests. The blue line is forecast forestry tonnes/km travelled for Route 52, while the green line is for the overall district.

Figure 15: Forestry predictions



Government legislation is allowing heavier, longer, wider and higher vehicles to increase freight efficiencies within the constraints imposed by the local roading network.

The increased volume of trucks on the district's roads is causing increased deterioration and concerns for Council regarding decreased levels of service or increased cost to maintain roads to their existing level of service.

Route 52 and Weber Road, between Dannevirke and the large forestry blocks near the eastern coast, will experience much of this heavy traffic growth. The road is popular for locals travelling to the beachside settlements of Akitio and Herbertville and can also be subjected to an increased tourism travel. The roads are narrow and windy in areas and have deteriorated significantly over the past five years, predominantly due to increased heavy vehicle movements.

The proposed Council investment in Route 52 is specifically targeted at the immediate need to upgrade the road from Weber to the northern boundary to meet this increasing demand and meet required levels of service.

6.5.4 Level of service assumptions

Roading are funded through a partnership with central government through the NZ Transport Agency. Historically most standards were set by the Council within broad NZ Transport Agency guidelines. This year a new system is in place that sets national standards (One Network Road Classification) for each type of road. Figure 15 shows the movement in road classifications within the Tararua District Council network. This may impact on the affordability of maintaining existing levels of service.

Other assumptions include:

- Investment will be increased on those roads where the current level of service falls below the agreed targets in the Long Term Plan. All other levels of service will remain unchanged.
- Council will continue to address safety issues on the network as they are identified.

None of the above assumptions are rated as having a high degree of uncertainty.

Council have adopted the ONRC customer levels of service outcomes, developed by industry through the Road Efficiency Group (REG). These has been established for each road classification and Council have set targets for travel time reliability, resilience, safety, amenity, and accessibility outcomes.

Comparison against initial targets set by REG and against peer group council's suggest Tararua is currently delivering mid-range service levels overall. Improvements are required in safety and resilience. Council intends to deliver the following levels of service to the community:

- Ensure roads are safe for all road users.
- Council ensures quality of roads and safety of users.

- Requests from the public are responded to in a timely manner.

6.5.5 Demand assumptions

- There will be no significant increase in the size of the network.
- Traffic volumes will remain low.
- Mature forests will be harvested and transported to ports by road.
- Mobility scooters on footpaths will increase as our population ages.
- Some roads will be subjected to more heavy vehicles, for intense periods of time, as a result of forestry harvesting.
- Users will continue to be responsible for the management and funding of their vehicle crossing.

None of the above assumptions are rated as having a high degree of uncertainty.

6.5.6 Asset condition

Pavement condition

The ONRC uses roughness to define carriageway customer and technical levels of service and these have been used as a base to create a "very good" through to "very poor" condition rating for each ONRC road classification. Roughness on the sealed road network is generally good with 74% of the network in the "very good" or "good" state.

Three percent of the network is shown in the "poor" category, which is considered to be outside the ONRC tolerances.

Figure 16: Pavement condition

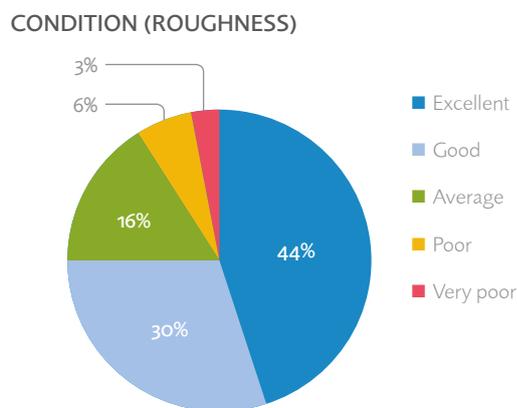


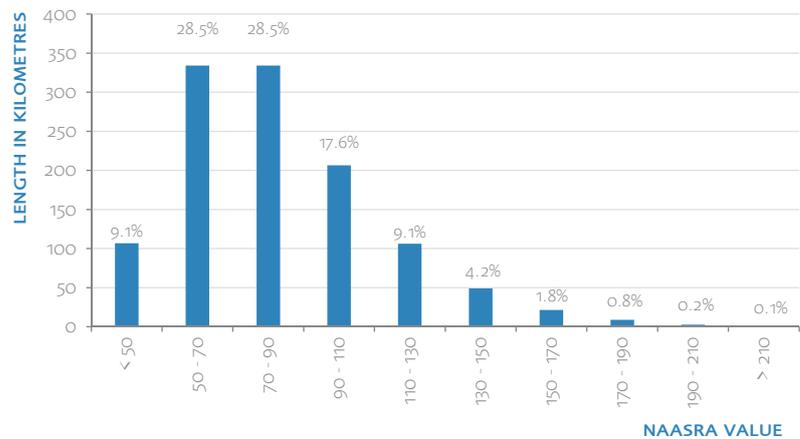
Figure 16 shows asset condition using the roughness readings. These readings are only taken on sealed roads.

Unsealed road roughness is a much more difficult task to deal with. A roughness level of 130 is generally considered to be the point at which road pavements should be considered for renewal. Of the 1,322km surveyed, 19% of the roads have a roughness count of less than 50, whereas only 2% are greater than 130. Rehabilitation work is based more on observed condition than roughness.

The chart below shows that the Urban Primary and Secondary Collector, and Rural Arterial roads have higher proportions of roughness in the "fair" to "very poor" range. However, in the overall length of the network these categories are not large. So even though they might have a higher percentage in those poorer conditions, they represent only a very small portion of the total network.

Figure 17: Surface roughness statistics

SEALED ROAD ROUGHNESS STATISTICS



Option development for renewals

Our approach to option development is to consider the total expenditure of renewals and maintenance based on varying levels of renewal activity investment, to maintain the current level of service for the carriageway assets. We have derived multiple scenarios to consider varying levels of rehabilitation and resurfacing investment and the outcome this has on the total expenditure for the carriageway network.

Three scenarios were modelled with increasing and decreasing renewal investment from the current level to determine where the optimal total expenditure on the carriageway pavement and what effect it might have on condition.

The chart (below) shows that an increased budget would improve the condition of the network but not by a huge margin. When decreasing the budget however the effect is different – the current good condition of the asset is consumed and then the deterioration rate ramps up. The current budget scenario evens out in the Medium condition, within level of service, without consuming the asset or requiring additional funding and so seems funded at around the correct level for pavement and surfacing.

Figure 18: Road surface condition rating by proportion of rural and urban road categories

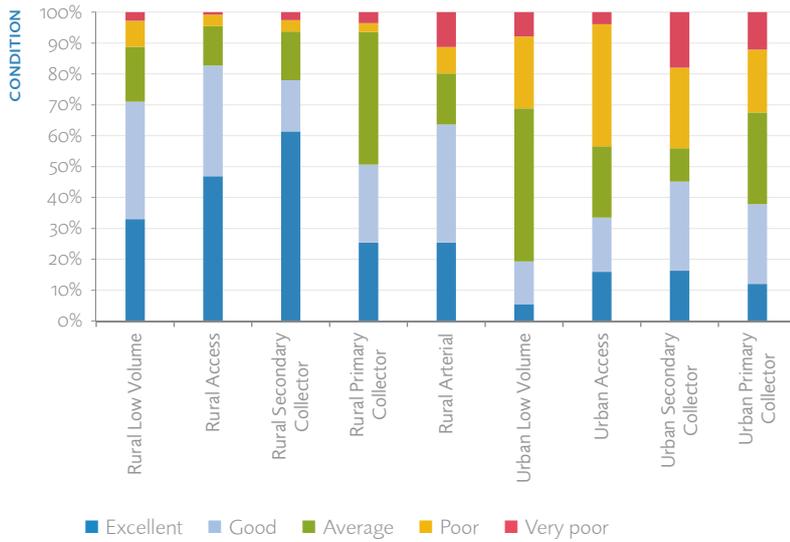
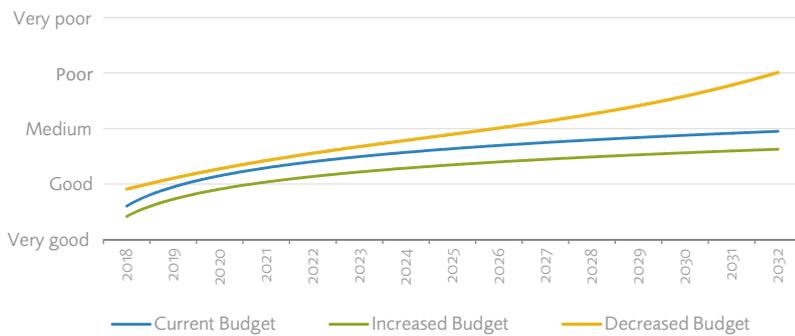


Figure 19: Budget changes effect



Council is aware that parts of some significant assets are ageing and will need renewal over the next 30 years. These form the basis of the renewal budget forecasts contained in this Strategy and the 2018–2028 Long Term Plan.

The assumptions underpinning these renewal profiles are:

1. That Council will manage out any peaks and troughs and maintain the average sealing quantity as per the last 20 years.
2. Since the establishment of the Tararua Alliance in 2014/15 there has been a conscious effort to extend the lives of pavement surfaces and reduce the annual resurfacing lengths through improved proactive maintenance practices. Over the past three years, Council has resurfaced an average of 66km per year, compared with an annual average of 105km over the ten years previously.
3. Inflation at 0% for the first three years (NZ Transport Agency three year work programme guidance) followed by inflation as per the assumptions using BERL transport inflators.

Bridge asset condition

Annual inspections are carried out on all bridges, large culverts, and underpasses using the NZ Transport Agency 'Bridge and Other Structures Inspection Policy' (NZTA S6:2009) as a basis for inspection policy, and using the Transit New Zealand 'Bridge Inspection and Maintenance Manual Revised Edition – 2001' (manual number: SP/M/016) for inspection and recording procedures.

A formal condition-grading programme has also been developed. This rating assesses the major components of the bridge, assisting with forecasting remaining useful life. As time progresses the inspections will give a pattern to develop further maintenance needs or ultimately signal bridge renewals.

The bridge and large culvert asset stock is in good condition with a very high proportion of the assets in "good" or "excellent" condition. Load carrying and seismic capacity information is currently minimal with an improvement in place to remedy this.

Currently there is no formal inspection process in place for retaining walls, with assets replaced reactively on failure. Routine inspections will be implemented in the future as we advance our asset management practices and process with regards to retaining walls, which has recently started with a validation of the retaining wall asset inventory and identification of previously missing assets.

An overall intention of this rating system will be to form guidance for bridge lifespans, which have the potential to increase.

Figure 20: Bridge asset condition

NUMBER OF BRIDGES AND LARGE CULVERTS BY AGE AND ONRC

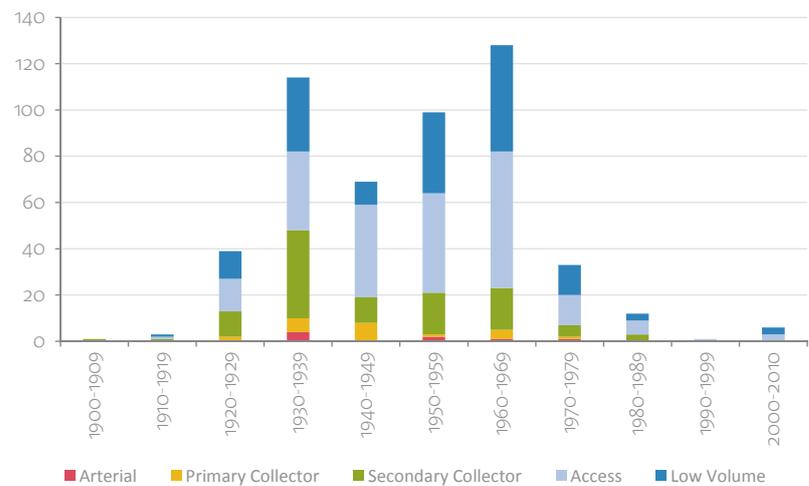
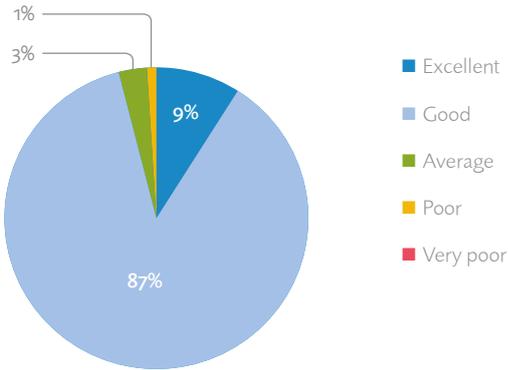


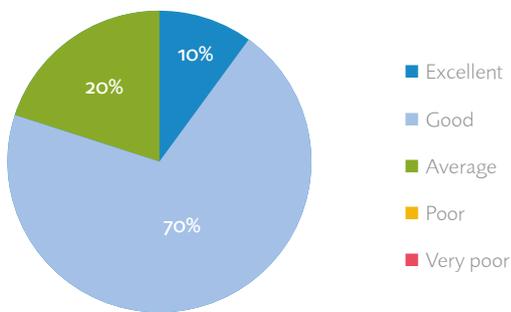
Figure 21 provides an overview of the condition of bridge and large culvert assets within each scheme using the 1–5 condition grading system outlined in Section 6.1.2.

Figure 21: Condition of bridges and large culverts within network

BRIDGE CONDITION



LARGE CULVERT CONDITION



As New Zealand is a relatively young nation, the history on bridge life cycles is unknown, hence the current practise of giving a bridge an average life expectancy of 100 years. As many of these assets have yet to be renewed there is often no proven age that they will need to be replaced. Renewal ages are based on industry accepted good practice and are conservative. Current renewals do not point to any issues with this approach (i.e. asset failures have not increased in recent years).

Replacement forecasting of bridges is currently carried out at a full structure level, with a typical expected useful life of 100 years and a replacement cost based on full like-for-like replacement applied to each. Condition grading (1–5) is carried out for each major component which, combined, provides an indication of the remaining useful life adjustment for the structure in its entirety.

Using the current typical expected life of 100 years, it is expected that 128 bridges will require replacement over the next 30 years at an estimated cost of \$38.47 million.

If the remaining useful life for all bridges is increased by ten years, to a typical life cycle of 110 years, it is expected that 73 bridges will require replacement over the next 30 years at an estimated cost of \$20.82 million.

If the remaining useful life for all bridges is increased by twenty years, to a typical life cycle of 120 years, it is expected that 31 bridges will require replacement over the next 30 years at an estimated cost of \$8.02 million.

If the remaining useful life for all bridges is increased by thirty years, to a typical life cycle of 130 years, it is expected that three bridges will require replacement over the next 30 years at an estimated cost of \$500,000.

In time, it is planned that structures will be componentised to a more detailed level.

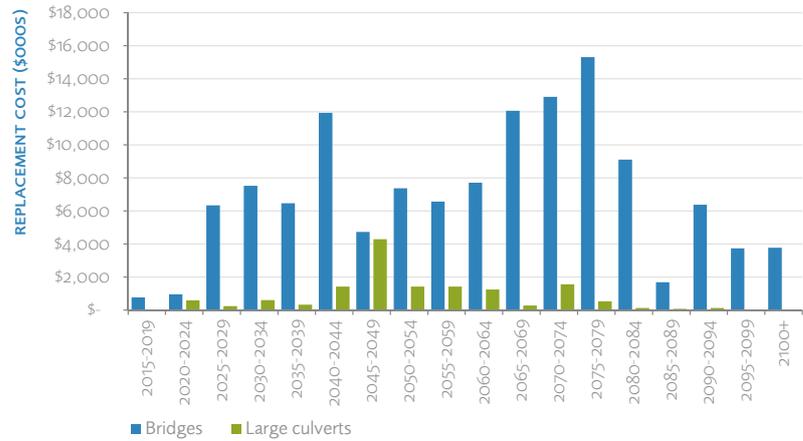
Expected and remaining useful life assumptions, condition assessment, and optimised replacement cost estimation will be applied to all bridges, to improve the accuracy of, and confidence in, bridge renewal forecasts. It is expected that, on average, the bridge substructure components have a greater life than the 100–110 year useful life typically applied.

Through proactive inspection, monitoring, maintenance and renewal of the bridge superstructure components (deck, surface, rails, etc.), we plan to extend the useful life of the high-cost bridge components, possibly maintaining the substructure (or at least components of) in perpetuity, although further analysis is required.

Optimisation of bridge renewals is also required to determine whether, if a full structure requires renewal, whether a like-for-like replacement is appropriate or if there is a lesser cost alternative (such as replacing with a large culvert). Alternatively, an improved level of service may be required due to demand changes (i.e. increased traffic requiring two lanes rather than one, pedestrian and/or cyclist demand requiring additional area, increased heavy vehicle demand requiring additional strength capacity, etc) which would increase the replacement cost of the structure.

Figure 22: Bridge renewals

STRUCTURES REPLACEMENT COST FOR FIVE-YEAR PERIODS



6.5.7 Significant decisions relating to transportation

Town centre upgrades – Pahiatua town centre upgrade

Council will complete its town centre upgrade projects, with Pahiatua due in Year 1.

Council is working closely on the design and scope with the local Pahiatua community and businesses. NZ Transport Agency is also involved as the owner of the state highway road(s) passing through Pahiatua.

The upgrade has three main objectives. The first is to provide an attractive town centre environment for residents that increases local pride. Secondly to increase local business by attracting out of town travellers to stop and shop. Thirdly to renew and upgrade infrastructure (water, stormwater, wastewater, communications) where required while the road and footpaths are being dug up.

The Pahiatua town centre upgrade construction is scheduled to start in 2018/19 at a total cost of \$2.65 million. Council has budgeted for three waters renewals under the separate Group budgets. Overall there is another \$2.3 million for this renewal work.

Route 52 upgrade

Council is proposing to upgrade Route 52, from the Weber intersection to the northern district boundary, at a cost of \$10.5 million over the next four years. NZ Transport Agency funding of \$6.9 million to fund the majority of the project has been budgeted for.

The objectives of the upgrade are:

1. Meet the ONRC standards for this important link road including safety and access,
2. Provide resilience to the roading network,
3. Provide a road that is fit for purpose to meet the increasing traffic demand by heavy vehicles that are using the road for forestry harvesting.

A detailed business case is required in Year 1 to justify the need for additional investment before NZ Transport Agency will approve their share of the funding. Council is assuming that NZ Transport Agency will approve the funding at the standard maintenance and renewal proportion of 66%. Council would reconsider the affordability of the project if NZ Transport Agency funding was declined.

A.

Appendix A: Data confidence

From Valuation Reports 2017/18:

Table 17: Data reliability

Asset category	Confidence	Comments
Formation	B - Reliable	Assumed extra widths.
Sealed pavement surface	A - Highly reliable	No assumptions made.
Sealed pavement structure	B - Reliable	Assumed depths, pavement ages and extra widths.
Unsealed top course and pavement structure	B - Reliable	Assumed depths and pavement dates.
Drainage	B - Reliable	Assumed construction dates.
Footpaths	B - Reliable	Assumed construction dates.
Surface water channels	B - Reliable	Assumed construction dates.
Signs	B - Reliable	Assumed construction dates.
Street lights	B - Reliable	Assumed construction dates.
Retaining walls	B - Reliable	Assumed construction dates.
Railings	B - Reliable	Assumed construction dates.
Bridges and major culverts	B - Reliable	Assumed construction dates for major culverts.
Pipeline assets	B-C*	

* While pipeline quantities are well documented (rating A), there is little condition data and hence remaining lives have a low confidence rating (B-C).

- A Highly reliable** Data based on sound records, procedure, investigations and analysis, documented properly and recognized as the best method of assessment.
- B Reliable** Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example the data is old, some documentation is missing, and reliance is placed on unconfirmed reports or some extrapolation.
- C Uncertain** Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data is available.
- D Very uncertain** Data based on unconfirmed verbal reports and/or cursory inspection and analysis.

Roading

(From Asset Management Plan)

Table 18: Data confidence and completeness

● Low confidence ● Medium confidence ● High confidence

Asset type	Asset inventory			Asset condition			Asset value		
	2015	2017	2020	2015	2017	2020	2015	2017	2020
Sealed pavements	●	●	●	●	●	●	●	●	●
Unsealed pavements	●	●	●	●	●	●	●	●	●
Drainage	●	●	●	●	●	●	●	●	●
Structures	●	●	●	●	●	●	●	●	●
Traffic services	●	●	●	●	●	●	●	●	●
Footpaths and cycle paths	●	●	●	●	●	●	●	●	●

Note that environmental is not included as it is predominantly activity based, rather than specific assets.

Table 19: Data accuracy grading system

Grade	Description	Accuracy
1	Accurate	100%
2	Minor inaccuracies	+/- 5%
3	50% estimated	+/- 20%
4	Significant data estimated	+/- 30%
5	All data estimated	+/- 40%

06

**GENERAL
INFORMATION**

Council

HER WORSHIP THE MAYOR



Mrs T H (Tracey) Collis
PO Box 115, Dannevirke 4942
06 374 4080
tracey.collis@taruadc.govt.nz

SOUTH WARD COUNCILLORS



Cr A K (Alison) Franklin
615 Ridge Road North, RD 3, Pahiatua 4983
06 376 6487
alison.franklin@taruadc.govt.nz



Cr S (Shirley) Hull
Mangahao Road, RD 3, Pahiatua 4983
06 376 7283
shirley.hull@taruadc.govt.nz

NORTH WARD COUNCILLORS



Deputy Mayor
Cr A L (Allan) Benbow
 38 Cowper Road, Dannevirke 4930
 06 374 8854 • 021 374 984
 allan.benbow@tararua.govt.nz



Cr J E (Jim) Crispin
 8 Stairs Street, Dannevirke 4930
 06 374 6768 • 027 717 8862
 jim.crispin@tararua.govt.nz



Cr E J D (Ernie) Christison
 PO Box 345, Dannevirke 4942
 027 442 8099
 ernie.christison@tararua.govt.nz



Cr C J (Carole) Isaacson
 63 Umutaoroa Road, RD 8, Dannevirke 4978
 06 374 5577 • 027 307 5013
 carole.isaacson@tararua.govt.nz



Cr P (Peter) Johns
 44 McLean Street, Woodville 4920
 06 376 5048 • 027 442 7115
 peter.johns@tararua.govt.nz



Cr A J (Andy) Thompson
 393 Ballance Valley Road, RD 3, Pahiatua 4983
 06 376 7372 • 027 482 4345
 andy.thompson@tararua.govt.nz

Community Boards

Dannevirke Community Board

Generally meets on the first Monday of the month at 3:00pm.

- **Chairperson**
Mr W R (Ross) MacDonald
91 Piri Piri Road, RD 7, Dannevirke 4977
06 374 7996
gloriarossmacdonald@gmail.com
- **Deputy Chairperson**
Mr P (Pat) Walshe
2 Cuba Street, Dannevirke 4930
06 374 5702
patrickw11@hotmail.com
- Mr T (Terry) Hynes
281 Top Grass Road, Rua Roa, RD 8, Dannevirke 4930
06 374 5761
kinvara281@gmail.com
- Ms K (Kim) Spooner
2 Lower Domain Road, Dannevirke 4930
06 374 9090
kimspooner@xtra.co.nz
- **Councillor**
Mrs C (Carole) Isaacson
RD 8, Umutaoroa, Dannevirke 4978
06 374 5577
carole.isaacson@tararuaadc.govt.nz

Eketahuna Community Board

Generally meets on the first Friday of the month at 10:00am.

- **Chairperson**
Mr C C (Charlie) Death
Nireaha Road, RD 2, Eketahuna 4994
06 375 8503
deaths@inspire.net.nz
- **Deputy Chairperson**
Ms S (Sharon) Shannon
125 Larsens Road, Eketahuna
06 375 8130
bevansharon@hotmail.com
- Mrs D F (Diana) Eagle
1775 Mangaone Valley Road, RD 4,
Eketahuna 4993
06 376 8256 or 027 323 3570
eagleeketahuna@xtra.co.nz
- Ms P (Pauline) Wilson
102 Stanly Street, Eketahuna 4900
06 375 8805
paulinewilson@xtra.co.nz
- **Councillor**
Mr A J (Andy) Thompson
393 Ballance Valley Road, RD 3, Pahiatua 4983
06 376 7372 or 027 482 4345
andy.thompson@tararuaadc.govt.nz

Community Committees

Woodville operates its own autonomous community committee, Woodville Districts' Vision (Inc).

Pahiatua operates its own autonomous community committee, Pahiatua on Track (Inc).

Council Committees

Chief Executive's Performance Appraisal Committee

- **Chairperson**
Her Worship the Mayor, Mrs T H (Tracey) Collis
- Deputy Mayor, Mr A L (Allan) Benbow
- Cr S A (Shirley) Hull

Tribunal and Hearings Committee

- Her Worship the Mayor, Mrs T H (Tracey) Collis
- Cr S A (Shirley) Hull

Audit and Risk Committee

- **Chairperson**
Mr K (Kevin) Ross
- Deputy Mayor, Mr A L (Allan) Benbow
- Her Worship the Mayor, Mrs T H (Tracey) Collis
- Cr J E (Jim) Crispin
- Cr S A (Shirley) Hull

Works Liaison Committee

- **Chairperson**
Cr J E (Jim) Crispin
- Deputy Mayor, Mr A L (Allan) Benbow
- Cr E J (Ernie) Christison
- Her Worship the Mayor, Mrs T H (Tracey) Collis
- Cr P (Peter) Johns
- Cr A J (Andy) Thompson

Tararua District Licensing Committee

- **Chairperson**
Mr David Lea
- **Secretary**
Mrs Joan Spencer
- **Members**
Mr Nick Perry
Mrs Maureen Reynolds
Mr Kerry Sutherland

Iwi Liaison Working Party

- **Chairperson**
Her Worship the Mayor, Mrs T H (Tracey) Collis
- Deputy Mayor, Mr A L (Allan) Benbow
- Cr P (Peter) Johns

Management team

Executive Staff

Blair King ME (Civil) MIPENZ
Chief Executive

Peter Wimsett CA, BBS
Manager Strategy & District Development

Raj Suppiah CA
Chief Financial Officer

Chris Chapman
Tararua Alliance Manager

Craig Lunn BRPC (Hons), MNZPI
Manager Planning and Regulatory

Directory

Head Office and Council Chamber

PO Box 115 Dannevirke 4942	26 Gordon Street Dannevirke
Telephone:	(06) 374 4080
Fax:	(06) 374 4137
General email:	info@tararua.govt.nz
Council Website:	www.tararua.govt.nz
District Website:	www.tararua.com
Facebook:	TararuaDC

Service Centre Locations

Dannevirke

26 Gordon Street, Dannevirke
(06) 374 4080

Eketahuna

31 Main Street, Eketahuna
(06) 376 0219

Pahiatua

136 Main Street, Pahiatua
(06) 376 0110

Woodville

45 Vogel Street, Woodville
(06) 376 0200

Other

Bankers

Westpac New Zealand Ltd
Dannevirke
Bank of New Zealand
Dannevirke

Auditors

Audit New Zealand
PO Box 149
Palmerston North
On behalf of the Auditor-General

Insurance Brokers

Aon New Zealand Ltd
Wellington

Tararua District Council statistics

General

Description	Total
Population (as at the 2011 Census)	16,854
Rateable assessments	10,713
Non-rateable assessments	660
Area (ha)	427,000
Net capital value (\$m)	4,527
Rateable land value (\$m)	2,884

Local roads

Description	Total
Rural	
Metal roads (km)	772
Sealed roads (km)	1,099
Urban	
Metal roads (km)	1
Sealed roads (km)	86
Total Roads (km)	1,958

Resource management

Description	Total
Resource consents issued*	45
Land-use consents*	3
Subdivision consents*	1
Building consents issued*	422
Registered dogs as at 30 June 2017	6,768
Licensed food premises as at 30 June 2017	135

* from 1 July 2016 to 30 June 2017.

Buildings

Description	Total
Major halls	5
Sports facilities	4
Public conveniences	17
Service Centres/Libraries	6
Pensioner flats	107

Recreation facilities, parks and reserves

Description	Total
Camping grounds	3
Swimming pools	4
Cemeteries	20
Major parks and reserves	9

Utilities

Description	Total
Bridges	394
Water supplies	
- Urban	6
- Independent	4
Sewerage systems	7
Solid waste disposal sites	9
Stormwater/drainage systems	4

Glossary of terms

Activity The operation of a facility or the provision of a service.

Asset Management Plan A plan, which identifies the current status of an asset, future renewal programme and options to meet growth due to demand/expansion.

Assets Assets are things that the Council owns such as roads, parks, footpaths, buildings.

Capital Development Is the creation of new assets or the addition of new components to existing assets that extend any assets service potential.

Capital Expenditure This is spending on new Council assets or replacing existing assets.

Capital Renewal Is the replacement of existing assets when they have reached the end of their useful life.

Capital Value The probable sale price of the freehold interest of the property if offered for sale at the time of valuation.

Community Board Selected community members/ward councillors to represent the interests of the community to Council.

Community Outcomes The community's priorities for the future of the district, identified through a community consultation process.

Cost of Service The true cost of performing an activity. Calculated as the total of direct costs, support costs, depreciation, interest and debt servicing.

Council-Controlled Organisation (cco) means a council organisation that is:

- a) a company—
 - i) in which equity securities carrying 50% or more of the voting rights at the meeting of the shareholders of the company are—
 - A) held by one or more local authorities; or
 - B) controlled, directly or indirectly, by one or more local authorities; or
 - ii) in which one or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or
- b) an organisation in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons,—

- i) control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the organisation; or
- ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the organisation.

Council-Controlled Trading Organisation (CCTO) A council-controlled organisation that operates a trading undertaking for the purpose of making a profit, formerly known as a Local Authority Trading Enterprise (LATE).

Depreciation The cost or value of the economic benefit of an asset used during a financial year.

Groups of Activities The Council's services are divided into nine groups of activities based on their relationship and the rationale for providing them.

Indicator Flag or signal that represent an issue of concern or which measure change or progress toward a desired outcome.

Infrastructural Assets Fixed utility systems that provide a continuing service to the community that are not generally regarded as tradeable. These assets include roads, water and sewerage services and stormwater systems.

Internal Recoveries Payment by one Council department to another in return for a service provided.

Land Value The probable price that would be paid for the bare land as at the date of valuation. The value includes development work such as drainage, excavation, filling, levelling, retaining walls, clearing, fertility build-up, flood protection.

Long Term Plan A plan which outlines the Council's programme for the next 10 years and how it will contribute to achieving the community outcomes. Formerly referred to as the Long Term Council Community Plan (or Community Plan).

Measure The actual piece of information or data used to gauge an indicator.

Mission This describes Council's basic purpose (its fundamental reason for being) and specifies the role Council is going to play in its environment.

Operational Expenditure All funding for providing services on a day to day basis, excluding renewal and capital expenditure.

Operating Revenue Revenue received as part of day-to-day activities. Includes user charges and rates but not capital revenue (such as new loans).

Performance Measure Measure by which organisational performance may be judged in relation to objectives.

Policy A course of action or set of parameters adopted by the Council or by management within which decisions can be made and action can be taken.

Private Benefit This occurs when individuals who benefit from a service can be clearly identified and therefore charged for that service. It applies to user charges, application fees, purchase price, and water by meter, though there are exceptions to the rule.

Public Benefit This relates to spending which benefits the community in general and for which no individual beneficiaries can be clearly identified.

Renewal Expenditure Funding for works that replace the existing assets over their projected lifetime. Generally funded from the depreciation reserve fund.

Reserve Funds Money set aside for a specific purpose. (See also Special Funds.)

Resource Consent This is permission to use resources such as land, water and air, granted under the Resource Management Act 1991.

Restricted Assets Assets that cannot be disposed of because of legal or other restrictions and that provide benefit or service to the community. They include reserves vested under the Reserves Act 1977, endowments and property held in trust for specific purposes.

Revenue Money received by Council.

Revenue and Financing Policy This is a statement about who should pay for the services provided by Council. The policy outlines who will benefit for each Activity and who should pay for it, taking into account fairness and what is practical.

Separate Rate A rate levied over a particular group of properties that receive or are capable of receiving a specific service or benefit additional to that provided by general rate funding.

Service Delivery Plan Outlines each of the Council's activities including service levels, performance measures, issues and future demand.

Significance This is the degree of importance of an issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impacts, and or likely consequences.

Special Funds Money set aside for a specific purpose. (See also Reserve Funds.)

Strategy Outlines how the district is going to undertake particular actions to deliver the community outcomes.

Submission Your opportunity to tell the Council your views on the Ten Year Plan. Submissions need to be made in writing.

Ten Year Plan A plan, adopted every three years, that sets the strategic direction for the Council over the next 10 years and outlines Council's contribution towards achieving the community outcomes. The Ten Year Plan is the same as the Long Term Plan. The term "Ten Year Plan" is used for ease of understanding.

Toby A valve situated at the property boundary for the purpose of controlling the flow of water to the property.

User fees and charges Fees charged to the community for use of specific services and facilities provided by the Council.

Vision Council's view of the future state of its community. It is used to inspire people into action, define future direction and implies that what we do now can influence and change the future for the better.