

LONG TERM PLAN 2021-2031



WAIROA
DISTRICT COUNCIL

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WELCOME TO THE LONG TERM PLAN 2021-2031

Ko te Mahere Pae Tawhiti mō tā tātau anamata. Ko te āhua nei hei whakatau ki tā tātau aronga me tā tātau mahi, ā, ka puta anō hoki i tā tātau whāinga kia tutuki ai ki ngā tau tekau e whai ake nei.

The Long Term Plan is about our future. It sets our direction and our work, and describes the outcomes we aim to achieve for the next ten years.

Ko te kaupapa i tēnei Mahere Pae Tawhiti, ko te ‘Pikitia’, he kupu tūāhua ka whakapuaki ai ngā ‘kōeketanga’, ngā ‘paerewa’ rānei. Ko te ‘Pikitia’ hei whai whakaaro i tā tātau ngākau titikaha pae tawhiti kia whakatutuki ai ki tā tātau hāpori ki ngā ‘Ratonga Ake’. He tīpako anō hoki tēnei ki ngā ‘paerewa’, mā tātau ngā wawata ngātahi e tutuki.

The theme for this Long Term Plan is **Pikitia**, which is a term used to describe **levels** or **standards**. Pikitia reflects our long term commitment to engaging with our community on **Levels of Service**. It also represents the **standards** to which we as a people aspire to achieve these together.

Waihoki, ko te ‘Pikitia’ he tūmomo whakaahua. Ko tā tātau Mahere Pae Tawhiti mō tā tātau matawhānui, tā tātau whakaahua rānei i tā tātau anamata. Nā reira, ka mahia te kupu ‘Pikitia’ e tātau hei pou tarāwaho i tā tātau haerenga mō ngā tau tekau e whai ake nei. He tonono tā mātau ki a koutou ko te hāpori whānui kia mahi ngātahi ki te whakarawe te huarahi pai ake mō tā tātau rohe whānui o Te Wairoa, nāiane tonu, ā muri ake nei hoki.

In addition, Pikitia describes a **picture**. Our Long Term Plan is about our vision or our **picture** for the future, and so it is fitting that we use **Pikitia** to frame our journey for the next ten years. We invite you on this journey as we work together to provide the best we can for our people and district, now and into the future.

This Long Term Plan was adopted by Council on 30 June, 2021, successfully meeting the statutory deadline.



2021-31 LONG TERM PLAN

SECTION 1: OUR PLAN



Welcome to the Wairoa District Council’s 2021-2031 Long Term Plan. Tēnā tātau. Nau mai ki tā tātau Mahere Pae Tawhiti 2021-2031.

We invite you to join us on the journey as we work together to deliver our activities and services over the next 10 years.

Meeting the needs of our community in an affordable way is a significant challenge. The 2021-2031 Long Term Plan consultation focussed on *Levels of Service* and what our community expects from Council. Members of the community had meaningful input into the ten year vision while understanding what it costs to run the district. People were able to choose from a sample of services whether to spend more, the same, or less, and see how that decision would impact on cost, rates, risk and debt. We discussed the issues and challenges that affect Council’s dollars, and explained how we plan to respond.

Facing the challenges

Council’s aim is to be financially sustainable using a funding approach that is simple, as affordable as possible, and appropriate. Over the next 10 years, it will cost Council about \$334 million to deliver its activities and about \$136 million to keep its assets in good condition.

Our challenges include, a vast district with a small ratepayer base over which to spread the cost of Council’s activities and growing infrastructure requirements. We must be able to afford to provide the services our community needs. Many of our costs relate to legislative change and compliance requirements.

Financial sustainability was at the centre of our *Levels of Service* consultation, and we sought to be transparent on this matter while seeking constructive debate about how to address the risks and mitigate them. During consultation our community told us that current levels of service were about right, so we have prepared our plan around how we can continue to deliver these sustainably.

We need a reset

Over the years, Council has managed to keep rates low for the community by using its reserves and borrowing and not rating for all depreciation. We have also sold surplus assets and deferred expenditure. This is not a sustainable approach. While we will work hard to secure alternative revenue sources, rates increases will be higher for the next few years. This will ensure we are able to continue providing what our community needs for the next ten years.

In our previous Long Term Plan, we signalled that Council would become more reliant on borrowing to carry out essential upgrades to its infrastructure. This has now become more of a reality.

Change is already underway with the adoption of a new rating model that is less complex, more appropriate and affordable which will take effect from 1 July, 2021. A review and enhancement of some of Council’s key strategic and organisational components, including its community outcomes, has also taken place. The reduction in outcomes from nine to four has resulted in a more succinct set of statements which are well-aligned to achieving social, economic, environmental and cultural well-being for our district.

We are unique

We have the highest proportion of Māori population of any district in New Zealand, and are working at developing a model of local government which is bicultural and in tune with the needs of our entire community. Our deep links with marae across the district means we are in a strong position to work closely with iwi in conjunction with their post Tiriti o Waitangi settlement entities to identify opportunities for social, cultural and economic development.

External funding

Through a strategic approach, Council has attracted significant central government funding to advance infrastructure upgrades. Our community has benefitted substantially from Provincial Growth Funding which has enabled us to undertake needed capital development within our district.

Our future together

Our district’s population increase is positive and over the next 10 years our focus will be on growing the numbers, attracting more business and employment to Wairoa and improving our environment. As we keep abreast of changes through the Three Waters Reform, we will invest in our infrastructure so we can provide sustainable levels of service for generations to come.

We are committed to our community and intent on seeing it succeed. Our aim is to advance the well-being of our district, while having a clear-eyed understanding of the situation and challenges.

There is much work ahead of us and it is vital that we get the balance right. Working together with you to provide levels of service in an affordable and sustainable way will ensure we can deliver what our district needs both now, and into the future.

C Little
Mayor Craig Little

K. Tipuna
CEO Kitea Tipuna

Who we are and where we’re headed

Our Strategic Direction is about who we are and where we’re heading. Our mission, vision and community outcomes set this direction and guide us to deliver sustainable *Levels of Service* to support the wellbeing of our people and district. Together they explain what drives us to do the best we can for the people we serve.

Clearer and stronger

During 2020, we refined our mission, vision and community outcomes to improve their relevance and alignment to achieving the social, economic, environmental and cultural wellbeing for our community.

OUR MISSION	To support the Wairoa Community through decision-making that promotes the cultural, social, economic and environmental well-being of the district now and in the future.	
OUR VISION	Desirable Lifestyles, Thriving Economy, Treasured Environments, Connected Communities	
COMMUNITY OUTCOMES	Cultural Wellbeing <i>Valued and cherished community</i>	Social Wellbeing <i>Safe, supported and well-led community</i>
	Economic Wellbeing <i>Strong and prosperous economy</i>	Environmental Wellbeing <i>Protected and healthy environment</i>

Our *four new outcomes* retain the significance of the previous ones but are simpler. They also emphasise Council’s leadership role in supporting wellbeing and align to the wider community context and purpose of local government. Each of the outcomes now aligns to a corresponding wellbeing, which provides a clearer strategic match between our community’s interests and Council’s wellbeing focus. The new outcomes are linked to all Council’s activities and provide

the high-level direction that guides the development and rollout of work plans and programmes. They are linked to Council’s key activities, each of which has a management plan with a performance framework¹ that defines *Levels of Service*. As part of the LTP’s development, these measures have been improved to ensure they are specific, measurable and achievable.

ACTIVITY GROUPS	ECONOMIC WELLBEING	SOCIAL WELLBEING	ENVIRONMENT WELLBEING	CULTURAL WELLBEING
WATER SUPPLY	✓	✓	✓	✓
STORMWATER	✓	✓	✓	✓
WASTEWATER	✓	✓	✓	✓
WASTE MANAGEMENT	✓	✓	✓	✓
TRANSPORT	✓	✓	✓	✓
COMMUNITY FACILITIES	✓	✓	✓	✓
PLANNING & REGULATORY	✓	✓	✓	✓
LEADERSHIP & GOVERNANCE	✓	✓	✓	✓
CORPORATE FUNCTIONS	✓	✓	✓	✓

Our district, our future

Through the consultation process, our community had a say. This allowed us to share the responsibility for plotting the course and engage our community to tell the story about who we are and what we want for the future.

¹ The performance frameworks for our activities outline our high-level levels of service, performance measures and targets to reach. These are described in Section 2, and are reported on annually in Council’s Annual Report so that our community can see how we’re doing.

TĀ TĀTAU MAHERE

OUR PLAN

Seeing the whole picture

The Long Term Plan or LTP is about our future. It sets our direction and our work and describes the outcomes we aim to achieve for the next ten years.

The LTP is a significant document and covers a broad range of information. It is divided into five key sections or pillars. These pillars are the foundations which our organisation and the work it does for the community are built on. Together they tell our story about Council's goals for the community, what it does and how it does it, the costs and how it's funded.

These sections explain our risks and challenges, how we plan to respond to them and how, through our levels of service we aim to provide for the social, economic, environmental and cultural wellbeing of our people and district.

Section 1: Our Strategic Direction Who we are and where we're headed

Section One sets the scene for Council's Long Term Plan. It explains what the Plan is, how it's put together and what this means for our community and district. It outlines Council's strategic direction through our Vision, Mission, and Community Outcomes, how these elements support the wellbeing of our community, and set our direction for the future.

Section One also includes Council's Financial Strategy, which outlines the issues and challenges that affect Council's dollars, and explains how we plan to respond to ensure an ongoing level of service to our people. As we move forward, the Strategy will guide Council's financial decisions so that it can continue to deliver what our community needs for the next decade.

Section 2: Our Activities What we do and why we do it

Council provides a wide range of services and activities for the community. These activities range from the provision of drinking water, parks and reserves to the Library and cemeteries.

Section Two focusses on the management and service delivery of Council's 23 activities. It explains why we provide them, the cost to deliver these services and how they're funded. Section Two also describes how we will measure our performance in delivering these activities, along with how they contribute to our strategic direction and support the wellbeing of our community.

Section 3: Our Finances How we pay for what we do

Section Three shows what Council plans to spend on the activities and services needed to keep our community running for the next 10 years. It shows how these activities are funded and how the cost is spread.

It describes what Council's financial position for the next 10 years will be and shows how much income Council plans to receive compared to how much it has to spend. Section Three also shows the changes to Council's equity or 'worth' and shows the levels of cash that flows within its activities. Council's capital plan shows project work that is needed to improve levels of service, meet demand or replace assets.

Section 4: Our Policies What guides our decisions

Council's key LTP policies help guide its decision-making on important items relating to revenue and financing, engagement with its community and Māori decision-making. **Section Four** includes information on three key policies that help ensure Council is delivering, funding and engaging in the right way for its community.

Section 5: Our Infrastructure Key services for our community

Council's infrastructure is one of the main building blocks of our community. Whether its roads, water supply, wastewater or waste management, these key activities ensure our community has what it needs to keep functioning.

Section Five provides a comprehensive insight into Council's infrastructure. It sets Council's goals for the delivery of Three Waters, roading, built and open spaces, and waste management, tells a story about our levels of service and the cost to deliver them, identifies the risks to service delivery and the trade-off to meet these goals.

Section Five also includes Council's Infrastructure Strategy, which outlines the principles that guide the management of these activities and identifies the significant issues we will face over the next 30 years. These issues include the impacts of climate change, land use change and legislative change including the Three Waters Reform. It shows how we plan to respond to these issues and what this will mean for the future of these activities and the people who use them.

Our 2021-2031 LTP has had a major overhaul from the last plan in 2018. Significant changes have been made to improve its readability and appeal. Improvements to the design and layout have been made so the document is easier to read and understand.

The journey from start to finish

Building the 2021-2031 Long Term Plan is a two-year mission. It involves months of planning, design, development and engagement across various activity areas and with different groups of people, including our community.

Council's work in delivering this LTP has been focussed on two key goals, *to develop a quality document and to have it come in on*

time. Council used a comprehensive project plan to ensure key milestones and deadlines were reached. Milestones included rich community engagement processes, for which Council was recognised at a national level.

Here are the **key** stages so that you can **see what was done**.



TĀ TĀTAU TAKI

OUR CHALLENGES

As we deliver levels of service to our community over the next 10 years we will face many challenges. Planning for these issues and working through them in a sustainable way will help ensure we can provide what our district needs both now, and into the future.

Affordability

Council faces considerable challenges with a small rating base to spread costs across. Over recent years, Council has absorbed these increased costs by using its reserves, and not rating for all depreciation. We seek to address funding challenges, but can not use the reserves to offset increasing costs.¹

A reset was required, so we could position ourselves to ensure a sustainable future for our district over the next 10 years. This is about making Wairoa the best it can be both now and for generations to come. Moving forward we will be rating to recover the actual costs of running the district. In order to catch up and keep up, average rates increases will be higher for the next few years. Council will retain its objective of keeping rates increases below 5%, but this must be seen as a long term objective.

During the consultation stage of the LTP the community told Council the current levels of service were about right, so the budgets have been planned around continuing to deliver these services sustainably.

Our Infrastructure

Council's infrastructure-based services include the provision of drinking water, stormwater networks, wastewater systems, waste management facilities, a roading network and airport.² Council's Infrastructure Strategy identifies the significant issues we will face in managing these activities over the next 30 years. It shows how we plan to respond to these issues and what this will mean for the future of these activities and the people who use them.

Our Key Issues

The following issues are at the forefront of our planning on levels of service:

Legislative and policy change will impact the planning and delivery of our activities. We will respond by keeping a watch on legislative change, Three Waters reform, planning for increased costs to meet the change, reviewing service delivery models, and having dialogue with Government on the pressures upon Councils.

Climate change effects and weather events will impact on our infrastructure. We will respond by monitoring local trends in weather, identifying assets at risk, monitoring flooding, slips and erosion. We will also develop catchment management plans and participate in National Climate Change programmes.

Land use change will impact on our infrastructure and levels of service. We will respond by working with forestry owners and other road users to quantify the effects on roading, and assess land use change and impacts.

Growth in the district will impact on the capacity of our existing infrastructure. We will work with planners to understand the capacity for increased dwellings and businesses, we will investigate alternative funding sources and consider community development options.

Affordability challenges are the reality of having a small rating base. We will respond by identifying alternative funding sources, considering how rates are levied, reviewing levels of service and by continuing to build a relationship with Waka Kotahi.

Resilience challenges affect our ability to cope with and recover from adverse events. We will respond by increasing our knowledge of asset data. We will prioritise planning for critical assets and ensure maintenance of critical routes is carried out. We will seek to identify an alternative water supply for Wairoa.

Funding Infrastructure

Many of Council's key services are delivered using its infrastructural assets. Council funds the operation, renewal and improvement of these assets through rates, depreciation reserves, loans and subsidies. The costs to deliver these services are considerable and addressing funding challenges requires careful planning and decision-making.

Depreciation: Council will rate for depreciation over the life of its assets, so that it has money set aside for when the assets need replacing. It will do this on assets where no other funding sources are available. Over the next few years, Council will need to catch up on infrastructure funding, but in the immediate term will reduce the amount it rates for depreciation to alleviate some of rates burden. It will not rate for depreciation where it expects that it can use Waka Kotahi subsidies, or where funds from the Three Waters stimulus package can be used to renew and upgrade its assets.

Loans: To fund improvements to its infrastructure and maintain levels of service, Council will need to borrow, on average, nearly \$3 million extra every year for the next 10 years. It will borrow up to the levels that it considers prudent and rate for the repayment of this debt over the life of the assets. Using its own debt servicing model, Council will ensure that the scale of borrowings continues to be affordable.

Subsidies: Council has a high level of dependence on external funding from Waka Kotahi. Any reduction in Council's level of funding would have a significant impact on our land transport activity and Council would need to consider its levels of service. As there is limited capacity to augment the land transport programme, our work would need to be prioritised to meet any change in demand.

Overall, Council needs to ensure its infrastructure is well maintained to avoid future unexpected costs, and to ensure services to the community are continued. We will need to consider potential changes to levels of service. At the same time, Council will continue to look at alternative and external revenue sources that enable us to reduce the financial impact of increased costs.

Three Waters Reform

The Three Waters Reform Programme and Review conducted by the Department of Internal Affairs (DIA) signalled the prospect of a significant overhaul to the way water services may be delivered throughout New Zealand.³

Wairoa, as part of the Hawke's Bay Group of Councils were already working together on opportunities to improve our three waters infrastructure ahead of the Central Government Reform announced in 2020. We also signed a Memorandum of Understanding (MoU) with Central Government to explore future service delivery options that secured funding. At this stage the outcome is uncertain and the LTP has been prepared on the basis that the delivery model will not change in the foreseeable future.⁴

However, the Government expects to make substantive decisions in 2021. It is expected that Councils will be asked to consult with their communities in late 2021 whether they should join one of the new waters service delivery entities. We intend to consult on this decision once Central Government has made their decision and more facts are available. For Councils that participate in the reforms, transfer

of responsibility and assets is likely to occur from 2023/24 onwards. Our community needs three waters assets regardless of the outcome of impending reforms. As such we have included three waters in our infrastructure and financial strategies and as a key challenge within our LTP.

Climate Change

Potential climate change effects are likely to impact on our infrastructure and affect Council's ability to deliver levels of service. Our planning helps us identify key risk areas, recognise impacts in asset and financial modelling and prioritise funding for resilience. We will identify critical components of our networks, and prioritise renewals so the network can continue to operate.

We are responding by monitoring local trends in weather, identifying at-risk assets and monitoring flooding, slips and erosion. We will also develop catchment management plans and participate in National Climate Change programmes.⁵

Impact of COVID-19

COVID-19 has had an impact on us all. Although Wairoa demonstrated it's resilience with a strong primary economy, we are mindful the pandemic continues to have a global impact and the ripples will be felt everywhere.

We have considered the potential future impacts and implemented business continuity processes to ensure that Council can continue to deliver critical and front-facing services. Our systems and processes continue to evolve and respond to the changing environment and our long term planning ensures economic resilience over time. Technology-based examples of resilience methods include the implementation of new IT systems including a new cloud-calling solution and a cloud-based upgrade to Council's main administrative, financial and regulatory system.

¹ For more information on Council's funding plans, please refer to Council's Financial Strategy

² For more information, please refer to Council's Activity Management Plans.

³ For more information on Government Reforms, please visit www.dia.govt.nz/three-waters-reform-programme

⁴ For more information on the Hawke's Bay Council's Regional Review, please visit www.hb3waters.nz

⁵ For more information on Council's response to Climate Change, please refer to Council's Forecasting Assumptions and Infrastructure Strategy



Ā TĀTAU RATONGA AKE

OUR LEVELS OF SERVICE

We provide a wide range of services and activities for our community. Delivering these services and activities helps us look after the social, economic, environmental and cultural wellbeing of our people and district. **Levels of service** refers to the standard or level at which these activities are provided to our community. It means how much of a service is done, and what you get for it.

WATER SUPPLY

We produce 2.9 million litres of drinking water per day from our water supply systems in Wairoa, Frasertown, Tuai, Blue Bay (non-operational) and Māhanga (pending outcomes of Three Waters Reform). We maintain a compliant and efficient service that is safe for people and the environment, all day, every day.

STORMWATER

We maintain networks of stormwater pipes, open drains and outlets in the Wairoa, Tuai and Māhanga areas, ensuring a compliant and efficient system that is safe for people and the environment, all day, every day.

WASTEWATER

We operate and maintain wastewater systems in the Wairoa, Tuai, Māhanga and Ōpoutama areas, aiming to ensure a compliant and efficient wastewater service that is safe for people and the environment, all day, every day.

WASTE MANAGEMENT

We provide waste management facilities and ensure refuse can be disposed of in a controlled manner. We operate a large open landfill and recycling centre in Wairoa to the public for 4 days a week, 6 hours per day to take domestic and commercial refuse. We operate five closed landfills, and manage litter and domestic refuse collection and kerbside recycling.

TRANSPORT

Land Transport

We provide nearly 900km of roads, 175 bridges, and over 340 retaining structures. We maintain more than 40kms of footpaths, nearly 24,000m² of carparks, 3000 traffic signs and hundreds of streetlights. We manage the network in a sustainable and efficient manner that meets demand, all day, every day.

Airport

We fund the airport activity to maintain an operational facility which includes a 910m runway. The airport and its facilities are maintained for light aircraft and charter operations in a sustainable and efficient manner.

COMMUNITY FACILITIES

Cemeteries

We provide and maintain public cemeteries at Wairoa, Nuhaka, Frasertown, Ruakituri and Morere in a reliable, accessible, safe and efficient manner that meets the community's current and future needs.

Parks and Reserves

We provide sports grounds, public gardens, neighbourhood parks and playgrounds, access along riverbank and foreshore reserves, and public toilets. In these parks, we also look after the vegetation, buildings, walkways, playground equipment, fences, lighting, tables, bins and memorials. We maintain an efficient and responsive service that ensures parks, reserves and public toilets are safe and well maintained.

Library

We provide the Wairoa Library with over 25,000 books and digital resources, reading programmes and initiatives to over 32,000 visitors and 8,000 patrons a year. We provide lending, information and digital services and programmes five and a half days per week. We also house the Regional Digital Hub, which provides access to digital technology and programmes to help build and support the digital connectivity and capacity of our district.

Community Support

(Community Centre, Museum, Gaiety Theatre)

We partner in and support the provision of recreational, health, cultural and heritage activities. We support community events, initiatives and facilities including the Community Centre and Wairoa Museum.

PLANNING AND REGULATORY

Resource Planning

We provide resource consent within timeframes and planning services to support the sustainable management of natural resources. We maintain the District Plan.

Environmental Health

We provide environmental health services to protect and improve public health with food premises, water quality, pollution, noise control, and fly dumping. We ensure community safety through the registration of food premises, hairdressers, funeral directors and camping grounds, and respond to complaints.

Building Control

We provide building control services to ensure that construction on new and existing buildings is compliant and controlled. We issue building consents within timeframes and monitor building WOFs, swimming pools and dangerous and unsanitary buildings.

Liquor Control

We provide liquor control and licensing services, issuing liquor licences within timeframes.

General Bylaw Compliance

We provide general bylaw enforcement and maintenance and respond to complaints over freedom camping, land transport, public safety, cemeteries and trade waste.

Dog Control

We provide dog control services in response to complaints about dogs and manage the pound. We maintain the National Dog Register, and respond to stray, barking and nuisance dogs.

Stock Control

We provide livestock control services for wandering animals, ensuring community safety through the removal of nuisance stock.

LEADERSHIP AND GOVERNANCE

Community Representation

(Long Term Planning, Elections, Governance)

We provide for district representation and governance, elections, community engagement, policies, annual reporting and planning, and long term planning. We support and encourage community participation in democracy.

Māori Relationships

We develop relationships with Māori, and promote and facilitate Māori participation in decision-making through the Māori Standing Committee, and by promoting the use and implementation of te reo Māori.

Economic Development

We provide district promotion, tourism services, and manage policy as it relates to our economy. We provide the Visitor Information Centre and implement the Economic Development Plan.

CORPORATE FUNCTIONS

Corporate Services

We provide corporate services which include customer services, finance, administration, information technology, business support, human resources, records, archives, project support, rates services, legal compliance, policy development, and official information. We manage and deliver these services in an efficient and responsive manner.

Property

We provide property services for the camping ground, information centre, community halls, pensioner housing and commercial property, in an efficient and responsive manner that ensures our properties are safe and well-maintained.

Corporate and Funds Management

We hold investments that support the provision of sustainable infrastructure and services. This includes managing cash, debt, equity and property investments. We operate treasury services that provide low-cost funding for projects, immediate funds for emergencies and day-to-day funding.

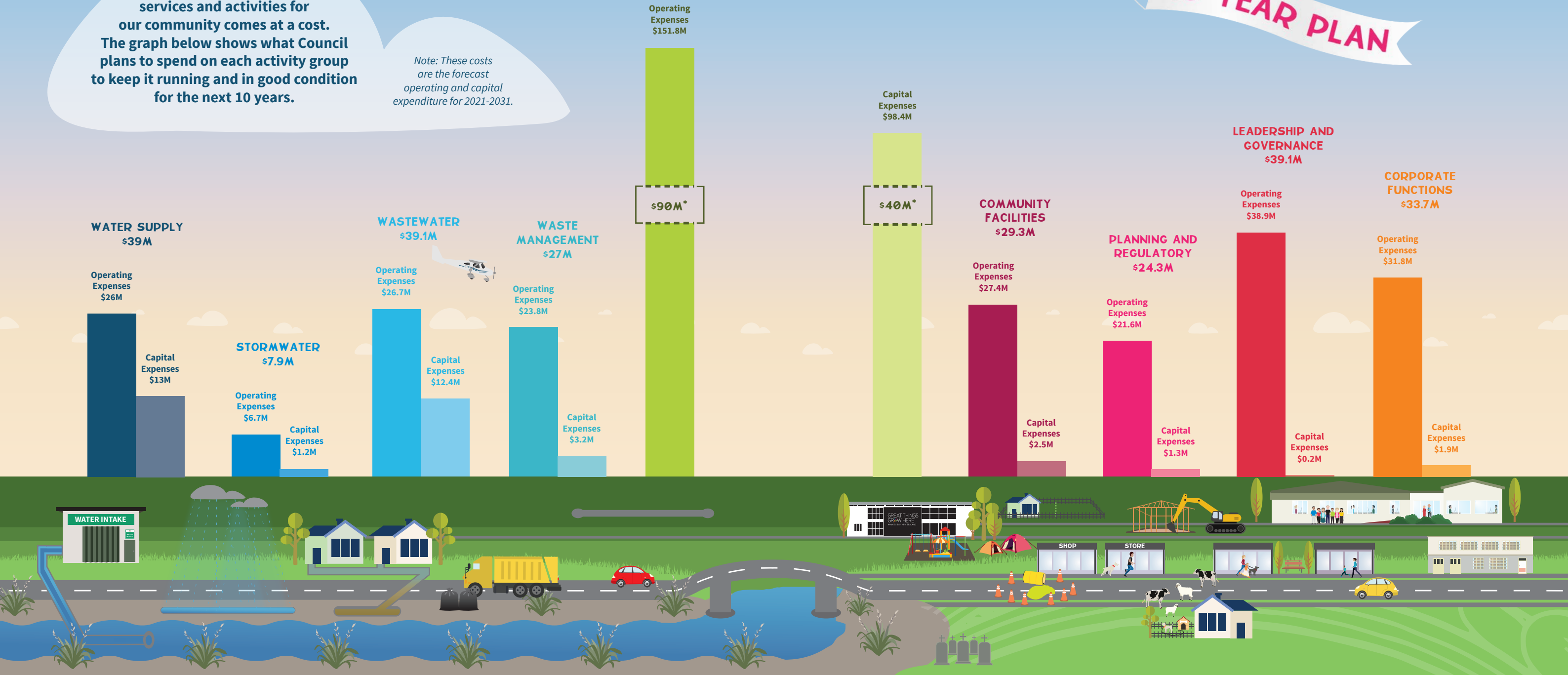
Note: These are high-level levels of service statements. Full level of service details, activity outcomes and performance measures and targets for all activities are provided in Council's Long Term Plan Activity Management Plans and Asset Management Plans.



COST OF SERVICE

Providing these services and activities for our community comes at a cost. The graph below shows what Council plans to spend on each activity group to keep it running and in good condition for the next 10 years.

Note: These costs are the forecast operating and capital expenditure for 2021-2031.



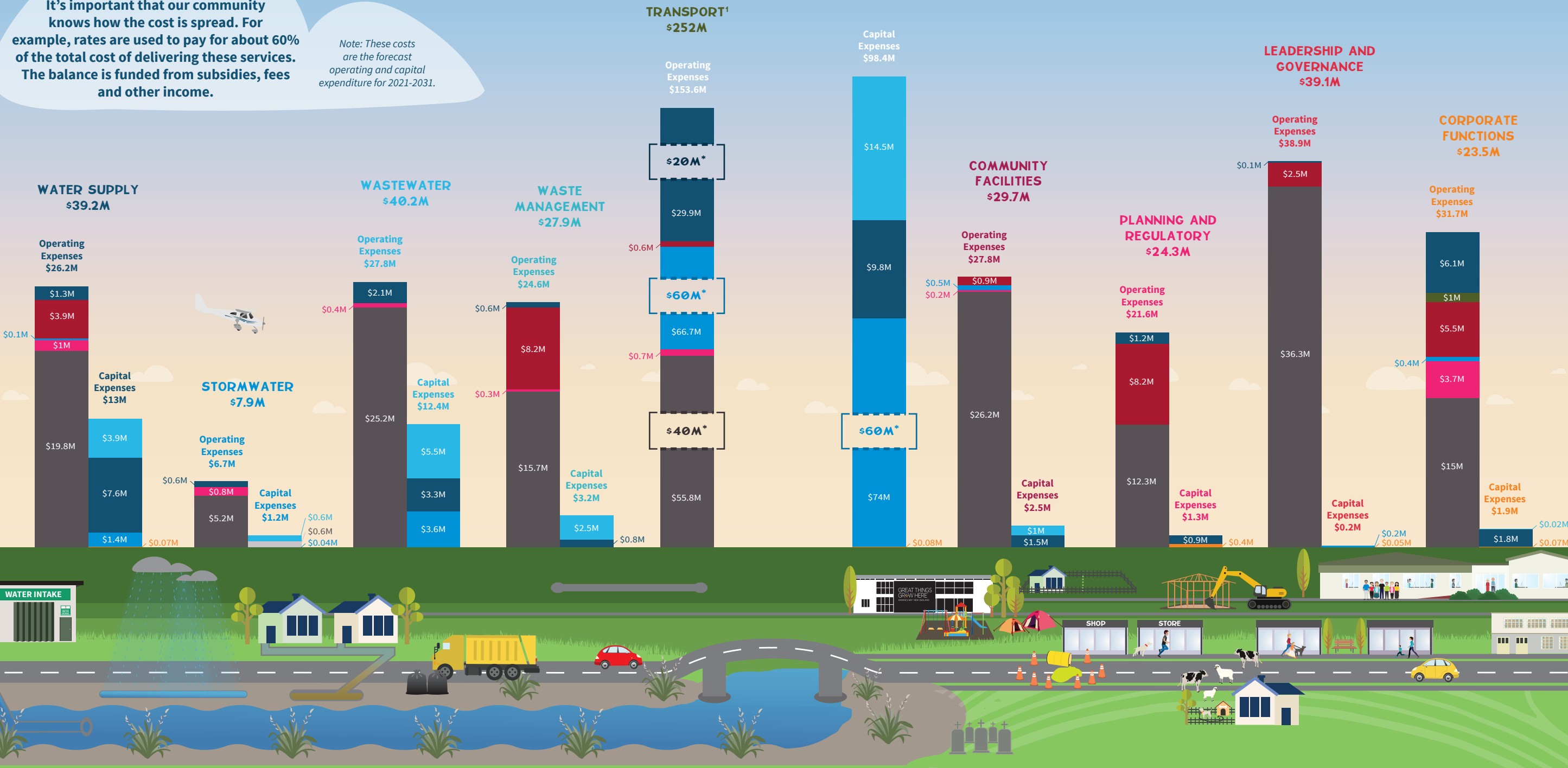
¹ The bar for the transport activity has been split so that the large values fit on the page. The dotted box in the bar is used to absorb the amount stated in the box. This means that the broken area of the transport bar (\$90M) is not displayed to scale.

FUNDING OF SERVICES

Our services and activities are funded in different ways. It's important that our community knows how the cost is spread. For example, rates are used to pay for about 60% of the total cost of delivering these services. The balance is funded from subsidies, fees and other income.

Note: These costs are the forecast operating and capital expenditure for 2021-2031.

- Rates
- Subsidies & Grants
- Petrol Tax
- Asset Sales
- Investment Revenue
- Fees & Charges
- Reserves
- Loans



¹ The bar for the transport activity has been split so that the large values fit on the page. The dotted boxes in the bar are used to absorb the amounts stated in the box. This means that the broken areas of the transport bar (\$40M, \$60M and \$20M) are not displayed to scale.

OUR FINANCIAL STRATEGY

Introduction

This Financial Strategy sets out how Council intends to fund its activities and projects, in order to deliver sustainable service levels and achieve the community objectives contained in its Long Term Plan 2021-31 and the corresponding 10 years of its Infrastructure Strategy.*

Over the next 10 years, Council forecasts that a total of over \$334 million in operating costs and nearly \$136 million in capital expenditure will be required in order to meet these objectives.

This strategy will guide Council on the use of appropriate funding tools to pay for this expenditure, so that it can continue to deliver effective and affordable services to the community now and into the future.

This strategy examines the key drivers that will affect Council's funding and expenditure, the risks associated with the assumptions it has made, and the use of available tools to deliver its outcomes and allow for changing circumstances.

Council faces significant challenges to deliver desired levels of service within an affordable funding envelope. We will continue to strive to deliver effective services at an affordable cost. Despite this we also need a reset, to respond to events of the past 3 years and reposition the Council to a sustainable financial footing.

Over recent years Council has been able to keep rates increases below its prescribed limit of 5%. It has achieved this primarily by not rating for depreciation, selling surplus assets and deferring expenditure. These measures can only work in the short term and we have to do something about it. Council still sees a rates increase threshold of 5% as desirable, but for the next few years it will not be achievable unless we have a serious look at levels of service.

Background

What hasn't changed

Wairoa's low population density and the large remote expanse of land over which Council delivers infrastructure and services present continuing affordability challenges. Our remoteness and landscape, whilst presenting wonderful lifestyle benefits, adds to this.

The costs of meeting increasing compliance requirements and the community's desired levels of service in all areas will continue to rise.

Council is heavily dependent on Waka Kotahi subsidies to maintain its roading network and, at 75%, receives the highest funding assistance rate in the country.

In the LTP 2018-2028 we forecast that Council would become more reliant on borrowing to undertake essential upgrades to infrastructure and facilities. This has begun and the trend will continue for at least four years.

What has changed

COVID-19 has made everyone rethink how they do business and although Wairoa and the Hawke's Bay Region generally proved it's resilience with a strong primary economy, we are mindful that the

pandemic continues to have a global impact and the ripples will be felt everywhere.

The Three Waters Reform Programme and Review conducted by the Department of Internal Affairs (DIA) signalled the prospect of a significant overhaul to the way water services may be delivered throughout New Zealand.

As part of the Hawke's Bay Group of Councils we were ahead of the game, having started a regional review in 2019, and we will continue to strive for the best outcome for our community. At this stage the outcome is uncertain and this LTP has been prepared on the basis that the delivery model will not change in the foreseeable future.

Council outperformed the sector by securing significant investment from the Provincial Growth Fund (PGF) and the DIA Reform Stimulus Package.

We have a new rating model**2 and Revenue and Financing Policy**3.

Our financial objectives

During 2020/21 Council conducted a rating review seeking an approach that is simple, affordable and appropriate. This ethos is embedded in our updated Revenue and Financing Policy and will underpin our approach to funding throughout this plan.

Our mission in this strategy is financial sustainability and our financial objectives are:

Objective	Simple	Affordable	Appropriate
Certainty of Rates Increases		✓	✓
Optimise External Revenue	✓	✓	✓
Value for Money		✓	✓
Intergenerational Equity	✓	✓	✓
Debt Remains Manageable	✓	✓	✓

These objectives are not a means to themselves, they are the pillars upon which we will seek to build a financial framework to enable us to deliver effective services and infrastructure now and into the future, as economically as possible. We may not achieve them all at the same time and sometimes they will conflict. There will need to be a balance. It's a long road with many turns ahead.

Council has adopted a range of benchmarks to assess how we are progressing. These are illustrated throughout this strategy.

²For more information on Council's new rating model, please refer to the Rating Funding Impact Statement.

³For more information please refer to Council's Revenue and Financing Policy.

Assumptions

This section discusses the key factors that will affect Council's ability to achieve its objectives. For each area a table is presented showing Council's assessment of the risks that the area presents to achieving these objectives and the degree to which opportunities may be developed to contribute to favourable outcomes.

The key factors that will influence Council's ability to achieve its financial objectives are population, economic factors, land use and maintaining Levels of Service.

Population

Wairoa's population has been growing steadily since 2014 and is forecast to exceed 9,000 by 2031 for the first time since 2003. While this is very encouraging, and great news for our social wellbeing outcomes, it will do little to spread the load on a small ratepayer base. It would take eight new rating units to reduce the Uniform Annual General Charge by \$1. It is hoped that this population growth will stimulate economic growth that will improve household incomes and make Council activities, as part of the general cost of living, more affordable.











It is forecast that between 2021 and 2031 the total population will increase by 300, and thus an increase in households of 120, based on extrapolating reported growth in the last two years¹. This average increase of 10 per year is consistent with our own observations; over the past two years Council has seen a net increase of 18 dwellings in its Rating Information Database and issued 17 residential building consents between 2018 and 2019.

Council's Infrastructure Strategy advises that there is sufficient capacity in its existing infrastructure to accommodate this growth, noting that seasonal swells are likely to continue to increase, and that existing plans will accommodate upgrades to Council's infrastructure in response to the needs of an aging population. Consequently, the only item of note is a \$0.5 million investment in the Māhia stormwater system, as the area is predicted to become more urbanised and a significant upgrade will be required. This will be funded by borrowing.

Therefore, the main challenge that Wairoa's population presents to achieving these financial objectives remains spreading the cost over a small base.

Wairoa's population is expected to remain approximately two thirds Māori. This presents no particular implications for Council's financial strategy, but alongside its new Revenue and Financing Policy Council has adopted updated Rates Remission and Postponement policies, with particular attention to the prospective growth of Papakāinga and the progression of the Local Government (Rating of Whenua Māori) Amendment Bill.

The table below summarises Council's assessment of the Risks and Opportunities that Population factors represent for the Financial Strategy.

Risk	Opportunity
Certainty of rates increases	
 Small population and large spread provides a small funding base for growing costs	 Growth needs to be in high to make a difference to spreading the load
Optimise external revenue	
 Our diversity attracts external funding	 Our community is a key factor in the amount of external funding we attract
Value for money	
 Cost increases likely to exceed rate of population growth	 Cost of service discussions with community improves transparency
Intergenerational equity	
 Shared objectives with regards to future generations	 Involving community in planning helps preserve sustainable services
Debt remains manageable	
 Maintain borrowing within limits so debt servicing is not large part of day to day expense	 Limited scope for targeted rates for specific projects

Economic Factors

The Local Economy

Wairoa has a strong primary industry and low dependency on tourism which saw it weather the COVID-19 storm better than most. Local GDP and employment are trending modestly upwards, but below regional and national averages.

There is a concentration of employment around the Wairoa township, with the largest single employer accounting for the equivalent of approximately 12% of the town's population and making a significant contribution to export GDP. The three largest employers combined make up roughly 16%.

The rural economy has traditionally been dominated by pastoral farming, which also makes a substantial contribution to export GDP, but there is a concern that substitution into forestry will dilute this and the wealth retained in the district.

Other short term threats include the closure of local bank branches and the difficulties this may present to residents and businesses in transitioning to alternative transaction methods.

Longer-term opportunities relate to tourism and hospitality, with regular launches by RocketLab in Māhia becoming a draw. As long as the district maintains its robust core industries this will be a valuable addition for growth and diversification.

House values are increasing at among the highest rates in the country, with many whānau returning from other regions and abroad, along with increasing demand in Māhia. It is unclear whether this can be expected to deliver wider economic benefit, since much of this relates to properties used for holiday homes and retirement investments.

*For more information please refer to Council's Infrastructure Strategy.

¹Wairoa District Council: Long Term District Planning Demographic and Economic Growth Directions 2021-2051

However, it can be expected that there will be an increase in holiday lettings which may provide stimulus. As noted previously, the number of new builds is modest and this may increase as vacant properties become occupied and the prices of established properties catch up with the cost of building.

Macronomics

Challenge 1: Ability to Borrow

To meet its capital works programme Council will need to borrow, on average, nearly \$3 million extra every year, with \$5 million required in 2021/2022 and \$5.5 million in 2024/2025. At 1 July 2021 Council's total external borrowing is expected to be \$14.5 million. If we do not raise sufficient revenue for loan repayments, by 2030/2031 our gross debt would be \$42 million, which equates to 100% of total revenue.

By rating for loan servicing, including repayments, we will be able to repay loans or offset against investments so that net debt will level out at \$27 million. These amounts are manageable, but debt levels will be much higher than was anticipated in the LTP 2018-2028. Considering that only a few years ago Council's only external debt was \$5 million in connection with the Māhia and Ōpoutama wastewater scheme, they are significant. As a member of the Local Government Funding Agency (LGFA) Council could borrow up to 175% of its revenue which would be \$72 million.

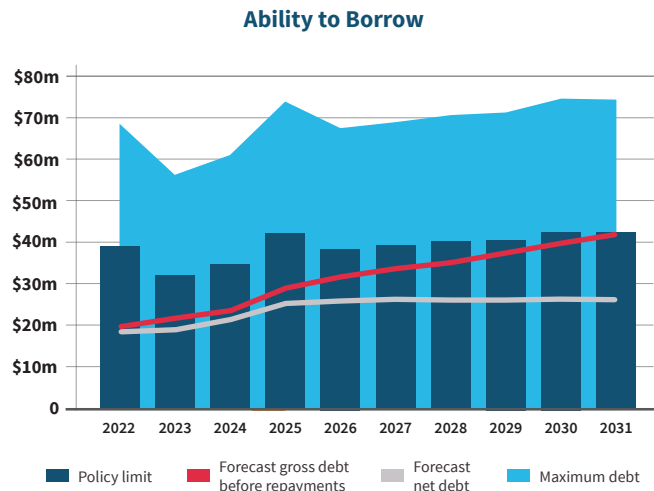
However, this would be extremely risky and Council views 100% of revenue as an important affordability threshold for its community. This is reflected in our Liability Management Policy.

At the same time, Council's \$4 million of investments will mature over the next 4 years and the income from these, which has been offset against rates, will need to be replaced. Council's revenue will not be sufficient to reinvest in the medium term.

Our Response

Borrowing is an appropriate funding tool for long term assets. Council will use borrowing prudently to fund the infrastructure that delivers core services now and into the future, without creating an unmanageable affordability challenge.

In order to fund improvements in infrastructure sustainably and maintain levels of service, Council will borrow up to the levels that it considers prudent: 100% of revenue. It will rate for the repayment of this debt over the life of the corresponding assets, in lieu of rating for depreciation. This will ensure that each year the community that benefits from this infrastructure pays its share, and from 2026 it will enable Council repay some of this debt and create sufficient capacity for future borrowing requirements, as shown in the graph below:



For the purposes of this illustration gross debt is the amount Council would need to borrow without rating for loan servicing. As surplus cash is generated Council will use this to repay borrowings or buy investments, depending on the returns available versus the cost of borrowing. This is represented as 'Forecast Net Debt'.

Challenge 2: Cost of Borrowing

The other half of the borrowing equation is the cost of borrowing. Interest rates have been low for many years and Council has made use of this to borrow for essential capital works at competitive rates. There is a risk that rates will increase in the future due to an increase in global and national appetite for borrowing. We are in the same waka as every other council, with a large works programme to catch up on and limited reserves available to pay for them.

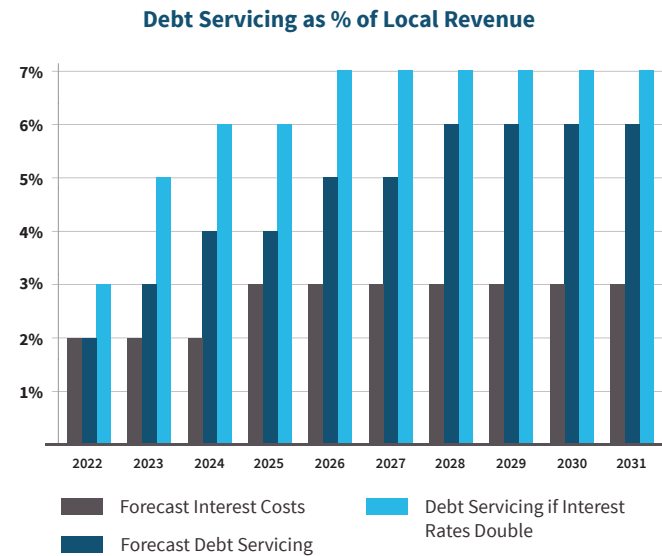
Council's membership with the LGFA enables us to borrow at competitive rates. Our financial forecasts assume that these rates will be available throughout the life of this strategy. However, we also recognise the risk that economic pressures will cause interest rates to rise in the future. An increase of 1% in interest rates is almost the equivalent of 1% in council rates.

Our Response

The Financial Prudence Regulations prescribe a basic benchmark that borrowing costs should not exceed 10% of total revenue. Even without repaying any debt, Council would be comfortably within this threshold at 2%, and if interest rates doubled it would be 4%.

For the purposes of this strategy Council has considered a tighter assessment, taking into account the following: 1) the ability to service debt also includes the ability to meet repayments and 2) total revenue includes subsidies, primarily from Waka Kotahi which are specifically intended for the purposes of maintaining and improving our roads. This revenue is not to be used to cover interest and debt repayments.

Therefore Council has modelled its own debt servicing measure to ensure that the scale of borrowing will continue to be affordable. In the graph below, Forecast Debt Servicing includes interest expenses and the amount required to be rated for loan repayments and is expressed as a percentage of revenue excluding subsidies. This is the annual cost that the community will bear. Council will maintain a limit of 10%, but it will based on this adjusted revenue figure. This shows that debt remains affordable throughout the plan.



Challenge 3: Inflation

In our financial forecasts we have applied the nationally recognised inflation rates provided by Business and Economic Research Ltd

(BERL) based on their assessment of a 'mid-scenario'. The table below shows the estimated inflation rates that we have used from this scenario, for the main groups of activities.

Year to 30 June	% change on previous year				
	Planning & Regulation	Roothing	Transport	Community	Water & Environment
2022*	2.7	3.3	2.9	3.2	6.0
2023	2.5	3.1	2.6	2.7	3.5
2024	2.3	3.0	2.4	2.5	2.6
2025	2.2	2.9	2.4	2.4	2.7
2026	2.2	2.9	2.4	2.5	2.9
2027	2.2	2.9	2.4	2.4	2.8
2028	2.2	2.9	2.4	2.5	3.2
2029	2.2	2.9	2.4	2.6	3.3
2030	2.2	2.9	2.4	2.6	3.4
2031	2.2	2.9	2.4	2.4	3.1
20 year average %pa	2.0	2.5	2.2	2.1	2.5

Council rates for approximately 60% of its operating costs, which means a 1% variation in inflation would increase rates by 0.6%. However, this assumes that nothing else will change. In the LTP 2018-2028 we applied the corresponding inflation rates in our forecasts. Since then major contracts for roading and water utilities have been tendered and prices were significantly higher than inflation adjustments.

As well as the factors peculiar to Wairoa, increasing requirements for safety and regulatory compliance continue to affect the cost of provision. Furthermore, the economic stimulus packages have been beneficial to the local and national economy, but there is a real prospect of the demand from this causing upward price pressure in the market, placing Wairoa at a potential disadvantage.











In addition, due to its high dependency on subsidies from Waka Kotahi, significant price changes may limit the amount of work that can be completed without additional input from Council.

Our Response

Council's ability to insulate itself against future price increases is restricted to developing smart collaborative procurement techniques, careful contract management and disciplined budgeting.

Costs are far more likely to increase due to changes in the safety, regulatory and compliance areas for all activities. If these activities become unaffordable Council will need to review its levels of service with the community.

The table below summarises Council's assessment of the Risks and Opportunities that Economic factors represent for the Financial Strategy.

Risk		Opportunity	
Certainty of rates increases			
 Small population presents exposure to extreme changes in inflation or interest rates		Limited investment holdings and modest returns	
Optimise external revenue			
 Potential reduction in funding, some exposure on what can be delivered		Strong relationships with funders have seen Wairoa achieve above average investment	
Value for money			
 Some revenue may not increase at same rate as costs		Already benefiting from low interest rates	
Intergenerational equity			
 Funding plans in place to deliver same levels of service in future		Economic recovery stimulus packages have delivered improvements to infrastructure and facilities	
Debt remains manageable			
 Debt used as part of balanced funding approach and repayments included in funding plans		Capacity built in to take advantage of refinancing options	

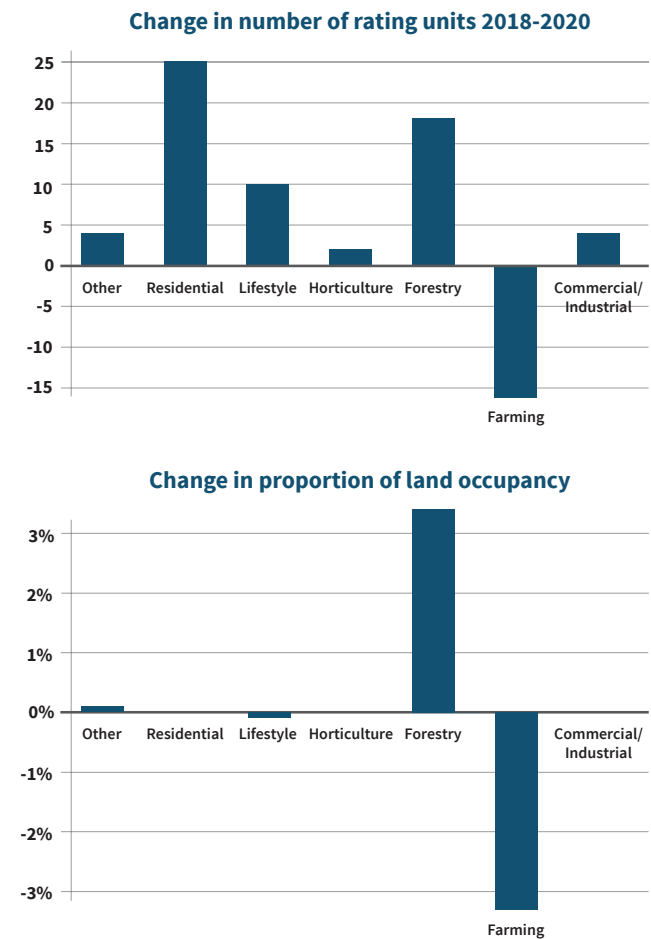
Land use

Council's Infrastructure Strategy makes reference to: 1) anticipated transfer of land use from farming to forestry and horticulture, 2) expected increase in RocketLab operations and tourism possibilities, 3) increase in residential building in Māhia and Wairoa.

The first two items will specifically affect the consumption and cost of maintaining and improving the roading network.

*For the year ended 30 June 2022 we have applied known contract rates. Prices rarely decrease and in the public sector they often go up more than normal. In Wairoa we have the added challenge of remoteness and size, making the local market less competitive due to the small number of suppliers. Noting that these are averages applied across the entire country, the Wairoa experience may be quite different.

With regards to residential growth, improvements to the stormwater network are specifically anticipated, particularly in Māhia. These trends have been observed since the last update to the LTP, as shown in the graphs below:



Our Response
Due to financial constraints and the total amount of approved funding we are likely to receive from Waka Kotahi, there is limited capacity to augment the land transport management programme. It is more likely that work will need to be prioritised to meet this change in demand. In 2019 Council received approval from the PGF for \$2.2 million towards a bridge strengthening programme for high productivity motor vehicle upgrades.

As mentioned earlier, Council will invest \$0.5 million in improvements to the Māhia stormwater reticulation. In the future Council will need to maintain these assets to a higher standard so that they remain serviceable to the users.

Our main lever is therefore seeking to ensure an appropriate distribution of funding needs, primarily through rates. In 2018, Council applied a differential factor of five to the roading rate for the forestry sector, reflecting the comparative cost of maintaining the network.

In January 2021 Council completed its rating review and adopted an updated methodology. Specific features that address the impact of land use changes include: 1) transitioning to a general rate assessed on capital value, partly on the basis that development drives the cost of infrastructure, 2) incorporating the forestry roading differential factor into the streamlined capital value rating system and applying a differential factor of four overall to reflect the relative impact on community wellbeing outcomes, 3) moving 10% of the rates for all water activities to the general rate, recognising that there is benefit to the entire community from healthy water systems.

The table below summarises Council’s assessment of the Risks and Opportunities that Land Use changes represent for the Financial Strategy.

Risk	Opportunity
Certainty of rates increases	
Significant changes may affect demand and cost effectiveness of services	New rating policy enables Council to respond with agility and consistency
Optimise external revenue	
Observed trends in land use are more likely to justify continuation of high subsidy rates	Link to economic development, options to explore financial contributions may arise
Value for money	
Changes in land use may affect demand for Council activities planned over the long-term	New development may create sufficient demand to increase fees and charges
Intergenerational equity	
Rapid change may create redundancy or deficiencies in infrastructure	Co-design with community partners to support sustainable outcomes
Debt remains manageable	
Redundant capacity and a need to finance significant unexpected changes to assets	Unlikely that co-funding opportunities would supersede existing arrangements

Maintaining levels of service through ageing infrastructure
Council delivers much of its core services through infrastructure. As at 30 June 2020 Council owned assets valued at \$290 million (based on age and condition), of which \$256 million was network infrastructure, i.e. roads and water utilities. These assets have serviceable lives ranging from 10 years to 120 years.

Council maintains activity management plans to ensure these assets achieve their service potential and are renewed or replaced at the optimum time. These assets are significant investments and the renewal expenditure tends to happen in large chunks. This requires prudent financial planning and funding principles.

Council generally rates for depreciation on assets that it expects to replace or renew in the future, where no preferable alternative funding source exists. This ensures that current users pay for their share of the consumption of assets. The money collected for depreciation accumulates in reserves that Council will use to fund the future renewals, and ensures that the assets are capable of delivering the same levels of service to the next generation. This creates intergenerational equity.

Despite this, a large proportion of network infrastructure was already 30-50 years old when control transferred to Council in 1989. Ageing infrastructure presents a significant funding challenge and we are continuously in a catch up position that means that rating for depreciation will only cover part of the cost of renewals. Council will need to borrow to pay for the balance. The need to prioritise its work programme to address the issues of ageing infrastructure is discussed in more detail in Council’s Infrastructure Strategy.

As at 30 June 2020, Council’s balance sheet included \$14 million of reserves held for future asset purchases and around \$10 million of this is for network assets. Of the total, investments and cash deposits represent \$6 million, with the remainder in the form of internal loans. In cash terms, therefore, only \$6 million is available to invest in infrastructure. These reserves can only be replenished by continuing to rate for depreciation over many years.

Internal loans arise when future funds accumulated in one activity are used for a project in another; and subsequently recovered over time through rates applied through the relevant activity. This reduces the requirement for external debt and preserves stakeholder equity by ensuring that users pay for what they get, and get what they pay for.

Council believes that rating for depreciation is the most prudent way of funding infrastructure renewals because: 1) it is more predictable and steady than future capital forecasts which tend to happen in peaks and troughs and are dependent on changing predictive models, 2) it is less expensive and less risky than financing all expenditure through borrowings and 3) Council’s infrastructure assets are revalued every three years and these regular updates enable Council to keep pace with cost escalations and charge an appropriate depreciation rate.

The following information examines the expenditure required on infrastructure to maintain existing levels of service, and how Council intends to fund these renewal programmes. It is a convention of prudence that depreciation is used as a benchmark to assess whether this expenditure is sufficient to maintain levels of service in the long-term.

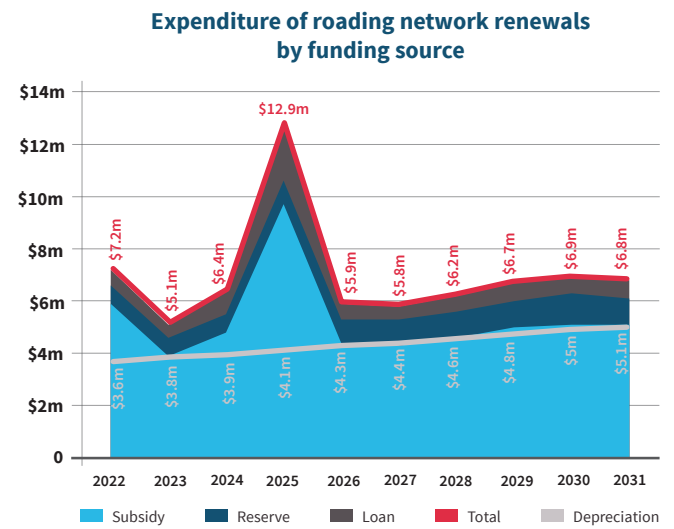
The charts that follow show the amount of capital expenditure required through the 10 years of the plan, and the funding sources that will be used.

Roads

In order to maintain levels of service on the roading network Council must spend \$26 million more than the annual depreciation charge due to deferred renewals in the past, diversion of resources to reinstatements following emergency events and the availability of funding. Emergency events are becoming more frequent and climate change considerations put more of our network at risk.

The following graph not only emphasises Council’s reliance on Waka Kotahi subsidies, but also the importance of rating for sufficient depreciation to pay for Council’s share.

Council receives one the highest Funding Assistance Rates in the country, at 75%. We have assumed this will continue, although we are aware that the total amount that Waka Kotahi will be able to contribute is likely to reduce. Council will need to assess whether it is necessary to increase the local contribution in order to maintain levels of service.

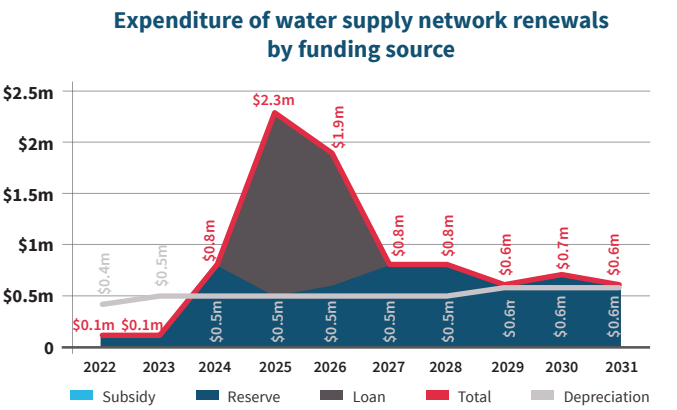


Note that for this activity reserve funding includes the amount rated for depreciation in the corresponding year.

Water Supply

The graph below shows forecast expenditure on water supply network assets by funding source compared to the annual depreciation expense. Council punched well above its weight in securing \$11.04 milllion from the Three Waters Reform Stiumulus Package. Half of this money will be invested by 30 June 2021, with the remainder to be utilised against capital expenditure in the first year of this LTP.

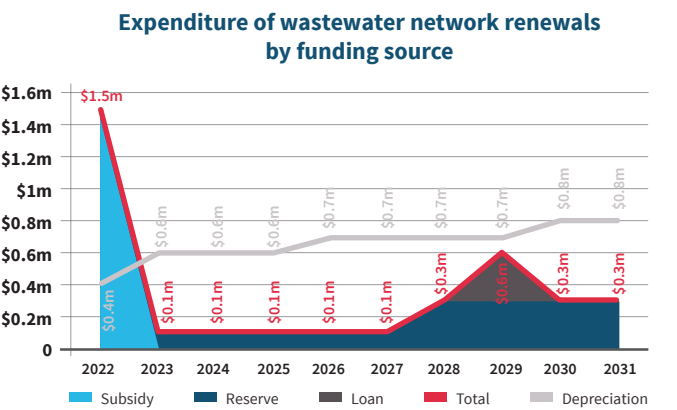
Of the \$5.5 million utilised in the current year, over \$1 million will be allocated to water main replacements, meaning a reduced renewals programme will be followed in 2021/22 while Council completes the installation of water meters. This expenditure is not included in this analysis because it is an improvement to the asset that will be used to identify priority areas for further enhancement.



Despite this investment, Council will still need to spend more than the annual depreciation charge in order to maintain levels of service over the next 10 years. In particular there is a spike in 2025 and 2026 when Council expects to spend \$3.2 million on replacing pumping mains and intakes. These will be funded by loans because Council will not have sufficient cash reserves.

Wastewater

Council will use some money from the Three Waters Reform Stiumulus Package to augment its pipe lining programme and catch up with renewals. This will enable us to reduce the required expenditure on reticulation renewals over the next 10 years. The graph that follows shows that the necessary expenditure to maintain levels of service in the network will be \$3.4 million, just over half the total depreciation expense of \$6.5 million.



This presents an opportunity to reduce the amount we rate for deprecation, but we still have to take a long-term view. This analysis concentrates on network assets. Council is currently working through its wastewater discharge consent renewal. In the LTP 2018-2028 the estimate total cost of plant upgrades was \$9.5 million. The remainder of the Three Waters Reform Stiumulus Package will be allocated to this improvement.

Stormwater

Council is currently working through a programme of piping open drains. Where possible this has been included in the Waka Kotahi-supported programme due to its contribution to road safety and the first year of expenditure is included in the Three Waters stimulus package. This will be an improvement in the level of service. Therefore remaining renewal expenditure in this activity is expected to be minimal at \$1.2 million over the next 10 years, compared to a total depreciation expense of \$3 million. This expenditure will be funded from depreciation reserves and borrowing where improvements are concerned.

Our Response

Recent announcements concerning the overall funding package available from Waka Kotahi are a risk to future levels of service. In order to protect the community from a major downturn or a sudden spike in funding requirements we must continue to rate for an appropriate portion of depreciation and use reserves when available.

Similarly, there is no reason to assume with confidence that further tranches of stimulus funding will be available for water services. The Three Waters Reform Review will continue and we must carry on providing safe and compliant services supported by well maintained and effective infrastructure.











In recent years Council has exercised judgement in the amount of depreciation that it rated for and it will continue to do so without compromising these fundamental conditions.

In the Economic Factors section above, we considered that underlying inflation should not present a significant challenge to maintaining affordable levels of service. However, we also pointed out that recent tenders for major roading and water utilities contracts resulted in prices significantly higher than inflation adjustments.

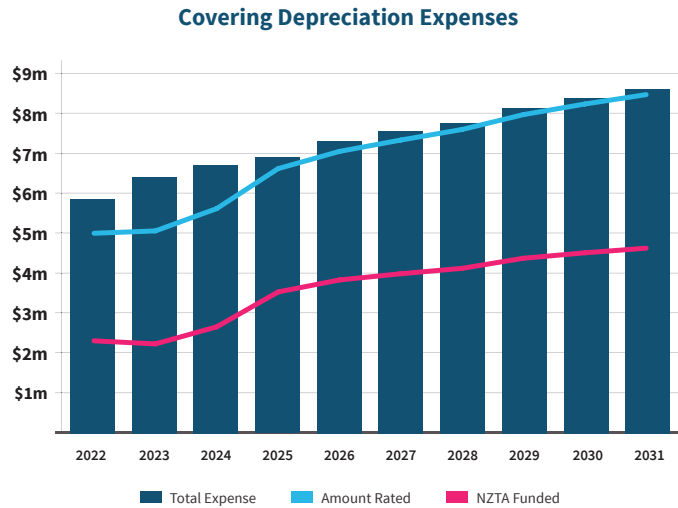
Council’s infrastructure assets were last revalued as at June 2020. The resultant annual depreciation expense was 17% higher than from the previous revaluation, almost double the economic forecasts. Even taking into account that Council only rates for the part of roading that is not subsidized by Waka Kotahi, this cost increase still amounts to the equivalent of a 3.1% increase in rates.

Therefore Council has adopted a funding approach that it considers prudent and sustainable. We will not rate for depreciation where other funding sources are available but we must maintain the serviceability of core assets, and still be able to pay the bills!

The table below summarises Council’s assessment of the Risks and Opportunities that Funding Infrastructure represent for the Financial Strategy and to maintaining levels of service.

Risk		Opportunity	
Certainty of rates increases			
	Impact of cost escalations on future renewals and depreciation		Continuous monitoring of capital programmes against funding plans will provide greater certainty 
Optimise external revenue			
	Dependency on Waka Kotahi subsidies, risk increases in the longer term		Strong partnerships with funders and leading participation in reform reviews, stimulus packages, tourism 
Value for money			
	Inability to continue funding may lead to greater deterioration in service		Waka Kotahi and PGF, regional partnering 
Intergenerational equity			
	Risk level is determined by level of rating for depreciation		Future economies from continuous improvement in optimisation and investment, e.g. smart meters, pipe lining 
Debt remains manageable			
	Balanced funding approach, appropriate to the nature of the expenditure		Can only be achieved by rating for loan repayments 

The graph below shows the total depreciation for all activities and the amount to be rated. These adjustments primarily relate to infrastructure, but in the first 3 years we have also reduced the amount to be rated for all assets, including buildings equipment and plant. By including the amount that will be covered by Waka Kotahi capital subsidies, we close the gap by 2025 so that sufficient funding is in place to cover future renewals.



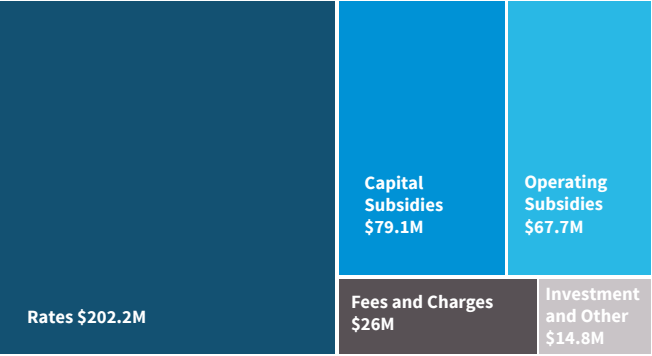
Levels of service

During pre-engagement for this LTP the community told us that current levels of service were about right, so we’ve prepared a plan around how we can continue to deliver these levels of service sustainably and consistently.

Maintaining levels of service poses challenges for funding: 1) if we do nothing different, the costs will still increase and in some areas this will exceed inflation and 2) we need a reset. As described in the introduction, our immediate funding challenges are not new, but we now have to do something about it.

We will do everything we can to secure alternative revenue sources, but rates make up half of the total amount.

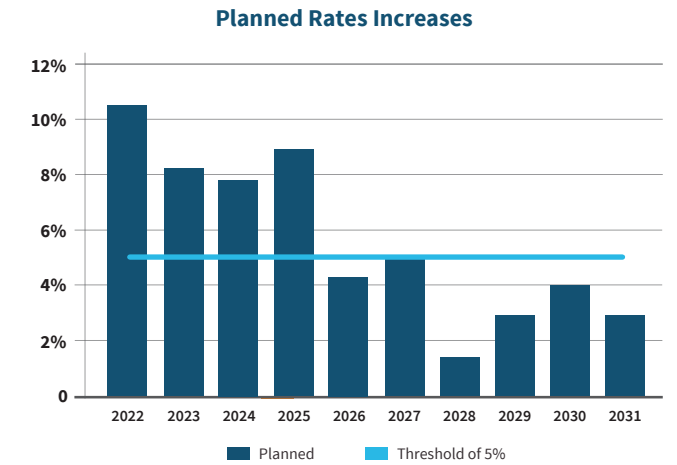
Total Revenue by Source for 10 years



Rates

The new rating system addresses the issues of consistency that we saw in the previous system, but it’s still about the distribution of rates, not the total amount.

Council will retain its objective of keeping rates increases below 5%, but this must be seen as a long-term objective. In order to catch up and keep up, rates increases will need to be higher for the next four years:



Borrowing

Council’s primary security for borrowing is its ability to set rates. We do not currently offer assets as security but will consider alternatives if it is prudent to do so. This may require an update to our Liability Management Policy.

Investments

Council will not speculate on the securities or other financial markets, but will invest where there is clear economic benefit to the district, where the risk is within the parameters of the investment policy and where such investment contributes to the achievement of community outcomes.

Council owns 100% of the equity in Quality Roothing and Services (Wairoa) Ltd (QRS). The main purpose of this investment is to maintain and enhance competition for local infrastructure contracts issued by Council. QRS is a significant employer in the district and its presence in Wairoa also ensures resources are available to respond to emergencies. QRS distributes a percentage of its profit to Council.

The targets for QRS are set out in the company’s Statement of Intent that is agreed with Council annually.

Council’s portfolio of bonds and other liquid investments is held to: 1) provide emergency funds, 2) represent reserves accumulated for asset renewals and 3) earn a return on surpluses, windfalls and deposits.

Our current average return on these investments is 4%. We have maintained this in our financial forecasts, although since they will be expended by 2024 this is of limited relevance. As a minimum, we expect a return of 0.75% above our cost of borrowing, which is currently 2.5%. As described in economic factors earlier in this strategy, future decisions between repaying loans or increasing investments will be made based on the cost of borrowing versus available returns on bonds.

Council owns a minority shareholding in Civic Financial Services Ltd. The sole purpose of this is by virtue of Council’s membership of the mutual insurance funds that the company administers. No return is anticipated on this investment.

This section outlines some of the key projects Council plans to undertake in the next 10 years. It explains what these projects will cost, when they will be done and how they will be funded.

1 | Dust impact

Background

The impacts of land use changes and forestry harvesting cycles on our rural roads, and especially unsealed roads, present an ongoing issue for residents. Council funds work to mitigate and reduce these impacts which meet Waka Kotahi standards. Multiple sites were completed during the 2018-2021 period. More will be completed during 2021-2024.



2 | Blue Bay wastewater upgrade

Background

The discharge at the Blue Bay Wastewater Treatment Plant does not meet resource consent conditions. A series of upgrades to the plant are proposed to fix this issue, including the expansion of the disposal field in order to properly disburse the treated discharge. This project started in 2020/21, but costs below relate to LTP Year 1.

Update

Parklink have completed a design for the plant upgrades which are scheduled to begin in May/June 2021. Investigations into the upgrade of the disposal field are taking place with the project due to be completed in July/August 2021.

Benefits and Consequences

Improved environmental outcomes with higher quality treated effluent that is discharged within consent limits. More discharge capacity for peak times and shock loading.



3 | Wastewater treatment plant upgrade

Discharge to land by irrigation of local farms

Background

A goal of the Wairoa community is to improve the health of the Wairoa River. It is clear that the entire community would like to see wastewater taken out of the Wairoa River and irrigated to farmland. Irrigating treated effluent to land will remove some of the discharge from the river and satisfy cultural and community expectations. Feasibility is ongoing with investigation into the available land area and suitability for discharge. This project started in 2020/21, but costs below relate to LTP Year 1.

Update

Feasibility is still being determined and Council have partnered with Lowe Environmental Impact. Discussion with landowners regarding their requirements is ongoing with commitment given to irrigating approximately 10 ha of an adjacent property. A further landowner has agreed in principle to accept water for irrigation. The necessary investigations and approvals are needed.

Council's current intentions and LTP funding allowances will only accommodate a modest area of irrigation of nearby farmland and additional storage capacity of up to 10,000 m³. This is the equivalent of implementing Option 1 Meeting Compliance. There is on-going pressure from Hawkes Bay Regional Council and submitters on the resource consent applications that are currently being heard to provide timelines and funding for Option 4 River Removal as rapidly as possible.

The draft LTP consultation process was seen as an important opportunity for seeking the wider community's views on whether Council should commit to implementing any of the more expensive options and at what rate of implementation.

It was important to generate public feedback so that the LTP could be confirmed with the implementation actions, capital works scopes, and funding allocations that reflect the timing and scale of changes that the community feedback has indicated.

Benefits and Consequences

Satisfying cultural and community expectations of reducing the wastewater discharge to the river. Improving environmental outcomes.



4 | Wastewater treatment plant upgrade

UV filtration

Background

The new wastewater consent requires UV for the removal of pathogens and filtration treatment to achieve new consent condition standards. This will increase the treatment capacity from secondary to tertiary. Appropriate UV and filtration methods are currently being investigated. This project started in 2020/21, but costs below relate to LTP Year 1.

Update

Physical work is expected to begin at the end of 2021, depending on the outcome of the initial investigation. The design of this system requires confirmation of the targeted ranges of wastewater flow capacity and treatment performance. This will see common discharge facilities constructed from the new UV system's outlet, as budgets allow, for irrigation and the discharge to the river.

Benefits and Consequences

Improved quality of discharged treated effluent. Better quality discharge to river removes public health risks potentially caused by this discharge and could open up more options and landowner acceptance for land application.



5 | PGF Bridge strengthening

Background

Bridges are an important part of our infrastructure, so need to be kept in good condition. Council aims to carry out strengthening work and structural repairs on a number of bridges across the district. A bridge strengthening programme was endorsed in 2018-21 period to improve the resilience of our road network, in response to legislative changes. This programme is providing economic benefits for current and future land use in the district. It includes accommodating increased dimension heavy-production motor vehicles (HPMV) on our roads.

Update

PGF funding has allowed Council to undertake multiple assessments of bridges and get better understanding of the bridge stock, and also

complete bridge strengthening projects. The next three years are key to continuing the work that has already been done.

Structural bridge repair works were completed annually through the 2018-21 period, and will continue through 2021/22 to ensure accessibility is maintained.

Benefits and Consequences

By doing this work we will extend the life of these assets and ensure a resilient and robust bridge stock, which will continue to connect communities and improve the accessibility of our network.



6 | Smart meter installation

Background

Water loss is the key driver for the installation of smart water meters. Managing water loss will allow more capacity in the reservoirs during times of emergency. Other benefits include less water production costs, less energy costs and a lower impact on the wastewater system. Backflow preventors will also be installed to add another layer of protection to water quality. This project started in 2020/21, but costs below relate to LTP Year 1.

Update

Fulton Hogan have been awarded this contract with the project having begun in March 2021. Every water toby in Wairoa and Tuai will be replaced. This project is due to be completed in March 2022.

Benefits and Consequences

Reduced water loss, lower production costs, more capacity in times of emergencies. Improved water safety with backflow preventors installed.



7 | Structural bridge repairs

Background
Bridges are an important part of our infrastructure, so need to be kept in good condition. Council is proposing funding over three years to carry out structural repairs on bridges in the district. This work coincides with the bridge strengthening activity.

Update
Structural bridge repair works were completed annually through the 2018-21 period, and will continue through 2021-24 to ensure accessibility is maintained.

Benefits and Consequences
By doing this work we will extend the life of these assets, and ensure a resilient and robust bridge stock, which will continue to connect communities and improve the accessibility of our network.



8 | Wastewater pipe renewals and relining

Background
Stormwater has major impacts on our wastewater network. This project is an acceleration of Council’s ongoing Inflow and Infiltration project which aims to prevent stormwater flowing in to the wastewater network. This project started in 2020/22, but costs below relate to LTP Year 1.

Update
Five years worth of business-as-usual pipe relining will have occurred before March 2022. Stage One began in April 2021, to be followed by work in October 2021 and then in February 2022.

Benefits and Consequences
Pipe relining will contribute to the prevention of stormwater infiltration to our wastewater network. It will reduce loading on the wastewater treatment plant during periods of heavy rainfall, which will remove the need for emergency discharges.



9 | Drainage improvements (roading)

Background
There is a need for culvert capacity upgrades due to climate change and weather events. Piping open drains is a priority which will improve the stormwater network, roading network, and safety for road users. Drainage will be given increased focus over the 2021-24 period to improve network resilience and minimise the impact of storm events.

Benefits and Consequences
A more resilient and accessible roading network for our community.



10 | Pump station renewals

Background
Council has planned to upgrade its aging pump stations to provide further resilience and to modernise them. The project is currently being scoped. A priority list is being developed to determine where it is best to spend allocated funding.

Benefits and Consequences
Improved reliability of our wastewater pump stations reducing the need for discharges to the river.



11 | Expansion of rural recycling containers

Background
Delivery of rural recycling services is inconsistent across the district. The intention is to improve this service delivery and standardise the service. This will be in the form of drop-off containers located in strategic rural locations around the district, delivered over two years.

Benefits and Consequences
Improved recycling rates for rural areas, consistency in service levels, reduction in fly dumping and associated clean up costs.



12 | Wastewater treatment plant upgrade
Primary treatment upgrade

Background
This is included as part of the overall community goal to improve the health of the Wairoa River. This component of the wastewater treatment plant (WWTP) upgrade includes the installation of an inlet screen at the Wairoa WWTP to remove debris before the treatment process. De-sludging of the aerated pond is also included which involves removal of sludge to a lined dewatering area, to improve the efficiency of the pond. This project started in 2020/21, but costs below relate to LTP Year 1.

Update
The lined dewatering area has been installed. Desludging is underway. An order has been placed for an inlet screen which will be installed mid-2021. Investigations into alternative and additional primary treatment options have commenced.

Benefits and Consequences
Improved primary treatment of wastewater. This will improve the performance of oxidation ponds and the quality of effluent discharged to the surrounding environment.



13 | Māhia roading connectivity

Background
Māhia is considered a vital part of the district and it is under threat from coastal erosion. This is a continuation of a project linked to strengthening parts of Nuhaka-Ōpoutama, and Māhia East Coast Roads to ensure long term access.

Update
Multiple dropout repairs were completed in the 2018-2021 period and these will continue in 2021-24. The Blowhole is a significant risk for Council. This is a key project within the Regional Land Transport Plan.

Benefits and Consequences
Increased coastal resilience. If this is not done there will be serious connectivity problems between Māhia and the rest of district.





Note: Base information obtained from sources including Statistics New Zealand, Ministry of Business Innovation and Employment and Ministry of Primary Industries.

TĀ TĀTAU WHAKAHAERE-Ā-KAUNIHERA

OUR COUNCIL CONTROLLED ORGANISATION

Quality Roding and Services (Wairoa) or QRS is a Council-controlled organisation 100% owned by Council.

Council-controlled organisations (CCOs)
Council-controlled organisations (CCOs) can be an effective, efficient and financially viable way for Council to deliver services and activities. The Local Government Act 2002 defines CCOs as entities in which the Council has more than fifty per cent shareholding, or the ability to appoint more than fifty per cent of the directors.

There are trading and non-trading CCOs. Council-controlled trading organisations (CCTOs) operate as or like a company, undertaking trading for the purpose of making a profit. QRS is a CCO and is also a CCTO.

Reasons for owning a CCO
Council believes it's important to maintain expertise in construction, roading and maintenance in the district, balanced with an intent to reduce ratepayer costs by providing effective competition. Providing community support is also a primary reason for Council owning QRS. Not only is QRS one of the biggest employers in the district offering many employment opportunities, it also supports a number of community initiatives.

QRS supports many sports and is a strategic sponsor of the Wairoa A&P Show. It also donates services in kind such as site preparation, mowing and earthworks around the district to ensure community events are a success.

Accountability
CCOs are accountable to the Council, which determines the objectives for each CCO and monitors its performance. The Council is accountable to its ratepayers and residents for the performance of the CCOs, to the extent that they deliver community outcomes in the most cost-efficient way.

Each year the CCO is required to agree to a publicly available Statement of Corporate Intent with Council. It sets out the CCO's nature and scope of activities, key performance targets and reporting requirements, along with other matters. At the end of each financial year the CCO must report on its performance against the Statement.

Section 59 of the Local Government Act 2002 states that the principal objective of a CCO is to:

- achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent
- be a good employer
- exhibit a sense of social and environmental responsibility, by having regard to the interests of the community in which it operates, and by endeavouring to accommodate or encourage these when able to do so
- if the CCO is a CCTO, to conduct its affairs in accordance with sound business practice.

The Local Government Act 2002 requires the Council to include in the Long Term Plan information on CCOs. The following section summarises information derived from QRS' Statement of Corporate Intent.

Nature and scope of activities
QRS' specialities are roading maintenance, civil construction, and quarrying. It offers a full range of civil engineering skills, experience and equipment. Principal activities are:

- roading maintenance and associated construction
- civil construction
- quarrying
- heavy transport
- reserves maintenance
- waste management.

Surplus profits generated by QRS are provided to Council (a hundred per cent shareholder) by way of dividends and community support. More information is available at www.qrs.co.nz.

Ownership policy and objectives
Council does not intend to change the ownership or control of QRS over the term of this plan. Council's objectives for QRS are:

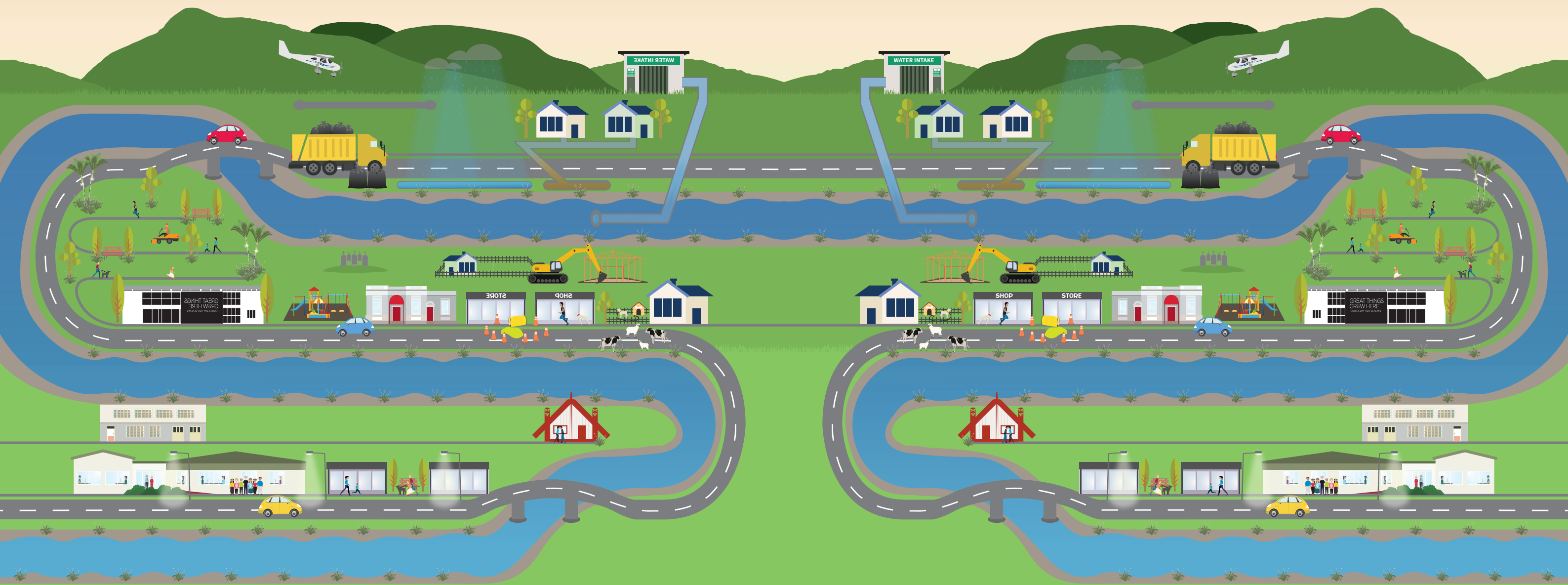
- to ensure the company is profitable, and all financial targets are met
- to ensure the company has a positive cash flow
- to ensure the governance of the company is effective.

Key performance targets
The following performance targets are the measures by which the company's performance will be judged.

	2021/22	2022/23	2023/24
Net profit pre-tax as a percentage of opening shareholder funds	6%	6%	6%
Net profit after tax as a percentage of revenue	3%	3%	3%
Distributions to Shareholder (uninflated)	\$250,000	\$250,000	\$250,000
Ratio of shareholder funds to total assets – not less than.	45%	45%	45%

2021-31 LONG TERM PLAN

SECTION 2: OUR ACTIVITIES





PUNA WAI

WATER SUPPLY

This activity group contributes to the following

COMMUNITY OUTCOMES



Safe, supported and well-led community



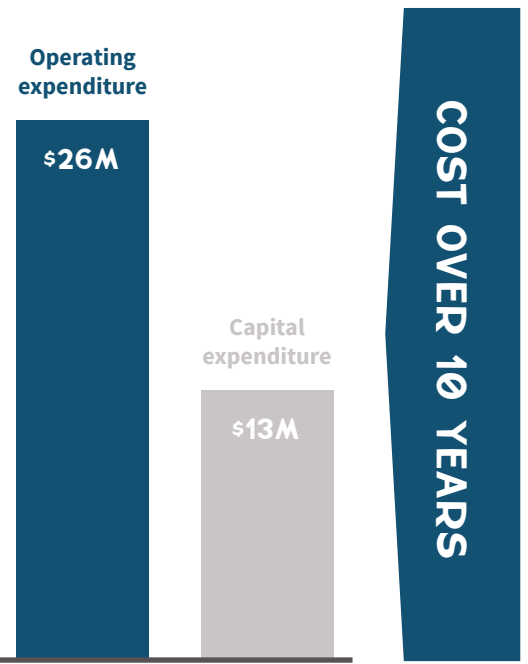
Strong and prosperous economy



Protected and healthy environment



Valued and cherished culture



WHAT WE DO

We produce 2.9 million litres of drinking water per day from our water supply systems in Wairoa, Frasertown, Tuai, Blue Bay (non-operational) and Māhanga (pending outcomes of Three Waters Reform). We maintain a compliant and efficient service that is safe for people and the environmental, all day, every day.

We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

The key issues around our water supply activity include the Three Waters reform and changes to legislation, and the effects of climate change on supply sources. Other issues involve identifying an alternative water source for the township, water network losses and the uncertainty around conditions for upcoming resource consents.

Significant negative impacts of this activity include the age and poor condition of the assets, with network failures resulting in service interruptions. Water loss management, while improving, continues to be a focus. Linked to this are issues around leaking pipes, which can cause property and infrastructure damage. Solutions include investing in condition assessments for the older networks, and continuing with existing leakage management which includes

detection using drones. We have Water Safety Plans in place for all water supply schemes.

Further information on this activity’s assets, issues, options, and costs is covered in our Infrastructure Strategy and Three Waters Activity Management Plan.

KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Three Waters Activity Management Plan
- Water Safety Plans
- Procurement Strategy 2020
- Economic Development Strategy
- District Plan
- www.dia.govt.nz/three-waters-reform-programme
- www.hb3waters.nz

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Safe, high quality water supply is provided	Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 4 bacterial compliance criteria):*				
	Wairoa/Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant
	Compliance with Drinking Water Standards for NZ 2005 (revised 2008) (Part 5 protozoal compliance criteria):*				
	Wairoa / Frasertown and Tuai	Compliant	Compliant	Compliant	Compliant
To provide reliable water networks	Residents (%) satisfied with the water supply	≥80%	≥80%	≥80%	≥80%
Water pressure and flow appropriate for its intended use	Number of complaints about water supply per 1000 connections:*				
	Drinking water clarity	10 per 1000	10 per 1000	10 per 1000	10 per 1000
	Drinking water taste	10 per 1000	10 per 1000	10 per 1000	10 per 1000
	Drinking water odour	10 per 1000	10 per 1000	10 per 1000	10 per 1000
	Drinking water pressure or flow	20 per 1000	20 per 1000	20 per 1000	20 per 1000
	Continuity of supply	20 per 1000	20 per 1000	20 per 1000	20 per 1000
	Responsiveness to issues	10 per 1000	10 per 1000	10 per 1000	10 per 1000
Water supply assets are managed prudently to ensure long term financial sustainability for current and future generations	Percentage of real water loss from our networked reticulation system (calculated using minimum night flow)*	35%	32%	30%	30%
	Median response time for urgent callouts*	1 hour	1 hour	1 hour	1 hour
	Wairoa / Frasertown (attendance time)	2 hours	2 hours	2 hours	2 hours
	Other areas (attendance time)	4 hours	4 hours	4 hours	4 hours
	Wairoa / Frasertown (resolution time)	5 hours	5 hours	5 hours	5 hours

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Water supply assets are managed prudently to ensure long term financial sustainability for current and future generations	Median response time for non-urgent callouts*				
	(attendance time in days)	2 days	2 days	2 days	2 days
	(resolution time in working days)	3 working days	3 working days	3 working days	3 working days
Water resources are used efficiently and sustainably	Average drinking water consumption per day per resident*	530 litres	500 litres	450 litres	450 litres

*This is a mandatory measure from DIA.

WHAT IT COSTS AND HOW IT’S FUNDED

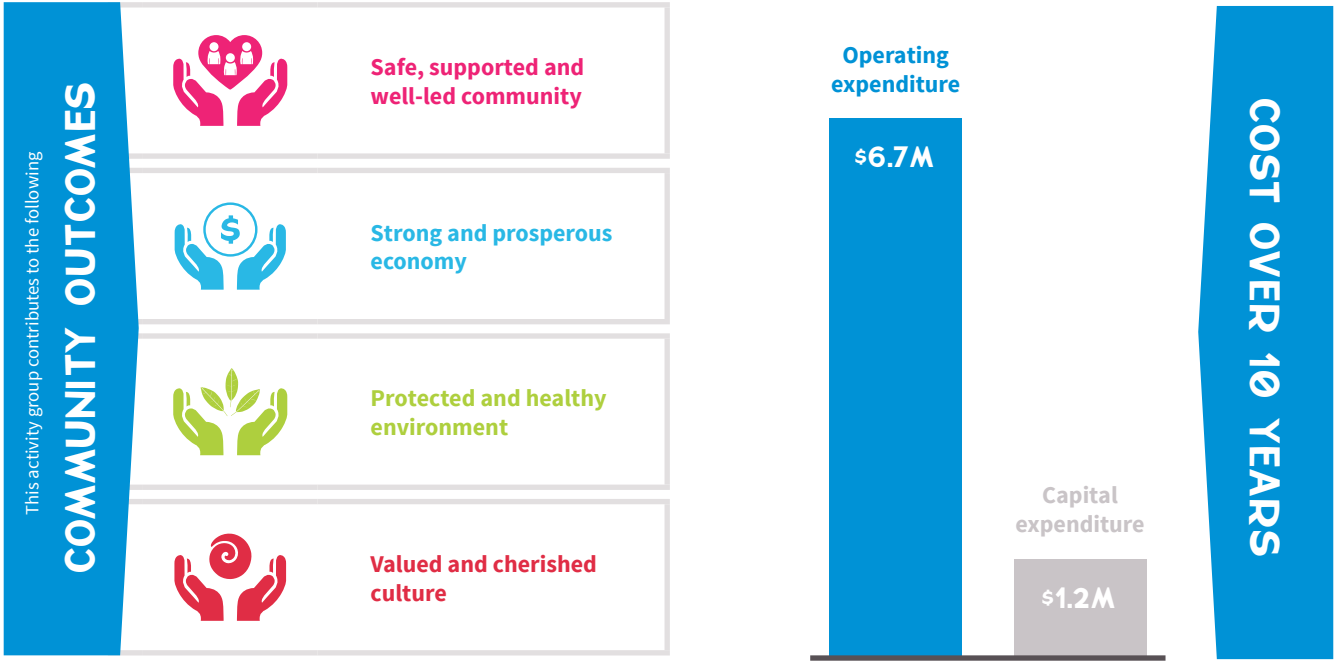
	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	-	155	156	165	190	203	214	210	218	233	232
Targeted rates (other than a targeted rate for water supply)	1,295	1,397	1,407	1,486	1,706	1,824	1,929	1,889	1,959	2,098	2,084
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	307	465	357	366	376	386	395	406	418	430	440
Internal charges and overheads recovered	436	-	-	-	-	-	-	-	-	-	-
Internal interest income	124	122	131	126	111	112	112	109	104	101	100
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	2,163	2,139	2,051	2,143	2,383	2,525	2,650	2,614	2,699	2,862	2,856
Applications of operating funding											
Payments to staff and suppliers	781	1,202	1,182	1,223	1,228	1,236	1,307	1,264	1,292	1,414	1,396
Finance costs	-	54	55	57	112	150	149	148	164	162	161
Internal charges and overheads applied	827	328	413	449	445	466	490	478	481	510	507
Internal interest charged	83	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,693	1,584	1,650	1,729	1,785	1,852	1,946	1,890	1,937	2,086	2,064
Surplus (deficit) of operating funding (A - B)	470	555	401	414	598	673	704	724	762	776	792

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of capital funding											
Subsidies and grants for capital expenditure	-	1,425	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	140	(525)	(370)	(371)	1,281	639	(705)	(724)	(156)	(776)	(792)
Gross proceeds from sale of assets	-	-	-	-	31	-	-	-	-	16	19
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	140	900	(370)	(371)	1,312	639	(705)	(724)	(156)	(760)	(773)
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	30	31	-	-	-	-	-	-	-	-
- to improve the level of service	20	1,410	528	53	11	11	11	12	627	12	13
- to replace existing assets	1,155	188	140	849	2,510	1,930	830	824	787	805	732
Increase (decrease) in reserves	(565)	(173)	(668)	(859)	(611)	(629)	(842)	(836)	(808)	(801)	(726)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	610	1,455	31	43	1,910	1,312	(1)	-	606	16	19
Surplus (deficit) of capital funding (C-D)	(470)	(555)	(401)	(414)	(598)	(673)	(704)	(724)	(762)	(776)	(792)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-



WAI ĀWHĀ

STORMWATER



WHAT WE DO

We maintain networks of stormwater pipes, open drains and outlets in the Wairoa, Tuai and Māhia areas, ensuring a compliant and efficient system that is safe for people and the environment, all day, every day.

We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

The key issues around our stormwater activity include the Three Waters reform and changes to legislation, and the effects of climate change and flooding on the network infrastructure. Other issues involve the effects of growth in Māhia on limited stormwater infrastructure.

Significant negative impacts of this activity include the age of the assets, with two thirds of the network more than 50 years old. Solutions include targeted renewals and improvements where assets are deemed critical to community wellbeing. Addressing the issues around limited stormwater infrastructure in Māhia involves developing a system that progressively manages growth and mitigates the environmental risk from runoff.

The key projects around our stormwater activity include delivering a programme of piping open drains. Where possible this has been included in Waka Kotahi-supported programme in the roading activity due to its contribution to road safety. We are also preparing a global resource consent application to address all public stormwater systems in the Wairoa township. Through this process, and as a result of the water reforms, it is likely that the quality of stormwater being discharged into the environment will need to be improved.

Further information on this activity’s assets, issues, options, and costs is covered in our Infrastructure Strategy and Three Waters Activity Management Plan.

KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Three Waters Activity Management Plan
- Procurement Strategy 2020
- Economic Development Strategy
- District Plan
- www.dia.govt.nz/three-waters-reform-programme
- www.hb3waters.nz

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Mitigate risk of flooding in urban areas	Number of flooding events in the district*	≤10	≤10	≤10	≤10
	For each flooding event, number of habitable floors affected (per 1000 properties)*	≤50	≤50	≤50	≤50
To provide reliable stormwater networks	Residents (%) satisfied with the stormwater system	≥80%	≥80%	≥80%	≥80%
	Number of complaints about stormwater system performance (per 1000 connections)*	≤50	≤50	≤50	≤50
Stormwater disruption during natural disaster events are minimised	Median response time for emergency flooding event (attendance time)*	1 hour	1 hour	1 hour	1 hour
	Median response time for urgent flooding event (attendance time)*	2 hours	2 hours	2 hours	2 hours
Effects on the natural environment are minimised	Compliance with Council’s resource consents for discharge from its stormwater system:*				
	Abatement notices	0	0	0	0
	Infringement notices	0	0	0	0
	Enforcement orders	0	0	0	0
	Convictions	0	0	0	0

*This is a mandatory measure from DIA.

WHAT IT COSTS AND HOW IT’S FUNDED

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	-	40	30	30	57	59	60	61	60	63	63
Targeted rates (other than a targeted rate for water supply)	373	364	267	267	510	530	542	547	541	569	566
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	95	66	70	71	70	77	80	87	94	101	107
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	468	470	367	368	637	666	682	695	695	733	736
Applications of operating funding											
Payments to staff and suppliers	117	136	141	122	114	128	126	135	126	142	133
Finance costs	-	50	57	59	60	59	59	59	58	58	57
Internal charges and overheads applied	153	133	161	176	174	182	192	188	189	199	199
Internal interest charged	106	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	376	319	359	357	348	369	377	382	373	399	389
Surplus (deficit) of operating funding (A - B)	92	151	8	11	289	297	305	313	322	334	347
Sources of capital funding											
Subsidies and grants for capital expenditure	-	42	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	8	349	(8)	42	(235)	(297)	(305)	(313)	(322)	(334)	(347)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	8	391	(8)	42	(235)	(297)	(305)	(313)	(322)	(334)	(347)

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	500	-	-	-	-	-	-	-	-	-
- to improve the level of service	100	42	-	-	-	-	-	-	-	153	156
- to replace existing assets	-	-	-	53	54	279	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-	(279)	-	-	-	(153)	(156)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	100	542	-	53	54	-	-	-	-	-	-
Surplus (deficit) of capital funding (C-D)	(92)	(151)	(8)	(11)	(289)	(297)	(305)	(313)	(322)	(334)	(347)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-



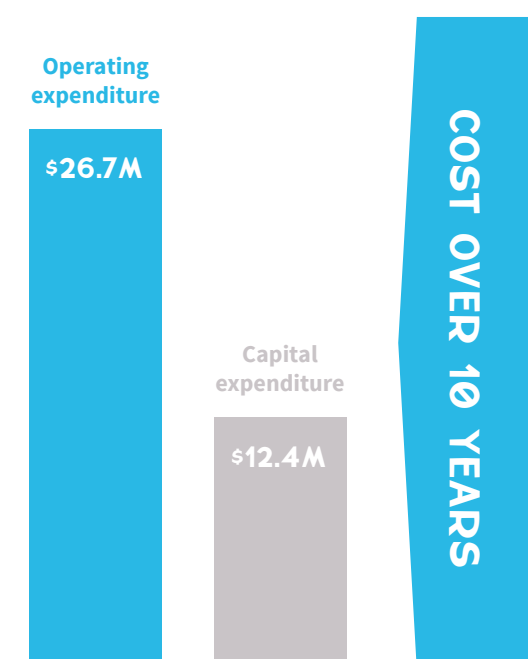
WAI PARU

WASTEWATER

This activity group contributes to the following

COMMUNITY OUTCOMES

	Safe, supported and well-led community
	Strong and prosperous economy
	Protected and healthy environment
	Valued and cherished culture



WHAT WE DO

We operate and maintain wastewater systems in the Wairoa, Tuai, Māhia and Ōpoutama areas, aiming to ensure a compliant and efficient wastewater service that is safe for people and the environment, all day, every day. .

We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

The key issues around Council's wastewater activity include Three Waters reform and changes to legislation, and the effects of climate change on the network infrastructure. Other issues involve maintaining the current level of service for key assets, and finding an alternative option and funding for the discharge of wastewater at Wairoa. It involves managing consent compliance across all discharges and the uncertainty around conditions for upcoming Wairoa wastewater resource consents.

The current discharge consent for the Wairoa wastewater discharge expired in 2019 and Council is in the process of renewing their consent. The river discharge is only one aspect of a broader package of proposed changes to Wairoa's wastewater system.

Community and iwi do not want the wastewater discharged into the river. The intention over time is to transition to land discharges. Alongside this desire, the Government's freshwater reforms to clean up the nation's waterways are likely to lead to higher discharge standards for wastewater.

The resource consent process is driving Council to commit to future changes to the wastewater treatment and discharge systems. However, Council can only commit to actions that are supported by the wider community and have funding allocations through the LTP or external (e.g. government) sources. Specific items of expenditure also need a sound basis for their costing value and timing.

Capital expenditure on reticulation improvements will reduce wastewater flows caused by groundwater infiltration and stormwater inflows which will in turn reduce discharge flows to the river (particularly during storm events) and assist the treatment plant to treat the wastewater more consistently and to a better standard.

Reduced flows will also assist with achieving on-going compliance with discharge volume and timing limits set in the resource consent conditions as well as making irrigation more feasible, reducing the storage volume requirements, and improving the management of storage and discharge events.

The new resource consent for river discharges is expected to allow for higher discharges when the river is flowing faster. Irrigation will accommodate at least some of the summer wastewater flows, thus reducing the need to discharge to the river.

Capital expenditure on a new outfall or modified outfall will assist with the pipe's capacity to discharge treated wastewater in compliance with the resource consent conditions. Discharges are currently constrained by the pipe's capacity which results in overflow discharges and/or discharges outside the timing constraints of the consent conditions. The new consent conditions will also assist with discharging at flow rates that are within the pipe's capacity.

Capital expenditure on a new grit trap with solids removal at the inlet to the treatment plant inlet combined with filtration and UV treatment at the outlet prior to the discharge to the river or land will improve the quality of the treated wastewater. The inlet works will reduce the treatment load and sludge accumulation rates so that treatment performance will consistently improve.

The outlet works will improve the final quality that is discharged. Other treatment and storage options are also being considered to assist with improving the discharge quality, flow management, and discharge options. Any national standards for discharge quality will also be taken into account when confirming future treatment process upgrades.

Significant negative impacts of this activity include the age of the assets, with half of the wastewater network more than 50 years old. Inflow and infiltration is a known wastewater performance issue. Solutions include targeted renewals and improvements where assets are deemed critical to community wellbeing.

Further information on this activity's assets, issues, options, and costs is covered in our Infrastructure Strategy and Three Waters Activity Management Plan.

KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Three Waters Activity Management Plan
- Procurement Strategy 2020
- Economic Development Strategy
- District Plan
- www.dia.govt.nz/three-waters-reform-programme
- www.hb3waters.nz

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Mitigate risk of environmental and public health impacts	Dry weather wastewater overflows per 1000 connections*	10	10	10	10
To provide safe and reliable wastewater service to customers	Number of complaints about wastewater per 1000 connections:*				
	Sewage odour	15 per 1000	15 per 1000	15 per 1000	15 per 1000
	Sewerage system faults	15 per 1000	15 per 1000	15 per 1000	15 per 1000
	Sewerage system blockages	15 per 1000	15 per 1000	15 per 1000	15 per 1000
	Responses to issues with sewerage system	15 per 1000	15 per 1000	15 per 1000	15 per 1000
Protection is provided to the community and the environment	Compliance with resource consents for discharge from wastewater system measured by number of:*				
	Abatement notices	0	0	0	0
	Infringement notices	0	0	0	0
	Enforcement orders	0	0	0	0
	Convictions	0	0	0	0
Wastewater assets are managed prudently to ensure long term financial sustainability for current and future generations	Median response time for wastewater overflows:*				
	Wairoa / Frasertown (attendance time)	1 hour	1 hour	1 hour	1 hour
	Other areas (attendance time)	2 hours	2 hours	2 hours	2 hours
	Wairoa / Frasertown (resolution time)	4 hours	4 hours	4 hours	4 hours
	Other areas (resolution time)	5 hours	5 hours	5 hours	5 hours

*This is a mandatory measure from DIA.

WHAT IT COSTS AND HOW IT’S FUNDED

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	-	194	233	238	245	253	260	256	264	275	305
Targeted rates (other than a targeted rate for water supply)	1,513	1,748	2,095	2,145	2,209	2,273	2,337	2,304	2,374	2,475	2,748
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	105	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	67	26	33	43	19	29	43	51	52	61	67
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	1,686	1,968	2,361	2,426	2,473	2,555	2,640	2,611	2,690	2,811	3,120

	AP 2021 \$000	LTP 202 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Applications of operating funding											
Payments to staff and suppliers	999	1,293	1,334	1,297	1,330	1,379	1,429	1,390	1,428	1,479	1,738
Finance costs	-	154	200	200	199	198	197	197	204	226	247
Internal charges and overheads applied	295	242	312	340	337	352	371	361	363	385	383
Internal interest charged	179	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,473	1,689	1,846	1,837	1,866	1,929	1,997	1,948	1,995	2,090	2,368
Surplus (deficit) of operating funding (A - B)	213	279	515	589	607	626	643	663	695	721	752
Sources of capital funding											
Subsidies and grants for capital expenditure	-	3,630	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	1,545	2,199	(95)	(486)	(511)	(559)	(554)	(563)	(332)	150	141
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,545	5,829	(95)	(486)	(511)	(559)	(554)	(563)	(332)	150	141
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	100	259	-	-	-	-	-	-	871	893
- to improve the level of service	-	1,410	52	1,369	32	-	-	23	-	-	-
- to replace existing assets	2,691	4,703	161	140	118	128	352	583	635	311	287
Increase (decrease) in reserves	(933)	(105)	(52)	(1,406)	(54)	(61)	(263)	(506)	(272)	(311)	(287)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,758	6,108	420	103	96	67	89	100	363	871	893
Surplus (deficit) of capital funding (C-D)	(213)	(279)	(515)	(589)	(607)	(626)	(643)	(663)	(695)	(721)	(752)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

Water and sanitary services assessment variations

In 2005, Council prepared a Water and Sanitary Services Assessment as required by the Local Government Act 2002. The purpose of the Assessment is to assess the adequacy of water and other sanitary services available to communities within the district. Council is required to identify any significant variations between the Assessment and the Long Term Plan. Council has reviewed this Assessment in light of the Māhanga water supply referendum.

Water Supply

Following a referendum in 2021, which resulted in 59.61% of the community wanting Council to retain the supply, Council are committed to upgrading the Māhanga water supply. However, these upgrades are currently on hold as we await the outcome of the Three Waters reform, which will provide direction in terms of treatment required and possible funding opportunities. The reforms will also inform the resource consent which is due to expire in 2024. The upgrade of the Blue Bay water supply is also currently on hold, further investigations will take place once the Three Waters reforms are finalised.

Resilience work is ongoing in Wairoa. Resilience has been addressed through increased storage and lowering of water pressure. To further compliment this work an effective renewals programme has been developed and the installation of backflow preventors and smart meters has begun.

Wastewater Treatment

Public wastewater treatment systems are now fully operational in Wairoa, Tuai, Māhia Beach and Ōpoutama. The Ōpoutama system is not treating wastewater to consent condition standards so upgrade planning is currently underway. The Wairoa consent process is nearing completion. Planning and investigations are ongoing with physical works expected to start in mid-late 2021.

Wastewater and Stormwater Reticulation

The Three Waters stimulus funding has allowed Council to pull forward at least five years’ worth of relining works. There is no renewal work planned to replace existing stormwater pipes but the piping of open drains is an ongoing programme of works. There is a continuation of renewals and upgrades to address inflow and infiltration.

Cemeteries

Development of the existing Wairoa Cemetery and investigations into the provision of a public cemetery in Māhia continue.

Public Toilets

Provision was made in the 2018-2028 LTP for capital works projects to include a new facility in the Wairoa CBD. Recent works include a new facility at the Whangawehi boat ramp and upgrade of the public toilet at Blacks Beach.

Waste Management

This is addressed through the Waste Management and Minimisation Plan (2017). Proposals under the 2015 Water and Sanitary Services Assessment are in line with the relevant Asset Management Plans and the 2018-2028 LTP.

In summary, there are no significant variations between this Long Term Plan and Council’s 2015 Water and Sanitary Services Assessment.



WHAKAHAERE PARA

WASTE MANAGEMENT



WHAT WE DO

We provide waste management facilities and ensure refuse can be disposed of in a controlled manner. We operate a large open landfill and recycling centre in Wairoa to the public for 4 days a week, 6 hours per day to take domestic and commercial refuse. We operate five closed landfills, and manage litter and domestic refuse collection and kerbside recycling.

We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

The key issues around our waste management activity include changes to legislation and the impacts of China's Blue Sky policy change. Other issues involve the ongoing viability of the landfill and the uncertainty around conditions and costs for the upcoming landfill resource consent.

The uncertainty around landfill resource consent renewal in 2031 results in uncertainty around future service provision. Solutions include allocating funding to allow an annual survey to be completed, so that we have a record of the volume of refuse and information on the remaining capacity available to help determine when a new cell will be required.

Our waste management and minimisation goal is to manage waste in a cost-effective way that reduces harmful effects and improves efficiency of resource use. We have planned to complete a full landfill service sustainability review in 2021/22 to look at the long term sustainability of the solid waste activity.

Other issues relate to changes to the Emissions Trading Scheme, which are anticipated in the near future and are likely to result in a subsequent increase in landfill disposal costs. This will require changes to the way we plan, manage and fund the waste services. We will monitor changes in legislation to ensure that we comply with requirements. This will enable us to plan effectively and ensure that the monitoring is being undertaken in line with consent requirements.

Detailed information on assets, issues, options, and costs are covered in Council's Infrastructure Strategy and Waste Management Plan.

KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Waste Management Activity Management Plan
- Procurement Strategy 2020
- Economic Development Strategy
- District Plan

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Provide safe and reliable refuse and recycling kerbside collection services and rural waste services	Number of times when minimum frequency of kerbside refuse and recycling service in Wairoa and Frasertown (fortnightly) is not met, per year	0	0	0	0
	Number of times when minimum frequency of collection from specified drop-off points from Māhia, Nuhaka and Mohaka (twice a month) is not met, per year	0	0	0	0
	Number of health and safety breaches by waste services contractors, per year	0	0	0	0
	Percentage of missed household refuse service requests responded to by 12 pm the next day (on validation)	100%	100%	100%	100%
Provide the Wairoa Landfill for safe waste disposal	Council will operate and maintain the Wairoa landfill for the disposal of domestic and commercial refuse, being open for the public at least 6 hours per day, 4 days per week	100%	100%	100%	100%
Effects on the natural environment are minimised	Number of non-compliance events with the resource consent conditions for the Wairoa Landfill, per year	0	0	0	0
	Number of non-compliance events with the resource consent conditions for the closed landfill sites, per year	0	0	0	0

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill	The amount of material diverted from landfill by the Wairoa community in tonnes (excludes green waste)	>75 tonnes	>75 tonnes	>75 tonnes	>100 tonnes

WHAT IT COSTS AND HOW IT'S FUNDED

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	-	111	115	157	165	148	159	173	178	179	183
Targeted rates (other than a targeted rate for water supply)	1,260	999	1,038	1,413	1,484	1,332	1,428	1,553	1,598	1,607	1,650
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	635	673	711	758	806	826	845	864	884	904	924
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	18	16	15	19	23	25	31	34	37	42
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	1,897	1,801	1,880	2,343	2,474	2,329	2,457	2,621	2,694	2,727	2,799
Applications of operating funding											
Payments to staff and suppliers	1,512	1,578	1,605	1,875	1,994	1,803	1,829	1,962	2,035	2,053	2,127
Finance costs	-	57	83	84	83	113	125	122	118	114	108
Internal charges and overheads applied	216	179	228	248	246	257	271	264	266	281	280
Internal interest charged	61	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,790	1,814	1,916	2,207	2,323	2,173	2,225	2,348	2,419	2,448	2,515
Surplus (deficit) of operating funding (A - B)	107	(13)	(36)	136	151	156	232	273	275	279	284
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(107)	28	571	96	(151)	953	343	(265)	(275)	(279)	(284)

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(107)	28	571	96	(151)	953	343	(265)	(275)	(279)	(284)
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	309	-	-	1,109	568	-	-	-	-
- to improve the level of service	-	15	-	-	-	-	7	8	-	-	-
- to replace existing assets	-	90	252	380	168	111	34	52	36	67	37
Increase (decrease) in reserves	-	(90)	(26)	(148)	(168)	(111)	(34)	(52)	(36)	(67)	(37)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	15	535	232	-	1,109	575	8	-	-	-
Surplus (deficit) of capital funding (C-D)	(107)	13	36	(136)	(151)	(156)	(232)	(273)	(275)	(279)	(284)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

Waste management and minimisation variations

In 2018, Council prepared a Waste Management and Minimisation Plan (WMMP) as required under section 43 of the Waste Minimisation Act 2008. The WMMP is required to be updated every six years. It shows how Council plans to manage waste in the district.

Since the 2012-2022 LTP, Council's continued initiative to reduce waste to landfill has changed the way people dispose of their waste. Continued education and more emphasis on diversion and recycling has meant a new infrastructure and a different way of operating.

In line with the WMMP, Council continues to:

- Develop increasingly comprehensive recycling, recovery, and diversion services at the landfill, while still providing a high quality and environmentally responsible disposal option for the district.

- Reduce waste generation and likely increasing costs to operate the landfill, by investigating the sustainability of the waste service through a regional landfill initiative and landfill sustainability review in this LTP.
- Deliver a comprehensive education programme through various means including partnership with other organisations.
- Improvements and expansion of rural recycling services across the district, including infrastructure for peak loading in Māhia.
- Monitor waste streams primarily through the Waste Management Contract.

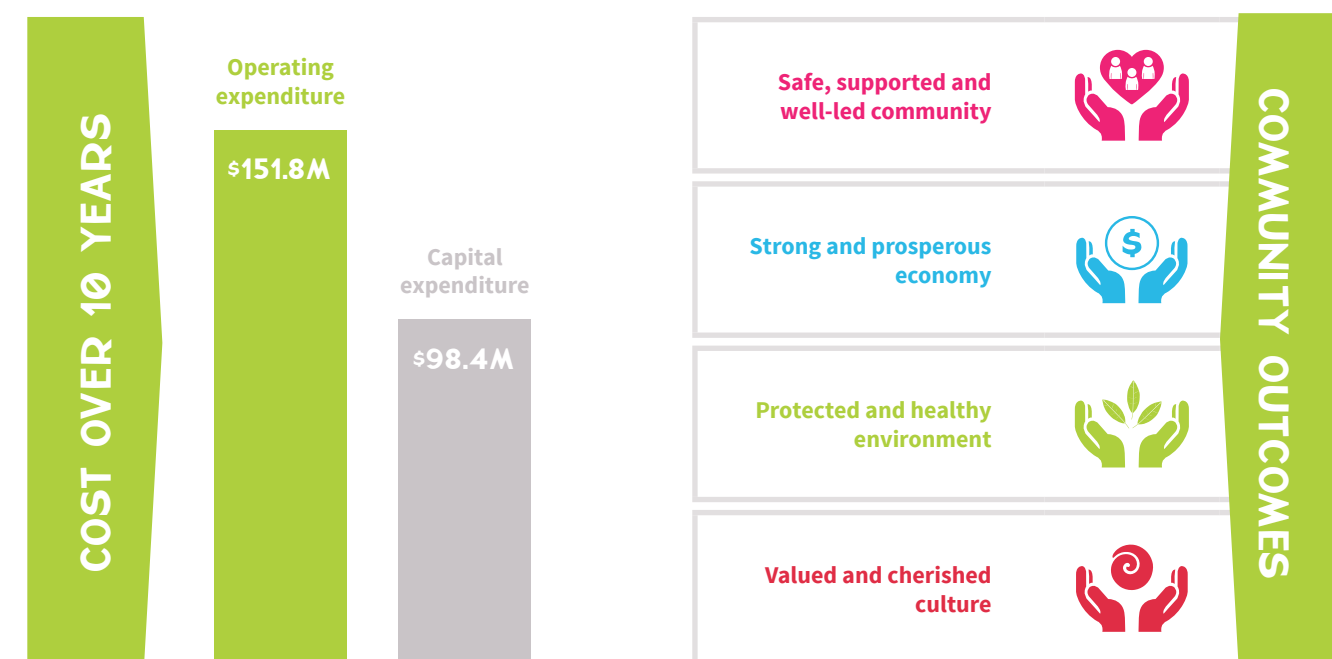
There are no significant variations between this Long Term Plan and the Waste Management and Minimisation Plan prepared in 2018.



RANGA

TRANSPORT

Land Transport, Airport





Safe, supported and well-led community



Strong and prosperous economy



Protected and healthy environment



Valued and cherished culture

WHAT WE DO

We provide over 870 kms of roads, 176 bridges, and over 400 retaining structures. We maintain more than 50kms of footpaths, nearly 24,000m² of carparks, 3000 traffic signs and hundreds of streetlights. We manage the network in a sustainable and efficient manner that meets demand, all day, every day.

We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

The key issues around our roading activity include the potential reduction in Waka Kotahi subsidies and the effects of climate change on roading and bridges. Other issues involve the effects of land use change, and confidence in the levels of data relating to retaining structures.

We receive one the highest Funding Assistance Rates in the country, at 75%. We have assumed this will continue, although we are aware that the total amount that Waka Kotahi will be able to contribute may reduce. Council will need to assess whether it is necessary to increase the local contribution in order to maintain levels of service.

Significant negative impacts of this activity include road network vulnerability to closure from high rainfall and storm events and a lack of alternative routes resulting in disconnected communities. Solutions include stabilising key routes through proactive drainage maintenance, renewals and coastal erosion protection, and riverbank stabilisation on key routes.

Other negative impacts include the increase of heavy traffic on rural roads due to land use change, resulting in safety and pavement consumption issues. Solutions include planning that focusses on

network safety and improvements. Solutions also include work to improve the condition of the rural roads, programmes to understand network usage and demand management to confirm harvesting projects and plan future investment.

Other negative impacts relate to the poor condition of aging bridge stock and unknown structural capacity resulting in limited access for heavy vehicles. Solutions include optimising bridge capacity through condition and capacity assessments, material testing, improved data management and targeted bridge strengthening works on key heavy vehicle routes.

Further information on this activity's assets, issues, options, and costs is covered in our Infrastructure Strategy and Transportation Activity Management Plans.

KEY DOCUMENTS AND LINKS

- Infrastructure Strategy
- Transportation Activity Management Plan (Part A)
- Transportation Activity Management Plan (Part B)
- Transportation Activity Management Plan (Part C)
- Economic Development Strategy
- District Plan

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
The land transport network is designed and maintained to be 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**	Change is less than or equal to 0	Change is less than or equal to 0	Change is less than or equal to 0	Change is less than or equal to 0
Road users will experience a fair ride quality on a well-maintained and managed sealed road network asset	Average Roughness – sealed roads which meet smooth road standards for 'fair' ride quality*	Average NAASRA*** of sealed road network < 110	Average NAASRA of sealed road network < 110	Average NAASRA of sealed road network < 110	Average NAASRA of sealed road network < 110
	Condition of sealed road network:** The average quality of ride on a sealed local road network, measured by Smooth Travel Exposure.	≥ 90% of sealed network smoother than specified threshold	≥ 90% of sealed network smoother than specified threshold	≥ 90% of sealed network smoother than specified threshold	≥ 90% of sealed network smoother than specified threshold
	Condition of footpaths:* The percentage of footpaths in average condition or better (measured against WDC condition standards)	≥ 95%	≥ 95%	≥ 95%	≥ 95%
	Road users consider the land transport service to be "fairly good, very good or better"	≥ 75%	≥ 75%	≥ 75%	≥ 75%
The land transport network is managed in a manner that assists the economic development of the district	Percentage of network unavailable to Class 1, % of network unavailable to 50 Max	Class 1 < 0.1% 50 Max < 15%	Class 1 < 0.1% 50 Max < 15%	Class 1 < 0.1% 50 Max < 15%	Class 1 < 0.1% 50Max < 15%
	Number of bridges not meeting HCV Class 1 requirements	≤ 4	≤ 3	≤ 2	≤ 2
Road assets are managed prudently to ensure long term financial sustainability for current and future generations	Condition of sealed road network:** The percentage of the sealed local road network that is resurfaced annually (by area).	5.7 %	4.9 %	5.7 %	6 %
	Response to service requests:** Percentage of customer service requests responded to within 5 days	≥ 90%	≥ 90%	≥ 90%	≥ 90%
Council quickly restores access on key routes after natural event	No. of journeys impacted by unplanned events*	Baseline to be determined in first year of measurement	2% decrease on previous year	2% decrease on previous year	2% decrease on previous year
	No. of instances where road access is lost*	Baseline to be determined in first year of measurement	Decreasing trend on previous year	Decreasing trend on previous year	Decreasing trend on previous year
Effects on the natural environment are minimised	CSR complaints related to dust	Baseline to be determined in first year of measurement	Decreasing trend on previous year	Decreasing trend on previous year	Decreasing trend on previous year
	Percentage of programmed dust reduction initiatives completed annually	100% Y1 = 0 sites	100% Y2 = 0 sites	100% Y3 = 2 Sites	100%

*This is a measure from the One Network Road Classification (ONRC).

**This is a mandatory measure from DIA.

*** National Association of Australian State Road Authorities



Safe, supported and well-led community



Strong and prosperous economy



Protected and healthy environment



Valued and cherished culture

WHAT WE DO

We fund the airport activity to maintain an operational facility which includes a 910m runway. The airport and its facilities are maintained for light aircraft and charter operations in a sustainable and efficient manner.

We undertake this activity to support public demand and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

There are no regular commercial flights operating from Wairoa Airport. It is primarily used by private light aircraft, charter flights and helicopters, including for agricultural use. It is also used by emergency aircraft for transfer of patients into and out of the district. More recently, the airport has been used by Rocket Lab to bring in staff and plant.

The key issues around our airport activity includes the ability to continue funding and maintaining it. A key decision that needs to be made over the next 30 years is whether or not to keep the Airport as part of Council's service provision.

Negative impacts of this activity include inadequate levels of service resulting in a disruption to economic development in the district.

Solutions include a continuation of funding for this activity to ensure community access to economic opportunities.

Further information on this activity's assets, issues, options, and costs is covered in our Infrastructure Strategy and Airport Activity Management Plan.

KEY DOCUMENTS AND LINKS

- [Infrastructure Strategy](#)
- [Airport Activity Management Plan](#)

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Airport service supports health care by providing patient transport	Number of times when the airport is closed (not available to be used), per year	0	0	0	0
Airport service is available for industry use	Number of times when the airport is closed (not available to be used), per year	0	0	0	0

WHAT IT COSTS AND HOW IT'S FUNDED

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	101	3,774	4,211	4,568	5,445	5,712	6,006	6,211	6,339	6,715	6,778
Targeted rates (other than a targeted rate for water supply)	3,594	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	7,887	5,719	5,785	5,949	6,636	6,804	6,888	7,212	7,106	7,354	7,269
Fees and charges	52	42	43	54	56	57	58	60	61	63	64
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	32	38	45	51	58	73	83	97	114	131
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	11,635	9,567	10,077	10,616	12,188	12,631	13,025	13,566	13,603	14,246	14,242
Applications of operating funding											
Payments to staff and suppliers	8,526	7,387	7,414	7,609	8,752	8,883	9,005	9,448	9,322	9,666	9,527
Finance costs	-	18	65	105	197	234	266	296	324	357	382
Internal charges and overheads applied	1,562	1,243	1,655	1,805	1,790	1,875	1,972	1,908	1,924	2,045	2,031
Internal interest charged	39	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	10,127	8,648	9,134	9,519	10,739	10,992	11,243	11,652	11,570	12,068	11,940
Surplus (deficit) of operating funding (A - B)	1,508	919	943	1,097	1,449	1,639	1,782	1,914	2,033	2,178	2,302
Sources of capital funding											
Subsidies and grants for capital expenditure	11,568	8,524	5,843	6,895	12,001	7,230	6,784	6,892	6,825	7,521	6,802
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(1,508)	309	98	307	1,800	(174)	(475)	(608)	(777)	(705)	(1,069)
Gross proceeds from sale of assets	-	9	9	-	19	-	-	21	-	-	22
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	10,060	8,842	5,950	7,202	13,820	7,056	6,309	6,305	6,048	6,816	5,755

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	6,362	2,960	2,289	2,408	3,022	3,705	3,226	2,940	2,412	3,211	2,187
- to replace existing assets	7,120	7,595	5,365	6,720	13,241	6,021	5,878	6,342	6,712	6,967	6,985
Increase (decrease) in reserves	(1,914)	(794)	(761)	(829)	(994)	(1,031)	(1,013)	(1,063)	(1,043)	(1,184)	(1,115)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	11,568	9,761	6,893	8,299	15,269	8,695	8,091	8,219	8,081	8,994	8,057
Surplus (deficit) of capital funding (C-D)	(1,508)	(919)	(943)	(1,097)	(1,449)	(1,639)	(1,782)	(1,914)	(2,033)	(2,178)	(2,302)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-



NGĀ TAPUTAPU HAPORI

COMMUNITY FACILITIES

Cemeteries, Parks and Reserves,
Library, Community Support





Safe, supported and well-led community



Protected and healthy environment



Valued and cherished culture

WHAT WE DO

We provide and maintain public cemeteries at Wairoa, Nuhaka, Frasertown, Ruakituri and Mōrere in a reliable, accessible, safe and efficient manner that meets the community's current and future needs. The Wairoa cemetery located in Fraser Street has been operating since 1871 and comprises two sections: the upper (old) cemetery and the lower (new) cemetery.

Our cemeteries are critical and provide family and community resting places. We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, environmental and cultural wellbeing of our people and district.

Our cemetery assets are considered to be in good condition, however affordability and sustainability in an ageing population base are factors to consider, as well as the availability of land to suit demand. Resilience has been identified as a challenge. Solutions include employing good asset management practices, robust renewals and maintenance programmes, along with business continuity plans that provide for a response to interruptions in service delivery.

Further information on this activity's assets, issues, options, and costs is covered in our Open Spaces Activity Management Plan.

KEY DOCUMENTS AND LINKS

- Open Spaces Activity Management Plan
- Procurement Strategy 2020
- Economic Development Strategy
- District Plan

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Cemetery assets are well maintained	Percentage of residents' overall satisfaction with cemetery maintenance	80%	80%	80%	80%



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WHAT WE DO

We provide sports grounds, public gardens, neighbourhood parks and playgrounds, access along riverbank and foreshore reserves, and public toilets. In these parks, we also look after the vegetation, buildings, walkways, playground equipment, fences, lighting, tables, bins and memorials. We maintain an efficient and responsive service that ensures parks, reserves and public toilets are safe and well maintained.

We undertake this activity to support public demand and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

Some issues around this activity include the parks, reserves and public toilets not being fit for purpose which may result in health and safety issues. Solutions include carrying out safety audits, reviewing levels of service and ensuring the right tools and procedures are in place.

Issues also include the limited availability of asset data which results in uncertainty in renewals planning. Solutions include investing in formal condition assessments and improving forward programmes for renewals and maintenance. In addition, for some of the recreational facilities and sports grounds, a lack of clarity around

ownership and operating agreements results in poor maintenance management. Solutions involve investing in improved asset data including owner and tenant information and agreements. Improvement opportunities and projects have been identified.

Detailed information on assets, issues, options, and costs are covered in our Open Spaces Activity Management Plan.

KEY DOCUMENTS AND LINKS

- Open Spaces Activity Management Plan
- Reserve Management Plans
- Procurement Strategy 2020
- Economic Development Strategy
- District Plan

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Parks and reserve assets are well maintained	Percentage of residents' overall satisfaction with cemetery maintenance	80%	80%	80%	80%
Provide prompt responses for service	Percentage of open space requests responded to within 24 hours	>85%	>85%	>85%	>85%



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WHAT WE DO

We provide the Wairoa Library with over 25,000 books and digital resources, reading programmes and initiatives to over 32,000 visitors and 8,000 patrons a year. We provide lending, information and digital services and programmes five and a half days per week. Among our most popular programmes are the summer and winter reading programmes, which encourage hundreds of local children to love reading. In addition to this, we run initiatives throughout the year that support and engage local schools and community groups.

We also house the Digital Hub which provides community access to computers, digital technology and a range of programmes to help build and support the district's digital connectivity and capability.

Council has recognised the need to redevelop the Library building to accommodate the growing needs of our community. It has supported the proposal to combine the Library and Archives into a single modern purpose-built space that improves access to information, literature, heritage and cultural resources while ensuring the safe storage of our archival collection and nationally-recognised maps collection.

It aims to deliver an environment rich with social, cultural, education and recreational activities for everyone. We see this redevelopment as providing a space for promoting and learning

te reo through access to te reo resources and the sharing of living history recordings. It would allow us to provide greater access to the local government archive collection and share local history and heritage information. Enabling our community to view and access these records is a key objective of this project.

KEY DOCUMENTS AND LINKS

- www.wairoalibrary.co.nz
- Built Spaces Activity Management Plan
- Wairoa Library and Archive Redevelopment Project Report
- 2019 Service Review
- Annual Plan 2020/21

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Library delivers positive and high quality experiences	User satisfaction (%) with library services	≥80%	≥80%	≥80%	≥80%
	User satisfaction (%) with library collection	≥80%	≥80%	≥80%	≥80%
Library is accessible and well utilised by community	Completion rate (%) of programme attendees	≥80%	≥80%	≥80%	≥80%
	Library physical visits	32,000	Increase 10% on previous year	Increase 10% on previous year	Increase 10% on previous year



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WHAT WE DO

We partner in and support the provision of recreational, health, cultural and heritage activities. We support community events, initiatives and facilities, including the Community Centre, Gaiety Theatre and Wairoa Museum. These facilities provide a valuable resource for the creation of local communities of interest as meeting places and for passive and physical leisure.

The Community Centre houses a large indoor stadium where netball, soccer, cricket, badminton, volleyball and basketball are played. An indoor high ropes course is part of the stadium. Sports Leagues are run throughout the year. After school holiday programmes for children are also based in the stadium. There is a fitness centre with a modern weight-training gym. The centre also houses a heated 25-metre indoor swimming pool.

The Wairoa Museum, centrally located on Marine Parade is a purpose build climate controlled building, with quality storage facilities. In recent years, redevelopments have seen a refurbishment of all galleries and new exhibitions, alongside the build of an interactive discovery space of educational activities and resources.

Supporting community groups and organisations through funding and grants enables us to help empower them to achieve their vision and outcomes. Our preferred mechanism for involvement is through funded service contracts, or advocacy on behalf of these groups. Applications from organisations engaged in the management of community facilities and events are considered on a case-by-case basis.

We work cooperatively with other organisations and regional partners to share information, and to develop and monitor indicators to measure progress towards the district's vision and community outcomes.

Changes to the district's demographics may affect the future provision of funding to community facilities, organisations and services. We will monitor the demand and expectations for these services alongside the operators of community facilities. This will involve surveying customer demand and satisfaction of the standard and quality of Council-supported facilities.

KEY DOCUMENTS AND LINKS

- www.gaietytheatre.co.nz
- www.sporthb.net.nz
- <https://www.wairoadc.govt.nz/our-district/wairoa-museum/>
- 2020 Service Review

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Community Centre is accessible and well utilised by community	Total visits to the Wairoa Community Centre	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year
	User satisfaction (%) Community Centre	≥80%	≥80%	≥80%	≥80%
Museum is accessible and well utilised by community	Total visits to the Wairoa Museum	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year
	User satisfaction (%) Wairoa Museum	≥80%	≥80%	≥80%	≥80%

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	786	3,031	3,104	3,220	3,142	3,241	3,326	3,378	3,460	3,551	3,639
Targeted rates (other than a targeted rate for water supply)	1,256	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	39	73	25	26	26	27	27	28	29	29	30
Fees and charges	70	70	72	73	75	77	79	80	82	84	86
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	12	11	11	12	15	15	20	23	26	27
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	2,151	3,186	3,212	3,330	3,255	3,360	3,447	3,506	3,594	3,690	3,782
Applications of operating funding											
Payments to staff and suppliers	1,908	2,599	2,574	2,635	2,540	2,609	2,663	2,714	2,774	2,827	2,909
Finance costs	-	41	47	47	53	53	53	54	56	55	54
Internal charges and overheads applied	290	297	349	379	375	392	413	407	408	430	429
Internal interest charged	69	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,267	2,937	2,970	3,061	2,968	3,054	3,129	3,175	3,238	3,312	3,392
Surplus (deficit) of operating funding (A - B)	(116)	249	242	269	287	306	318	331	356	378	390
Sources of capital funding											
Subsidies and grants for capital expenditure	600	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	627	35	(207)	(234)	(44)	(268)	(260)	(271)	(210)	(337)	(349)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,227	35	(207)	(234)	(44)	(268)	(260)	(271)	(210)	(337)	(349)

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	85	-	-	167	-	21	22	18	-	-
- to improve the level of service	1,546	60	16	16	57	17	17	17	47	18	18
- to replace existing assets	78	346	198	214	121	122	126	127	234	134	267
Increase (decrease) in reserves	(513)	(207)	(179)	(195)	(101)	(101)	(106)	(106)	(153)	(111)	(244)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,111	284	35	35	243	38	58	60	146	41	41
Surplus (deficit) of capital funding (C-D)	116	(249)	(242)	(269)	(287)	(306)	(318)	(331)	(356)	(378)	(390)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-



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MAHERE ME WAETURE

PLANNING AND REGULATORY

Resource Planning, Environmental Health, Building Control, Liquor Control, Bylaw Compliance



WHAT WE DO

We provide resource consent within timeframes and planning services to support the sustainable management of natural resources. We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic and environmental wellbeing of our people and district.

One aspect of the resource planning function is to manage potential and material adverse effects. The Resource Management Act requires Council to have a District Plan to assist in the carrying out of its functions in order to achieve the purpose of the Act. It provides for growth in the district, enabling subdivision and development of the district through the consent process.

Council has a District Plan that became operative in 2005. A review of the District Plan began in 2015, however this project had been delayed due to central government directions over the years. Now the recently announced Resource Management Act reforms has put a hold on Council's plans to review the plan until further notice from the government.

KEY DOCUMENTS AND LINKS

- District Plan
- Economic Development Strategy
- <https://www.wairoadc.govt.nz/services/planning-and-resource-consents>

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Provide an efficient, responsive and compliant resource planning service	All resource consent applications processed within statutory timeframe set under the Resource Management Act	100%	100%	100%	100%
	Users (%) who rate resource consent service as good or very good	≥80%	≥80%	≥80%	≥80%

Oranga Taiao | Environmental Health



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WHAT WE DO

We provide environmental health services to protect and improve public health with food premises, water quality, pollution, noise control, and fly dumping. We ensure community safety through the registration of food premises, hairdressers, funeral directors and camping grounds, and respond to complaints.

Council's long term focus for environmental health activities is to promote a safe living environment through education, the monitoring and enforcement of legislation, regulations and bylaws. Some of our objectives include ensuring that relevant legislation, regulations and bylaws are implemented, and minimising adverse effects on public health in the community.

The Food Hygiene Regulations (1974) have been phased out as the provisions of the Food Act 2014 were introduced over a period ending in 2019. The outcome is that the Ministry for Primary Industries has control of all food premises within the country by means of risk-based 'Food Control Plans' and food safety programmes.

KEY DOCUMENTS AND LINKS

- <https://www.wairoadc.govt.nz/services/enviornmental-health/>
- <https://www.wairoadc.govt.nz/services/permits-food-and-licensing/>

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Provide an efficient, responsive and compliant environmental health service	Non-food premises registrations required under legislation completed (%)	100%	100%	100%	100%
	Noise control (unreasonable noise) complaints responded to in accordance with legislation, regulations and Council policy.	90%	90%	90%	90%
	Verification reporting to be completed within 10 days of verification as per Quality Manual.	90%	90%	90%	90%

Whakararata Waihanga | Building Control



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WHAT WE DO

We provide building control services to ensure that construction on new and existing buildings is compliant and controlled. We issue building consents within timeframes and monitor building WOFs, swimming pools and dangerous and unsanitary buildings.

Council's goal for this activity is to provide an acceptable standard of building development within the district through the positive application of the Building Act 2004. Council has chosen to register as a Building Consent Authority (BCA) and to complete the requirements for being accredited. The BCA must meet the standards outlined in the Building (Accreditation of Consent Authorities) Regulations 2007 and be reassessed every two years to maintain accreditation status.

The BCA has endeavoured to streamline the building consent process by taking full advantage of the latest technology in processing and inspecting building consent applications. This includes the use of drones for roofing and hard to access inspections, reducing inspection time and health and safety limitations, while still achieving required inspection outcomes.

We help ensure that buildings in the district are designed and constructed so that people who use the buildings can do so safely

and buildings have attributes that contribute appropriately to the health, physical independence, and well-being of the people who use them. We also ensure that people who use a building can escape from the building if it is on fire.

KEY DOCUMENTS AND LINKS

- <https://www.wairoadc.govt.nz/services/building-consents-information/building-consents/>

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Provide an efficient, responsive and compliant building control service	Building consents (%) processed within statutory time frames	90%	90%	90%	90%
	Certificates of acceptance (%) processed within statutory time frames	90%	90%	90%	90%
	Users (%) who rate building control service as good or very good	≥80%	≥80%	≥80%	≥80%
	Building Consent Authority (BCA) accreditation retention	Retain	Retain	Retain	Retain

Whakararata Waipiro | Liquor Control



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WHAT WE DO

We provide liquor control and licensing services, issuing liquor licences within timeframes. We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

Council uses the Wairoa District Licensing Committee as its agency to regulate the sale of liquor under the Sale and Supply of Alcohol Act 2012. A liquor licence is required when selling alcohol, in any form. All liquor licences and managers certificates are processed by Council's District Licensing Committee.

This Act dictates a number of statutory requirements that place limitations upon Council as it prepares applications for submission to the District Licensing Committee, which acts as an independent impartial agency. Decisions on applications are made by this Committee.

The introduction of a Local Alcohol Policy under the Sale and Supply of Alcohol Act 2012 has introduced a "local component" designed

to best serve the local community. This policy is now in effect and all liquor licence applications are processed in conjunction with this document.

KEY DOCUMENTS AND LINKS

- <https://www.wairoadc.govt.nz/services/permits-food-and-licensing/>
- Local Alcohol Policy

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Provide an efficient, responsive and compliant liquor control service	Management licenses (%) processed within 30 days	100%	100%	100%	100%
	Renewal and new licences (%) processed within statutory time frames	100%	100%	100%	100%

Pāero | Bylaw Compliance



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WHAT WE DO

We provide general bylaw enforcement and maintenance and respond to complaints over freedom camping, land transport, public safety, cemeteries and trade waste. We provide dog control services in response to complaints about dogs and manage the pound. We maintain the National Dog Register, and respond to stray, barking and nuisance dogs. We provide livestock control services for wandering animals, ensuring community safety through the removal of nuisance stock.

The Dog Control Act requires dogs within the district to be registered, cared for and kept under proper control. Under the Dog Control Act, Council is also empowered to impound neglected, maltreated and uncontrolled dogs, as these have the potential to cause damage to people and property. Council currently leases one dog pound located at the Quality Roading & Services depot in Kaimoana Road, Wairoa.

Through the Dog Control activity, we help ensure that dogs are controlled so there is no threat to people or property, and ensure that dog owners are aware of the obligations of dog ownership. Council has committed to upgrading the dog pound facilities, while in conjunction maintaining, and operating the existing dog pound.

Impounding of stock is an activity required by the provisions of the Impounding Act 1955 and Council's bylaws. Through the Stock Control activity, we help ensure that complaints relating to animal nuisances are responded to and suitable solutions found, and that Council-owned stock paddocks are maintained to an appropriate standard.

Council enforces bylaws to ensure that appropriate action is taken by residents and others in order to maintain a safe living environment. Council has a freedom camping bylaw in line with the Freedom Camping Act 2011.

This bylaw is enforced nightly over the summer holiday season and periodically in other seasons. Council has partnered with local iwi organisations, Rongomaiwahine Iwi Trust and Mahia Maori Committee, to develop and implement a freedom Camping Ambassador initiative. Ambassadors monitor campsites, rubbish, recycling and toilet facilities.

KEY DOCUMENTS AND LINKS

- <https://www.wairoadc.govt.nz/services/animal-education/animal-control/>
- <https://www.wairoadc.govt.nz/services/animal-education/dog-owners/>

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Provide an efficient, responsive and compliant dog and stock control service	Known dogs (%) registered by 30 June each year	≥75%	≥75%	≥75%	≥75%
	Annual Report about the administration of Council's policy and dog control practices adopted by 30 August	Achieved	Achieved	Achieved	Achieved

WHAT IT COSTS AND HOW IT’S FUNDED

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	193	1,015	1,084	1,148	1,215	1,266	1,316	1,275	1,368	1,319	1,333
Targeted rates (other than a targeted rate for water supply)	1,219	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	631	754	775	762	780	800	816	835	856	875	893
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	2,043	1,769	1,859	1,910	1,995	2,066	2,132	2,110	2,224	2,194	2,226
Applications of operating funding											
Payments to staff and suppliers	2,015	1,428	1,476	1,483	1,324	1,328	1,338	1,322	1,379	1,360	1,420
Finance costs	-	12	12	12	12	12	12	12	13	13	13
Internal charges and overheads applied	598	639	650	684	697	720	743	770	779	779	787
Internal interest charged	7	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,620	2,079	2,138	2,179	2,033	2,060	2,093	2,104	2,171	2,152	2,220
Surplus (deficit) of operating funding (A - B)	(577)	(310)	(279)	(269)	(38)	6	39	6	53	42	6
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	650	309	279	269	38	(6)	(39)	(6)	(53)	(42)	(6)
Gross proceeds from sale of assets	-	53	14	25	57	15	27	61	16	29	65
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	650	362	293	294	95	9	(12)	55	(37)	(13)	59

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	243	46	84	196	52	108	210	54	99	225
Increase (decrease) in reserves	73	(191)	(32)	(59)	(139)	(37)	(81)	(149)	(38)	(70)	(160)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	73	52	14	25	57	15	27	61	16	29	65
Surplus (deficit) of capital funding (C-D)	577	310	279	269	38	(6)	(39)	(6)	(53)	(42)	(6)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-



Safe, supported and well-led community



Valued and cherished culture

MANA WHAKATIPU ME KĀWANATANGA

LEADERSHIP AND GOVERNANCE

Community Representation, Māori Relationships, Economic Development

WHAT WE DO

We provide for district representation and governance, elections, community engagement, policies, annual reporting and planning, and long term planning. We support and encourage community participation in democracy.

We do this to ensure effective representation and governance on behalf of the district, to make sure that that elected member roles are performed effectively for the community, and to ensure people are supported to participate in Council’s decision-making processes. It also means that the timely provision of advance on issues relevant to Māori and tangata whenua is provided, and ensures the provision of support and resources to community functions and ceremonies. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

Council introduced designated Māori representation for the 2019 and 2022 Local Government Elections through the setting up of one or more Māori wards in addition to general wards. In 2018, Council resolved that its proposal was for a Mayor elected over the entire district, and three Councillors elected at large from a General Ward, and three Councillors elected at large from a Māori Ward.

KEY DOCUMENTS AND LINKS

- Annual Plan 2020/21
- Annual Report 2019/20
- Long Term Plan 2021-2031 Pre-engagement Booklet
- Long Term Plan 2021-2031 Consultation Document
- Communitrak Survey Report 2021
- CouncilMARK Assessment Report
- Local Governance Statement
- Code of Conduct
- Significance and Engagement Policy

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Elected Members are accessible and responsive to community	Residents (%) who know how to make contact with elected members	≥85%	≥85%	≥85%	≥85%
	Residents (%) satisfied with Mayor and Councillors	≥85%	≥85%	≥85%	≥85%
Council facilitates democratic decision-making, and community engagement opportunities	Meeting and committee agendas (%) made available to the public within statutory time frames	100%	100%	100%	100%
	Residents (%) who believe they have adequate opportunities to have their say in Council activities	≥75%	≥80%	≥85%	≥85%
	Residents (%) who state they are satisfied with how the Council makes decisions	≥70%	≥75%	≥80%	≥80%
Council information is accessible and service compliant	Residents (%) who agree that Council information is easy to access (via website, libraries, social media, newspapers etc)	≥80%	≥80%	≥80%	≥80%
	Official information requests (%) handled within legislative time frame	100%	100%	100%	100%



Hononga Māori | Māori Relationships



Safe, supported and well-led community



Valued and cherished culture

WHAT WE DO

We develop relationships with Māori, and promote and facilitate participation in decision-making through the Māori Standing Committee, and by promoting and implementing the use of te reo Māori. We provide qualified strategic and social policy advice to Council and management on matters that impact tangata whenua and the wider Māori community, to make well-informed decisions.

Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

The goal of Council's Māori policy is to maintain a high commitment to effective communication and consultation with Māori of the district. It provides a framework to develop relationships between Council and Māori, to achieve mutually beneficial outcomes for the community of Wairoa and enables Māori views to be incorporated into local government decision-making, policies and procedures.

Council is committed to the Māori Policy in recognition of the principles of the Treaty of Waitangi 1840, which provided the Crown with governance/kāwanatanga rights, while actively protecting the tino rangatiratanga/full sovereignty and authority of Māori, in respect of their natural physical and metaphysical resources.

The purpose of the Te Reo Māori Policy is to recognise the Council's commitment to promoting te reo Māori as the indigenous language of Aotearoa and as a taonga of Iwi and Māori. Council endeavours

to encourage te reo Māori in communications, hui and day to day operations.

This policy ensures that Council recognises Māori preferences for place names within our district and will be included in our policies and planning documents. The Council will ensure that when Māori is used in official publications, letters, on the Council's official website, emails or reports, it is of a consistently high standard.

KEY DOCUMENTS AND LINKS

- Māori policy
- Te reo Māori policy

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Council supports and facilitates Māori participation in decision-making	The required number of nominations are received within established timeframes and appointments made to Council's Māori Standing Committee	Achieved	Achieved	Achieved	Achieved
	The Māori Standing Committee meetings are scheduled and attended no less than bi-monthly	Achieved	Achieved	Achieved	Achieved

Whanake Ōhanga | Economic Development



Safe, supported and well-led community



Strong and prosperous economy

WHAT WE DO

We provide district, promotion, tourism services, and manage policy as it relates to our economy. We provide the Visitor Information Centre and implement the Economic Development Plan.

We aim to provide an environment conducive to the growth of a strong and diverse economy, which enhances the community's values, resources, environment, and lifestyle. With the implementation of the Government's regional growth programmes, regional economic development plans are in place for the Hawke's Bay (Matariki – Regional Economic Development Strategy) and for Tairāwhiti (Te Huarahi Hei Whai Oranga - The Tairāwhiti Economic Action Plan).

This connected approach to economic development benefits Wairoa as a community and demonstrates to the wider region the efforts that we are contributing to development in our very unique Wairoa way.

This Economic Development Plan looks at a collaborative approach to economic development for our district, partnering with interested parties to develop further a Council environment which assists businesses and individuals to bring about real change for Wairoa and supporting whanau within the district to realise their full potential.

We are working alongside with iwi and hapu, the business sector, central government agencies and other local authorities in our region on the Hawke's Bay Regional Economic Development Strategy. The aim is to grow jobs across the region, increase household incomes and raise Hawke's Bays economic performance up into the top quarter of New Zealand regions.

To achieve these aims, the strategy sets out the steps needed to help existing businesses who want to grow to do so, attract new business, promote great new ideas, attract skilled migrants to work in the areas in which we need more people and plan major public projects that benefit the whole region.

We have a number of initiatives underway that are targeted at contributing to opportunities our community has around employment and education, and in promoting Wairoa as a location for businesses to be based and to prosper.

KEY DOCUMENTS AND LINKS

- Economic Development Plan
- Hawke's Bay Regional Economic Development Strategy

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
Council supports progressive and collaborative economic development for the district	Actions in the Economic Development Plan and Action Plan completed (% of actions completed)	80%	80%	80%	80%
i-Site is accessible, well utilised by visitors and delivers positive experiences	Total visits to the i-Site	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year	Visitor numbers ≥ previous year
	User satisfaction (%) with i-Site	≥80%	≥80%	≥80%	≥80%

WHAT IT COSTS AND HOW IT’S FUNDED

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	2,603	2,613	2,749	2,843	2,847	3,055	3,065	3,087	3,189	3,209	3,266
Targeted rates (other than a targeted rate for water supply)	540	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	115	53	54	56	8	-	-	-	-	-	-
Fees and charges	302	261	244	249	254	233	237	273	250	255	291
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	3,561	2,927	3,047	3,148	3,109	3,288	3,302	3,360	3,439	3,464	3,557
Applications of operating funding											
Payments to staff and suppliers	1,971	1,173	1,245	1,209	1,226	1,336	1,261	1,296	1,368	1,330	1,408
Finance costs	1	12	12	12	12	12	12	12	12	12	12
Internal charges and overheads applied	1,644	1,667	1,706	1,839	1,818	1,893	1,996	2,024	2,026	2,097	2,103
Internal interest charged	31	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	3,647	2,852	2,963	3,060	3,056	3,241	3,269	3,332	3,406	3,439	3,523
Surplus (deficit) of operating funding (A - B)	(86)	75	84	88	53	47	33	28	33	25	34
Sources of capital funding											
Subsidies and grants for capital expenditure	-	28	-	53	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	86	(75)	(84)	(88)	(53)	(47)	(34)	(28)	(33)	(25)	(34)
Gross proceeds from sale of assets	-	-	-	21	-	-	9	15	-	9	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	86	(47)	(84)	(14)	(53)	(47)	(25)	(13)	(33)	(16)	(34)

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	28	-	53	-	-	-	-	-	-	-
- to replace existing assets	-	-	18	77	7	19	35	56	20	38	8
Increase (decrease) in reserves	-	-	(18)	(56)	(7)	(19)	(27)	(41)	(20)	(29)	(8)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	28	-	74	-	-	8	15	-	9	-
Surplus (deficit) of capital funding (C-D)	86	(75)	(84)	(88)	(53)	(47)	(33)	(28)	(33)	(25)	(34)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-



Safe, supported and well-led community



Strong and prosperous economy



Protected and healthy environment

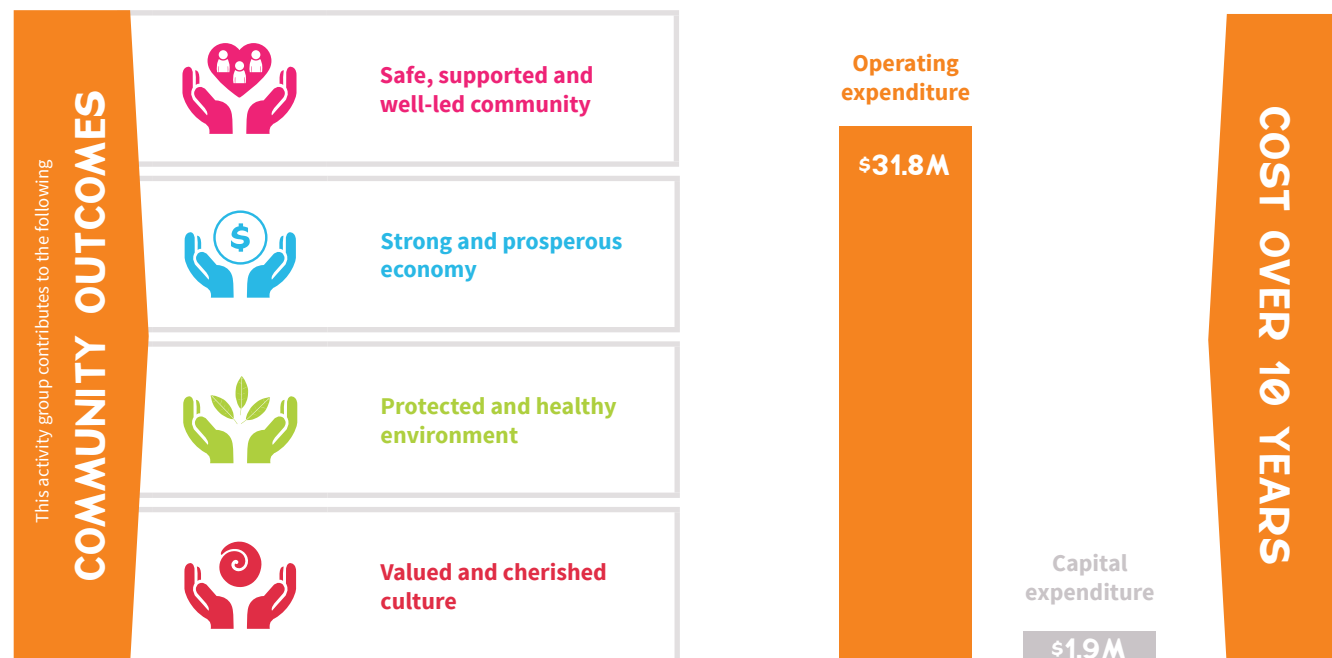


Valued and cherished culture

RANGAPŪ

CORPORATE FUNCTIONS

Corporate Services, Property,
Corporate and Funds Management



WHAT WE DO

We provide corporate services which include customer services, finance, administration, information technology, business support, human resources, records, archives, project support, rates services, legal compliance, policy development, and official information. We manage and deliver these services in an efficient and responsive manner, fulfilling key operational and strategic functions that support the day-to-day running and long-term sustainability of the organisation.

We undertake these activities to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

We have a strong focus on using information technology to support our community. Emerging technologies offer opportunities to streamline processes and empower decision-making, and various trends are influencing how we plan for and use IT, and where major investment should be made.

We acknowledge that people in our community expect their interactions with Council to be quick and easy with simple to use portals and communication tools. Our work includes exploring opportunities for online facilities that encourage collaboration and sharing, cloud services and mobile computing.

Council have developed and rolled out a public Geographical Information System (GIS), a first in New Zealand Local Government, and is leading the way in this space. The work Council is doing in developing its internal GIS is also a first for NZ Local Government. Cyber security is also a key focus, with organisation-wide updates and training being delivered following the rollout of a full Cyber Security audit.

Two years ago, Council received the 'Most Improved Best Customer Service Experience' award, which recognised Council's significant improvement in the delivery of customer service to its community. Although previously ranked at number 67 out of 80 Councils, within one year Council had jumped 52 places to take out the number 15 spot in New Zealand. Council's success is testament to the hard work carried out by its Customer Services team to deliver a high level of service. While frontline work is often challenging, the award recognised the team's ongoing commitment to doing the best they can to support their people, building a great experience for ratepayers and the wider community. The team's Knowledge Base platform, which was conceptualised in 2018 and introduced last year is now fully operational with all processes required to manage incoming calls and requests from ratepayers and the community.

This platform is the system that enables increased consistency in the delivery of information, and the team continue to make improvements that help streamline services to the community.

In 2019, we developed an IT Strategic Plan, which we use to facilitate and guide decisions on the maintenance, improvement and efficiency of Council's IT investment. With this, we are in a position to design, develop and deliver services to staff, elected members, and our community more effectively. It helps us make advancements that enable opportunities for better collaboration, cost reduction, and improvements in IT delivery for all customers.

This activity includes the District Council Archives, currently maintained in the former Fire Station building. The Archives preserves the documentary history of local government in our district, with holdings dating back to 1877. Records include minute books, rate books, correspondence and various registers. The archives also includes a nationally significant map collection with over 15,000 items dating back to 1865, many which are unique manuscripts.

Council has recognised the need to redevelop the Archives building. It has supported the proposal to combine the Library, Archives and Regional Digital Hub in to a single facility to accommodate the growing needs of our community.

It aims to provide a modern purpose-built space for our people, improving access to information, literature, heritage and cultural resources while ensuring the safe storage of our archival collection. It aims to deliver an environment rich with social, cultural, education and recreational activities for everyone.

KEY DOCUMENTS AND LINKS

- Annual Plan 2020/21
- Annual Report 2019/20
- Long Term Plan 2021-2031 Pre-engagement Booklet
- Long Term Plan 2021-2031 Consultation Document
- Communitrak Survey Report 2021
- CouncilMARK Assessment Report



Safe, supported and well-led community



Strong and prosperous economy



Protected and healthy environment



Valued and cherished culture

WHAT WE DO

We provide property services for the camping ground, information centre, community halls, pensioner housing and commercial property, in an efficient and responsive manner that ensures our properties are safe and well-maintained.

We undertake this activity to support public demand, and to fulfil statutory obligations and a duty of care to our community. Delivering this service helps us look after the social, economic, environmental and cultural wellbeing of our people and district.

Significant negative impacts of this activity include Council administrative buildings not being fit for purpose resulting in vulnerability of resilient governance. Solutions include understanding the performance of the building portfolio, in relation to seismic and tsunami risks, to ensure public safety as well as meeting legislative requirements. It also involves developing business continuity plans that can be easily implemented where necessary to ensure continuity of Council services.

Other challenges relate to a lack of service planning resulting in properties that do not meet the needs of the community. For example, the physical library and archives space are not currently fit for purpose. Solutions include understanding the future needs

of these assets, including the library and archives, pool facilities, pensioner housing. It involves looking for opportunities to improve the environmental footprint through sustainable design initiatives.

Detailed information on assets, issues, options, and costs are covered in Council's Built Spaces Activity Management Plan.

KEY DOCUMENTS AND LINKS

- Built Spaces Activity Management Plan
- Economic Development Strategy
- District Plan
- Property Strategy 2018
- Pensioner Housing Policy 2010

MEASURING OUR PROGRESS

The following measures describe how we will demonstrate progress and achievement in this area:

Levels of Service	Performance Measure	Target 2022	Target 2023	Target 2024	Target 2024+
To provide Council buildings that are compliant with legislative requirements	All pensioner housing units are proactively inspected six monthly	100%	100%	100%	100%
Provide prompt responses for service	Percentage of requests responded to within 3 days (including safety defects)	>80%	>80%	>80%	>80%
To provide Council buildings that are well maintained	Percentage of defects in pensioner housing resolved within 24 hours	100%	100%	100%	100%



Safe, supported and well-led community



Strong and prosperous economy

WHAT WE DO

We hold investments that support the provision of sustainable infrastructure and services. This includes managing cash, debt, equity and property investments. We operate treasury services that provide low-cost funding for projects, immediate funds for emergencies and day-to-day funding.

This work involves the negotiation and drawdown or rollover of loans, administration of our membership to the LGFA scheme and the administration and planning of investments. Council's finances are streamlined by managing cash, loans, investments, and other financial assets. This aims to optimise Council's liquidity, while also mitigating financial and operational risk.

Loans

The LGFA which provides favourable interest rates and the time spent documenting and planning the rollover and refinancing of loans reduces the interest cost to Council. If Council did not provide

a funds management service, the fees and interest rates relating to an overdraft facility would greatly exceed the current interest payments. Furthermore there could be cashflow constraints if a loan management and negotiation service was not provided.

Investments

The Council has a number of bonds and shares providing mid to long term investments, as well as short term deposits to maximise interest earned whilst maintaining cashflow liquidity. If Council did not provide a funds management service, all cash would sit in a bank account earning minimal interest. This would not be the most prudent way of managing Council's financial assets.

WHAT IT COSTS AND HOW IT'S FUNDED

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	(160)	17	238	357	423	582	843	840	857	1,002	1,115
Targeted rates (other than a targeted rate for water supply)	(586)	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	397	-	-	-	-	-	-	-	-	-
Fees and charges	171	170	175	179	183	188	192	196	201	205	210
Internal charges and overheads recovered	5,314	4,971	5,712	6,168	6,133	6,398	6,715	6,693	6,737	7,011	7,007
Internal interest income	1,295	96	84	84	81	78	83	91	98	106	113
Interest and dividends from Investments	761	758	701	698	704	700	677	684	691	698	705

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Local authorities fuel tax, fines, infringement fees, and other receipts	88	85	87	90	92	94	96	98	101	103	105
Total operating funding (A)	6,885	6,494	6,997	7,576	7,616	8,040	8,606	8,602	8,685	9,125	9,255
Applications of operating funding											
Payments to staff and suppliers	5,385	5,335	5,647	6,098	6,012	6,187	6,609	6,454	6,431	6,774	6,787
Finance costs	201	648	792	862	929	1,078	1,161	1,216	1,262	1,334	1,403
Internal charges and overheads applied	166	243	239	248	253	261	267	294	301	283	288
Internal interest charged	1,006	371	382	391	364	396	431	469	503	546	586
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	6,759	6,597	7,060	7,599	7,558	7,922	8,468	8,433	8,497	8,937	9,064
Surplus (deficit) of operating funding (A - B)	126	(103)	(63)	(23)	58	118	138	169	188	188	191
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	1,261	518	68	23	(52)	(118)	(132)	(170)	(182)	(188)	(166)
Gross proceeds from sale of assets	16	-	14	-	-	13	29	16	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,277	518	82	23	(52)	(105)	(103)	(154)	(182)	(188)	(166)
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	1,336	250	-	-	-	-	-	-	-	-	-
- to replace existing assets	195	520	112	214	252	195	197	152	301	277	292
Increase (decrease) in reserves	(127)	(355)	(93)	(214)	(246)	(182)	(162)	(137)	(295)	(277)	(267)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,403	415	19	-	6	13	35	15	6	-	25
Surplus (deficit) of capital funding (C-D)	(126)	103	63	23	(58)	(118)	(138)	(169)	(188)	(188)	(191)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-



2021-31 LONG TERM PLAN

SECTION 3: OUR FINANCES





MATAPAE WHAI TIKANGA ME NGĀ TŪRARU

SIGNIFICANT FORECASTING ASSUMPTIONS AND RISKS

FORECASTING ASSUMPTIONS AND RISKS

Council has made a number of assumptions which underlie the financial forecasts within this LTP. These have been informed by a consideration of social, economic, environmental and cultural issues on a national, regional and local level that impact on Council's planning, activities and operations. These assumptions do not include statements of fact that fall within the decision-making discretion of Council or unlikely events about which assumptions are made¹.

Water reform

Assumptions

Council plans to deliver Three Waters services over the life of this LTP, however the Government's three waters reform creates a high degree of uncertainty on the future ownership and delivery of these services. The receipt of Government funding will enable improvements in water service delivery, support economic recovery from COVID-19 and progress reform in this area. Additional funding will be subject to Government decision-making and reliant on Council demonstrating progress against delivery plans and reform objectives. The Government will provide guidance on the approach to funding support.

Risk

High degree of uncertainty and potential for change in regards to financial and infrastructural planning in the Three Waters space.

Likelihood

High

Financial materiality

High

Reasons and effect of uncertainty

Uncertainty exists regarding the scale and impact of financial and legislative compliance resulting from the Government's Three Waters reform and Hawkes Bay Three Waters service delivery options. Considerable administration of 'shovel ready' and civil construction projects. Second order impacts create further uncertainty.

Changes since 2018-2028 LTP

The Government's Three Waters reform programme and Hawkes Bay Three Waters service delivery options review. Associated regulatory and legislative change. Targeted infrastructure stimulus investment to enable improvements to water service delivery and ensure period of economic recovery following COVID-19.

Inflation

Assumptions

Council's financial information is based on costs and income adjusted for inflation. The BERL forecasts of price level changes have been used to calculate costs and income for years 2-10 of the LTP. These forecasts are based on a post-COVID-19 'mid-scenario' as the baseline, which is considered most applicable to our local area and economy². Where existing contracts contain cost fluctuation/inflation provisions these have been applied where relevant.

¹Such matters are included in the activity management plans (Section 2: Our Activities) or asset management plans.

²This scenario is likely to be applicable to most councils and especially for those in areas without an overreliance on tourism and the retail trade.

Table 1: Local government cost index, BERL mid-scenario, % change on year earlier.

	Opex	Capex	Total
2019	3.0	2.9	3.0
2020	1.9	2.0	2.0
2021	-0.6	-0.9	-0.7
2022	3.6	4.0	3.7
2023	2.9	3.0	2.9
2024	2.5	2.6	2.5
2025	2.5	2.6	2.5
2026	2.5	2.7	2.6
2027	2.5	2.6	2.5
2028	2.6	2.8	2.6
2029	2.7	2.8	2.7
2030	2.7	2.9	2.7
2031	2.6	2.7	2.6
20 year average %pa	2.2	2.3	2.2

Table 2: Local government cost adjustors, BERL mid-scenario, % change on year earlier.

	Planning & Regulation	Roading	Transport	Community	Water & Environment
2019	3.2	2.3	2.8	2.0	3.8
2020	1.7	1.9	1.8	1.7	2.5
2021	0.5	0.8	0.7	-0.2	-3.8
2022	2.7	3.3	2.9	3.2	6.0
2023	2.5	3.1	2.6	2.7	3.5
2024	2.3	3.0	2.4	2.5	2.6
2025	2.2	2.9	2.4	2.4	2.7
2026	2.2	2.9	2.4	2.5	2.9
2027	2.2	2.9	2.4	2.4	2.8
2028	2.2	2.9	2.4	2.5	3.2
2029	2.2	2.9	2.4	2.6	3.3
2030	2.2	2.9	2.4	2.6	3.4
2031	2.2	2.9	2.4	2.4	3.1
20 year average %pa	2.0	2.5	2.2	2.1	2.5

Risk

Actual inflation will be significantly different from the assumed inflation.

Likelihood

Low in years 1-3. Medium in years 4-10.

Financial materiality

Low in years 1-3. Medium in years 4-10.

Reasons and effect of uncertainty

Uncertainty exists regarding the mid and long-term effects of COVID-19 on the district’s economy and recovery, making planning more challenging. From experience, contract tender prices can vary materially from the Local Government Cost Index (LGCI) due to the remoteness of the district and the size of the contracts that the Council will seek to place. It is conceivable that demand pressures that are created from COVID-19 economic recovery stimulus packages may exacerbate this issue. Council will seek to mitigate this by partnering locally and through collaborative procurement practices within the Hawke’s Bay region. Inflation is affected by external economic factors. Council’s costs and income will increase by the rate of inflation unless efficient gains can be made.

Changes since 2018-2028 LTP

Economic challenges and recovery as a result of the COVID-19 pandemic. Government’s three waters reform programme and Hawkes Bay water service delivery options review. Associated regulatory and legislative change.

Climate change

Assumptions

Potential climate change effects are likely to impact on our infrastructure and affect Council’s ability to deliver levels of service. Council’s planning includes scenarios which factor in the occurrence of more frequent and intense weather events. These reach levels of significance within the period covered by Council’s Infrastructure Strategy. Council’s response to climate change helps it identify key assets at risk, recognise impacts in asset and financial modelling and prioritise funding for resilience. It will support Council to identify critical components of its networks, and prioritises renewals so that the network can continue to operate.

Risk

More frequent and intense weather events that create increased risk or damage to Council’s infrastructure and activities.

Likelihood

Medium-High

Financial materiality

High

Reasons and effect of uncertainty

Although Council has faced natural disaster events in the past, and coped adequately, climate change predictions are that weather events will become more frequent and intense. These may have implications on Council’s infrastructure and activities. There may be increased risk to coastal roads and infrastructure from coastal erosion and inundation, increased storminess and sea-level rise. Flooding and heat are predicted to impact the roading networks in our district. Drought will likely result in water shortages, increased demand for irrigation and increased risk of fires. Council expects this may impact on the provision of safe drinking water, the disposal of wastewater and stormwater.

The potential effect of a natural disaster on Council’s financial position is dependent on the scale, duration and location of the event. Central government assistance and insurance contracts would reduce some of Council’s financial risk.

Changes since 2018-2028 LTP

- National climate emergency declaration by New Zealand Government in December 2020.
- Regional climate emergency announced by Hawkes Bay Regional Council in June 2019.
- Greater regional emphasis on response to climate change. HBRC has made climate change a focus in all its decision-making areas and relevant work programmes.
- Recommendation from OAG for Councils to engage in comprehensive discussion of resilience and climate change issues with their communities.

Funding sources

Assumptions

Council’s sources of funds are as per the revenue and financing policy. Council will continue to receive external funding at current levels from government agencies such as SPARC, MSD and DIA. Council will continue to apply for government funding through various channels.

Risk

Some revenue sources may be not achievable. Government agencies may reduce or eliminate funding for various programmes.

Likelihood

Low

Financial materiality

Low

Reasons and effect of uncertainty

Council has undertaken a review of its revenue and funding policy and the rationales for its funding allocations. The funding assistance rate for the land transport system from Waka Kotahi is confirmed for 2021-2024, but the amount is yet to be confirmed. Fees and charges are based on levels regularly achieved, and adjusted for specific initiatives or conditions. Council’s rating system has been reviewed and consulted upon to deliver a system that is simpler, ensures appropriate distribution and is affordable for more ratepayers. Rates are consulted upon and controlled by prudent thresholds.

Council has received significant additional funding from the Provincial Growth Fund to assist with various large-scale projects. Council will continue to apply for such funding. As part of the Government’s Three Waters reform programme, Council has received significant funding to support investment in the district’s three waters infrastructure. This may comprise additional tranches of funding and specific agreements to key reform milestones and Council has taken a conservative view with regards to the likelihood of such funding being available in the future.

Changes since 2018-2028 LTP

Significant changes to Council’s rating system and its revenue and financing policy. Council has received significant funding from PGF to assist with various large-scale projects in the district. Council has received significant funding to support investment in the district’s Three Waters infrastructure.

External borrowing sources

Assumptions

Council will continue to receive financing from an approved banking institution.

Risk

No access to external debt funding.

Likelihood

Low

Financial materiality

Medium

Reasons and effect of uncertainty

Council believes that the likelihood of the withdrawal of bank funding is low, due to the good credit rating and relatively low risk it has as a public entity. As a member of the Local Government Funding Agency (LGFA), Council has an alternative source of debt funding. Council also has the ability to set rates at a level sufficient to cover its costs.

Changes since 2018-2028 LTP

Council became a member of the LGFA in 2018, shortly after the LTP 2018-2028 was adopted.

Rating

Assumptions

The bases for calculating and allocating rates will be appropriate throughout the life of the LTP.

Risk

Groups of ratepayers are significantly affected by changes to the rating system, rating revaluations, or changes to Council’s activities.

Likelihood

High

Financial materiality

Medium

Reasons and effect of uncertainty

Council’s rating system has been reviewed and consulted upon to deliver a system that is simpler, ensures appropriate distribution and is affordable for more ratepayers. Differentials have been applied to mitigate effects. When Council reviewed its rating system and revenue and financing policy, it consulted with the community on the most appropriate rating methodology. It has also undertaken a review of its revenue and funding policy and the rationales for its funding allocations. Rates are consulted upon and controlled by prudent thresholds. Property values could change significantly and only in certain areas of the district.

Changes since 2018-2028 LTP

Review and change to rating system. Review and update of revenue and financing policy. Rating revaluations.

Lives of significant assets

Assumptions

Council has estimated the useful lives of its significant assets, as detailed in the Statement of Accounting policies.

Risk

Assets will not last as long as forecast and will need to be replaced before funds are available.

Likelihood

Medium

Financial materiality

Medium

Reasons and effect of uncertainty

Council has an asset management planning and upgrade programme in place. Asset capacity and condition is monitored, with replacement works being planned in accordance with standard asset management practice. Council has growing concerns about the impact climate change will have on the life-span of its infrastructural assets.

Changes since 2018-2028 LTP

Three Waters review and associated legislative and regulatory change. Greater national and regional emphasis on response to climate change and the impact it has on infrastructural assets.

Currency movements

Assumptions

Currency movements of exchange rates will not fluctuate significantly during the life of this LTP.

Risk

Council’s costs are adversely affected by foreign exchange movements.

Likelihood

Medium

Financial materiality

Medium

Reasons and effect of uncertainty

Council does not have direct exposure to currency movement in respect of significant assets or liabilities and is not aware of any material dependencies on overseas inputs within its major contracts. However, the Wairoa economy is underpinned by a strong primary sector with a substantial export component. Parts of the community that depend on these markets to thrive may be adversely affected by exchange rate movements which could, in turn, affect the demand and perceived affordability of Council services.

Changes since 2018-2028 LTP

N/A

Consent renewals

Assumptions

Council basis its future projections on the expectation that consents will be renewed for its activities including wastewater, waste management, water supply and stormwater.

Risk

Approving bodies will fail to renew the consent renewals that Council requires to carry out its activities.

Likelihood

Medium

Financial materiality

High

Reasons and effect of uncertainty

Council has no reason to believe that any of the consents that it operates under will not be renewed, but are concerned at the implications of potential changes to consent conditions or compliance resulting from the Three Waters review. Any failure to renew the consents could significantly affect the ability of Council to provide an effective level of service. An update on the wastewater consent is specifically addressed in this LTP³.

Changes since 2018-2028 LTP

Three Waters review and associated legislative and regulatory change.

New and replacement assets

Assumptions

The construction of new assets increases Council’s levels of service, unless otherwise stated. The replacement of existing assets does not mean an increase in levels of service or capacity, unless stated. Programmes are completed within time and budget.

Risk

The replacement of existing assets increases the levels of service due to technological changes or through the adoption of best practice. New assets do not meet the agreed levels of service or do not provide adequate capacity. Delays in the completion of major capital projects may delay completion of other projects.

Likelihood

Low-Medium

Financial materiality

Low-Medium

Reasons and effect of uncertainty

In most cases, increased levels of service are linked with the construction of new assets. Council’s asset managers have already adopted best practice techniques. For most new assets there are relatively long project planning and design phases. Where possible, new assets are designed and constructed with future levels of service and capacity in mind.

An increase in private development at Māhia is likely to impact on the demand for future assets.

Council regularly managed capital projects that are carried forward from previous periods. Projects with lower priority and that are less time sensitive may be delayed. Various disruptive technologies, including social media, software-as-a-service, artificial intelligence, e-commerce, drones and automation have implications for our operations. These can be harnessed to reduce costs and improve service delivery, however given the pace of change it is difficult to forecast exactly when and how technologies will progress, and to what end.

Changes since 2018-2028 LTP

Increased use of drones and other technologies to support Council’s activities.

Capital works costs

Assumptions

On average, the costs of major capital works will not vary significantly from costs estimated at the concept stage and adjusted for inflation.

Risk

Some project costs are greater than the estimates, resulting in increased debt levels.

Likelihood

Medium in years 1-3. High in years 4-10.

Financial materiality

High

Reasons and effect of uncertainty

Council has a high level of confidence regarding the costs of capital project in the short term but less certainty in the longer term due to possible economic fluctuations, growth patterns, consent conditions etc. The potential effects of this uncertainty on the financial statements would be difficult to estimate, but may lead to a number of projects being deferred, cancelled or rescoped. As an example, through 2019 to 2021 an upgrade to the Māhanga water supply infrastructure was paused and subject to 2 referendums as a result of cost escalations rendering the project unaffordable.

Changes since 2018-2028 LTP

Three Waters review and associated legislative and regulatory change.

Land transport funding

Assumptions

Ratepayer contributions provide 25% of the funding towards the land transport system, and the Government’s subsidy is 75%.

Risk

A change to the Governments subsidy rate, and variation in criteria for inclusion in the subsidised works programme.

Likelihood

Low in years 1-3. Medium in years 4-10.

Financial materiality

Medium

Reasons and effect of uncertainty

The funding assistance rate from Waka Kotahi is confirmed for 2021-2024. However, funding priorities may change as a result of the Land Transport Management Act 2003.

Changes since 2018-2028 LTP

The funding assistance rate from Waka Kotahi is confirmed for 2021-2024.

Household change

Assumptions

The population of the district will increase moderately during the life of the LTP. The number of households will increase moderately. Growth in the district is expected to be in Māhia, with an increase in retirees to the area or those returning home.

Risk

Population change will be higher than protected, putting increased pressure on Council to provide additional infrastructure and services. Alternatively, the population could decline, increasing the residual burden on ratepayers.

Likelihood

Low

Financial materiality

Low-Medium

Reasons and effect of uncertainty

Medium growth projections signal small population gains of up to 3% and high growth projections signal 8% during the life of the LTP. Wairoa is projected to account for 60% of total new (permanently occupied) household growth and Māhia approximately 15%⁴. Growth in in Māhia will likely be due to an increase in retirees to the area or those returning home. Council will seek to understand the future impacts of development on its infrastructure. This will help it better model the potential financial impacts and prioritise funding accordingly.

Population projects are based on demographic assumptions that do not change quickly and a continuation of the annual average level of population growth in the district. Existing infrastructure and levels of service are not likely to require increased investment if the population is static. A decline in population may not reduce the cost of delivering Council’s levels of service, although if it results in extended asset lives, the annual depreciation expense would be lower.

Changes since 2018-2028 LTP

Small population increase. Increased development at Māhia.

Ageing households

Assumptions

The population of the district aged 65 and over is expected to increase during the life of the LTP. The number of single-person households will also increase. Declines in the population aged 40-64 and two-parent families are expected⁵.

Risk

There will be a decline in the affordability/ability to pay, with more people on fixed incomes and potentially lower household incomes.

Likelihood

High

Financial materiality

Medium

Reasons and effect of uncertainty

Without intervention it is inevitable that increasing costs of Council’s activities will become an increasing proportion of fixed household income. Council’s review of its rating system and economic development initiatives seek to alleviate this. An ageing demographic may require an adaptation of public services and infrastructure to meet the needs of an older community.

Changes since 2018-2028 LTP

Increase in ageing population. Increase in single person households.

Council policy

Assumptions

Apart from Council’s revenue and financing policy, there will be no significant changes to Council policy in this LTP.

Risk

New legislation is enacted that requires a significant policy response from Council. Election of a new Council with different objectives to the current Council.

Likelihood

Medium

Financial materiality

Low

Reasons and effect of uncertainty

Changes to Council policy to deal with new requirements are part of normal business. Any significant change would be assessed in terms of the impact on Council’s financial position. Council’s significance and engagement policy, and its Māori policy remain largely unchanged. The Local Government Act 2002 ensures that changes in policy follow due process, including consultation with the public.

Changes since 2018-2028 LTP

Changes to Revenue and Financing policy.

³For more information, see Section 1: Our Long Term Plan.

⁴Source: Wairoa District Council Long Term District Planning – Demographic and Economic Growth Projections 2021-2031.

⁵Source: Wairoa District Council Long Term District Planning – Demographic and Economic Growth Projections 2021-2031.

Governance

Assumptions

The structure of Council’s elected representation includes a general ward and Māori wards.

Risk

Applications will be made to Council for a representation review.

Likelihood

High

Financial materiality

Low

Reasons and effect of uncertainty

The Māori Ward will remain in place for the next election in 2022. Council is required to complete a review of its governance structure in 2024.

Changes since 2018-2028 LTP

Triennial elections in 2019.

Contracts

Assumptions

No significant variations in terms of price from the re-tendering of operational and maintenance contracts and renewal of service level agreements, other than those variations in this LTP.

Risk

A significant variation in price from re-tendering contracts and renewal of service level agreements.

Likelihood

Medium for years 1-3. High for years 4-10.

Financial materiality

Medium-high

Reasons and effect of uncertainty

Council has been able to manage contracts within a narrow range of cost variation. If contract prices were to increase significantly then it would review the amount of work programmed and undertaken. Adjustment for known and projected increases in contracts have been included. For more information, refer to assumption about Inflation.

External factors

Assumptions

Apart from the Government’s Three Waters reform and RMA reforms, there will be no unexpected changes to legislation or other external factors that alter the nature of services provided by Council other than what is stated in this LTP.

Risk

There are unexpected changes that alter the services provided by Council.

Likelihood

Medium

Financial materiality

Low

Reasons and effect of uncertainty

Most changes to legislation are programmed and known about in advance. Only in extraordinary circumstances (such as public outcry over a particular incident) would unexpected changes to legislation be prompted. Central government is likely to share part of any cost associated with major legislative change.



MATAPAE PŪTEA

FINANCIAL FORECAST STATEMENTS

TE MATAPAE AHIPŪTEA WHIWHI ME UTU WHAKAHAERE

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the 10 years to 30 June 2031

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Revenue											
Rates	13,987	15,459	16,726	18,037	19,637	20,478	21,485	21,784	22,405	23,295	23,965
Subsidies and grants	20,211	19,890	11,707	12,978	18,671	14,061	13,700	14,132	13,959	14,904	14,100
Petrol tax	88	85	87	90	92	94	96	98	101	103	105
Fees and charges	2,096	2,357	2,296	2,360	2,447	2,479	2,536	2,626	2,659	2,722	2,813
Investment income	1,154	471	563	594	576	604	611	650	687	731	769
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-
Total revenue	37,536	38,262	31,379	34,059	41,423	37,716	38,428	39,290	39,811	41,755	41,752
Expense											
Water supply	1,731	2,222	2,333	2,430	2,471	2,591	2,704	2,668	2,756	2,908	2,903
Stormwater	507	572	629	636	638	668	682	696	696	735	737
Wastewater	1,739	2,116	2,451	2,514	2,561	2,644	2,729	2,701	2,782	2,921	3,243
Solid waste	1,915	2,306	2,536	2,882	3,047	3,040	3,165	3,341	3,453	3,546	3,675
Transport	13,277	12,291	12,975	13,527	14,892	15,350	15,777	16,340	16,438	17,118	17,126
Community facilities	2,525	2,372	2,404	2,484	2,607	2,684	2,758	2,800	2,873	2,943	3,023
Planning and regulatory	2,696	2,094	2,191	2,221	2,044	2,114	2,138	2,116	2,229	2,200	2,233
Leadership and governance	3,538	3,561	3,692	3,810	3,616	3,816	3,841	3,906	3,992	4,028	4,130
Corporate expense	1,021	1,383	1,038	1,093	1,065	1,104	1,298	1,259	1,271	1,391	1,471
Total expense	28,949	28,917	30,249	31,597	32,941	34,011	35,092	35,827	36,490	37,790	38,541
Net surplus (deficit) on operations	8,587	9,345	1,130	2,462	8,482	3,705	3,336	3,463	3,321	3,965	3,211
Subvention income	-	250	125	100	100	100	100	100	100	100	100
Net surplus / (deficit) for the year	8,587	9,595	1,255	2,562	8,582	3,805	3,436	3,563	3,421	4,065	3,311
Other comprehensive revenue and expense											
Fair value movement											
Property, plant and equipment	-	-	20,613	-	-	28,725	-	-	33,374	-	-
Fair value movement											
Other	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive revenue and expense for the period	8,587	9,595	21,868	2,562	8,582	32,530	3,436	3,563	36,795	4,065	3,311

TE MATAPAE TŪ AHUPŪTEA

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

for the 10 years to 30 June 2031

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Current assets											
Cash and cash equivalents	1,972	1,270	2,782	1,963	1,770	1,906	1,995	1,667	2,048	2,184	2,015
Inventories	58	78	81	85	92	101	112	126	142	160	181
Trade and other receivables	3,120	3,902	2,982	3,217	4,435	3,307	3,191	3,029	2,829	2,864	2,522
Financial assets at fair value	-	1,831	395	-	276	-	-	-	-	-	-
Total current assets	5,150	7,081	6,240	5,265	6,573	5,314	5,298	4,822	5,019	5,208	4,718
Current liabilities											
Trade and other payables	9,782	6,016	4,889	5,416	6,612	5,946	5,797	5,871	5,996	6,350	6,336
Advance funding PGF	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	1,500	3,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total current liabilities	9,782	7,516	8,389	7,416	8,612	7,946	7,797	7,871	7,996	8,350	8,336
Working capital	(4,632)	(435)	(2,149)	(2,151)	(2,039)	(2,632)	(2,499)	(3,049)	(2,977)	(3,142)	(3,618)
Non current assets											
Property, plant and equipment	279,284	296,930	331,720	334,802	340,554	380,742	386,899	390,559	427,178	430,685	435,058
Work in progress	20,604	20,574	9,776	12,630	19,956	13,699	11,411	11,369	11,882	12,963	12,099
Investment in subsidiary	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Investment property	-	-	-	-	-	-	-	-	-	-	-
Biological asset Forestry	260	115	115	115	115	115	115	115	115	115	115
Available for sale financial assets	23	23	23	23	23	23	23	23	23	23	23
Intangible assets	198	12	12	12	12	12	12	12	12	12	12
Financial assets at fair value	8,256	1,161	859	887	338	338	338	338	338	338	338
Total non-current assets	309,875	320,065	343,755	349,719	362,248	396,179	400,048	403,666	440,798	445,386	448,895
Non-current liabilities											
Employee entitlements	112	66	71	72	72	60	61	60	60	-	-
Landfill aftercare	730	1,281	1,317	1,347	1,378	1,408	1,439	1,471	1,504	1,538	1,569
Borrowings	10,901	18,015	18,082	21,451	25,479	26,269	26,803	26,277	26,653	27,037	26,728
Total non-current liabilities	11,743	19,362	19,470	22,870	26,929	27,737	28,303	27,808	28,217	28,575	28,297
Net assets	293,500	300,268	322,136	324,698	333,280	365,810	369,246	372,809	409,604	413,669	416,980
Represented by											
Equity	293,500	300,268	322,136	324,698	333,280	365,810	369,246	372,809	409,604	413,669	416,980

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

for the 10 years to 30 June 2031

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Total equity Opening balance	284,913	290,673	300,268	322,136	324,698	333,280	365,810	369,246	372,809	409,604	413,669
Net surplus (deficit) for period	8,587	9,595	1,255	2,562	8,582	3,805	3,436	3,563	3,421	4,065	3,311
Other comprehensive income	-	-	20,613	-	-	28,725	-	-	33,374	-	-
Total comprehensive income	8,587	9,595	21,868	2,562	8,582	32,530	3,436	3,563	36,795	4,065	3,311
Total equity Closing balance	293,500	300,268	322,136	324,698	333,280	365,810	369,246	372,809	409,604	413,669	416,980
Components of equity											
Ratepayer's equity											
Ratepayer's equity Opening balance	137,936	160,909	170,094	170,962	174,611	181,928	184,321	186,225	188,452	190,125	192,620
Net surplus (deficit) for period	8,587	9,595	1,255	2,562	8,582	3,805	3,436	3,563	3,421	4,065	3,311
Transfers from restricted reserves	4,250	1,914	1,829	3,766	2,320	2,451	2,528	2,890	2,665	3,003	3,000
Transfers to restricted reserves	(2,196)	(2,324)	(2,216)	(2,679)	(3,585)	(3,863)	(4,060)	(4,226)	(4,413)	(4,573)	(4,726)
Ratepayer's equity Closing balance	148,577	170,094	170,962	174,611	181,928	184,321	186,225	188,452	190,125	192,620	194,205
Special funds											
Special funds Opening balance	20,003	13,958	14,368	14,755	13,668	14,933	16,345	17,877	19,213	20,961	22,531
Transfer from ratepayer's equity	2,196	2,324	2,216	2,679	3,585	3,863	4,060	4,226	4,413	4,573	4,726
Transfer to ratepayer's equity	(4,250)	(1,914)	(1,829)	(3,766)	(2,320)	(2,451)	(2,528)	(2,890)	(2,665)	(3,003)	(3,000)
Special funds Closing balance	17,949	14,368	14,755	13,668	14,933	16,345	17,877	19,213	20,961	22,531	24,257
Revaluation reserves											
Revaluation reserves Opening balance	126,974	115,806	115,806	136,419	136,419	136,419	165,144	165,144	165,144	198,518	198,518
Revaluation recognised in other comprehensive revenue and expense	-	-	20,613	-	-	28,725	-	-	33,374	-	-
Revaluation reserves Closing balance	126,974	115,806	136,419	136,419	136,419	165,144	165,144	165,144	198,518	198,518	198,518
Total equity Closing balance	293,500	300,268	322,136	324,698	333,280	365,810	369,246	372,809	409,604	413,669	416,980

PROSPECTIVE STATEMENT OF CASH FLOWS

for the 10 years to 30 June 2031

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Cash flows from operating activities											
Rates received	14,737	18,596	17,578	18,134	19,394	21,088	21,762	22,013	22,688	23,489	24,310
Other revenue	22,752	19,162	14,122	15,049	20,128	17,124	16,107	16,675	16,621	17,446	16,907
Investment income	1,154	471	563	594	576	604	611	650	687	731	769
Subvention income	-	250	125	100	100	100	100	100	100	100	100
Payments to suppliers and employees	(19,129)	(25,985)	(25,433)	(24,538)	(24,408)	(26,856)	(27,060)	(27,273)	(27,583)	(28,364)	(29,085)
Interest paid	(1,186)	(368)	(495)	(547)	(593)	(731)	(801)	(852)	(888)	(973)	(1,058)
Net cash flows from operating activities	18,328	12,126	6,460	8,792	15,197	11,329	10,719	11,313	11,625	12,429	11,943
Cash flows from investing activities											
Sale of property, plant and equipment	16	61	37	47	107	28	65	112	16	55	107
Sale of financial assets	-	1,026	1,739	367	273	276	-	-	-	-	-
Purchase of financial assets	(2,115)	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	(20,604)	(19,987)	(8,791)	(11,893)	(19,798)	(12,287)	(11,229)	(11,227)	(11,636)	(12,732)	(11,910)
Net cash flows used in investing activities	(22,703)	(18,900)	(7,015)	(11,479)	(19,418)	(11,983)	(11,164)	(11,115)	(11,620)	(12,677)	(11,803)
Cash flows from financing activities											
Loans raised	2,702	4,949	3,567	5,368	6,028	2,790	2,534	1,474	2,376	2,384	1,691
Borrowings repaid	-	-	(1,500)	(3,500)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Net cash flows from financing activities	2,702	4,949	2,067	1,868	4,028	790	534	(526)	376	384	(309)
Net increase/(decrease) in cash & cash equivalents	(1,673)	(1,825)	1,512	(819)	(193)	136	89	(328)	381	136	(169)
Cash and cash equivalents at beginning of year	3,645	3,095	1,270	2,782	1,963	1,770	1,906	1,995	1,667	2,048	2,184
Cash and cash equivalents at end of year	1,972	1,270	2,782	1,963	1,770	1,906	1,995	1,667	2,048	2,184	2,015
Made up of											
Cash	50	11	178	416	714	1,134	689	325	1,007	764	582
Short term deposits	1,922	1,259	2,604	1,547	1,056	772	1,306	1,342	1,041	1,420	1,433
Cash and cash equivalents at end of year	1,972	1,270	2,782	1,963	1,770	1,906	1,995	1,667	2,048	2,184	2,015

TE MATAPAE PŪTEA PENAPENA

PROSPECTIVE STATEMENT OF MOVEMENT IN SPECIAL FUNDS AND RESERVES

	Opening Balance 1 July 2021 \$000	Transfer Out \$000	Transfer In \$000	Closing Balance 30 June 2031 \$000
Reserves held for emergency purposes				
Disaster recovery fund	785	-	-	785
Reserves held for asset purchases				
Infrastructure renewals	9,640	(20,135)	28,947	18,451
Library books	210	(206)	183	187
Recreational assets	46	(1,165)	1,886	767
IT equipment	498	(672)	804	630
Operational assets	1,206	(3,946)	4,556	1,816
Pensioner housing	167	(242)	289	214
Special funds				
Tuai reserve fund	182	-	-	182
Wairoa urban fund	280	-	-	280
General purpose reserve	572	-	-	572
District development fund	268	-	-	268
Retirement & restructuring reserve	103	-	-	103
Grand total	13,957	26,367	36,664	24,255

TE MATAPAE TE MAHERE PŪTEA HUA

PROSPECTIVE CAPITAL PLAN

for the 10 years to 30 June 2031

	LTP 2022 \$	LTP 2023 \$	LTP 2024 \$	LTP 2025 \$	LTP 2026 \$	LTP 2027 \$	LTP 2028 \$	LTP 2029 \$	LTP 2030 \$	LTP 2031 \$
Water Supply										
Wairoa pipelines renewals	-	-	636,600	380,800	390,950	687,000	588,500	484,000	497,600	510,000
Water main replacement Cemetery/Kitchener St	25,000	-	-	-	-	-	-	-	-	-
Intake to plant	-	-	-	-	1,312,001	-	-	-	-	-
Wairoa meters (new)	-	-	-	-	-	-	-	-	-	-
AC pumping main	-	-	-	1,879,920	-	-	-	-	-	-
Booster pump stations	-	-	31,830	-	-	-	-	-	-	-
Valve replacements	-	77,625	79,575	81,600	83,775	85,875	88,275	90,750	93,300	95,625
Wairoa reservoir renewals	80,000	-	84,880	-	89,360	-	94,160	-	99,520	-
Asset management modelling design	-	-	-	-	-	-	-	-	-	-
Renewals modeling	-	-	-	-	-	-	-	-	-	-
Replacement reservoir construction	-	-	-	-	-	-	-	-	-	-
Tuai reticulation	-	517,500	-	-	-	-	-	-	-	-
New water bore reticulation for Blue Bay and new supply line	-	-	-	-	-	-	-	-	-	-
Booster pump stations	30,000	-	-	-	-	-	-	-	-	-
Booster pump stations	-	31,050							-	-
DIA T1 smart meters	1,325,000	-	-	-	-	-	-	-	-	-
Ferry Hotel water main	-	-	-	-	-	-	-	-	-	-
Māhanga water supply up-grade	75,000	-	-	-	-	-	-	-	-	-
Install WAN at intake	-	-	-	-	-	-	-	9,680	-	-
Replacement chemical dosing plant batching compressor	-	5,175	-	-	-	-	-	-	-	-
Renewal expenditure	25,000	25,875	26,525	27,200	27,925	28,625	29,425	30,250	31,100	31,875
Replacement of filter inlet valves	35,000	-	-	-	-	-	-	-	-	-
Reseal Water Treatment Plant entry driveway	-	-	-	10,880	-	-	-	-	-	-
Renew backwash valves and control	-	-	-	-	-	-	-	-	-	-
Laptop managers or operators	3,000	-	-	-	3,351	-	-	-	3,732	-
Vehicle	-	-	-	48,690	-	-	-	-	54,900	-
Boundary valves pump station	10,000	10,350	10,610	10,880	11,170	11,450	11,770	12,100	12,440	12,750
Safety improvement	10,000	10,350	10,610	10,880	11,170	11,450	11,770	12,100	12,440	12,750
Cleaning inspection reservoir	-	-	-	-	-	-	-	-	-	-
Replacement of intake valves	-	-	-	-	-	-	-	-	-	-
Resilience earthquake valves and bore investigations	-	-	-	-	-	-	-	-	-	-
Fire alarm system for boundary station	-	-	10,610	-	-	-	-	-	-	-
Flood control protection at intake	-	-	-	-	-	-	-	-	-	-
Pipe main condition sampling	-	-	-	-	-	-	-	-	-	-

	LTP 2022 \$	LTP 2023 \$	LTP 2024 \$	LTP 2025 \$	LTP 2026 \$	LTP 2027 \$	LTP 2028 \$	LTP 2029 \$	LTP 2030 \$	LTP 2031 \$
Repaint boundary station building generator shed	-	-	-	-	-	-	-	-	-	-
Māhanga treatment upgrade	-	-	-	-	-	-	-	-	-	-
Sheetpile protection of intake	-	-	-	-	-	-	-	121,000	-	-
Switchboards replacement	-	-	-	-	-	-	-	-	-	-
Blue Bay bore rehabilitation	-	-	-	-	-	-	-	-	-	-
Chlorine analyser	-	-	-	-	-	-	-	-	-	-
Replace lifting vinyl flooring at Water Treatment Plant	-	-	-	-	-	-	-	30,250	-	-
Re-roof boundary generator room	-	-	-	-	-	-	-	-	-	-
Install new chlorine gas leak wind socks at Water Treatment Plant	-	-	-	-	-	-	-	-	-	-
Blue Bay telemetry SCADA upgrade	-	-	-	-	-	-	-	-	-	-
Blue Bay water treatment upgrade includes WSP and consent	-	-	-	-	-	-	-	-	-	-
Install chlorination and monitoring of the Tuai water supply	-	-	-	-	-	-	-	-	-	-
Replace failing filter inlet valves	-	-	-	-	-	-	-	-	-	-
Replace Water Treatment Plant septic tank system	-	-	-	-	-	-	-	-	-	-
Water Treatment Plant major valve replacement	-	15,525	-	16,320	-	17,175	-	18,150	-	19,125
Boundary major valve replacement for Affco	10,000	-	10,610	-	11,170	-	11,770	-	12,440	-
Vehicle replacement	-	-	-	54,100	-	-	-	-	-	62,350
Replace air-con unit	-	5,175	-	-	-	-	-	-	-	-
Mobile Water Treatment Plant	-	-	-	-	-	-	-	605,000	-	-
Total	1,628,000	698,625	901,850	2,521,270	1,940,872	841,575	835,670	1,413,280	817,472	744,475
Stormwater										
Wairoa pipeline renewals	-	-	-	-	279,250	-	-	-	-	-
CCTV	-	-	53,050	54,400	-	-	-	-	-	-
Māhia pipelines renewals	500,000	-	-	-	-	-	-	-	-	-
Piping open drains Kitchener St (Clyde Rd to Hospital) (contribution)	42,000	-	-	-	-	-	-	-	-	-
Piping open drains Wairoa	-	-	-	-	-	-	-	-	152,598	156,400
Total	542,000	-	53,050	54,400	279,250	-	-	-	152,598	156,400

	LTP 2022 \$	LTP 2023 \$	LTP 2024 \$	LTP 2025 \$	LTP 2026 \$	LTP 2027 \$	LTP 2028 \$	LTP 2029 \$	LTP 2030 \$	LTP 2031 \$
Wastewater										
Telemetry base sets	-	-	-	-	-	-	-	-	-	-
Infiltration study night time flow	-	-	-	-	-	-	-	-	-	-
Riparian planting	200,000	51,750	42,440	32,640	-	-	-	-	-	-
Project management	-	-	-	-	-	-	-	-	-	-
Outfall (Low environmental)	2,027,550	-	-	-	-	-	-	-	-	-
Storage (Low environmental)	-	-	1,326,250	-	-	-	-	-	-	-
Catchment (Low environmental)	150,000	57,287	60,318	63,594	67,188	70,933	76,505	-	-	-
Magnaflux transducers	-	-	-	-	-	5,725	-	-	-	-
CCTV infiltration investigation	-	-	-	-	-	171,750	176,550	-	-	-
Infiltration tests	-	-	-	-	-	-	-	-	-	-
Data verification and condition reporting	-	-	-	-	-	-	-	-	-	-
Consultancy for Wairoa wastewater consent	-	-	-	-	-	-	-	-	-	-
Construction of Plant for Wairoa consent	-	-	-	-	-	-	-	-	-	-
Building upgrades	5,000	-	5,305	-	5,585	-	5,885	-	6,220	-
Wairoa consent application consultation and legal costs	-	-	-	-	-	-	-	-	-	-
Step filter	-	-	-	-	-	11,450	-	-	-	-
Pump station renewals	100,000	51,750	53,050	54,400	55,850	68,700	-	-	-	-
Tuai sand filters	-	-	-	-	-	-	-	-	-	-
Metalling of Kinikini Road	-	51,750	-	-	-	-	-	363,000	-	-
Flow meters	-	-	-	-	-	-	23,540	-	-	-
Fitzroy Plant	-	-	-	-	-	-	-	-	-	-
MBCSS expansion	-	-	-	-	-	-	-	-	870,800	-
MBCSS irrigation replacement	-	-	-	-	-	-	-	-	-	892,500
SCADA	-	-	10,610	-	-	11,450	-	-	12,440	-
Pump overhauls	-	-	10,610	-	-	11,450	29,425	30,250	43,540	31,875
Dedicated generators in each pump station	-	-	-	-	-	-	-	-	-	-
Wastewater expansion North Clyde	100,000	258,750	-	-	-	-	-	-	-	-
New rising main from Kopu Rd to Pilot Hill	-	-	-	-	-	-	-	-	-	-
WWTP upgrade BNRAS	400,000	-	-	-	-	-	-	-	-	-
WWTP upgrade UV filtration	410,000	-	-	-	-	-	-	-	-	-
Māhia sewer rising main	100,000	-	-	-	-	-	-	-	-	-
Scott Street sewer	200,000	-	-	-	-	-	-	-	-	-
WWTP upgrade irrigation	240,000	-	-	-	-	-	-	-	-	-
Relining	740,000	-	-	-	-	-	-	-	-	-
Pump station generators	270,000	-	-	-	-	-	-	-	-	-
Telemetry basesets and pump station renewals	330,000	-	-	-	-	-	-	-	-	-
DIA T1 Ōpoutama - Stage 1	190,000	-	-	-	-	-	-	-	-	-
DIA T1 Ōpoutama - Stage 2	750,000	-	-	-	-	-	-	-	-	-
Wairoa reticulation renewals	-	-	-	-	-	-	294,250	242,000	248,800	255,000
Total	6,212,550	471,287	1,508,583	150,634	128,623	351,458	606,155	635,250	1,181,800	1,179,375

	LTP 2022 \$	LTP 2023 \$	LTP 2024 \$	LTP 2025 \$	LTP 2026 \$	LTP 2027 \$	LTP 2028 \$	LTP 2029 \$	LTP 2030 \$	LTP 2031 \$
Waste Management										
Landfill road sealing	40,000	-	-	-	77,630	-	-	-	-	-
RTS landscaping	15,000	-	-	-	-	7,411	7,594	-	-	-
Recycling Centre renewals	40,000	-	137,280	129,840	22,180	22,700	23,260	23,820	24,400	24,940
Rural recycling establishment	-	226,600	232,320	-	-	-	-	-	-	-
Compactor renewals	10,000	25,750	10,560	37,870	11,090	11,350	29,075	11,910	42,700	12,470
Construction of new cell	-	309,000	-	-	1,109,000	567,500	-	-	-	-
Landfill diversion infrastructure	-	-	-	-	-	-	-	-	-	-
Recycling centre Māhia	-	-	-	-	-	-	-	-	-	-
Total	105,000	561,350	380,160	167,710	1,219,900	608,961	59,929	35,730	67,100	37,410

	LTP 2022 \$	LTP 2023 \$	LTP 2024 \$	LTP 2025 \$	LTP 2026 \$	LTP 2027 \$	LTP 2028 \$	LTP 2029 \$	LTP 2030 \$	LTP 2031 \$
Transport										
Purchase of surveying equipment	-	1,030	-	10,820	65,363	34,050	1,163	-	-	1,247
Purchase of vehicles	29,804	30,900	-	64,920	-	-	69,780	-	-	74,820
Purchase of office furniture	993	1,022	1,048	1,071	1,095	1,118	1,142	1,191	1,220	1,247
Purchase of computer equipment	2,484	5,112	2,619	5,353	2,738	5,591	2,856	5,955	6,100	6,235
Reseal car parks	16,632	17,032	17,059	16,350	16,785	17,220	17,655	18,090	18,525	18,960
New car parks and renewals	-	-	-	-	-	-	-	-	123,500	-
Upgrade crossings	-	-	-	-	-	-	-	-	-	-
Pavement rehabilitation	305,000	305,000	305,000	332,450	341,295	350,140	358,985	367,830	376,675	385,520
Heavy metalling	951,905	933,510	892,330	1,121,005	1,171,806	1,147,518	1,224,827	1,261,247	1,260,898	1,194,859
New footpaths	54,000	54,000	54,000	32,700	33,570	34,440	35,310	36,180	37,050	37,920
Sealed road resurfacing	1,242,965	899,634	925,488	1,207,830	1,239,965	1,084,353	1,372,175	1,447,200	1,482,000	1,516,800
Drainage renewals	665,000	661,900	658,900	833,850	856,035	878,220	900,405	922,590	944,775	966,960
Structure replacements	520,000	732,732	731,232	751,318	771,307	791,296	811,285	831,275	851,264	871,253
Traffic services renewals	175,000	173,760	172,560	234,350	240,585	246,820	253,055	259,290	265,525	271,760
Minor improvements	1,206,563	1,158,750	1,130,625	1,872,075	2,383,470	2,023,350	1,809,638	1,311,525	1,898,813	1,118,640
Minor improvements	578,438	586,795	730,835	624,025	794,490	674,450	603,213	437,175	632,938	372,880
Bridge strengthening	635,000	-	-	-	-	-	-	-	-	-
Māhia East Coast Road traction sealing	-	-	-	-	-	-	-	-	-	-
Emergency reinstatement renewal	1,000,000	1,031,000	2,334,200	8,143,477	949,915	948,760	946,141	1,206,000	1,235,000	1,264,000
Emergency reinstatement new	486,436	490,055	492,607	493,728	493,956	493,355	491,994	627,120	642,200	657,280
Emergency Work 2018/19	2,000,000	-	-	-	-	-	-	-	-	-
Road 38 unsealed road metalling	120,000	120,000	120,000	130,800	134,280	137,760	141,240	144,720	148,200	151,680
Road 38 drainage renewals	50,000	50,000	50,000	54,500	55,950	57,400	58,850	60,300	61,750	63,200
Road 38 traffic services renewal	5,000	5,000	5,000	5,450	5,595	5,740	5,885	6,030	6,175	6,320
Road 38 renewal structures	-	-	-	-	-	-	-	-	-	-
Road 38 structures components renewals	-	-	-	-	-	-	-	-	-	-
Road 38 minor improvements	232,500	232,500	232,500	61,313	62,944	64,575	66,206	67,838	69,469	71,100
Road 38 minor improvements	77,500	77,500	77,500	20,438	20,981	21,525	22,069	22,613	23,156	23,700
Road 38 associated improvements	-	-	-	-	-	-	-	-	-	-
Road 38 emergency reinstatement new	75,000	77,325	79,575	81,750	83,925	86,100	88,275	90,450	92,625	94,800
Road 38 sealed resurfacing	40,000	10,000	10,000	-	-	-	-	-	-	-
Runway lighting	50,000	-	105,000	-	-	-	-	-	-	-
Building renewals	35,000	-	-	-	-	-	-	-	-	-
Resurfacing runway	-	-	-	-	-	-	-	-	-	-
Resurfacing aprons	-	-	-	163,500	-	-	-	-	-	-
Interior mens toilets	-	-	-	-	-	-	-	-	-	-
Total	10,555,220	7,654,557	9,128,078	16,263,073	9,726,050	9,103,781	9,282,149	9,124,619	10,177,858	9,171,181

Community Facilities	LTP 2022 \$	LTP 2023 \$	LTP 2024 \$	LTP 2025 \$	LTP 2026 \$	LTP 2027 \$	LTP 2028 \$	LTP 2029 \$	LTP 2030 \$	LTP 2031 \$
Community Center remedial works	35,000	15,405	15,780	16,140	16,515	16,875	17,250	17,640	18,030	18,390
Relocate gym upstairs	-	-	-	-	-	-	-	-	-	-
Renewals pool	-	-	-	-	-	-	-	-	-	-
Storage facility	250,000	-	-	-	-	-	-	-	-	-
Capital expenditure stormwater	-	25,875	-	-	-	-	-	-	-	-
Building renewals	10,000	-	-	-	-	-	-	-	-	-
New beams	-	-	-	166,780	-	21,272	21,746	17,640	-	-
Nuhaka developments	85,000	-	-	-	-	-	-	-	-	-
Renewal projects	165,000	5,135	-	5,380	-	5,625	-	5,880	-	6,130
Digital hub project	28,118	-	52,600	-	-	-	-	-	-	-
Computer equipment	-	6,419	6,575	6,725	6,881	7,031	7,188	7,350	7,513	7,663
Book purchases	36,478	37,566	38,585	39,573	40,603	41,600	42,640	43,721	44,808	45,825
Renew alarm system	-	-	-	-	-	-	-	-	-	-
Library shelves	4,000	-	4,208	-	4,404	-	4,600	-	4,808	-
Purchase Pixma printer	-	-	-	-	-	-	-	-	-	-
HP ProBook 650 Laptop	-	6,162	-	6,456	-	6,750	-	7,056	-	7,356
Tuai Hall rewiring project	-	-	-	-	-	-	-	-	-	98,080
War Memorial Hall roof	-	-	-	-	-	-	-	117,600	-	-
War Memorial Hall improvements	120,000	-	-	-	-	-	-	-	-	-
CBD enhancement -Stage 1	-	-	-	-	-	-	-	-	-	-
Toilet renewals	50,022	51,300	52,503	53,586	54,652	55,695	56,722	58,800	60,100	61,300
Public space enhancement	15,000	15,405	15,780	16,140	16,515	16,875	17,250	17,640	18,030	18,390
Playground renewals	50,000	51,350	52,600	10,760	11,010	11,250	11,500	11,760	12,020	12,260
Picnic tables	10,000	10,270	10,520	10,760	11,010	11,250	11,500	11,760	12,020	12,260
Lighthouse retrofit	-	-	52,600	-	-	-	-	-	-	-
Skatepark upgrade	120,000	-	-	-	-	-	-	-	-	-
Implement Ōpoutama RMP	-	-	-	-	-	-	-	-	-	-
Picnic tables	-	-	-	-	-	-	-	-	-	-
Improve boat ramp	-	-	-	-	-	-	-	11,760	-	-
Mokotahi picnic area enhancement	-	-	-	-	-	-	-	-	-	-
Lambton square buildings	-	-	-	-	-	-	-	-	-	-
Clyde domain pavillion renewals	-	-	-	-	-	-	-	-	-	-
Whangawehi toilets	-	-	-	-	-	-	-	-	-	-
Wilding pine clearance	-	-	-	-	-	-	-	-	-	-
Whakamahi Beach project	-	-	-	40,595	-	-	-	-	-	-
Main Street toilets project	-	-	-	-	-	-	-	-	-	-
Playground equipment	-	-	-	-	-	-	-	-	-	-
New playground equipment	-	-	-	-	-	-	-	58,800	-	-
Resiting playground	30,000	-	-	-	-	-	-	-	-	-
Camera installation	45,000	-	-	-	-	-	-	29,400	-	-
Coronation square pavement and kerb renewals	-	-	-	-	-	-	-	-	-	122,600
Mountain bike park	-	-	-	-	-	-	-	11,760	-	-
Basketball court	-	-	-	-	-	-	-	-	-	-
Total	1,053,618	224,887	301,751	372,895	161,590	194,223	190,396	428,567	177,329	410,254

Planning and Regulatory	LTP 2022 \$	LTP 2023 \$	LTP 2024 \$	LTP 2025 \$	LTP 2026 \$	LTP 2027 \$	LTP 2028 \$	LTP 2029 \$	LTP 2030 \$	LTP 2031 \$
Replacement of vehicle	90,000	46,350	-	97,380	49,905	-	104,670	53,595	-	112,230
Mobile data devices	6,000	-	-	6,420	-	-	6,816	-	-	7,212
Replacement of vehicle	-	-	-	-	-	-	-	-	-	-
Replacement of sound level meter	-	-	-	-	-	17,025	-	-	-	-
Replacement of vehicle	45,000	-	-	48,690	-	-	52,335	-	-	56,115
Lone worker	2,000	-	-	-	2,184	-	-	-	1,770	-
Pound extension	60,000	-	-	-	-	-	-	-	-	-
Replacement of 2 vehicles	40,000	-	84,480	43,280	-	90,800	46,520	-	97,600	49,880
Total	243,000	46,350	84,480	195,770	52,089	107,825	210,341	53,595	99,370	225,437
Leadership and Governance										
Elected Members' tablets	-	10,815	-	-	11,645	-	-	12,506	-	-
Purchase Mayoral vehicle	-	-	44,352	-	-	-	48,846	-	-	-
Mayoral iPhone	-	515	-	-	555	-	-	596	-	-
Vehicle	-	-	26,400	-	-	28,375	-	-	30,500	-
MSC Apple iPads	-	-	-	-	-	-	-	-	-	-
Total	-	11,330	70,752	-	12,200	28,375	48,846	13,102	30,500	-
Corporate Functions										
Purchase office equipment	-	9,484	9,505	9,525	9,536	9,522	9,517	11,910	12,200	12,470
Disaster recovery VMware servers	-	-	-	2,164	-	-	-	-	2,440	-
Refurbish old Linux server	-	-	-	18,935	-	-	-	-	21,350	-
HP G7 backup server	-	-	-	6,492	-	-	-	-	7,320	-
Wi-Fi hardware access points	-	-	-	21,640	-	-	-	-	24,400	-
Computer hardware	-	-	3,168	-	-	-	3,489	-	-	-
Laptops and screens	-	-	-	7,574	-	-	-	8,337	-	-
Desktops and screens	-	-	-	5,410	-	-	-	5,955	-	-
Hardware replacement Desktops and laptops	-	-	-	77,417	79,349	-	-	85,216	87,291	-
Rewiring and new cabinets for server room	-	-	-	-	-	-	-	7,146	-	-
Replacement laptops	-	-	26,400	-	-	-	29,075	-	-	-
Mobile phones	-	-	10,982	-	-	11,804	-	-	12,688	-
HP P2000 SAN	-	-	-	32,460	-	-	-	-	36,600	-
Tape drive replacement	-	-	-	10,820	-	-	-	-	12,200	-
Foyer display	-	-	-	-	6,654	-	-	-	-	7,482
5 Adobe Acrobat Pro licences	-	-	-	-	-	-	-	-	-	-
Record management software	-	-	-	-	-	-	-	-	-	-
MagiQ Enterprise software v4	-	-	-	-	-	-	-	-	-	-
Replacement virtual Linux server	-	-	-	-	-	-	-	-	-	-
Business Skype and Dropbox cloud data share services	-	-	-	-	-	-	-	-	-	-
Mitel or MS Teams	-	-	-	-	-	-	-	-	-	18,705
SSS IT security specialists software	-	-	-	-	-	-	-	-	-	-

	LTP 2022 \$	LTP 2023 \$	LTP 2024 \$	LTP 2025 \$	LTP 2026 \$	LTP 2027 \$	LTP 2028 \$	LTP 2029 \$	LTP 2030 \$	LTP 2031 \$
Managed mobile system service	-	-	-	-	-	-	-	-	-	-
Office upgrade	25,000	-	-	-	-	-	-	-	-	-
Replace vehicles	-	46,350	-	-	-	51,075	52,335	-	-	-
Replace vehicles	-	-	-	-	-	45,400	-	-	-	-
Replace vehicles	-	-	-	-	44,360	-	-	-	-	-
Future capital requirements	5,000	5,150	5,280	5,410	5,545	5,675	5,815	5,955	6,100	6,235
Painting exterior block of flats	-	-	-	-	-	-	-	-	-	-
Painting exterior block of flats	-	-	-	-	-	-	-	-	-	-
Livingstone flats roofing	-	-	-	-	-	17,025	-	-	-	-
Painting exterior block of flats	-	-	-	-	-	-	-	-	-	-
Installation of insulation	-	-	-	-	-	-	-	-	-	-
HP renewal following vacation	15,000	15,450	15,840	16,230	16,635	17,025	17,445	17,865	18,300	18,705
Replacement of AC units	-	15,450	3,168	-	-	-	-	17,865	-	4,988
Library building renewals	35,000	-	-	-	-	-	-	-	-	-
Air conditioner computer room	15,000	15,450	79,200	16,230	16,635	17,025	17,445	17,865	18,300	18,705
Security cameras main office	-	-	-	-	-	-	-	-	-	-
Renewals roof	-	-	47,520	-	-	-	-	-	-	-
Renewals toilets	-	-	-	-	-	-	-	-	-	-
Office space development	140,000	-	-	-	-	-	-	-	-	-
Exchange building fitout costs	-	-	-	-	-	-	-	-	-	-
Council entry surfacing hotmix	-	-	-	-	-	-	-	-	-	87,290
Total	235,000	107,334	201,063	230,307	178,714	174,551	135,121	178,114	259,189	174,580
Grand Total										
Grand Total	20,574,388	9,775,720	12,629,767	19,956,059	13,699,288	11,410,749	11,368,607	11,882,257	12,963,216	12,099,112
Funded by										
Sale of assets	61,441	37,080	46,570	107,118	28,280	64,695	112,346	16,079	54,900	106,619
Subsidies	13,649,098	5,842,677	6,948,008	12,000,794	7,230,052	6,784,352	6,892,165	6,824,537	7,521,385	6,801,504
Reserves	1,914,459	1,828,895	3,766,110	2,320,128	2,450,502	2,528,045	2,890,351	2,665,166	3,002,960	2,999,952
Loans	4,949,390	2,067,069	1,869,079	5,528,019	3,990,455	2,033,658	1,473,745	2,376,476	2,383,972	2,191,038



NGĀ KAUPAPA HERE MŌ TE KAUTE

STATEMENT OF ACCOUNTING POLICIES

Notes to the Financial Statements for the
10 years to 30 June 2031

Reporting entity

Wairoa District Council is a territorial local authority governed by the Local Government Act 2002 (LGA) and operates in Wairoa, New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The primary objective of the Council is to provide goods or services for community or social benefits rather than making a financial return. The Council's principal activities are outlined within this LTP. As a defined public entity under the Public Audit Act 2001, for the purposes of financial reporting, the Council is audited by the Auditor General, and is classed as a Public Sector Public Benefit Entity.

These forecast financial statements are for Wairoa District Council as a separate legal entity. Consolidated forecast financial statements comprising the Council and its controlled entity have not been prepared.

Statement of compliance

The forecast financial statements have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared to comply with Public Benefit Entity Accounting Standards (PBE Standards) for a Tier 1 entity.

The reporting period for these forecast financial statements is the ten year period ending 30 June 2031. The prospective financial statements were authorised for issue by Council on 29 June 2021 and are expected to be updated by 30 June 2024.

The Council and management of Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying prospective financial statements and all other required disclosures. No actual results have been incorporated within the prospective financial statements.

The purpose for which the prospective financial statements have been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by Council over the financial years from 2021/22 to 2030-31, to provide a broad accountability mechanism for Council to the community, and to comply with the reporting requirements of the Local Government Act 2002 in presenting the LTP. The information contained within these prospective financial statements may not be suitable for use in another capacity. For further information, see the significant forecasting assumptions contained in the LTP.

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 revision and future periods if the revision affects both current and future periods. The impact of this change is minimal.

The forecast financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000), unless otherwise stated. The accounting policies set out below have been applied

consistently to all periods presented in these forecast financial statements.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to optimised depreciated replacement cost (DRC).

Key drivers of a DRC valuation are replacement cost, useful life and remaining useful life. The DRC is assessed triennially, and carrying values are reviewed by Council annually to ensure no material difference.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value.

The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used and the discount rate for forecasting the long term cost of borrowing are as per the "Significant forecasting assumptions". The preparation of prospective financial statements in conformity with PBE Standards 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 financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. Council has considered factors that may lead to a material difference between information in the forecast financial statements and actual results.

These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this LTP. Actual results are likely to vary from the information presented, and the variations may be material.

New accounting policies

PBE IPSAS 41 Financial Instruments (PBE IPSAS 41) becomes effective for the year ending 30 June 2023. Council has decided to adopt this standard early with an effective date of 1 July 2021.

Judgements and estimates

The preparation of forecast financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience

as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates and these variations may be material.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, certain fair value calculations and provisions.

Revenue

Revenue comprises rates, revenue from operating activities, contracting services, investment revenue, subsidies, petrol tax and fees and charges and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions. Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Exchange transactions

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Exchange revenue received by the Council can be summarised into the following areas:

Rates revenue from water by meter

Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However, as the water rates are primarily charged on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Water meter revenue is based on actual usage charged at the time of use.

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 and all risks and rewards of ownership have transferred to the customer.

Construction contracts

Revenue on construction contracts is recognised progressively over the period of each contract. The amount included in the statement of comprehensive revenue and expenditure, and the value of the contract assets or liabilities are established by assessment of the individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. When the contract income cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.

Interest revenue

Interest revenue is recognised on an accrual basis with movements

in fair value profits and losses disclosed in the overall income statement as interest on investments.

Dividend revenue

Dividend revenue is recognised when the right to receive payment is established which is generally when shareholders approve the dividend.

Investment property lease rentals

Lease rentals (net of any incentives given) are classified as exchange revenue and recognised on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

Non-exchange transactions

Non-exchange transactions arise when the Group receives value from another entity without directly giving approximately equal value in exchange. Revenue received from a non-exchange transaction cannot be deferred unless there is both a performance obligation and a return obligation attached to it. For example, where grant or subsidy funding is received without performance obligation then revenue is recognised when receivable.

Where a performance obligation exists, revenue is recognised upon satisfactory completion of the performance. Most of the services that the Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly, most of the Council's revenue is categorised as non-exchange. Revenue from non-exchange transactions received by Group can be summarised as:

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. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.

Government subsidies and grants

Council receives government grants from Waka Kotahi, which subsidises part of Council's costs in providing the local roading infrastructure services along with other subsidies and grants from Government agencies. Grants and subsidies are recognised as revenue immediately except to the extent a liability is also recognised in respect of the same grant or subsidy. A liability is recognised when the grant or subsidy received are subject to a condition such that the Council has the obligation to return those funds received in the event that the conditions attached to them are breached.

As the Council satisfies the conditions, the carrying amount of the liability is reduced and an equal amount is recognised as revenue. Reimbursements (eg Waka Kotahi roading claim payments) are recognised upon entitlement, which is when conditions relating to the eligible expenditure have been fulfilled.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

Fees and charges for provision of services

Non-exchange revenue from the rendering of services consists of services in activities where Council subsidise the activity. Such revenue 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 service to be provided, only when there are conditions attached that require the funds to be returned if performance does not occur. Where no conditions are attached revenue is recognised when receivable.

Expenses

Specific accounting policies for major categories of expenditure are outlined below:

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.

Depreciation and amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

Taxation

The Council, as a local authority, is only liable for income tax on the surplus or deficit for the year derived from any Council controlled trading organisations and comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

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.

Financial assets

Financial assets are initially recognised at fair value plus transaction

costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at each reporting date.

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.

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.

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 surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Financial assets at fair value

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Included in this category are short-term investments, which are valued at fair value. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive revenue and expenditure.

Financial assets at amortised cost

Financial Assets at amortised cost 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 Financial Assets at amortised cost comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of 3 months or less.

Trade and other receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method less an allowance for any uncollectable amounts. An allowance for uncollectable receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the debtor is impaired. When the receivable is uncollectible, it is written off against the provision account for receivables.

Loans and deposits

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than 3 months.

Available for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available for sale or not designated in any of the other categories. After initial measurement, AFS financial assets are re-measured at fair value with unrealised gains or losses recognised in other comprehensive revenue and expense and accumulated in the AFS reserve in equity until:

- The investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income or
- The investment is determined to be impaired when the cumulative loss is reclassified from the AFS reserve to the statement of comprehensive revenue and expenditure in finance costs.

Interest earned whilst holding AFS financial assets is reported as interest income using the effective interest rate method.

Held to maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Council has the positive intention and ability to hold them to maturity.

After initial measurement, held to maturity investments are measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral to the effective interest rate.

The effective interest rate amortisation is included as finance income in the statement of comprehensive revenue and expenditure. Losses arising from impairment are recognised in the statement of comprehensive revenue and expenditure as finance costs.

Inventories

Raw materials are held at purchase cost on a first in first out basis. Finished goods are stated at the lower of cost and net realisable value with costs assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investment properties

Investment properties are properties that are held primarily to earn rental revenue or for capital growth or both. Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties that generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council’s social housing assets, which are held within operational assets in property, plant and equipment.

Investment property is measured initially at its cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that

cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day maintenance of an investment property.

After initial recognition, the Council measures all investment property at cost less accumulated depreciation. Depreciation is provided on a straight-line basis on all investment property 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.

Property plant and equipment

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses. Property, plant and equipment consist of:

Operational assets

These include land, buildings, the landfill post-closure asset, library books, plant and equipment and motor vehicles.

Infrastructure assets

Infrastructure assets are the 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.

Intangible assets

These include software and trademarks.

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.

Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

Subsequent expenditure that extends or expands the asset’s service potential is capitalised. Borrowing costs incurred during the construction of property, plant and equipment are not capitalised. After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by depreciated replacement cost. Specific measurement policies for categories of property, plant and equipment are shown below.

Revaluations

The result of any revaluation of the Council’s property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment. Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example, where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

Impairment

The Council’s assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets. The Council’s assets are reviewed at least annually to determine if there is any indication of impairment. Where an asset’s, or class of assets’, recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item’s fair value less costs to sell and value in use. A non-cash generating asset’s value in use is the present value of the asset’s remaining service potential.

Losses resulting from impairment are reported within comprehensive revenue and expense, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

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 Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment for WDC 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.

Application of the estimated useful economic lives of assets is subject to change depending on the individual circumstances of the asset, particularly when assets are revalued and the valuers provide an annual depreciation figure.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. For revalued assets, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

An asset’s carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset’s carrying amount is greater than its estimated recoverable amount or recoverable service amount.

The useful lives and associated depreciation rates of major assets have been estimated as follows:

	Category	Estimated Life (years)
	Quarries	30-40
	Buildings	30-40
	Other improvements	10-50
	Plant, equipment & vehicles	4-10
	Library collection	2-10
	Office equipment, furniture & fittings	5-10
	Computer equipment	4-5
Sewerage	Structures	50
	Oxidation ponds	40
	Pipes	80-120
	Manholes	80
	Pumps	10-35
	Plant	10-35
Stormwater	Resource consents	25
	Reticulation piping	50-100
	Culverts	50-120
	Manholes/sumps	50-100
Water Supply	Open drains	Not depreciated
	Structures	50
	Pumps	15-35
	Reticulation piping	60-120
	Meters	20
	Hydrants	40
Roads	Resource consents	20-25
	Reservoirs	80-100
	Top surface (seal)	14
	Basecourse	100-120
	Formation	Not depreciated
	Bridges	20-80
	Footpaths	15-40
	Kerbs	50
	Streetlights (poles)	50

The large variations in the range of lives for infrastructural assets is due to these assets being managed and depreciated by individual component rather than as a whole asset. The useful lives are updated after each revaluation cycle and are reflected in the new depreciation rates that will apply.

Revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis. Bridges, roads, wastewater, stormwater and water supply assets are revalued every 3 years.

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 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 Statement of Comprehensive Revenue and Expense.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Infrastructural asset classes: roads and bridges

Roading assets are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by WSP as at 30 June 2020.

Infrastructural asset classes: water, sewerage and stormwater systems

Water, wastewater and stormwater infrastructure assets are revalued at fair value using the optimised depreciated replacement cost method. The most recent valuation was performed by WSP as at 30 June 2020.

Operational and restricted land and buildings

Operational and restricted land and buildings are held at deemed cost and are not revalued.

Land under roads

Land under roads is based on cost less impairment.

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

Intangible assets comprise computer software and trademarks. They are recorded at cost less any subsequent amortisation and impairment losses.

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset. Trademarks are not amortised but tested annually for impairment.

Biological assets forestry

The Council’s biological assets consist of forestry. Forestry assets are independently valued triennially at fair value less estimated costs

to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and taking into consideration environmental, operational and market restrictions.

Gains or losses arising on the initial recognition of biological assets at fair value less estimated sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of comprehensive revenue and expense. The costs to maintain forestry assets are included in the statement of comprehensive revenue and expense.

Creditors and other payables

Trade and other payables are measured by amortised cost using the effective interest method. Trade payables are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

Employee benefits

Short term employee entitlements

Employee benefits which the Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. A provision for employee benefit liabilities is recognised as a liability when benefits are earned but not paid.

This provision includes which includes salaries and wages accrued up to balance date, holiday leave earned, but not yet taken at balance date, retirement and long service leave entitlements expected to be settled within 12 months). Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

Long term employee entitlements

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlement information.

Defined contribution pension plan obligations are recognised as an expense in the statement of comprehensive revenue and expenditure as incurred.

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 obligation.

Landfill post closure costs

Council has a resource consent issued by the Hawke’s Bay Regional Council to operate the Wairoa landfill. Under this resource consent the Council has a legal obligation to provide ongoing maintenance and monitoring of the Wairoa landfill site until 2031. The Council has provided for aftercare of the Wairoa landfill where such a liability exists.

The management of the landfill will influence the timing of recognition of some liabilities. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The cash outflows for landfill post-closure are expected to occur within the next 25 years. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate. The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology.

The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas. Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

Borrowing

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Equity

Equity is the community’s interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Council.

The components of equity are:

- Ratepayer’s equity
- Revaluation reserves
- Special fund reserves

Special funds and Council created reserves

Special fund 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.

Cost allocation

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

- Direct costs, which can be traced directly to a specific significant activity, are expensed directly to the relevant activity.

- Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities.

Forecast Statement of Cash Flows

Cash and cash equivalents for the purposes of the forecast cashflow statement comprise bank balances, cash on hand and short-term deposits with a maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities include cash received from all non-financial revenue sources of the Council and the Group and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

Related parties

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include members of the Group and key management personnel.

Key management personnel include the Mayor and Councillors as Directors, the Chief Executive and all members of the Executive Leadership Team being key advisors to the Directors and Chief Executive. The Mayor and Councillors are considered Directors as they occupy the position of a member of the governing body of the Council reporting entity.

Directors’ remuneration comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors’ remuneration does not include reimbursement of authorised work expenses or the provision of work-related equipment such as mobile phones and laptops.

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:

- **Discount and inflation rates**
The inflation rates used and the discount rate for forecasting the long term cost of borrowing are as per the “Significant forecasting assumptions”.

- **Overdue Receivables Provision**

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding impairment provision for overdue receivables.

- **Landfill Aftercare Provision**

The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

- **Infrastructural Assets**

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

- a) 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, which 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
- b) estimating any obsolescence or surplus capacity of an asset; and
- c) 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 Statement of Comprehensive Revenue and Expense.

To minimise this risk Council’s infrastructural asset useful lives have been determined with reference to the NZ 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.

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 2022-2031.

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 and as such are accounted for as property, plant and equipment.

Classification of Costs

Judgement is used over the classification of costs between capital and maintenance. Items are reviewed regularly to ensure the cost allocation is reasonable.

Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these forecast financial statements.

1. Description of the nature of the entity’s current operation and its principal activities

The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council’s principal activities are outlined within this LTP.

2. Purpose for which the forecast financial statements are prepared

It is a requirement of the Local Government Act 2002 to present forecast financial statements that span 10 years and include them withing the LTP.

This provides an opportunity for ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cashflows of Council. Forecast financial statements are revised annually to reflect updated assumptions and costs.

3. Basis for assumptions, risks and uncertainties

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the forecast financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this LTP.

4. Cautionary note

The financial information is forecast. The forecast financial statements are prepared based on best estimates available at the time of preparing the accounts. The actual results achieved for any particular financial year is also likely to vary from the information presented, and may vary materially depending on the circumstances that arise during the period.

The Council is responsible for the forecast financial statements presented, including the assumptions underlying forecast financial statements and all other disclosures. The LTP is a forecast and as such contains no actual operating results.



MATAPAE PŪTEA

FINANCIAL PRUDENCE BENCHMARKS

FINANCIAL PRUDENCE

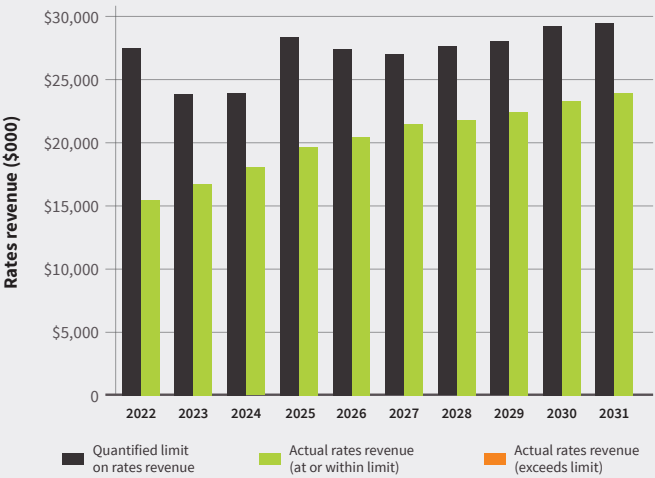
The purpose of the Long Term Plan Disclosure Statement for period commencing 1 July 2021 is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014¹.

RATES AFFORDABILITY BENCHMARK

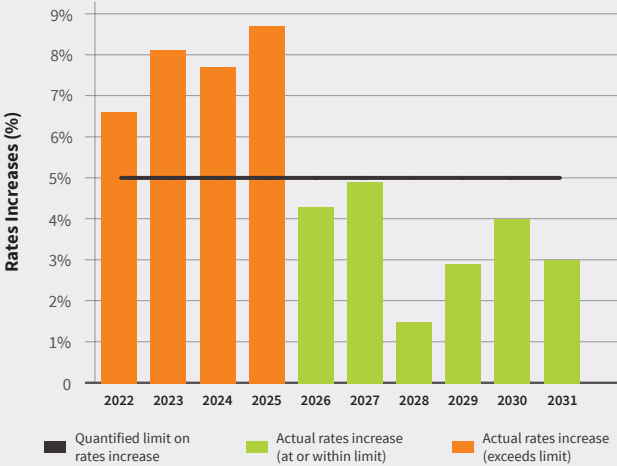
Council meets the rates affordability benchmark if its actual rates income equals or is less than each quantified limit on rates, and its

actual rates increases equal or are less than each quantified limit on rates increases.



Rates Revenue

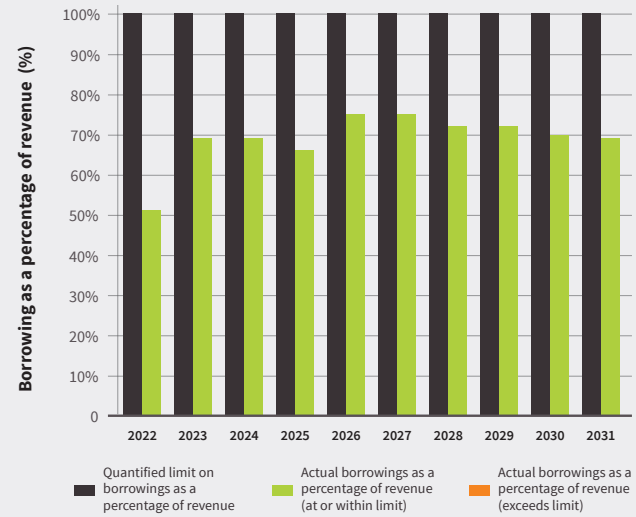
Total rates (including capital contribution rates) shall not exceed 70% of total cash revenue.



Rates Increases

The maximum annual total rates increase shall not exceed 5%. In 2020 this was clarified as being total rates levied (not net rates income).

DEBT AFFORDABILITY BENCHMARK



The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit is gross debt as a percentage of income.

Borrowings as Percentage of Revenue

This graph compares Council's borrowings with a quantified limit contained in the financial strategy.

Total borrowings will not exceed annual revenue.

¹For more information, including definitions of some of the terms used in this section, please refer to the Regulations.

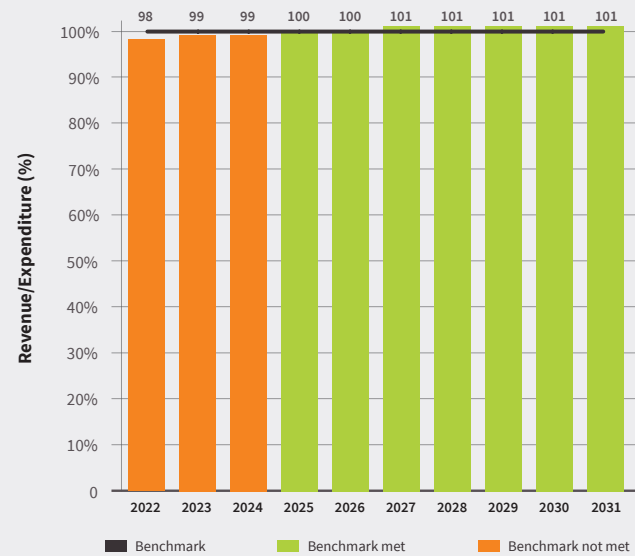
BALANCED BUDGET BENCHMARK

The Local Government Act 2002 (LGA) requires Council to budget each year for operating revenue at a level sufficient to meet the operating expenses budgeted for that year. This is known as the “balanced budget” requirement. The LGA does allow Council to budget for a deficit, if it resolves that it is financially prudent to do so.

Council acknowledges that it runs deficits from a balanced budget perspective because it does not fully fund depreciation. For this reason Council has defined its balanced budget target as the Local Government (Financial Reporting and Prudence).

The regulations 2014 definition has been modified to exclude costs and gains from asset sales and the Waka Kotahi capital subsidies from the calculation of revenue, offset by the depreciation not funded.

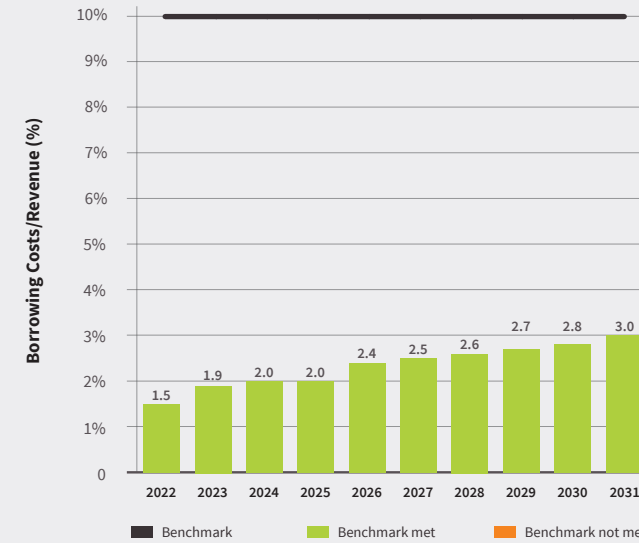
If the capital subsidies and full depreciation were included, then the budget would be balanced in all years. Using the modified definition, Council expects to show a balanced budget by 2025, through increased efficiencies and increasing rate funding for depreciation of assets that Council pays to replace.



This graph displays Council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment, costs and gains from asset sales and the Waka Kotahi capital subsidies) as a proportion of operating expenses (excluding losses on derivative financial instruments, depreciation not funded and revaluations of property, plant or equipment).

Council meets this benchmark if its revenue equals or is greater than its operating expenses (100%)

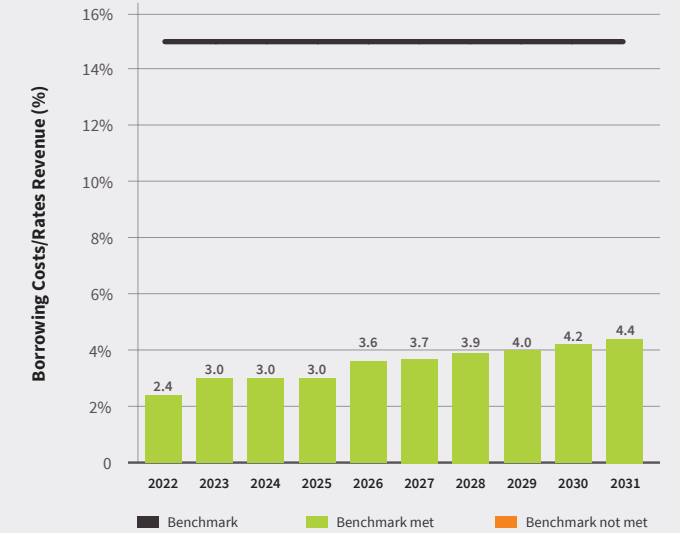
DEBT SERVICING BENCHMARK



Borrowing Costs as a Percentage of Revenue

This graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

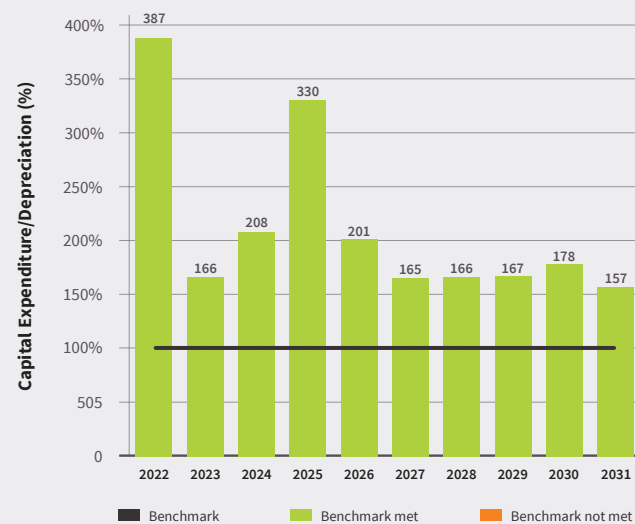


Borrowing Costs as a Percentage of Rates Revenue

This graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy.

Annual interest costs and loan repayments (debt servicing) shall not exceed 15% of rates revenue.

ESSENTIAL SERVICES BENCHMARK



This graph displays Council's capital expenditure on network services as a proportion of depreciation on network services.

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services (100%).



MAHERE PŪTEA

BALANCED BUDGET

BALANCED BUDGET

Council, when approving the Annual Plan and Long Term Plan, sets the rates and fees and charges at a level that is predicted to adequately fund the next year's activities. Council must have a balanced budget under section 100(1) of the Local Government Act 2002. Council is required to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.

However, under section 100(2) a local authority may set projected operating revenues at a different level from that required by section 100(1) if the local authority resolves that it is financially prudent to do so, having regard to:

- The estimated expenses of achieving and maintaining the expected levels of service provision set out in the LTP, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.
- The funding and financial policies adopted under section 102.

Under section 101(1) a local authority must 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.

Council is required to ensure that the funding needs of Council are met from the sources of finance deemed appropriate, taking account of the distribution of benefits, the periods that benefits occur, the costs and benefits of funding the activities, and the community outcome, which the activity promotes. Also, Council is required to consider the impact on the social, economic, environmental, and cultural well-being of the community.

The LGA does allow the Council to budget for a deficit, if it resolves that it is financially prudent to do so. The Council acknowledges that it runs deficits from a balanced budget perspective because it does not fully rate fund depreciation. For this reason, the Council has defined its balanced budget target as the Local Government (Financial Reporting and Prudence) Regulations 2014 definition modified to exclude costs and gains from asset sales and the Waka Kotahi capital subsidies from the calculation of revenue, offset by the depreciation not funded.

If the capital subsidies and full depreciation were included, then the budget would be balanced in all years. Using the modified definition, the Council expects to show a balanced budget by 2025, through increased efficiencies and increasing rate funding for depreciation of assets that the Council pays to replace.

Council has complied with section 100(1) of 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, as per the reconciliation below, taking account of the following adjustments to the forecast net surplus.

Over the 10 years of the LTP Council forecasts and accumulated net surplus of \$43 million, comprising \$85 million of non-operating

revenue items and \$42 million of expenses that are not funded by operating cashflows.

Items creating a surplus

Capital subsidies

This revenue is included in the forecast net surplus but is used to pay for capital expenditure. It relates primarily to funding received from Waka Kotahi for roading renewals and enhancements and in the first year of the plan includes \$5 million relating to capital subsidies from DIA for the Three Waters Reform Review Stimulus Package. Over the 10 years of the plan Capital Subsidies total \$81 million, which is almost double the total of forecast net surpluses of \$44 million.

Proceeds from sale of assets

This revenue is the expected return at auction of the sale of motor vehicles that reach the end of their serviceable lives. The proceeds will be used to contribute to the cost of replacement vehicles, supplementing accumulated depreciation reserves.

Rating for loan repayments

Loan repayments, as distinct from interest expenses, are not an operating expense and therefore rating for loan repayments is reported as part of the net surplus. As discussed in Council's financial strategy loans will be used for new assets and where insufficient reserves and subsidies are available. Council will then rate for the loan amounts over the lives of the corresponding assets, instead of depreciation, so that sufficient money is available to repay the loans when they come due.

Items creating a deficit

Depreciation not rated

Council will not rate for depreciation where external funds for asset renewals are available. This relates to the Capital Subsidies and Rating for Loan Repayments sections above. In effect these items net off but the amounts in a given year will differ due to the long-term nature of the expenditure. Consequently, Council does not rate for 75% of depreciation on roads and bridges and has reduced the amount it will rate for depreciation on Three Waters assets by \$0.2 million per year, due to the investment from the Three Waters Reform Review Stimulus Package.

As a matter of policy Council does not rate for \$3.4 million of depreciation on the following:

- the Community Centre because the original asset was funded by borrowing
- the Māhia and Ōpoutama wastewater schemes because the amount that Council borrowed for the original assets is being recovered through lump sum payments and targeted rates

- Property assets that are used for residential, recreational, or communal purposes because the fee revenue and/or maintenance budgets is expected to be sufficient to cover ongoing renewals

In addition to these items, Council has reviewed its capital works forecasts and decided to reduce the amount it will rate for depreciation in the first 3 years of the plan. This is an affordability measure that reduces the rates increase to the minimum amount required to maintain a balanced budget. The total adjustment over the 3-year period is \$1.8 million and is explained in the Financial Strategy.

Provisions

Council has included nominal amounts in its financial forecasts for increases in provisions for landfill aftercare and bad debts. These are estimates of uncertain future events and do not relate to day-to-

day cash flows. They are correctly reflected as expenses but without associated revenue. The total amount of these over 10 years is \$3 million.

Expenses and operating projects funded from reserves and loans

A small number of operating items will be funded from reserves and loans because they are long-term projects, or because a future cash inflow is anticipated. The largest of these is Council’s contribution to the combined regional plan, which will supersede the District Plan review following Resource Management Act reforms. These items total \$1.3 million over 10 years.

After adjusting for all of these items Council has adopted a budget that will deliver, on average, a funding surplus of \$45,000 per year, and thus a balanced budget.

Balanced Budget Reconciliation

	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Net surplus / (deficit) for the year	9,596	1,256	2,564	8,581	3,805	3,437	3,563	3,419	4,066	3,311
Less										
Capital subsidies	(13,649)	(5,843)	(6,948)	(12,001)	(7,230)	(6,784)	(6,892)	(6,825)	(7,521)	(6,802)
Proceeds to reserves	(9)	(9)	-	(19)	-	-	(21)	-	-	(22)
Rating for loan servicing	-	(166)	(239)	(297)	(420)	(555)	(636)	(682)	(757)	(819)
Add										
Depreciation not rated	3,614	4,255	4,092	3,399	3,488	3,577	3,668	3,759	3,872	3,983
Provisions	230	256	268	288	298	310	314	323	334	341
Expenses funded from reserves / loans	325	335	343	81	83	40	29	30	31	31
Balanced budget position	108	84	80	32	24	24	24	25	25	23



WHAKA AWEAWE PŪTEA

(Kaunihera Katoa)

FUNDING IMPACT STATEMENT

(Whole of Council)

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	3,523	10,951	11,919	12,726	13,729	14,519	15,248	15,490	15,933	16,546	16,916
Targeted rates (other than a targeted rate for water supply)	10,464	4,508	4,807	5,311	5,908	5,959	6,237	6,294	6,473	6,749	7,048
Subsidies and grants for operating purposes	8,041	6,241	5,864	6,030	6,670	6,831	6,916	7,240	7,134	7,383	7,299
Fees and charges	2,273	2,436	2,377	2,441	2,532	2,564	2,624	2,715	2,752	2,815	2,907
Interest and dividends from Investments	761	758	701	698	704	700	677	684	691	698	705
Local authorities fuel tax, fines, infringement fees, and other receipts	88	85	87	90	92	94	96	98	101	103	105
Total operating funding (A)	25,151	24,979	25,755	27,296	29,635	30,667	31,798	32,521	33,084	34,294	34,980
Applications of operating funding											
Payments to staff and suppliers	23,213	22,132	22,619	23,551	24,519	24,889	25,568	25,984	26,153	27,045	27,445
Finance costs	202	1,046	1,324	1,436	1,658	1,910	2,035	2,115	2,211	2,330	2,437
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	23,416	23,178	23,943	24,987	26,177	26,799	27,603	28,099	28,364	29,375	29,882
Surplus (deficit) of operating funding (A-B)	1,736	1,801	1,812	2,309	3,458	3,868	4,195	4,422	4,720	4,919	5,098
Sources of Capital Funding											
Subsidies and grants for capital expenditure	12,168	13,649	5,843	6,948	12,001	7,230	6,784	6,892	6,825	7,521	6,802
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	2,702	3,149	255	(440)	2,071	122	(2,161)	(2,947)	(2,343)	(2,535)	(2,907)
Gross proceeds from sale of assets	16	61	37	47	107	28	65	112	16	55	107
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	14,886	16,859	6,135	6,555	14,179	7,380	4,688	4,057	4,498	5,041	4,002

	AP 2021 \$000	LTP 2022 \$000	LTP 2023 \$000	LTP 2024 \$000	LTP 2025 \$000	LTP 2026 \$000	LTP 2027 \$000	LTP 2028 \$000	LTP 2029 \$000	LTP 2030 \$000	LTP 2031 \$000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	715	599	-	167	1,109	589	22	18	871	893
- to improve the level of service	9,364	6,175	2,885	3,898	3,123	3,733	3,261	3,000	3,086	3,394	2,374
- to replace existing assets	11,239	13,684	6,292	8,732	16,667	8,857	7,561	8,347	8,779	8,698	8,833
Increase (decrease) in reserves	(3,980)	(1,914)	(1,829)	(3,766)	(2,320)	(2,451)	(2,528)	(2,890)	(2,665)	(3,003)	(3,000)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	16,623	18,660	7,947	8,864	17,637	11,248	8,883	8,479	9,218	9,960	9,100
Surplus (deficit) of capital funding (C-D)	(1,736)	(1,801)	(1,812)	(2,309)	(3,458)	(3,868)	(4,195)	(4,422)	(4,720)	(4,919)	(5,098)
Funding balance ((A-B) + (C-D))											



TE TAUĀKĪ WHAKA AWEAWE PŪTEA TĀKE

RATING FUNDING IMPACT STATEMENT

RATING FUNDING IMPACT STATEMENT

Council adopted a change to its Rating System in January 2021 and updated its Revenue and Financing Policy in March 2021. This Funding Impact Statement reflects those changes and provides information about Council sources of Revenue from Rates, how these are calculated and where the liability will be applied.

Various sections of the Local Government (Rating) Act 2002 (“Rating Act”) and the Local Government Act 2002 that the Council sets its rates under, require particular information to be identified in Council’s Funding Impact Statement. This includes the following:

- The basis for setting the general rate, i.e. land, annual or capital value (Rating Act, section 13).
- Any category or categories that will be used for setting the general rate differentially (Rating Act, section 14).
- The activity or activities for which a targeted rate will be set (Rating Act, section 16).
- The category or categories that will be used to establish rateable land for a targeted rate (Rating Act, section 17).
- For each category, any factor that will be used to calculate liability for a targeted rate (Rating Act, section 18).
- Council’s intention to set a targeted rate for the quantity of water supplied (Rating Act, section 19).
- If the targeted rate is set differentially, the total revenue sought from each category of rateable land or the relationship between the rates set on rateable land for each category (Local Government Act 2002, Sch 10, cl 15(4)(d)).
- Whether lump sum contributions will be invited in respect of the targeted rate (Local Government Act 2002, Sch 10, cl 15(4)(e)).
- Examples of the impact of the general rate and targeted rate rating proposals on the rates assessed on different categories of rateable land with a range of property values for the first year of the plan (Local Government Act 2002, Sch 10, cl 15(5)).

Differential rating factors

The Local Government (Rating) Act 2002 provides for rates being charged at different rates in the dollar for different categories of rateable land. The categories must be defined using the matters in Schedule 2 of the Rating Act.

Council can use these provisions to set rates on a differential basis, with the different categories defined based on such matters as the rateable value of land, the uses of land within the district, and the differing provision and consumption of Council services relative to other categories of ratepayers in the district.

For the year ending 30 June 2022, and the remaining years of the LTP 2021-31, Council will utilise a General Rate assessed on the Capital Value of rateable land, applying Differential Factors to rating categories defined based on land use. Council will also utilise a Uniform Annual General Charge (UAGC) which will be assessed as a fixed amount per Separately Used or Inhabited Part (SUIP) of a Rating Unit.

The Land Use Categories for Rating Purposes and the differential factors to be applied to the General Rate (Capital Value) for the year commencing 1 July 2021 are detailed in the table below.

Targeted Rates assessed on a fixed amount per Rating Unit, SUIP or connection will be applied for water utilities and waste management and where applicable will be assessed by location. Water by meter rates will apply where metered water is supplied.

DIFFERENTIAL CATEGORIES

For the year 1 July 2021 to 30 June 2022 the following Land Use Categories and Differential Factors will apply to the General Rate assessed by Capital Value.

Category	Differential Factor
Commercial	1.6
Forestry	4.0
Residential A: Capital Value less than \$400,000	1.0
Residential B: Capital Value greater than or equal to \$400,000 and less than \$600,000	0.8
Residential C: Capital Value greater than or equal to \$600,000	0.7
Rural	0.7

Rates per unit in the following paragraphs are per \$000's of rateable value unless otherwise stated. Amounts shown are inclusive of GST at 15%. Since Council has adopted a new rating method, comparatives to the year ending 30 June 2022 would not have been relevant in a rate-by-rate analysis.







General rate

Council will assess a general rate based on the capital value of all rateable land in the district, set differentially according to the use to which the land is put and the capital value of the land.

The rates (per dollars (\$000's) of capital value) for 2021/2022 are:

Differential Category	Rate per \$1,000 of Capital Value (incl. GST) \$	Revenue Generated (incl. GST) \$
Commercial	7.1624	1,017,579
Forestry	17.9059	2,795,097
Residential A: Capital Value less than \$400,000	4.4765	1,874,783
Residential B: Capital Value greater than or equal to \$400,000 and less than \$600,000	3.5812	324,516
Residential C: Capital Value greater than or equal to \$600,000	3.1335	257,166
Rural	3.1335	4,130,556

The general rate will raise \$ 10,399,601 (including GST) in 2021/2022. Revenue from the General Rate will be used to fund the following Groups of Activities:

Group of Activities		Revenue Generated (incl. GST) \$
 Water Supply		165,563
 Stormwater		47,146
 Wastewater		214,890
 Waste Management		129,373
 Transport		4,399,360
 Community Facilities		2,285,988
 Planning & Regulatory		1,183,622
 Leadership & Governance		2,449,894
 Corporate Functions		-476,235*

**Most of the Corporate Functions Group is recovered via internal overhead and internal rent from other activities. The remaining credit relates to investment revenue that remains attributable to this Group. This is offset against general rates.*

Uniform annual general charge

Council will assess a uniform annual general charge (UAGC) as a fixed amount per separately used or inhabited part of a rating unit within the district. The total amount of the UAGC is determined by the rates allocated to specific activities.

Certain activities are funded partially by the UAGC and partially by the General Rate assessed by Capital Value. In doing so Council seeks to establish an appropriate allocation such that all ratepayers make a minimum contribution to these activities that are provided to benefit the whole community. These activities and the amount to be rated via the UAGC in 2021/2022 are detailed in the table below:

Activity	Proportion Allocated through UAGC %	Revenue Generated (incl. GST) \$
Commercial property	50	47,367
Enterprise Building	50	21,513
Council administration & democracy services	50	1,326,260
Māori relationships	50	127,040
Visitor information centre	50	35,158
Economic development	15	131,990
Gaiety Theatre	15	6,379
Digital Hub	15	2,343
Community Centre	15	74,031
Community support	50	139,333
Library	25	341,212

The UAGC for 2021/2022 is \$433.80 (incl. GST), raising \$2,252,627 (incl. GST).

Targeted rate: water supply (fixed charge)

Council will assess a targeted rate to fund water supply, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of Council as a fixed amount per separately used or inhabited part of a rating unit. These amounts represent 90% of the total amount for Water Supply to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in providing clean safe drinking water.

The rates for 2021/2022 are:

Differential Category	Basis for Liability	Charge (incl. GST) \$	Revenue Generated (incl. GST) \$
1. Wairoa township/Wairoa ward supply area (including Frasertown and Wairoa Environs): connected <i>Water charge Wairoa</i> <i>Frasertown water supply</i> <i>Peri urban water supply</i>	Per separately used or inhabited part of a rating unit	669.20	1,237,851 59,561 95,700
2. Wairoa township supply area (including Frasertown and Wairoa Environs): not connected but available <i>Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i>		334.60	36,138
3. Māhanga supply area (Māhanga water supply): connected		478.90	30,170
4. Māhanga supply area: not connected but available <i>Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i>		239.50	239
5. Tuai supply area: connected		547.90	30,136
6. Tuai supply area: not connected but available <i>Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)</i>		274.00	274

The water supply (fixed amount) targeted rate will raise \$1,490,070 in the year ending 30 June 2022. The water supply rates will be used to fund the water supply activities in the Wairoa Township, Frasertown and Wairoa Environs, Māhanga, and Tuai.

Targeted rate: water supply (water meter)

Council will assess a targeted rate to fund water supply, based on the volume of water consumed or supplied, for all rating units fitted with a meter and metered exclusively for ordinary supply or metered for extraordinary supply.

The rates for 2021/2022 are:

Area	Basis for Liability	Charge per m³ (incl. GST) \$
1. Wairoa township reticulation area	Per cubic metre of water consumed or supplied	0.61
2. Wairoa Environs area (not including rating units in 1, 3 and 4)		0.61
3. Frasertown reticulation area		0.61
4. Tuai reticulation area		0.61
5. Land used for meat processing in Wairoa		0.34

The water supply metered rates will be used to fund the water supply activities in the Wairoa Township, Frasertown and Wairoa Environs, Mahanga and Tuai. Water by meter rates is expected to raise revenue of \$384,867 in the year ending 30 June 2022.

Targeted rate: sewerage disposal

Council will assess a targeted rate in respect of sewerage disposal, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council.

The rates for 2021/2022 are:

Differential Category¹	Basis for Liability	Charge (incl. GST) \$	Revenue Generated (incl. GST) \$
1. Wairoa ward (not temporary accommodation businesses): connected	Per water closet or urinal connected (for up to the first five)	652.8	1,444,641
2. Wairoa ward (not temporary accommodation businesses): connected	Per water closet or urinal connected (for six to up to and including 15)	457.0	
3. Wairoa ward (not temporary accommodation businesses): connected	Per water closet or urinal connected (for 16 or more)	326.4	
4. Wairoa ward (temporary accommodation businesses): connected	Per water closet or urinal connected (for up to the first five)	652.8	
5. Wairoa ward (temporary accommodation businesses): connected	Per water closet or urinal connected (for six or more)	457.0	
6. Wairoa ward: not connected but available Where a property is situated within 30 metres of a public sewerage drain to which it is capable of being connected, either directly or through a public drain.	Per rating unit	326.4	37,538
7. Tuai village: connected¹	Per water closet or urinal connected	652.8	
8. Tuai village: not connected but available Where a property is situated within 30 metres of a public sewerage drain to which it is capable of being connected, either directly or through a public drain.	Per rating unit	326.4	

¹For the purposes of this rate, a rating unit used primarily as a residence for one household must not be treated as having more than one water closet or urinal.

9. Māhia: connected or required to be connected under the Trade Waste and Wastewater bylaw 2012	Per number or nature of connections from the land within each rating unit to the reticulation system	668.3	258,311
10. Māhia: not connected or required to be connected under the Trade Waste and Wastewater bylaw 2012 where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.	Per rating unit	334.2	
11. Ōpoutama and Blue Bay: connected or required to be connected under the Trade Waste and Wastewater bylaw 2012	Per number or nature of connections from the land within each rating unit to the reticulation system	668.3	53,132
12. Ōpoutama and Blue Bay: not connected or required to be connected under the Trade Waste and Wastewater bylaw 2012 where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.	Per rating unit	334.2	
13. Rural wastewater All land that is not connected or able to connect to Council wastewater reticulation, but to which a council operated wastewater treatment facility is available. This rate funds the treatment of wastewater from septic tanks.	Per separately used inhabited part of a rating unit described as ‘Flat, Dwelling, Bach, Cottage, Cafeteria, Accommodation, Building, Cabin, Camping Ground, Tavern, Hall, Office, Hotel, Sleepout, Orchard or Shop’ in Council’s Rating Information Database.	55.9	109,435

The sewerage disposal targeted rate will raise \$1,934,227 (including GST) in the year ending 30 June 2022. These amounts represent 90% of the total amount for the Wastewater activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring wastewater is managed safely throughout the district.

Targeted rate: wastewater schemes

Council will assess a targeted rate pursuant to the provision or availability to the land of a service provided by, or on behalf of, the local authority by the Māhia and Ōpoutama wastewater schemes.

The rates for 2021/2022 are:

Differential Category	Basis for Liability	Revenue Generated (incl. GST) \$
1. Māhia wastewater scheme Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 10 years. In accordance with the Capital Funding Plan.	The extent of provision of the services provided by the Māhia Wastewater Scheme including the infrastructure, costs connection costs (if any), and finance costs, relating to that property.	4,817
2. Māhia wastewater scheme Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 20 years. In accordance with the Capital Funding Plan.		86,302
3. Māhia wastewater scheme Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 30 years. In accordance with the Capital Funding Plan.		5,307

4. Ōpoutama wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 10 years. In accordance with the Capital Funding Plan.</i>	The extent of provision of the services provided by the Ōpoutama Wastewater Scheme including the infrastructure costs, connection costs (if any), and finance costs, relating to that property.	4,054
5. Ōpoutama wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 20 years. In accordance with the Capital Funding Plan.</i>		11,455
6. Ōpoutama wastewater scheme <i>Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 30 years. In accordance with the Capital Funding Plan.</i>		3,092

The Council will accept lump sum payments in respect of this rate. Payments must be received by 31 March in the year before the rates are assessed.

Targeted rate: waste management

Council will assess a targeted rate in respect of waste management, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council. The rate is set as a fixed amount per separately used or inhabited part of a rating unit in the Wairoa Township Area and the Wairoa Rural Area.

The rates for 2021/2022 are:

Differential Category	Basis for Liability	Charge (incl. GST) \$	Revenue Generated (incl. GST) \$
1. Wairoa township area	Per separately used or inhabited part of a rating unit	251.7	489,032
2. Rural areas	Per separately used or inhabited part of a rating unit	206.6	675,329

The waste management targeted rate will raise \$1,164,361 (incl. GST) the year ending 30 June 2022. The waste management rate will be used to fund the waste management activity. These amounts represent 90% of the total amount for the Waste Management activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring rubbish is managed safely throughout the district.

Targeted rate: drainage

Council will assess a targeted rate in respect of drainage set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council. The rate is set as a fixed amount per separately used or inhabited part of a rating unit in the Wairoa Urban and the Māhia Township Areas

The rates for 2021/2022 are:

Differential Category	Basis for Liability	Charge (incl. GST) \$	Revenue Generated (incl. GST) \$
1. Wairoa urban area	Per separately used or inhabited part of a rating unit	197.6	360,665
2. Māhia township area	Per separately used or inhabited part of a rating unit	133.3	63,647

The drainage targeted rate will raise \$424,312 (including GST) in the year ending 30 June 2022. These amounts represent 90% of the total amount for the Stormwater activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring stormwater is managed safely throughout the district.

Definition of separately used or inhabited part of a rating unit

A fixed amount charged to each separately used or inhabited part of a rating unit.

A separately used or inhabited part of a rating unit (SUIP) includes any part of a rating unit used for a different purpose or inhabited by any person, other than the ratepayer or member of the ratepayer’s household, having a right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement.

Interpretation rules that form part of the definition of ‘separately used or inhabited part’:

- a. Each separate shop or business activity on a rating unit is a separate use. (See Guidance Note 1).
- b. Each dwelling, flat, or additional rentable unit (attached or not attached) on a residential property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property. (See Guidance Note 2.)
- c. Each residential rating unit which has, in addition to a family dwelling unit, one or more non-residential uses (i.e. home occupation units) will be considered a SUIP. (See Guidance Note 3.)
- d. Each non-residential activity which has, in addition to its business or commercial function, co-sited residential units which are not a prerequisite part of the business or commercial function, will be considered a SUIP. (See Guidance Note 4.)
- e. Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land are SUIPs. (See Guidance Note 5.)
- f. Each title on a multiple-managed forestry holding (that is, where the forest is broken into several individual small titles) is a separately used part except when one or more titles are adjacent and under the same ownership, in which case the rules of contiguity apply.
- g. Each block of land for which a separate title has been issued is liable to pay a UAGC, even if that land is vacant. NOTE: Two or more adjacent blocks of vacant land are not eligible for remission under “contiguity” (S.20 of LG(R)A 02) because they are not “used for the same purpose” (i.e. they are not used at all).
- h. Each dwelling, flat, or additional rentable unit (attached or not attached) on a pastoral, horticultural or forestry property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property. (See Guidance Note 6.)
- i. A substantial part of the year is considered to be three months or more (this total period may be fragmented, and may occur at any part of the rating year).
- j. Each dwelling on a lifestyle block whether tenanted or not is considered a SUIP.

Guidance notes

The following notes are not rules, but are intended to aid officers in the interpretation of the rules.

1. Commercial Properties

- A single building on one title with 24 separate ‘shops’ would have 24 SUIPs.
- A motel with an attached dwelling would have one SUIP. This is because the attached dwelling is essential to the running of the motel. This is similar to a pastoral property with one dwelling (See rule D above)
- A motel with an attached restaurant which is available to the wider public has two separately used parts and would have two SUIPs. Likewise, a motel with an attached conference facility would have an additional SUIP.
- A business which makes part of its income through leasing part of its space to semi-passive uses such as billboards, or money machines, is not regarded as having a SUIP.

2. Residential Properties

- Rating units containing more than one “flat” (as per the valuation record administered by Council’s Valuation Service Provider, Quotable Value Limited) will in general be regarded as having more than one SUIP. Sleep-outs and granny flats will generally not be considered as additional SUIPs.
- If parts of a rating unit are used only for family members or for others for very short periods, the Council will not generally regard them as SUIPs (provided proof of their use, including a signed declaration from the property owner is provided). Evidence of actively advertisement of the flats for accommodation will generally mean that the Council considers the flat is a SUIP.

3. Residential with Non-Residential Part

- A residence with a separately accessible “office” (which may be used for surveyor, architect, or medical services) will be considered to have an additional SUIP. This is because it generates additional use of roads, services, planning resources and democratic processes.
- A residence with a “Home Occupation” (commonly called a “hobby business”) will not generally be considered as having an additional SUIP unless the intensity of operation is high. For example, a resident who occasionally manufactures boat trailers in his garage on the weekends would not qualify , but someone who works for most of the week panel beating or painting, particularly if the activity is accompanied by advertising, would likely be considered as having an additional SUIP
- A residential property, part of which is used continually for storage of large industrial machinery, has an additional SUIP.

4. Non-Residential Activity with Co-sited Dwelling

- A fish and chip shop, with a separately used flat above which can be accessed without passing through the shop, has an additional SUIP.
- A dairy which has the operator’s integral dwelling attached, would not be considered a SUIP because the home is an integral part of the operation of the dairy similar to a pastoral property or motel.
- Certain Government agencies, churches, marae, and the like are automatically rate exempt (except for service charges such as water and wastewater).

- They may be charged rates and additional UAGCs for each separately used or inhabited part of the rating unit, however, if these organisations undertake accommodation or business activities which are not related to their core function.

5. Individually Tenanted Flats

- Each flat, apartment, or retirement or disability home, and each property under a “licence to occupy”, is a separately used or inhabited part of a rating unit. This is regardless of the number of people who may be living in the unit.

6. Pastoral Properties

- Each dwelling, tenanted or untenanted, is a separately used or inhabited part of a rating unit.
- Shearer’s quarters that are untenanted, and used as a shearers quarters, will not be treated as a separately used or inhabited part of a rating unit. Shearer’s quarters which are tenanted will be a separately used or inhabited part of a rating unit .
- A pastoral property with one dwelling would only have one SUIP. This is because the attached dwelling is essential to the running of the pastoral property.
- Untenanted farm dwellings and cottages in addition to the main ‘farm house’ will be considered additional SUIPs.

RATING BASE

The total projected rateable units within the district at the end of the financial year 2021/22 is 6,835. This is projected to increase at an average of 10 rating units per year over the 10 years of the Long Term Plan.

Forecast (rateable) rating units

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rating units	6,835	6,845	6,855	6,865	6,875	6,885	6,895	7,005	7,015	7,025

Indicative ratings samples

Location	Property Type	Rated CV	Actual Rates 2020/21	Forecast Rates 2021/22	Movement is	Change (\$ (+/-)	Change (%) (+/-)
Wairoa	Commercial	185,000	\$5,396	\$3,542	Decrease of	-\$1,853	-34%
Wairoa	Commercial	550,000	\$12,500	\$7,485	Decrease of	-\$5,014	-40%
Kotemaori	Forestry	22,500,000	\$182,323	\$407,178	Increase of	\$224,855	123%
Ōpoutama	Residential A	80,000	\$1,132	\$1,001	Decrease of	-\$131	-12%
Frasertown	Residential A	215,000	\$1,961	\$2,337	Increase of	\$377	19%
Wairoa	Residential A	310,000	\$4,330	\$3,605	Decrease of	-\$725	-17%
Wairoa	Residential B	555,000	\$4,878	\$3,614	Decrease of	-\$1,264	-26%
Mōhaka	Residential B	450,000	\$880	\$2,323	Increase of	\$1,442	164%
Māhia	Residential B	510,000	\$1,938	\$2,540	Increase of	\$602	31%
Māhia	Residential C	820,000	\$3,029	\$4,019	Increase of	\$990	33%
Māhia	Residential C	1,400,000	\$2,674	\$5,123	Increase of	\$2,449	92%
Māhanga	Residential C	610,000	\$2,377	\$3,105	Increase of	\$728	31%
Ohuka	Rural	4,060,000	\$11,327	\$14,230	Increase of	\$2,903	26%
Putorino	Rural	10,100,000	\$27,173	\$34,023	Increase of	\$6,850	25%
Wairoa	Rural	1,000,000	\$3,708	\$4,528	Increase of	\$820	22%

2021-31 LONG TERM PLAN

SECTION 4: OUR POLICIES





TE KAUPAPA HERE MŌ TE PŪTEA WHIWHI

REVENUE AND FINANCING POLICY

Purpose and scope

This policy outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how the Council complied with section 101(3) of the LGA which sets out a number of factors we must consider when making these decisions. A comprehensive analysis of this is included in the Funding Needs Analysis (Appended).

Deciding the best way to fund activities is complex. Applying the legislation is complex and involves many statutes, regulations and multiple statutory policies. The outcome of balancing all those matters requires judgement having considered many factors including but not limited to: legal, social, competition, affordability, impact of change, efficiency, equity, cost, intergenerational equity, transparency, accountability, business, strategic alignment and benefit.

Policy statement

Funding sources for operating expenses

Operating costs are the everyday spending on Council activities. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.

The funding of each activity must be considered individually. Some activities may be best funded by user charges, such as building consents, others with targeted rates, such as water, and others from the general rate, such as roading.

The funding sources used for operating costs and the Council's policies in respect of funding operating expenses are described in the following sections.

User Charges

User charges are applied to services where it is identified there is a benefit to an individual or group, or directly attributable cost. User charges are a broad group of fees charged directly to an individual or entity including but not limited to: service charges, hire, rent, lease, licences for land and buildings, permits, regulatory charges, fines and penalties, connection fees, disposal fees, deposits, private works, planning and consent fees, statutory charges, retail sales and landing fees.

The price of the service is based on a number of factors, including but not limited to:

- The cost of providing the service
- The estimate of the users' private benefit from using the service
- The impact of cost to encourage/discourage behaviours
- The impact of cost on demand for the service
- Market pricing, including comparability with other councils
- The impact of rates subsidies if competing with local businesses
- Cost and efficiency of collection mechanisms
- The impact of affordability on users
- Statutory limits
- Other matters as determined by the Council

The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of

providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.

Where goods or services are sold commercially, and taking into consideration legislative limitations, the Council's preference is to charge a market price. This includes retail sales, leases, rents and licences for land and buildings.

Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.

Revenue from user charges is generally allocated to the activity which generates the revenue.

Grants, Sponsorship, Subsidies and Other Income

Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can be budgeted for (for example Waka Kotahi roading subsidy). Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (such as Provincial Growth Fund funding, reparation payments, civil defence and other reimbursements, legal settlements and insurance claims). These are applied as they arise to the corresponding activity or project.

Investment Income and Proceeds from the Sale of Assets

The Council's approach to investments is documented in the Investment and Liability Management Policies. These investments generate income such as dividends, interest, and rents.

Income from all asset disposals are generally receipted to the activity that used the asset to deliver service. Generally, these proceeds are considered to be capital in nature. However, low value items may be used to fund operating costs. Council may resolve to utilise higher value proceeds for operating purposes if it is satisfied that it is prudent and in the community's interest.

Development Contributions, Financial Contributions and Lump Sum Contributions

Generally, there is little revenue from these funding sources to fund operating costs.

Lump sum contributions have been used for the Māhia and Ōpoutama wastewater schemes, which included a portion of operating cost (interest). Council has an Early Payment of Rates Policy enabling existing ratepayers for these schemes to pay future targeted rates for this in advance.

Council will consider using lump sum contribution arrangements as a suitable funding option for future projects.

Financial contributions, relating to resource consents are collected and placed in a reserve fund. The use of this fund could include some operating costs. The Council does not currently take development contributions, but it is considering the use of these as part of its review of the District Plan. Should development contributions be implemented, a portion of revenue funds the interest cost on debt for growth related capital projects.

Reserve Funds

Reserve funds are used for the purposes that they were created. Reserve funds may be used to meet operating costs if the expenditure is consistent with the purpose of the fund.

Borrowing

The Council’s approach to Borrowing is documented in the Investment and Liability Management Policies. The Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

Rates

Having exhausted all other funding sources, Council funds its remaining operating expenses from rates. For many activities this is the main funding source.

The Council may establish general or targeted rates to fund operating costs.

Summary of sources of funding for operation costs by activity

The above funding sources were considered when determining the funding required from all sources (including general rates or targeted rates) for each activity in the Funding Needs Analysis, as required by section 101(3)(a).

Table 1 shows the degree (expressed as a range) to which each funding source is used to fund operating costs in relation to each activity to be funded, as required by section 101(3)(a) of the LGA”.

After the activity by activity analysis, the Council undertakes an analysis of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. The results of this analysis may vary the outcome of the activity by activity analysis.

The ranges in Table 1 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

Table 1: Operating Funding by Activity

	User charges	Grants, subsidies & other	Invest. Income	Fin. and Dev. Contributions	Reserve Funds	Borrowing	General Rates	Targeted rates
Water Supply	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Wastewater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Stormwater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Waste Management	20% -40%	0%	0%	0%	0%	0%	0% -20%	40% - 60%
Airport	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parking	0%	0%	0%	0%	0%	0%	100%	0%
Roading	0%	60% - 80%	0%	0%	0%	0%	20% -40%	0%
Camping Grounds	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Cemeteries	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Centre	0%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Support	0%	0% -20%	0%	0%	0%	0%	80% - 100%	0%
Library	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Memorial Hall	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parks and Reserves	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%

	User charges	Grants, subsidies & other	Invest. Income	Fin. and Dev. Contributions	Reserve Funds	Borrowing	General Rates	Targeted rates
Resource Planning	0% -20%	0%	0%	0%	20% -40%	20% -40%	40% - 60%	0%
Environmental Health	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Building Control	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Liquor Control	40% - 60%	0%	0%	0%	0%	0%	60% - 80%	0%
Bylaw Compliance	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Community Representation	0%	0%	0%	0%	0%	0%	100%	0%
Māori Relationships	0%	0%	0%	0%	0%	0%	100%	0%
Economic Development	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Gaiety Theatre	80% - 100%	0%	0%	0%	0%	0%	0% -20%	0%
Visitor Information	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Pensioner Housing	100%	0%	0%	0%	0%	0%	0%	0%
Property	0% -20%	0% -20%	0% -20%	0%	0%	0%	80% - 100%	0%
Funds Management	0%	0%	100%	0%	0%	0%	0%	0%

Funding sources for capital costs

Capital costs are those costs associated with the purchase and improvement of assets, and the repayment of debt. The funding sources for capital costs and Council’s policies in respect of the funding of this expenditure are described in the sections that follow.

User Charges

User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

The Council may charge for capital works that are for private benefit (such as, a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (for example, a rural seal extension for dust suppression).

Grants, Subsidies and Other Income

The Council relies on significant subsidies for capital works relating to our transport activity. Grants and subsidies may be available for other activities from time to time.

Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.

Grants, subsidies and other income are used wherever they are available.

Development Contributions

Development Contributions (DCs) fund capital costs necessary to service growth. Council does not have a development contributions policy at this time and will consider this as part of the consideration of financial contributions in the review of the District Plan.

Financial Contributions

Financial contributions are collected under the Resource Management Act 1991 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the District Plan. Contributions may be received in cash or as revenue by the vesting of assets.

Proceeds from the Sale of Assets

From time-to-time, assets are disposed of. Usually these are low value items and the revenue is allocated to the activities that the assets were used in. In the case of short-life assets these proceeds would normally contribute to the cost of their replacement.

The Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt or supplement the corresponding asset replacement reserves, unless otherwise resolved. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction.

Reserve funds

Reserve funds for capital projects are held and the funds are used when a project meets the specific criteria for accessing the reserve. This includes renewal funding derived from rates for operating costs such as depreciation and other accounting provisions.

Borrowing

The Council borrows to fund its asset programme. The amount of borrowing available is restricted by the debt limits set in the Financial Strategy.

Borrowed funds, both the principal and interest (an operational cost), are generally repaid by future rates.

Borrowing spreads the cost of the project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

Lump sum contributions

When undertaking a major project, there is an option to seek lump sum contributions to the capital cost of the project from those who are identified in the projects “capital project funding plan”. Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

Rates

Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.

A portion of rates funds the capital (principal) repayments of debt.

Council may establish targeted rates to fund specific capital projects where there is a benefit of separate funding.

Council holds reserve funds for capital expenditure. Some of which has been sourced from rates.

Summary of sources of funding for capital costs by activity

Funding of Capital costs will be determined via the same principles as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so will be consistent with this policy and not require an amendment to the policy.

Existing projects (projects resolved prior to the adoption of this policy) will be funded according to the Annual Plan, Long Term Plan or other resolution made at the time the Council approved the project. It is not practicable to determine a funding policy for all unknown future projects. The main difference is that it is the purpose of the expenditure will have more bearing on the funding available. Capital projects are often large in nature and will provide benefits over many years, and the funding approach must reflect this.

The Council uses the following guidelines when considering the funding of capital projects:

- a) A Funding Needs Analysis will be completed where the project is not included in the capital works programme or is additional to planned services, or where its inclusion impacts on Council's overall funding capacity.

- b) All projects are first funded from grants, subsidy or other external income where available.
- c) Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
- d) General purpose funds or unrestricted reserve funds held for other complementary purposes are considered.
- e) Lump sum rating options are considered.
- f) Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in infrastructure are then funded from debt.

A single project may have a mix of each of these funding options.

It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.

Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, and section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long Term Plan.

Overall funding consideration

The Council is required by section 101(3)(b) of the LGA to consider “the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community”. This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for each activity to be funded.

The following adjustments have been made:

- a) The allocation of the rates liability between sectors of the rating base may be altered by using differentials on the general rate and certain targeted rates. The allocations in this Long Term Plan were determined by the Council after consultation with the community in 2020. The Council may modify the differential factors during the term of the Long Term Plan to reflect a change in allocation of cost, or benefit, or to achieve better community outcomes or wellbeing.
- b) This adjustment included an additional allocation of cost to the forestry differential for all activities, rather than just the incremental cost previously allocated from roading activities. The Council has decided this allocation to increase the rates to this sector is appropriate because of comparative negative community wellbeing impacts on the Wairoa community.
- c) Rates affordability (people's ability to pay rates) is an issue in parts of the region. Adjustments to limit the impact of fixed rates on lower value rating units were made so that rates are more affordable for lower value rating units.
- d) Fees and charges may be waived or discounted where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons (e.g., the promotion of events and facilities) or commercial reasons (e.g., due to poor service or to minimise risk).
- e) Rates may be remitted where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policies (including Māori Freehold Land). These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (such as additional or no provision of some services).
- f) The Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.

Rates

Our final consideration of funding by rates comes:

- a) After considering how other funding sources will be used to fund operating and capital costs.
- b) how rates have been applied to activities in the Funding Needs Analysis; and/or
- c) After being adjusted for the overall impact of allocation of liability.

The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regards to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

General rates

The Council sets a general rate is assessed on all rateable properties (rating units) based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

The Council has determined in its Funding Needs Analysis which activities should be funded from general rates (see Table 1).

The Council has chosen to differentiate the General Rate into four rating categories, applying 6 rating differentials, based on the use to which the land is put. In respect of residential land, Council observes the provisions of s101(3)(b) of the LGA and the overall impact of the allocation of liability for revenue needs on the community. In doing so it has determined that the application of 3 rating differentials to land categorised as residential for rating purposes is appropriate.

The General Rate will be assessed on capital value of the land. The factors to be applied to all differentials and the thresholds for the residential differentials will be determined in the Funding Impact Statement:

- a) Residential will be
 - ii) Residential A
 - iii) Residential B
 - iv) Residential C
- e) Commercial.
- f) Rural.
- g) Forestry.

The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to differential rating categories. The full definitions can be found in the Rating Policy and the Funding Impact Statement and may change during the term of the Long Term Plan.

In setting the differential categories, and the differential factors, the Council considered the requirements of the LGA and other considerations, including:

- a) The activities funded by the general rate and the s101(3) considerations for the activities.
- b) The impact of any change, or rate of change to the differential.
- c) The views of those impacted by the differentials.
- d) Other reasonable options, and the advantages and disadvantages of those options.
- e) The overall impact of the differential on all ratepayers.

The UAGC is part of the general rates and is a fixed amount each year. The Council can set the UAGC based on an allocation of the cost of specific activities or at an amount the Council considers is appropriate. In past years, the Council has preferred to base the UAGC on the allocation basis. From 2021 the Council will set the UAGC at a level it considers appropriate.

The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council's remissions policies provide for some adjustment to UAGCs for properties where appropriate. During the term of this Long Term Plan the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.

If the cost allocation from activities (as described in the Rating Policy) is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

Targeted rates

Targeted rates are finalised when adopting the Funding Impact Statement in the Long Term Plan or an Annual Plan. The Council may introduce new targeted rates, consistent with this policy, when setting rates in any year as documented in the respective year's Funding Impact Statement and Rates Resolution. The Council's requirement to consult is determined by s95A of the LGA.

The Council has chosen to have a small number of targeted rates and will provide transparency of how much a ratepayer's rates is contributing to activities by using better communication tools than the rates invoice. Information on targeted rates is listed in the Rating Policy, Rates Resolutions and Funding Impact Statement for each year.

The Council consulted on changes to targeted rates in its 2020 rates review, the outcomes of which are reflected in this and other relevant policies.

References

- The Funding Needs Analysis, required by section 101(3) of the LGA, provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- The Investment and Liability Management Policies place restrictions on the use of the proceeds from asset sales.
- The Rating Policy further clarifies funding requirements by documenting matters not included in this Revenue and Financing Policy. It includes definitions and, when applicable, maps for rating areas.
- The Funding Impact Statement is included in each Long Term Plan and Annual Plan as required by Schedule 10 of the LGA. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

TE KAUPAPA HERE MŌ TE HIRANGA ME TE WHAKATŪTAKI

SIGNIFICANCE AND ENGAGEMENT

Summary

The Policy lets both Council and the community identify the degree of significance attached to particular decisions, to understand when the community can expect to be engaged in Council’s decision making processes, and know how this engagement is likely to take place.

It exists to:

- inform you about what you can expect from Council regarding community engagement and the ways you can influence and participate in the decision-making of Council.
- provide Council with a tool that clearly guides the assessment of significance during decision-making and provides direction on the consideration of community views and the level of community engagement that might be desirable to enable Council to develop a clearer understanding of community views and preferences on an issue or proposal.

Decisions made by Council affect the residents and ratepayers of Wairoa. We are committed to building and maintaining relationships with stakeholders and our community so that decisions are well informed. Wherever practical, we will engage with individuals, organisations and groups in our community in ways that give them the best opportunity to have their say.

This Significance and Engagement Policy (Policy) meets the requirements of the Local Government Act 2002 (LGA 2002). The objectives of it are:

1. To establish a general approach and process for identifying the significance of Council decisions;
2. To set out when and how Council will engage with the community in decision-making, depending on the significance of the decision.

The policy explains how Council will decide the level of significance that a matter has, the types of matters where the community will be involved in the decision-making process, and when the community can expect Council to make a decision on its behalf.

There are many informal ways that Council engages with the community during its everyday business which helps to inform it on community views. There are also decisions that a Council must make which require a more structured form of engagement. This is because of the importance that a matter has within the wider community, or for groups within the community.

Significance

Local authorities must make decisions about a wide range of matters and most will have a degree of significance, but not all issues will be considered “significant”. An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision making occurs.

Council has identified criteria to assess the degree of significance. The significance of an issue, proposal or decision lies somewhere on a continuum from low to high. Where the significance of a proposal or decision is unclear against one criterion, then Council will treat that criterion as being more, rather than less, significant. If any of the criteria are met, the proposal or decision may be ‘significant’. However, the criteria should be considered collectively to get to this point.

Criteria for significance

Significance means the importance of an issue, proposal, decision, or matter, as assessed by Council. Council will consider the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- The likely impact/consequences of the issue, proposal, decision or other matter, on the district.
- Whether the asset is a strategic asset
- The impact on levels of service provided by Council or the way in which services are delivered.
- The degree of impact on Council’s debt or the level of rates it charges.
- The financial and non-financial costs and implications of the issue, proposal, decision or other matter having regard to Council’s capacity to perform its role.
- Whether the decision is reversible and the likely impact on future generations.
- The impact on the community, how many people are affected and by how much.
- Whether the decision or action flows from, or promotes, a decision or action that has already been taken by Council or furthers a community outcome, policy or strategy.
- Whether there is a history or reasonable expectation of the issue generating wide public interest within the district.
- The likely impact/consequences of the issue, proposal, decision or other matter, on youth, elderly and Māori.

It may be that only one of the criteria applies, but to such a high degree that the decision will be considered “significant”. Conversely, several criteria may be applicable, but to only a low degree, and therefore will be considered to have a lower level of significance. Each decision will involve staff making an assessment for consideration by elected members.

Determining significance

In the first instance, staff will be responsible for assessing the significance of a potential decision, in accordance with legislation and this Policy. Reports to Council and its Committees will include the staff assessment of the significance of the proposals and any options or recommended decisions.

Engagement

Any community engagement will be undertaken in proportion to the level of significance of the matter being considered. When any engagement takes place, Council will provide information and:

- Seek to hear from everyone affected by a decision.
- Ask for views early in the decision-making process so that there is enough time for you to give us feedback, and for your views to be considered properly.
- Listen and consider views in an open and honest way.
- Respect everyone’s point of view.
- Provide information that is clear and easy to understand.
- Consider different ways in which the community can share views with us.
- Ensure that the engagement process is efficient and cost effective.

Principles of engagement

Council will take a principle-based approach to our community engagement activities.

- **Genuine:** We will listen to the views provided by the community with an open mind and will give due consideration to them when making decisions.
- **Timeliness:** We will engage with the community as early as appropriate and ensure that engagement processes are an integral part of project planning. We will allow enough time for participants to contribute and for them to be able to raise unexpected issues.
- **Purposeful:** We will be clear about the purpose of engagement and the ability and scope of the engagement to influence decisions.
- **Inclusive and accessible:** We will engage in a way which encourages participation of all who are likely to be affected by, or are interested in, a decision.
- **Recognise diversity:** We will use engagement methods which are appropriate to the issue and those we are seeking to engage, having regard to their culture, age, ability and time availability.
- **Informed:** We will ensure information relating to the engagement is readily available so that participants can make informed contributions.
- **Responsive:** We will record, consider and respond to participants’ contributions, and provide information to the community on how their feedback influenced the decision-making.
- **Engagement with Māori:** We will acknowledge the unique perspectives of Māori in our community.
- **Cost-effective:** We will engage in a cost-effective manner, and resource engagement in proportion to the significance of the decision. We will ensure the least possible cost to all involved in the engagement.

The ways engagement can take place are varied and will be in proportion to the significance of the matter being considered.

Special consultative procedure

There are situations where the Special Consultative Procedure must be used under the LGA 2002:

- Adoption or amendments to the Long Term Plan
- Adoption or amendment to a significant bylaw
- Transfer of ownership of a significant strategic asset
- Changes to financial policies.

There are also statutes which require the special consultative procedure to be followed.

It is important to note that formal consultation using a special consultative procedure is a structured process outlined in legislation and supported by case-law. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The LGA 2002 has given local authorities the ability to determine this as appropriate for their communities.

Significant proposals or decisions

Council will determine the nature and form of the engagement

in accordance with the significance of the particular decision. In general, the greater the significance of the decision, the more we will do to engage the community. A ‘significant’ decision does not automatically require the special consultative procedure.

Engagement with Māori

Council will honour all engagement processes, agreements and memorandums of understanding developed with Māori as they relate to its decision-making policies. It will also consider its obligations as outlined under the Resource Management and Local Government Acts.

Te Tiriti o Waitangi/the Treaty of Waitangi is the founding document of New Zealand. Council accepts the great importance of this living, dynamic document, and is committed to upholding the spirit of Te Tiriti o Waitangi/the Treaty of Waitangi principles

More information on Council’s processes that provide tangata whenua contribution to Council’s decision making can be found in our Māori Policy.

Engagement on other matters

Outside of matters where it remains mandatory for a special consultative procedure to be undertaken, Council will determine the appropriate level of engagement on a case by case basis.

Council may decide that it will use a special consultative procedure if the matter is of high significance, or it may choose another form of appropriate consultation. In instances where significance is judged to be moderate, engagement with the community could involve consulting through an advisory committee or focus group, public meetings, or surveys.

When Council decides that a matter is of low to moderate significance, or in instances where it is considered that the views of the community are already known, it may make a decision on behalf of the community and then inform the community of the outcome. This may be, for instance, through publication on the Council website, in the local media, or other appropriate means.

Reasons not to engage

Council acknowledges there are times when it is not necessary, appropriate or possible to engage the community on a proposal or decision.

Whenever Council does not formally engage, community views will still be considered before a decision is made and as much information will be provided to the public as possible.

Engagement activities

Council will decide which engagement activities or processes to use based on the individuals, communities and sectors that are affected by, or interested in the proposal; and the extent of that interest/ impact. In the first instance, staff will be responsible for assessing the appropriateness of engagement activities for each proposal or decision at the project planning stage.

There may be times where Council activities are affected by events at a regional, national, or global scale – such as extreme weather, or a pandemic. In these instances, Council may delay activities to ensure an appropriate level of engagement. Council may also implement alternative forms of engagement in order to overcome barriers these events have created to engagement. These will be considered on a case by case basis.



NGĀ WHAKATAUNGA E NGĀI MĀORI

MĀORI INVOLVEMENT IN DECISION MAKING

I raro i te mauri o te Tiriti o Waitangi, me āta kōrero te Kaunihera o Te Wairoa ki ngā tangata whenua, nō rātau nei te whenua, te ahikaa me te mana ki runga i ngā wāhi i whakatapua e o rātau tūpuna.

‘Within the spirit of the Treaty of Waitangi, the Council must consult with Māori, who are the descendants of the original inhabitants, who own the land, who currently reside in the area, and who exercise traditional authority over the areas made sacred by their ancestors.

The Local Government Act 2002 requires that Council provide Māori with opportunities to contribute to local decision-making (s14(1)(d)). Through this process, the aspirations of each area within the district will be realised in accordance with the Local Government Act 2002, and the principles of the Treaty of Waitangi 1840.

The Resource Management Act 1991 requires that tangata whenua should have a significant role in resource management, enabling them to take steps to protect tribal interests. Section 2 of the Act provides, under certain conditions, for the transfer of functions by a local authority to a recognised iwi authority.

The Wairoa District has the highest proportion of Māori of any local authority area in the country – approximately 65.7% of the district’s 8,670 people. This means that Māori are well represented at most levels within the community.

Council acknowledges that specific iwi, hapū and whānau have ahikaa (unbroken occupation) and exercise mana whenua (maintenance and sustainable management of land) over lands within the district’s boundaries. Council consult iwi for the purposes of the Resource Management Act 1991, where there is a duty to consult with tangata whenua and where there is mutual agreement between the Council and iwi exercising mana whenua. The Council also acknowledges that specific iwi, hapu apū and whānau have historical and spiritual ties to land within Council’s boundaries.

The Council maintains processes that provide opportunities for Māori to contribute to decisions. Council’s Māori Standing Committee (the group that advise and support Council on things pertaining to Māori), advise Council on how to best manage the consultation process, and how to facilitate relationships between Council and iwi exercising mana whenua.

Council’s Māori Policy, which was revised in 2021, outlines the relationship between Council and tangata whenua. This gives Council the ability to facilitate enhanced opportunities for Māori to contribute to Council’s decision-making processes. The Māori policy outlines the collaborative approach of Council’s decision-making processes that is within the spirit of Te Tiriti o Waitangi

The Council continues to work collaboratively with several Māori organisations within the district, and has adopted the steps to further facilitate and enhance Māori involvement in decision-making.

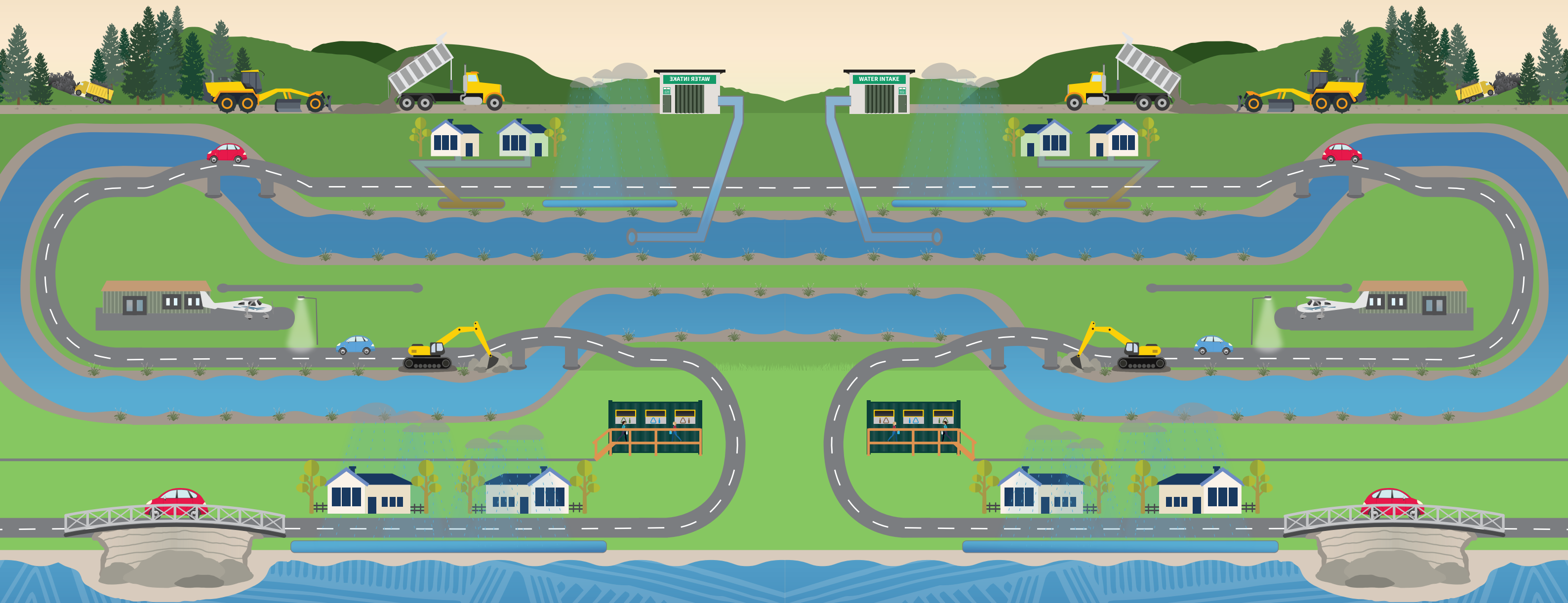
Underpinning Council’s commitment to the effective facilitation of Māori in decision making is the provision of dedicated staff and other resources. The aim of this is to increase Māori influence in the Council and foster greater understanding of Māori issues.

The position of the Māori Relationships Manager has been established by Council as a means of facilitating and enhancing Māori involvement in decision making. The purpose of the position is to provide advice to, and liaise with, Council and its Committees, Council staff and the community in respect to their relationship with, and impact on, tangata whenua.

In 2017, the Council adopted a Te Reo Māori Policy, which recognises and promotes te reo Māori as the indigenous language of Aotearoa. It is also recognised as a taonga of iwi and wider Māori community, and its use is encouraged through communication, hui and day to day operations of the Council.

2021-31 LONG TERM PLAN

SECTION 5: OUR INFRASTRUCTURE



Overview

This Infrastructure Strategy (strategy) encompasses infrastructure services provided by Wairoa District Council (Council) for the following activities for 30 years being the period of 2021 to 2051:

- Water supply
- Wastewater
- Stormwater
- Roads and footpaths
- Solid waste and
- Wairoa Airport

These activities support the delivery of Council’s vision and community outcomes.

This strategy is intended to be a useful document for Council to guide long term decisions holistically across the different infrastructure assets as well as meeting legislative requirements. This strategy communicates the infrastructure requirements at a high level to internal and external decision makers, and key stakeholders.

Council owns and manages infrastructure with a replacement cost valued at \$445.6M of as at June 2020 across these activities including:

WATER SUPPLY	<ul style="list-style-type: none">• Serving Wairoa, Tuai and Māhanga (non potable)• Frasertown Water Treatment Plant serving Wairoa and Frasertown and AFFCO meat works• Approx 2,360 connections, 118km of pipes, 11 reservoirs, two pump stations and one treatment plant, with replacement value of \$46.5M (as at June 2020)
WASTE-WATER	<ul style="list-style-type: none">• Four wastewater schemes• Servicing Wairoa, Tuai, Māhia and Ōpoutama• Approx 2,170 connections, 58km of pipes, pump stations and wastewater treatment plant, with replacement value of \$32.9M (as at June 2020)
STORM-WATER	<ul style="list-style-type: none">• 42km of stormwater reticulation, 219 manholes, 914 sumps and 1063 inlet structures• Focused in Wairoa urban area, Tuai and Māhia, with a replacement value of \$24.3M (as at June 2020)
ROADS & FOOTPATHS	<ul style="list-style-type: none">• 871 km of roads of which 301km is sealed• 176 bridges and 447 retaining structures• 51 kms of footpaths• Replacement value of \$336.1M (as at June 2020)
SOLID WASTE	<ul style="list-style-type: none">• Wairoa Landfill and associated facilities, including weighbridge, valued at approximately \$1.1M• Recycling collection facilities• Management of five closed landfills
WAIROA AIRPORT	<ul style="list-style-type: none">• 910m long all-weather sealed runway, with associated sealed taxiway, apron area, refuelling area, and terminal building• 1370m long grass Airstrip• Valued at approximately \$6.9M.




Flood protection and control assets are the responsibility of the Hawke’s Bay Regional Council (HBRC) while State Highways are the responsibility of the Waka Kotahi.




Key infrastructure issues

In preparing this strategy, Council has identified seven key district infrastructure issues that need to be at the forefront of infrastructure planning and decision-making. They are:

- Legislative and policy change
- Climate change
- Land use change
- Servicing Māhia
- Affordability
- Resilience
- Economic development

In addition to the key district infrastructure issues, Council has identified the following key issues for each of the infrastructure activities. Options to respond to the issues are identified later in this document.

Activity	Key Issues
 Water Supply	<ul style="list-style-type: none">• Water reform and changes to legislation are likely to result in higher standards for water treatment and compliance costs• Effects of climate change on drinking water supply sources and infrastructure• Identification of an alternative drinking water source for Wairoa township / Frasertown Water Treatment Plant to mitigate reliance on the Wairoa River• Water network losses• Resource consents need renewing but there is uncertainty about what the conditions will involve (e.g. duration and compliance)
 Wastewater	<ul style="list-style-type: none">• Water reform and changes to legislation are likely to result in high standards for wastewater treatment and compliance costs• Effects of climate change on wastewater infrastructure• Resource consent needs renewing but there is uncertainty about what the conditions will involve (e.g. duration and compliance)• An alternative option and funding for the discharge of wastewater is required.
 Stormwater	<ul style="list-style-type: none">• Water reform and changes to legislation are likely to result in high standards for stormwater treatment and compliance costs• Effect of climate change on stormwater infrastructure capacity• Effects of growth in Māhia on limited existing stormwater infrastructure

 Roads and Footpaths	<ul style="list-style-type: none">• Wairoa District Council is heavily reliant on Waka Kotahi subsidies, which may reduce in future• Effects of climate change on roading and bridges• Effects of land use change on expected levels of service• Safety on Wairoa roads, with Wairoa having the highest overall personal risk in the country• Limited access for heavy vehicles resulting from poor condition aging bridge stock and low structural capacity• Confidence in data related to location and condition of retaining structures is limited
 Solid Waste	<ul style="list-style-type: none">• Impacts of legislation change• Impacts of China’s National Sword / Blue Sky policy change• Resource consent for the landfill will need renewing but there is uncertainty about what conditions may involve and the potential increase in compliance costs• Ongoing financial viability of the landfill
 Wairoa Airport	<ul style="list-style-type: none">• Ability to continue funding the activity and maintenance of the asset

Activities overview

Water supply

Significant developments have occurred at a national level over the last three years. The New Zealand Government is reforming how drinking water, wastewater and stormwater (Three Waters) services are delivered across New Zealand. The reforms began in response to the issues identified following the Havelock North drinking water contamination in 2016. Since early 2019, Council has been working together with the other Hawke’s Bay Councils to review the benefits and costs of a range of water service delivery options in the region. This work primarily focussed on assessing the current state of council Three Waters services in the Hawke’s Bay and developing a recommended approach to ensure the sustainable delivery of these critical services over the long term.

Subsequent to the Hawke’s Bay regional review, in July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government Three Waters service delivery arrangements. The Government’s starting intention is to reform local government’s Three Waters services into a small number of multi-regional entities with a bottom line of public ownership. The exact size, shape and design of these entities is still being worked through. Council has provided required information to the Department of Internal Affairs to assist this process.

Implications from water reforms on service delivery, including the impact of a water regulator and changes to legislation are relatively unknown and may impact on levels of service and structural changes. However, it will be a stricter regime with higher compliance requirements. Budget impacts are unknown but are expected to be significant and may be unaffordable for district’s small population.

Effects of climate change could result in issues including the need to extract silted or dirty water which could likely impact on Wairoa’s main water supply. Since the Wairoa River is the primary water source for the Wairoa township and Frasertown, Council will be looking at alternative supply options over the life of this strategy to avoid over-reliance on the River. Council are also part of the HBRC Raw Water Assessment group which covers the entire Hawke’s Bay district. Being part of this group will help inform Council understand the risk.

In 2018 a proactive water loss management programme was implemented which resulted in an improvement in loss detection and repair. This has resulted in reducing current water leakage rates. While water loss management is improving, it continues to be a focus as leaking pipes can cause property and infrastructure damage. Thermal imaging will continue to be used to regularly assess the network to locate unreported leaks in water pipes to maintain an ongoing proactive detection and repair programme. This proactive programme has significant benefits such as identifying major leaks early.

There is currently sufficient capacity to accommodate population projections in the areas that currently have a water supply. There is a risk associated with a shift towards population decline which could result in water supply schemes becoming unaffordable given the small population they serve. However currently the projections are not showing population decline with the medium and high growth projections (incorporating the impact of COVID-19).

Water supply resource consents will need renewing during the 30-year planning period. It is likely that requirements to prepare each resource consent will increase (e.g. environmental impact assessments). New consent conditions will likely require more monitoring increasing the overall operational costs. Additional capital expenditure may also be required to meet new consent conditions.

Wastewater

Additional to the Three Waters reform and climate change issues outlined above, Council is in the process of renewing their wastewater discharge consent for the Wairoa Wastewater Treatment Plant into the Wairoa River in the coastal marine area. Council is uncertain as to the conditions that may be part of a new consent, and the costs to comply and monitor those conditions, however it is expected that these will be higher than existing expenditure.

The river discharge is only one aspect of a broader package of proposed changes to Wairoa’s wastewater system. Community and iwi do not want the wastewater discharged into the river. Alongside this desire and Government’s freshwater reforms to clean up the nation’s waterways, are likely to lead to higher discharge standards for wastewater, and greater treatment of stormwater. Therefore, the intention is to transition over time to land discharges (irrigation). Council recognises that the idealistic goal of rapid transition to land discharges is probably unrealistic and this may be unaffordable for the Wairoa community, even if the costs are spread over several decades.

Council does not know how long the consent will be granted for; however, has applied for a 35-year term and Hawke’s Bay Regional Council have recommended a 20-year term. The extent of transitioning to land discharges that is achieved during this consent term depends on availability of funding and farmland for irrigation and storage ponds. Each storage pond and irrigation scheme will also require separate resource consents and will incur separate operational and monitoring costs.

Stormwater

A global resource consent application is being prepared for the stormwater discharges in the Wairoa Township. It is likely that through this process, and because of the impacts of water reforms, we will need to improve the quality of our stormwater discharges. This will result in increased compliance costs.

Climate change is resulting in higher frequency / intensity of rainfall events. Wairoa receives the highest level of rainfall in the region raising river levels and increasing the flooding hazard in Wairoa. Existing stormwater infrastructure may not have capacity to cope with additional rainfall.

If growth in the district is focused in Māhia over the next 30 years, stormwater will become a constraint for the settlement and additional investment and infrastructure will be required. Most rural stormwater is provided via road drainage.

Roads and footpaths

Climate change is affecting weather patterns, river flows, and runoff in the Wairoa District, putting increased pressure on the resilience of Council’s network. Sea level rise is causing increased coastal erosion issues on coastal routes. Resilience has been identified as a key issue for Wairoa, as the district already has a history of being impacted by storm events causing flooding, slips and dropouts on the road network. This is exacerbated by the geology and poor soils in some areas of the network, resulting in erosion and sediment risks.

In order to ensure communities remain connected and to unlock the potential of Wairoa’s land, providing a resilient network is critical. Specific impacts of road resilience include Lifeline Routes. These are critical routes where failure will have significant impact on communities access to health, education and economic opportunities. A key example of this is the damage to access to Māhia from ongoing coastal erosion along Nuhaka Ōpoutama Road.

This not only impacts route security and access for residents but also access to the Rocket Lab launch site, which is anticipated to bring economic benefit to the district. Council has successfully obtained central government funding to seal sections of the road to Rocket Lab and has completed a Business Case to identify the preferred option to address ongoing coastal erosion along Nuhaka Ōpoutama Road to ensure route resilience and security for Māhia communities. As Council cannot afford to complete this project within its current budgets, the business case will be used to support applications for other funding sources.

The district is also seeing changes in land use. Farm conversions to forestry and fruit are impacting expectations on Council’s roads to get products to market or the ports at Napier or Gisborne. The increased demand will come primarily from forestry industry. Forecast predictions based on maturing age of forests in the Hawke’s Bay Region indicate demand on some roads will increase significantly from their current heavy vehicle movements. Council needs to review the levels of service across the roading network. This may require changes to Council’s response to ensure funding is provided to support economic activities for the district.

The Waka Kotahi ‘Communities at Risk Register 2019’ highlights personal risk to road users. Wairoa District Council has the highest overall personal risk in the country. Wairoa District Council has the highest personal risk ranking in the ‘Rural road loss of control and/ or head on’ and ‘Speed’ crash categories.

Poor condition aging bridge stock and low structural capacity results in limited access for heavy vehicles. In recent years, the rules governing heavy vehicle size, weight and operation limits

changed. As a result of both the poor structures capacity and the heavy vehicle weight limit changes, increased pressure will come on Council to open key local roads routes to HPMV vehicles. Bridge condition and capacity assessments will be required to open key routes to HPMV vehicles. Currently 80% of bridges are restricted to full HPMV vehicles.

Confidence in the data relating to the location and condition of retaining structures for roads is relatively limited. Council is undertaking a four-year project to survey the location and condition of these structures. However, the implications from this work will not be known until nearer the development of the 2024-2054 Infrastructure Strategy.

Solid waste

Changes to legislation are anticipated to the waste levy and the Emissions Trading Scheme that may also impact on the viability of the landfill, and the cost structures to operate it. The Ministry for the Environment has committed to increasing the waste disposal levy, and are working on how much and by when (potentially significant). This will have to be passed to the user. Council is increasing education initiatives for the Wairoa community to increase diversion from the landfill as well as reduce waste entering the site.

The consent for the Wairoa Landfill will require renewal by 2031. Given the current life expectancy of the landfill an alternative site or an option for disposal of the district’s waste needs to be found prior to consent renewal in 2031. It is anticipated that conditions on any new consent granted are likely to increase compliance costs and may have a reduced consent duration.

In addition, and prior to determining if a renewal of the resource consent will be sought, Council will need to ensure that the landfill remains viable given the relatively low tonnages it receives. The landfill revenue does not currently cover all operating costs, so the cost of service is supplemented through rates. A full options analysis of the future service provision is required to assess the levels of service required and various options for meeting these, and understanding the long-term viability of the solid waste service.

Wairoa airport

The Wairoa Airport has been identified as a critical asset for lifeline for emergency services and supports the horticultural and agricultural sector for crop dusting and Medical facilities, however it is costly to own. While the likelihood of the airport becoming a commercial airport is remote, there are opportunities from Rocket Lab and other private operators to increase tourism opportunities and the use of the facilities. This will help to improve its financial performance.

Regardless of asset ownership costs, Council must maintain the airport to an adequate standard to enable the airport to be used by emergency services.

Funding

Council funds its infrastructure activities through a mixture of rates, subsidies, grants and other fees and charges, seeks central government funding, and potentially development contributions particularly for Māhia growth related infrastructure.

Most funding comes from rates, with roading and footpaths heavily subsidised by Waka Kotahi.

Council also uses debt and reserves to spread the funding of large costs, especially capital expenditure, over the life of the asset.

Over the period of this strategy Council will be exploring alternative funding sources to maintain its current levels of service to the district.

Overall position

Our financial position has changed since our last Infrastructure Strategy in the following ways:

30 Year expenditure forecast

Table 1 shows the total expected capital and operational expenditure for each infrastructure activity over the 30-year period 2021 to 2051.

Table 1: Expected total operating and capital expenditure (inflated adjusted)

Infrastructure Activity	Operational Expenditure	Capital Expenditure
Water supply	\$46.4 million	\$28.5 million
Wastewater	\$49.8 million	\$47.2 million
Stormwater	\$27.28 million	\$6.59 million
Roads and footpaths	\$292.3 million	\$208.9 million
Solid waste	\$93.19 million	\$7.34 million
Wairoa Airport	\$6.30 million	\$2.57 million
Total	\$466 million	\$302 million

Figure 1 shows the most likely scenario for total operating and capital expenditure for combined assets.

Figure 1 Combined activities forecast expenditure and funding 2021-2051 (inflated) – totals for 5 year blocks

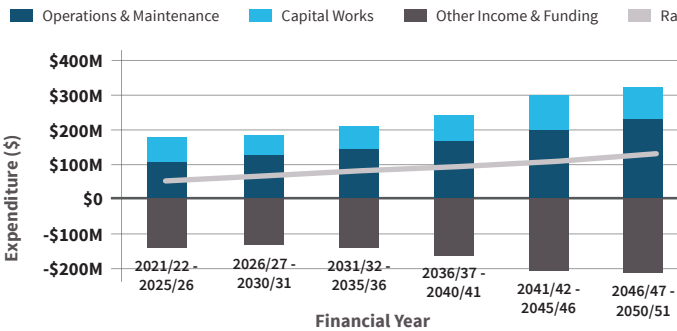


Figure 2 and Figure 3 show the breakdown of expenditure for Operations and Maintenance, and Capital Works, by activity over the 30-year period.

Figure 2 Operations and maintenance expenditure forecast for 2021-2051 split by activity (inflated)

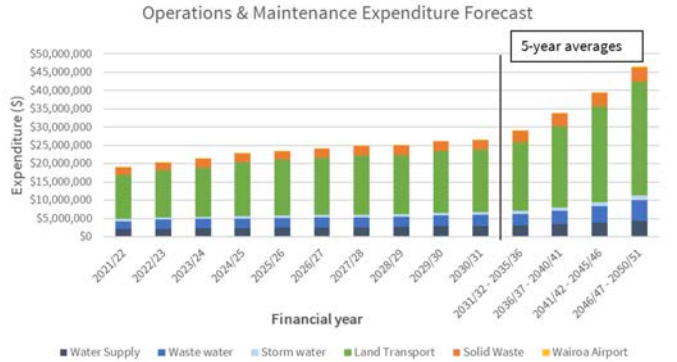
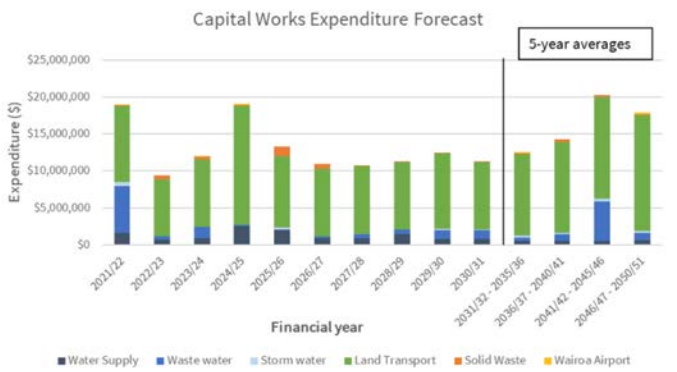


Figure 3 Capital works expenditure forecast for 2021-2051 split by activity (inflated)

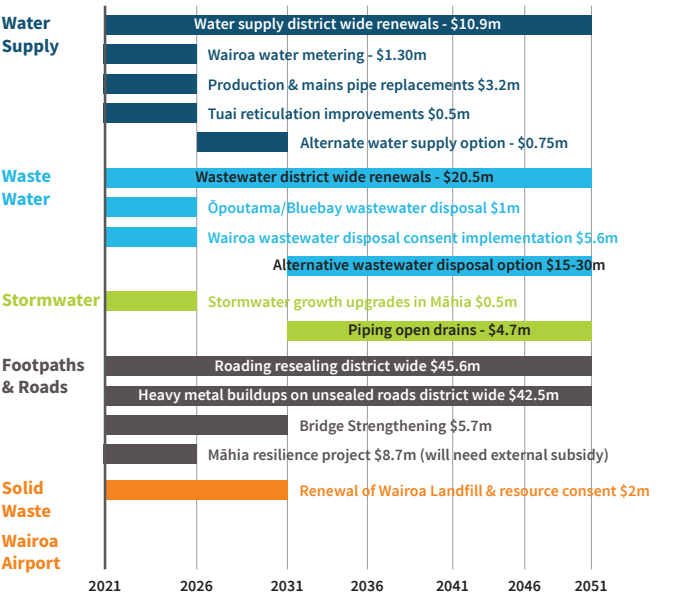


Over the next 30 years it is expected that:

- Given the estimates of growth will be gradual, with the bulk of the growth in Māhia, there will be limited additional infrastructure required to address growth. Predicted expenditure is primarily focussed on stormwater improvements in Māhia.
- Operational expenditure accounts for 68% of the expenditure over the 30 year period.
- Planned expenditure on capital renewal works across all infrastructure activities is variable over the 30-year period. There is aging infrastructure, and this will be the focus of the prioritised work programme. In order to make forecast expenditure affordable, renewals will be focussed on critical infrastructure.
- Expenditure on levels of service improvements is focused on:
 - Gaining resource consents for water supply, wastewater and stormwater and ensuring any new facilities and infrastructure renewals meet revised consent conditions
 - Strengthening bridges on key heavy traffic routes
 - Securing Māhia route resilience
 - Securing additional or alternative landfill disposal capacity, along with necessary consents.

Figure 4 presents the timeline for the major infrastructure projects for the most likely scenario.

Figure 4 Major infrastructure projects timeline



Council strategies and policies are developed to deliver Council’s vision and community outcomes.

Council’s vision defines our aspirations for Wairoa’s future. It helps us to focus on what matters the most for our community.

Sitting beneath this vision is a statement outlining the expected Strategic Result for each activity. The vision is supported by four community well beings and four Council Outcomes.



Purpose of this strategy

This strategy has been prepared in accordance with the requirements of section 101B of the Local Government Act 2002 (LGA). The purpose of Council’s Infrastructure Strategy, as stated in the LGA is to:

- Identify the significant infrastructure issues over the period covered by the strategy; and
- Identify the principal options for managing those issues and the implications of those options.

This strategy is intended to be a useful document for Council to guide long term decisions holistically across the different infrastructure assets as well as meeting the requirements of the Act. This strategy communicates the infrastructure requirements at a high level to internal and external decision makers, and key stakeholders. It is a document to discuss and align expectations between Council's elected members, community, and officers. It sets the strategic context, defines the current state of the assets, and outlines the intended strategic responses for the key issues and risks for the infrastructure.

This strategy includes the core infrastructure assets identified in section 101B(6) of the LGA being:

- Water supply
- Wastewater
- Stormwater
- Roads and footpaths.

In addition to the above assets, and in accordance with section 101B(6)(b) of the LGA, this strategy also includes:

- Solid waste; and
- Wairoa Airport.

This strategy is a 30-year strategy. Over time, and as information improves, Council will be working towards developing a 50-year Infrastructure Strategy.

Infrastructure strategy principles

This strategy is guided by the following principles:

- Prudent financial management provides for maintaining levels of service for current and future generations
- Proactive provision and management of critical assets
- Integrated provision of infrastructure
- Making the best use of our existing investment
- Robust asset management practices
- Partnership with Māori.

Partnership with Māori

Council acknowledges the inclusion and importance of mātauranga Māori in its infrastructure design and implementation processes. Council is committed to exercising due diligence in this area in order to achieve the best outcome for the community and the environment.

Council is committed to meaningful engagement with Māori on issues that are pertinent to all parties and working together to agree on the best pathway forward for the community and the environment.

Context

Wairoa District is located in the north of the Hawke’s Bay Region covering an area of approximately 4,120km² with approximately 130 kilometres of coastline. It is bounded to the north-east by Gisborne District, south west by Hastings District and to the north by Whakātane and Taupō Districts. The district includes Lake Waikaremoana in Te Urewera, which is home to one of the country’s Great Walks.

Our people

Wairoa is home to **8,670 people** and has the highest proportion of Māori of any local authority area in the country, with **65.7% of the district’s people being of Māori descent**. This is significantly higher than New Zealand average Māori population of 16.5%.

Statistics New Zealand predict that the population of the district will increase to 9,130 in 2051 (under the medium growth projection).

Our communities

While Wairoa township is the primary service area for the district there are a large number of other smaller rural communities throughout the district. Smaller settlements are scattered throughout the districts and include Frasertown, Tuai, Māhia, Raupunga, Nuhaka, Maungataniwha, Ruakituri Morere and Whakaki.

It is expected that growth, if any, will occur in Māhia, as that is a desirable location for holiday homes and more people are retiring and returning to the area. It is relatively affordable for coastal property.

Our culture

Wairoa has a rich cultural heritage which is an integral part of the Wairoa community today. Close to 20% of the population speak Te Reo Māori. Māori communities and Marae are located throughout the district, and many of these communities are in isolated parts of the district, with limited access opportunities.

The tangata whenua of Wairoa and their culture and traditions have special relationships with their ancestral lands, water, sites, waahi tapu and other taonga. Some activities and developments can have significant adverse effects on these relationships. Council plays an integral part in promoting and encouraging Māori culture and values and ensuring this remains central to key decision making.

Our climate

Wairoa district receives the highest levels of rainfall out of the territorial authorities in the region. Over the next 30 years Council expects to see an increase in the frequency and intensity of storm events and droughts. Flooding continues to be a major hazard in Wairoa with many lowland areas, including the Wairoa township, at risk.

Our economy

Economic Development is viewed as a vital element in keeping the Wairoa District alive and thriving, both now and into the future. The economy of Wairoa is based on the rural sector. Approximately 60% of the total land is in productive use, of which some 48% is in pasture. Sheep/beef farming and related processing, and forestry are the leading rural production industries in Wairoa district.

Land used for forestry is increasing in the district with a trend of productive farmland being converted to forestry. Rocket Lab on the Māhia Peninsula provides a significant tourism opportunity for the future as it is expected that launches will become more regular.

Council’s Economic Development Plan focuses on issues that have an impact on our economic and social well-being. Fostering economic and business development is one of the core objectives as Council strives to make the district a better place to live, work and do business. Core infrastructure must be provided to support economic growth. There is also a Regional Economic Development Strategy led by the Hawke’s Bay Regional Council (HBRC) which is currently under review.

What will the district look like in 30 years?

In planning for this strategy, Council has considered what the district and community will look like in 30 years, and what that might mean for its infrastructure. At a high level Council anticipates that:

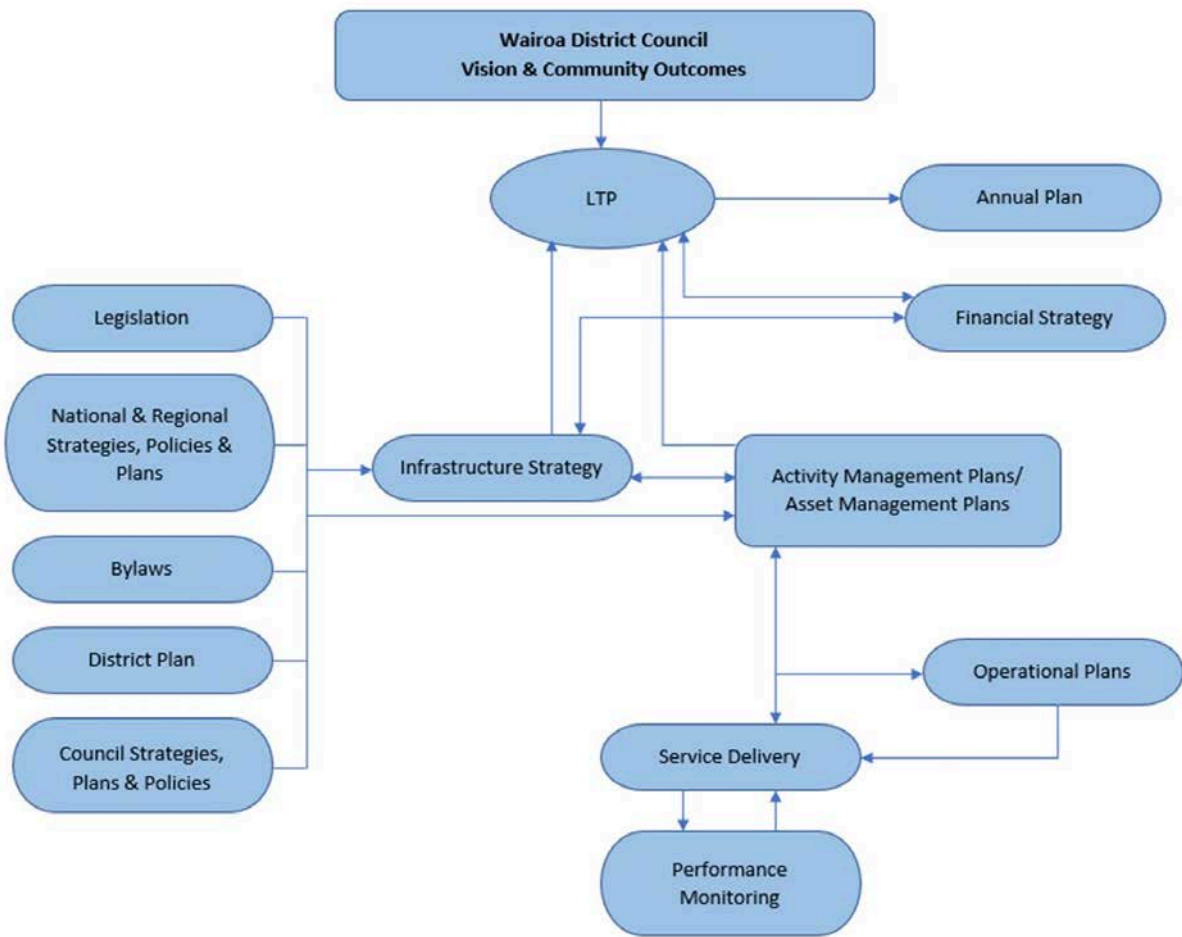
- The district population will increase slightly from 2020 estimate
- It is expected that growth will primarily occur in Māhia, as more people return home to retire and due to an increase in holiday homes. This will influence the level of expectation on Council-provided services.
- Increased papakāinga housing

- Rocket Lab will generate tourism to the district which we will look to maximise
- Rocket Lab and growth at Māhia will impact on levels of service provided by Council, particularly with regards to providing resilient roading access to private property and the launch site
- There will continue to be an increase in the conversion of land from farming to forestry, fruit and possibly hemp
- Wairoa will be a destination for tourists and not a drive through town / district
- The community will be fully connected providing more business, employment and learning opportunities for residents
- Technology will continue to advance and change the way people do things
- Rail between Gisborne and Napier may be reinstated providing more economic opportunities, including rail tourism
- Wairoa town centre will continue to be the urban centre of the district and Māhia will continue to grow, while small settlements remain the same
- Council’s partnerships with Māori will be stronger, including in decision making.

Links to other documents

This Infrastructure Strategy is a key strategic Council document that links to other core plans and strategies as identified in Figure 4.

Figure 4 Infrastructure Strategy linkages with other documents



LEVELS OF SERVICE

Customer levels of service

Levels of service for Council’s infrastructure includes customer needs (i.e. reliable kerbside refuse collection) as well as legislative requirements (i.e. meeting drinking water standards). Appropriate customer levels of service support Council’s strategic vision and Community Outcomes.

The high level customer levels of service for the infrastructure are set out in Table 2 with detail in the supporting technical Activity Management Plans for each activity. The levels of service reflect customer needs, ensure legislative compliance, and functional infrastructure is sustained, maintain appropriate levels of safety and

reliability, and optimise resilience. This level of service framework provides alignment and strategic linkages between Council’s vision and Community Outcomes, Infrastructure Strategy, and the Activity Management Plans.

The level of service statements (based on best industry practice) are what Council intends to deliver. Levels of service are provided across various customer outcomes, i.e. safety, reliability / quality, availability, resilience, environmental and financial sustainability. These are supported by suitable performance measures or how well Council is doing on delivering, including the mandatory performance measures required by Department of Internal Affairs and Waka Kotahi.

Table 2: Levels of Service framework

	Safe, supported and well-led community		Strong and prosperous economy			Protected and healthy environment
	Safety	Reliability / Quality	Availability / Accessibility	Resilience	Financial sustainability	Environmental sustainability
Water Supply	Safe, high quality water supply is provided	To provide reliable water networks	Water pressure and flow appropriate for its intended use	Water supply disruption during natural disaster events is minimised	Water supply assets are managed prudently to ensure long term financial sustainability for current and future generations	Water resources are used efficiently and sustainably
Wastewater	Mitigate the risk of environmental and public health impacts	To provide safe and reliable wastewater service to customers	All urban residents are provided with adequate wastewater provision	Wastewater disruption during natural disaster events is minimised	Wastewater assets are managed prudently to ensure long term financial sustainability for current and future generations	Protection is provided to the community and the environment
Stormwater	Mitigate the risk of flooding in urban areas	To provide reliable stormwater networks	All urban residents are provided with an adequate stormwater outlet	Stormwater disruption during natural disaster events are minimised	Stormwater assets are managed prudently to ensure long term financial sustainability for current and future generations	Effects on the natural environment are minimised
Roads & Footpaths	The land transport network is designed and maintained to be safe	Road users will experience a fair ride quality on a well-maintained and managed sealed road network asset	The land transport network is managed in a manner that assists the economic development of the district	Council quickly restores access on key routes after natural event	Road assets are managed prudently to ensure long term financial sustainability for current and future generations	Effects on the natural environment are minimised
Solid Waste	Provide safe refuse and recycling kerbside collection services and rural waste services	Provide reliable refuse and recycling kerbside collection services and rural waste services	Provide the Wairoa Landfill for safe waste disposal	Council quickly restores service after natural event	Solid waste assets are managed prudently to ensure long term financial sustainability for current and future generations	Effects on the natural environment are minimised Council facilitates waste minimisation practices and promotes reduction of the amount of waste going to landfill
Wairoa Airport	All airport operations and infrastructure shall meet the Civil Aviation Authority requirements	Airport service supports health care by providing patient transport	Airport service is available for industry use	Council quickly restores Wairoa Airport after natural event	Wairoa Airport assets are managed prudently to ensure long term financial sustainability for current and future generations	Effects on the natural environment are minimised

Gaps in levels of service

The customer outcomes to be delivered by the activities now and in the future are summarised in the following scorecard. (Refer to Appendix A for the full table). This shows at a high level where there are gaps between the existing level of service provided and Council's

targeted level of service. Investment will be required to close these over the short, medium and long term. Full details on levels of service are included in the Activity Management Plans.

Table 3: Score card of current activity performance against customer outcomes

		Safe, supported and well-led community		Strong and prosperous economy			Protected and healthy environment
		Safety	Reliability / Quality	Availability / Accessibility	Resilience	Financial sustainability	Environmental sustainability
	Water Supply	●	●	●		●	●
	Wastewater	●	●			●	●
	Stormwater	●	●	●	●		●
	Roads & Footpaths	●	●	●	●	●	●
	Solid Waste	●	●	●		●	●
	Wairoa Airport	●	●	●		●	
Key: ● Not meeting targeted level of service; ● Just below targeted level of service; ● Meeting targeted level of service; where there is no dot, the level of service performance is not currently measured.							

Review and monitoring

The strategy is a living document that needs to be kept current and relevant as priorities for Council and Wairoa's community change. The review of activities will be undertaken as follows:

1. Review the achievement of meeting the customer levels of service on an annual basis. It will be reported to elected members and the Wairoa community.

2. Formally assess achievement on implementing the key actions identified in this strategy every three years alongside the update of the Long Term Plan.

ASSUMPTIONS

In developing this strategy, the following key planning assumptions have been made:

- Over the short term, Council will continue to be responsible for the core infrastructure activities included in this strategy. However, the Government's launch of the Three Waters Reform Programme (a three-year programme to reform local government three waters service delivery arrangements), indicates reform of local government's three waters services into a small number of multi-regional entities with a bottom line of public ownership.
- Preparation for operations of new water services entities is likely to commence from 2023. While this is the case, financial planning for the 30-year period has been based on the scenario of Council continuing to deliver three waters services, due to the uncertainty surrounding future service delivery.
- There is likely need for increased expenditure in the short to medium term to meet requirements for the management of three waters and implement water reform requirements. Government has provided external funding in the form of a Covid stimulus package to maintain and improve water networks infrastructure in the short term. Ongoing funding support is unknown.
- Key external funding subsidies will continue throughout the duration of the 30-year strategy. This includes a financial assistance rate of 75% from Waka Kotahi for roading and footpath activity. Other external funding will need to be sought from central government for the Māhia route resilience capital works.
- The district population will increase slightly from 2020 estimate. It is expected that growth will primarily occur in Māhia.
- The rating base remains constant or slightly increasing.

- Levels of service are defined in the Activity Management Plans for each activity, to meet legislative requirements and agreed to / accepted by the communities. Given financial pressures and the challenges faced by Council, there is no intention to increase them.
- Activity Management Plans will test the affordability of delivering the customer outcomes.
- Council will maximise the useful and economic lives of our assets.
- Council will use risk management practices to maximise assets and the management of risk of a critical asset failing. Renewals will be targeted towards critical assets.
- There will be increased costs for the acquisition, implementation, compliance and monitoring of resource consents for three waters and solid waste activities. Future resource consent conditions will be more restrictive and will cost more to comply with, implement and monitor.
- Sea level rise, coastal erosion and weather events as a result of climate change will increase requiring better management of the assets.
- More Treaty Settlements will be completed, and Māori will be a key partner with Council.
- Technology advances result in a fully connected district that enables flexible working arrangements and the retention of residents within the district with the potential for higher incomes from higher value work that can be undertaken without the need to go out of the district.
- Rocket Lab will remain on the Māhia peninsula and be successful with its goal of a launch every two days over the duration of this strategy.

In developing this strategy, there are a number of things that Council do not or cannot know. This has flow on effects on the identification of issues and options for dealing with issues and how Council can best respond.

The identified areas of uncertainty are:

- Legislative changes, National Policy Statements and National Environmental standards that may require significant changes to the way we plan, manage and fund the infrastructure.
- Three Waters reform.
- The District Plan is due for review alongside changes to the Resource Management Act. This may introduce controls, limits or incentives on land use activities and the management of environmental effects that may impact on land use change on the district which may have flow on effects on Council’s infrastructure and economic development.
- The effect of climate change on Council’s infrastructure. As Council develops its understanding of the impact from climate change, the long-term response will need to be adapted for how to manage those effects on the infrastructure.
- Further work is required to understand what years 11-30 look like across the infrastructure classes as at the moment there are gaps in information which do not enable to Council give certainty of what the future is expected to look like.
- Council has various levels of reliability of information across its infrastructure activities. Gaps have been identified in the following areas:
 - The location of future growth, the impact on the capacity of infrastructure and how it will be funded
 - Effects of climate change and the impact on funding
 - Condition of Council’s infrastructure e.g. the location and condition of retaining structures for roads is relatively limited
 - Information about the condition of the stormwater network is limited
 - Government’s proposed suite of legislative and regulation changes for freshwater management to improve the ecological health of the waterways
 - Potential new legislative requirements from treaty settlements
- Macro-economic and global political factors that may affect input prices, migration and the availability of resources.

Reliability of information

Council has made significant improvements in data collection and quality in relation to its assets since the 2018-2048 Infrastructure Strategy. However, there are still varying levels of reliability across the activities covered in this strategy, to give certainty to what years 11-30 of the strategy looks like. Council is actively looking to fill the gaps to inform the 2024 -2054 strategy.

Key gaps have been identified in the following areas:

- The extent of the effects of climate change on roads and water supply infrastructure and how it will be funded
- The condition of stormwater reticulation assets and treatment plants

- The condition of the retaining structures and bridges
- The condition of waste management assets.

Data quality

The data records for three waters assets are recorded in Council’s asset management system for most asset classes. Water supply asset condition is based on samples taken in the field and analysed in the lab. Wastewater asset condition is based on CCTV surveys. The data confidence of the three waters asset data has been classified in accordance with the 2015 International Infrastructure Management Manual as follows:

- Water supply – reliable for inventory completeness, age and condition
- Wastewater – reliable for inventory completeness, age and condition
- Stormwater – reliable for inventory completeness, age, and uncertain for condition.

The data records for roads and footpaths are recorded in Council’s RAMM system. The data confidence of theses assets was independently assessed for the 2019/20 year by the Road Efficiency Group (REG) as follows:

- Overall asset management data score of 82%
- Data accuracy is to expected standards for 71% of the data set, there are minor data quality issues for 10% of the data set and major data quality issues for 19% of the data set. The main gaps are for condition as stated above.
- Data completeness is to expected standards for 71% of the data set, there are minor data quality issues for 19% of the data set and major data quality issues for 10% of the data set. The main gaps are for condition as stated above.

Data quality for both Solid Waste and Wairoa Airport has not been formally assessed. However, there have been some recent data collection initiatives that have been undertaken. Further data improvements have been identified.

Council has identified seven key strategic infrastructure issues that will impact on its provision of infrastructure over the next 30 years. The significant issues for each activity are covered in Section 7.

Legislative and policy change

There are significant changes to legislation that are either planned or underway that will impact the delivery of infrastructure in the district.

Water reform

The Government announced its three waters reforms on 31 July 2019 in response to the Havelock North water contamination outbreak. Key features include a dedicated water regulator, a new Water Services Bill, extending regulatory coverage to all water suppliers (except individual households), strengthening the stewardship of wastewater and storm water with regional councils remaining the primary regulators, and transitional arrangements of up to five years.

A standalone Crown entity Taumata Arowai has been created to regulate drinking water. The independent regulator will have high degree of focus and independence. The extent of the regulatory coverage to all drinking water supplies includes schools, maraes and community halls. It will be a stricter regime with higher compliance requirements and standards.

In July 2020, the Government announced funding to provide immediate covid stimulus package to maintain and improve water networks infrastructure, and to support a three-year programme of reform of local government water services delivery arrangements. Wairoa received \$11.04 million to help fix the backlog of waste water and water infrastructure projects.

As the Government’s three-year programme to reform local government three waters service delivery arrangements progresses, more certainty will be given to Government’s starting intention is to reform three waters services into a small number of multi-regional entities with a bottom line of public ownership. The impacts of reform can then be considered and revaluated within the next infrastructure strategy review in 2024.

Freshwater management

The National Policy Statement for Freshwater Management 2020 (Freshwater NPS) provides local authorities with direction on how to manage freshwater under the Resource Management Act 1991. Councils are required to implement the Freshwater NPS in their policies and plans as promptly as is reasonable, so that it is fully completed by no later than 31 December 2025.

Requirements of the Freshwater NPS include, but are not limited to:

- Manage freshwater in a way that ‘gives effect’ to Te Mana o te Wai
- Improve degraded water bodies, and maintain or improve all others using bottom lines defined in the Freshwater NPS.
- Avoid any further loss or degradation of wetlands and streams, map existing wetlands and encourage their restoration.

- Identify and work towards target outcomes for fish abundance, diversity and passage and address in-stream barriers to fish passage over time.
- Set an aquatic life objective for fish and address in-stream barriers to fish passage over time.
- Monitor and report on freshwater with a single ecosystem health score and respond to any deterioration.

This focus on stopping and reversing decline to waterways, is heavily impacted by drainage practices. The Action for Healthy Waterways package sets higher standards around the cleanliness of swimming spots, includes a new bottom line for nitrogen toxicity, sets controls for farming practices like winter grazing and how much synthetic fertiliser is used, and requires mandatory and enforceable farm environment plans.

At this stage Council is working to understand the minimum discharge standards for wastewater and stormwater and any changes it is required to undertake to meet those standards.

Road safety

There is an increased focus on road safety nationally and the Government has recently released its proposal for the new road safety strategy, Road to Zero. The proposed Vision Zero is based on a world leading approach that says no death or serious injury while traveling on our roads is acceptable. The focus areas that will have the greatest impact include infrastructure improvements and speed management, vehicle safety, work related road safety, road user choices and system management.

The Regional Council is preparing a Roadsafes Hawke’s Bay strategy that Council is contributing to. At a local level, road safety is an ongoing focus with mandatory reporting. Crash statistics throughout the district are analysed in conjunction with discussions with Roadsafes Hawke’s Bay and New Zealand Police to ensure that investment is made in the right areas. There is also preventative discussions and safety initiatives to improve safety for the district’s road users.

One network framework

The One Network Framework is being developed nationally to provide a common language to reflect the role the transport system plays in the movement of people and freight across all land transport modes, the social spaces provided and the system’s role in providing access to adjacent land. This will ensure investment decisions are made consistently by local authorities rather than in an ad hoc manner. The Wairoa road network will be classified through movement and place dimensions. Council will use the framework to guide its decisions on its footpath network to ensure that it is accessible for the community particularly the aging population.

Zero carbon act

The Climate Change Response (Zero Carbon) Amendment Act includes a target of reducing emissions of biogenic methane within the range of 24 to 47% below 2017 levels by 2050, and an interim target of 10% by 2030. It also has a target of reducing net emissions of all other greenhouse gases to zero by 2050. This will impact Council’s asset portfolios including three waters, land transport and

solid waste. The Act does not explicitly exclude any activities such as methane produced at wastewater treatment plants. It will also impact the solid waste asset portfolio with increasing Emissions Trading Scheme costs (carbon tax) and to a lesser degree transport costs used to collect and cart to landfills.

Waste levy

In November 2019 the Ministry for the Environment announced proposed change to the landfill levy. The proposal would increase the landfill levy. From 1 July 2021, the waste levy will increase from \$10 per tonne to \$20 per tonne for municipal landfills.

This rate will continue to progressively increase annually, reaching \$60 per tonne on 1 July 2024. For construction and demolition landfills the levy will be applied at a rate of \$20 per tonne from July 2022, increasing to \$30 per tonne on 1 July 2024. These levy increases will result in increased landfill disposal costs for Wairoa.

The Government will invest this revenue into waste minimisation projects and initiatives to continue a transition towards a circular economy for New Zealand. Half of the levy revenue will continue to be distributed to Councils for waste minimisation work.

Emissions trading scheme

The New Zealand Emissions Trading Scheme is the Government’s main tool for reducing greenhouse gas emissions, by putting a

price on greenhouse gas emissions. The Government has recently reformed the New Zealand Emissions Trading Scheme through the Climate Change Response (Emissions Trading Reform) Amendment Act, to help New Zealand reach its greenhouse gas emissions reduction targets. The associated regulations are expected to be published later in 2021. Changes to the Emissions Trading Scheme may also result in increased landfill disposal costs.

China’s Blue Sky policy

In early 2018, China’s Blue Sky Policy, imposed tighter restrictions on the importation of certain recyclables, primarily mixed paper and plastic. China was the largest importer of recyclables. This has impacted the commodity price for recyclables globally. Nationally, the consequences of China’s Blue Sky Policy has impacted on the recycling collection contracts with significant cost escalations.

Alternative markets are hard to find and are quickly getting overwhelmed. This has highlighted New Zealand’s lack of investment in solid waste infrastructure. WasteMINZ (the national industry organisation) and the Ministry for the Environment are the leading the national response to China’s National Sword Policy.

At a local level, Council’s current contract provides for management of types 1-7 plastics. At the end of the contract term this is likely to reduce to fewer plastic types and residual plastics will likely be landfilled where there is no market.

Table 4: Summary of Council’s response to legislative changes

Response	Impact
Keep a watching brief on legislative, policy and regulator change that impact on our core activities.	Enables early understanding and planning for changes that impact on the way Council delivers its infrastructure and how to measure compliance.
Plan and budget on the basis of increased costs to meet legislative change. Routinely review service delivery models.	Early financial modelling of potential cost scenarios will better enable Council to understand the potential impacts on rates and if necessary, identify alternative funding sources to manage these costs. Ensures renewals planning and budgets factor in increased compliance costs. Enables early engagement with the community around costs and potential impacts on levels of service.
Manage relationships with key industry partners and government departments.	This will help Council to ensure up to date information is used to inform early planning. Relationships will better enable Council to ensure it is able to communicate potential impacts on the district and its ratepayers early on and help inform the development of legislation and policy as it relates to smaller rural councils.

Council’s response to legislation change will enable it to understand timing implications for change and prioritise its responses. It will enable Council to understand the potential impacts on asset and financial modelling and prioritise funding. It will ensure that Council identifies the critical components of its infrastructure networks and prioritises renewals.

It will also enable Council to have strong relationships with key government departments and industry groups to ensure that it has the opportunity to communicate potential impacts on the district and identify alternative options to help inform legislative and policy direction.

Regional level

The regional snapshot of climate change is:

- Temperature:
 - Under the low emissions scenario – 0.7° warmer by 2040 and 0.7° warmer by 2090
 - Under the high emissions scenario – 1.1° warmer by 2040 and 3.1° warmer by 2090
- Rainfall:
 - Gisborne and Napier are expected to have 1% less annual rainfall by 2040 and 3% less by 2090
 - Winter rainfall is likely to decrease by 8% in Gisborne and 10% in Napier by 2090
- Cyclones – ex-tropical cyclones will likely be stronger and cause more damage as a result of heavy rain and strong wind
- Sea level rise / coastal erosion – There may be increased risk to coastal roads and infrastructure from coastal erosion and inundation, increased storminess and sea level rise.

Hawke’s Bay Regional Council announced a climate emergency for the Hawke’s Bay region on 26 June 2019. In declaring a climate emergency, the Regional Council is making climate change a focus in all its decision-making and relevant work programmes.

Government has also since declared a national climate change emergency for New Zealand in December 2020.

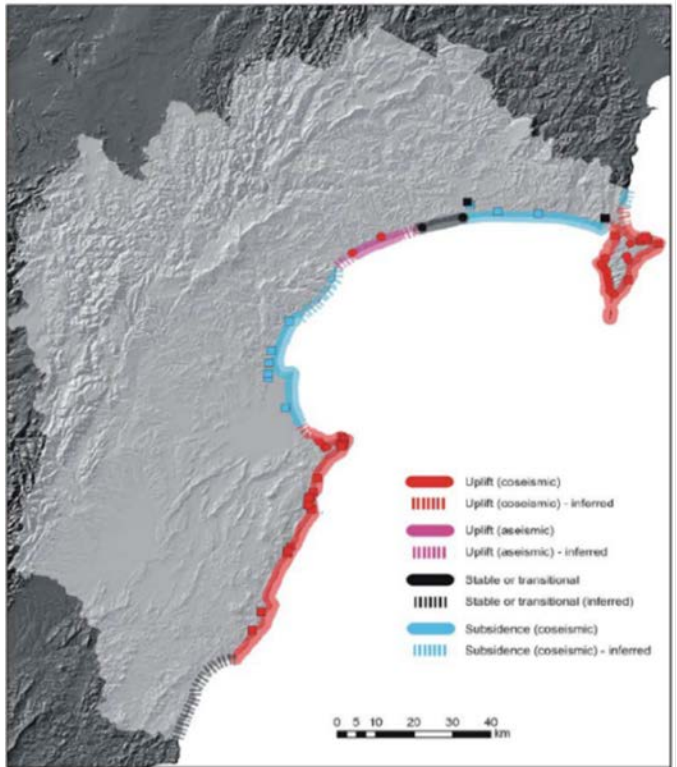
Local level

Wairoa district receives the highest levels of rainfall out of the territorial authorities in the region. Over the next 30 years Council expects to see an increase in the frequency and intensity of storm events and droughts. This will impact on the provision of infrastructure, including the provision of safe drinking water, the disposal of wastewater and stormwater, and impacts of coastal erosion on coastal roads.

Coastal erosion is damaging roads across the district. For example, the damage to access roads to Māhia from coastal erosion not only impacts residents but also the access to the Rocket Lab launch site. This needs to be addressed given the anticipated economic benefit to the district from Rocket Lab, and to maintain access to private properties in a part of the district that is expected to grow.

Figure 5 shows how the coastline around the Wairoa district is subsiding, apart from along Māhia Peninsula where there is tectonic uplift. Areas of subsistence will exaggerate the coastal impacts associated with rising sea levels.

Figure 5 Estimates of geological land elevation along the coastline of Hawke’s Bay (Beavan & Litchfield , 2009)



Potential for flooding from the Wairoa River is great, with high run-off occurring for a number of reasons. The area has the highest variation in rainfall in New Zealand, where heavy rain occurs after long hot dry spells, resulting in rapid runoff. Another contributing factor is the short, steep catchment, made up of shallow soils underlain by impermeable mudstone sub-strata. With increases in dry days expected for Wairoa, conditions could be more favourable for flooding in the district.

Climate change is a factor considered with Council’s decision-making processes, particularly for core infrastructure. The extent to which climate change is important will depend on:

- Whether there is a particular driver such as a major investment decision
- Duration, location, extent and nature of the issue being addressed.

Table 5 Summary of Council’s response to climate change

Response	Impact
Monitor local trends in weather events, climate change and associated legislation.	Enables early planning in response to those trends and enables Council to better identify when issues require action.
Identify assets at risk.	Identify options for those assets most at risk and implement projects on a priority basis as funding becomes available.
Monitor flooding, slips and coastal erosion.	Enables early planning and helps prioritisation of assets at risk.
Manage relationships with HBRC and National Institute of Water and Atmospheric Research (NIWA).	This will help Council to ensure up to date information is used to inform early planning.
Develop catchment management plans.	Prioritisations can be based on areas prone to flooding as these are developed e.g. along the Wairoa River.
Embed Sustainability Policy.	To ensure this is a key part of decision making.
Consider climate change factors with Council’s decision making process, such as the Long Term Plan.	Ensures investment decisions are evidence based and future proofed as far as possible.
Participate in national climate change programmes (refer to Figure 6).	This will ensure Council is able to compare nationally the extent and value of local government owned infrastructure exposed to seal level rise.

Four elevation scenarios for sea level rise were assessed and mapped for the National Climate Change Programme, coordinated by Local Government New Zealand. The programme is to understand the extent and value of local government owned infrastructure exposed to sea level rise.

Figure 6 Map of 1.5m sea level rise
Source: Wairoa District Council (January 2020)



Council’s response to climate change will help it to identify key assets at risk, ensure it recognises climate change and its impacts in its asset and financial modelling, and prioritise funding for resilience. It will ensure that Council identifies the critical components of its

infrastructure networks and prioritise renewals so that the network can continue to operate.

Land use change

The district has continued to experience changes in land use which has a direct impact on Council’s infrastructure and expected levels of service from our residents and ratepayers. Primarily land use is changing with conversions from productive farming to forestry and some fruit.

Forestry harvest is expected to increase over the duration of this strategy (based on areas harvested), with conversion of farmland to forestry already happening at a relatively quick rate, with land prices rising as a result. Land use changes from pastoral to fruit and horticulture are also occurring, and in the future, it is expected there will be more growing of hemp. Irrespective of the industry, there are costs to get the produce to market in its best saleable state. The quantum of trucks on the district’s roads is expected to increase in response to the increase in land use change, regardless of the capacity of the rail line.

Council expects that landowners who are converting land to other use may ask for unsealed roads to be improved or sealed, to assist in getting product to market in the best possible state. As well as expectations to improve roads or seal, this comes with ongoing maintenance of the road which has cost implications when it is being regularly used by heavy vehicles.

Forestry conversion is happening at a relatively fast rate which is reflective and partly enabled by the current government’s goal to plant 1 billion trees. The one billion trees programme comes with a \$240m fund to assist reaching this goal.

Table 6 Summary of Council’s response to land use changes

Response	Impact
Work with the forestry sector to better quantify the effects on roading of the forestry activity.	Enables a better understanding of the location and timing impacts from harvesting on infrastructure while building relationships with the sector.
Assess potential land use change and impacts as part of the review of the District Plan.	Enables an integrated approach to understand the impacts from potential changes to the status of activities and land use and their location on the future planning of infrastructure and levels of service. Will help determine where growth (if any) may go and implications for infrastructure capacity e.g. residential development in Māhia and tourism opportunities for economic development.

Council’s response to land use change will help it to understand the ongoing future impacts of forestry and freight movements on its roading assets, and the impacts of growth on three waters and solid waste. This will enable Council to better model the potential financial impacts and prioritise funding.

Servicing Māhia

Growth across all parts of the district is anticipated, however more of a focus to being in Māhia with an increase in people retiring to the area, or people that whakapapa to the area returning home, or people building holiday homes. Council already faces a significant challenge from the impact of ongoing coastal erosion on access roads to the Māhia peninsula and the significant costs for sustainable solutions is estimated at a high level at \$8 million.

While Council is used to some population swell at Māhia over the holiday periods and the associated infrastructure struggling to cope with the increased demand, with an expected increase in permanent residents, this will place ongoing increased pressures on Māhia’s infrastructure.

If the permanent population increases as anticipated, Council anticipates that the community will want levels of service typical for servicing urban areas rather than for rural settlements. Council will need to invest in Māhia’s stormwater infrastructure and wastewater to ensure capacity is available.

Tourism on the Māhia peninsula has been three fold in the last two years. Traffic counts over the summer period (2018/2019) counted 2,300 vehicles per day. The population of Māhia fluctuated from less than 1,000 permanent residents living on the Peninsula to over 15,000 people during peak periods. Shock loading on Council’s infrastructure is challenging as design capacities are breached.

It is anticipated that Rocket Lab will achieve its goal of a launch every two days over the duration of this strategy. While this presents an economic opportunity for the district to benefit from this investment and tourism, it presents significant infrastructure challenges to maintain safe access to the site.

Table 7 Summary of Council’s response to servicing Māhia

Response	Impact
Work collaboratively with planners in the review of the District Plan to understand the potential capacity for increased dwellings and businesses for Māhia.	Potential impact from growth / take up of existing capacity on infrastructure can be better understood, planned and budgeted for.
Work collaboratively with Rocket Lab to understand their ongoing requirements for access to the launch site.	Implications for the needs of our roading infrastructure to meet Rocket Lab’s roading requirements can be confirmed and planned for in conjunction with any additional alternative modes for access options that Rocket Lab are looking for independently.
Investigate alternative funding sources given the importance of accessibility to the Rocket Lab launch site.	Provides the opportunity to reduce the financial impact through grants, shared services or partnerships to maintain roading access to Māhia Peninsula.

Council’s response to growth at Māhia will help it to understand the future impacts of development and Rocket Lab on its infrastructure. This will enable Council to better model the potential financial impacts and prioritise funding.

Affordability

The Wairoa district faces a significantly higher ability to pay challenge than for the Hawke’s Bay region as a whole and nationally, in terms of the demographic, economic and income factors and deprivation index. The average standard of living (or GDP per capita

or per person) in the district is 81% of the Hawkes Bay level and 63% of the national level.

With a small rating base and higher ability to pay challenges, Council needs to think more broadly about how to fund its infrastructure programme. This will therefore challenge Council to look for alternative funding sources.

Over the life of this strategy Council needs to understand the funding options available, including Waka Kotahi subsidies, the Provincial Growth Fund, other grants and subsidies, user fees and charges, potentially development contributions, and partnerships to deliver services to the district. Alternative funding sources will enable

Council to reduce the financial impact of increased infrastructure costs to our ratepayers.

If Council’s levels of Waka Kotahi funding subsidy for roads and footpaths reduce, it would have a significant impact and Council would need to consider its key priorities as well as its levels of service provided across the district to keep the activity affordable for our ratepayers. Understanding what Council can afford to pay is critical. Council will need to consider potential changes to levels of service in the future to ensure its budget is prioritised to where it is most needed.

Table 8 Summary of Council’s response to affordability

Response	Impact
Identify alternative funding sources available to enable Council to maintain current levels of service delivery without any impacts on ratepayers.	A broad spread of funding sources outside of Council will enable it to minimise impacts on ratepayers.
With potential change in areas growing and declining, there be an increased need to reconsider the way in which rates are levied.	Review how rates are levied such as a shift to increased district wide rating, or a change in the way in which targeted rates are applied.
Identify where a change in levels of service, to mitigate cost escalations, will not have a significant impact on residents and businesses.	Review levels of service and community feedback to identify whether Council is over-delivering in any areas which could reasonably manage a reduced level of service.
Keep a watching brief on legislative change to understand potential cost increases to ratepayers e.g. waste levy charges.	Enables early and integrated planning in response to legislation changes.
Build relationship with Waka Kotahi.	Enables Waka Kotahi to understand the importance of the subsidy for the delivery of services and Council can better understand the allocation of subsidy process and signal potential impacts early on.
Set priorities based on alignment with our vision, community feedback and economic development aspirations.	Asset management is prioritised in the right areas as agreed by the community and costs are understood.
Council’s Asset Management Plans consider community affordability with programme development and reviewing service levels.	Affordability is tested against service levels and risk.

Council’s response to affordability will help it to deliver infrastructure and appropriate levels of service in a way that maximises alternative funding sources to deliver value to ratepayers. It will help Council to understand community priorities in the planning and funding of its infrastructure.

Resilience

Resilience is the ability to cope with and recover from adverse events e.g. if a road slip takes out a critical water main to a township. It is not just about hard infrastructure, but also about social resilience, staff retention, resourcing, and succession planning to ensure Council has the skills and resources to respond to an event. This is a significant issue for Council as it is difficult to attract and retain skilled staff to ensure business continuity of core infrastructure.

Table 9 Summary of Council’s response to resilience

Response	Impact
Increase Council’s knowledge and collection of asset data.	Asset renewal and maintenance forecasts are based on the current information about the condition and the expected remaining useful life of infrastructure assets. The accuracy of asset data has a direct impact on the accuracy of renewals and maintenance forecasts and uncertainties around these costings.

Proposed changes to legislation and regulations will also increase costs for users e.g. changes to the amount of the waste levy on Council and those using Council’s waste services, including the transfer station and landfill.

Overall, Council needs to make sure its infrastructure is well maintained to avoid future unexpected costs for repair or replacement, and to prevent unexpected disruption of services to the community.

Council is planning for improvements to infrastructure resilience in the event of natural hazards / disasters, and during times of maintenance or repair to ensure business continuity for Council and its residents and businesses. The road network is vulnerable to closure during adverse events and a lack of alternative routes results in economic and social disruption. Similarly, the main township is reliant on one source for its water supply. Storage is limited, and if impacted by an event, it could have significant consequences.

While resilience is a key issue, Council is constantly making improvements to its resilience through investment in staff, plant and maintenance. For example, Council is installing five new generators at wastewater pump stations, has trained staff, and has access to trained water supply operators from Gisborne District Council and contractors to respond to an event or emergency.

Response	Impact
Identify and prioritise planning for critical assets.	Critical assets that have a high community impact if they fail, and that have the greatest effect on the community should they fail or not be available are identified and planned for, even if there is not a high probability of failure. Approaches for each of the critical assets are identified and planned for to limit their high impact on the community.
Ensure Wairoa Airport is maintained to retain emergency access for any event.	Enables emergency services to access the district if other means are restricted. Financial impact for ensuring required maintenance meets Civil Aviation Authority and emergency needs.
Planned and programmed maintenance of critical routes.	Will increase the likelihood of being able to retain access in emergencies. Funding will be prioritised accordingly which will impact on availability of funding to carry out the maintenance and renewal programmes of non-critical routes.
Identify an alternative water supply for Wairoa	Potential ability to maintain water supply to Wairoa during a disaster or event. <i>(see Water supply asset section for more information)</i>

Council’s response to resilience will help it to manage a level of service if an event should happen and enable critical infrastructure to be identified and a response known to minimise impacts on the community and access throughout the district.

Economic development

While increased economic development is needed and desired in the district, it has an impact on the capacity of our infrastructure. With economic development comes expectations of those establishing businesses in the district which Council may not be able to meet. For example, accessibility to the Rocket Lab launch site and the conversion of land to forestry has and will continue to have an impact on Council’s roading infrastructure and its ability to pay for the maintenance and safety of those roads.

The Wairoa to Napier rail line reopened in June 2019. There is a feasibility study required for the Wairoa to Gisborne line to reopen for freight. Kiwi Rail’s forecasted demand for forestry exports will triple between 2019 to 2028 from approximately 140,000 tonnes per year in 2019 to a high of 595,000 tonnes in 2023, reducing to 250,000 tonnes in 2030. Even with rail operating 6 days a week, the road network will have to move up to 350,000 tonnes of product through the district at the peak period. While state highways are key to getting the product to port, getting the product to the state highway

via our local roads is impacting on our roading infrastructure and affordability.

Treaty settlements will continue to be finalised over the duration of this strategy. It is likely that there will be iwi led tourism initiatives, particularly as it is anticipated that State Highway 38 from Lake Waikaremoana will be sealed over the life of this strategy. This will provide different opportunities and open up the district to more tourism.

The Regional Economic Development Strategy (REDS) is in the process of being reviewed. The REDS Action Plan includes as part of the strategic framework to become a beacon for investment, new business and migrants. Wairoa District Council is the lead agency to work with Rocket Lab to develop opportunities to leverage business attraction off their Te Māhia initiative. This action needs to be exploited, as the benefits of Rocket Lab are in reality split between Wairoa and Gisborne districts.

It is anticipated that Rocket Lab will achieve its goal of a launch every two days over the duration of this strategy. This presents an economic opportunity for the district to benefit from this investment and tourism. There is a challenge for the district to ‘own’ Rocket Lab and realise the financial benefits from the facility and tourists. We will need to ensure we have the infrastructure to support tourism opportunities resulting from Rocket Lab.

Table 10 Summary of Council’s response to economic development

Response	Impact
Prioritise maintaining access to the Rocket Lab launch site.	This will ensure that Rocket Lab have safe access to transport their rockets to the launch site. Understand the costs involved to seal the road to the site and whole of life costs, and funding arrangements. This will better support Rocket Lab’s launch goals and contributes to potential increases in tourist demand.

Table 10 Summary of Council’s response to economic development

Response	Impact
Work collaboratively with Tūhoe, the community, Waka Kotahi and Whakatane District Council on the sealing of State Highway 38.	Will bring more visitors into the district.
Alignment of infrastructure investment with REDS.	Integrated response from Council in delivering on the REDS action plan.
Better decision making.	Robust decision making through the business case process for investment decisions. Trade-offs and prioritisations occur to ensure we get the best value from Council’s spend.
Annual review of data on number of visitors, housing construction, businesses and population.	Accurate data will help Council to make robust decisions as it will understand the scale of growth (or decline) across the district.
Identify initiatives to help retain visitors in the district	Ensure roads, footpaths and cycleways are safe and enhanced to draw tourists into our settlements rather than driving / riding through. Could result in different levels of service or investment where benefits can be clearly demonstrated.

Our response to economic development will help Council to understand the potential costs and impacts of economic development on its infrastructure, including changes to levels of service to encourage tourists to stay/spend time in our district.

OUR INFRASTRUCTURE

Water supply

The water supply activity involves the management, operation and maintenance of the district’s water supply network. Council is responsible for providing safe, clean drinking water to domestic, commercial, and industrial customers connected to its water supply networks as a matter of public health.

There are water supply networks that service Wairoa, Tuai and Māhanga, with the Frasertown water treatment plant serving Wairoa and Frasertown and the Talleys’ meat works. Council is also working with the community at Blue Bay to come to an agreed approach for water supply for the area.

Wairoa receives the highest level of rainfall in the region which impacts on the water supply in the district by raising river levels and increasing the sediment load carried in the rivers impacting river turbidity therefore our ability to make drinking water. This makes the drawing and treatment of water more difficult and requires regular attention to ensure the provision of safe drinking water. Council has riverbank erosion and stabilisation issues at its water intake point on the Wairoa River which is requiring further investment to secure access to the water supply for Wairoa and Frasertown.

Over the life of this strategy Council will be looking at alternative water supply options (including options to purchase a mobile treatment plant) to reduce its over-reliance on the Wairoa River and increase resilience. Council are also part of Hawke’s Bay Regional Council Raw Water Assessment group which covers the entire Hawkes Bay district, being part of this group will help inform Council and better understand the risk.

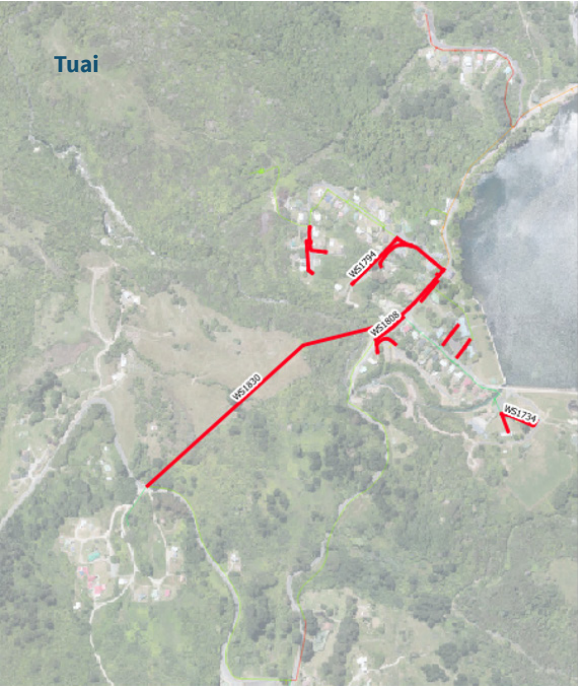
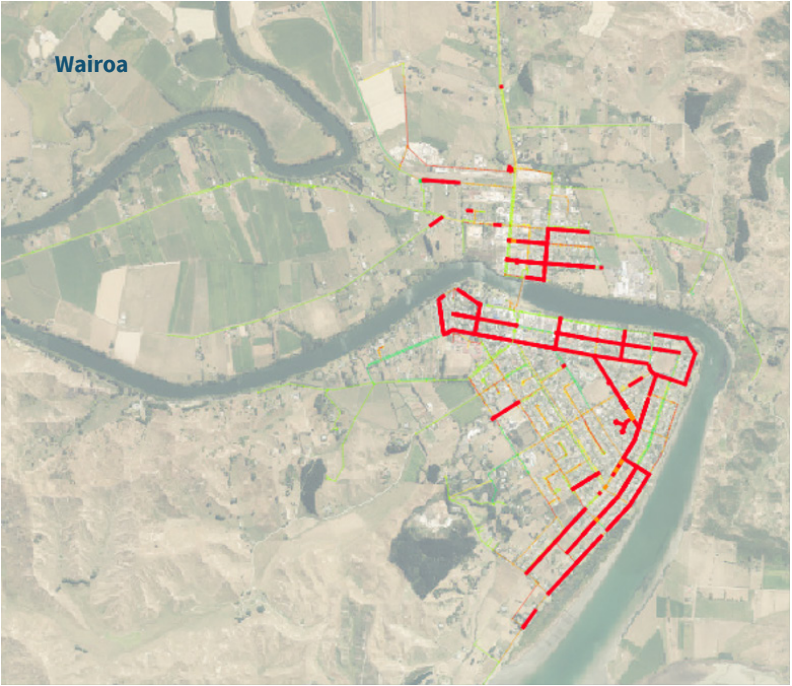
As the Government’s three-year programme to reform local government three waters service delivery arrangements progresses, more certainty will be given to Government’s starting intention is to reform three waters services into a small number of multi-regional entities with a bottom line of public ownership. The impacts of reform can then be considered and revaluated within the next infrastructure strategy review in 2024. While there is still a lot of uncertainty around water reforms, Council recognises the significant investment and the scale of operational and regulatory requirements across the three waters for the region and its ratepayers.

Because the district’s population is predicted to increase slightly (under medium growth projection), and there is capacity to service any growth at Māhia, Council does not anticipate any capacity issues for its water treatment plants. Council does, however, recognise that it has aging infrastructure that will need to be replaced over the life of this strategy, and some of the buildings / structures housing equipment are getting old and may need to be replaced.

Asset condition and performance

Most of the water supply network (almost 80%) is between 10 and 50 years old so about midway through its asset life, with 34% of the reticulation pipes are in Poor or Very Poor condition. As a result, there is a backlog of reticulation pipe renewals. The majority of this pipeline is within the Wairoa Scheme, with 6.15km being Production Assets. Production assets are those pipes that run from the Water Treatment Plant to the Wairoa tanks/reservoirs, as well as from the water intake to the Wairoa Treatment Plant.

The maps below show where the “backlog” pipes are located in both Wairoa and Tuai.



Asset performance of Council’s water supply network is assessed in terms of compliance with drinking water standards, water loss and water quality as follows:

- Compliance with drinking water standards – Council’s water quality is measured monthly against the mandatory performance measures and reported in the Annual Report. The latest Ministry of Health Audit, completed in 2020, shows full compliance with drinking water standards for Wairoa’s water supply. Māhanga currently has no water treatment facility,

however a Water Safety Plan for Māhanga has been approved. Council has a suite of plans and processes to provide assurance that it is providing safe drinking water. These include the Water Safety Plans for Wairoa and Frasertown, and Tuai schemes that have been approved by the Ministry of Health’s Drinking Water Assessor, Emergency Response Plan, and updated Operations and Maintenance Manual for the treatment plants.

- Water loss: A Water Loss Management Plan was completed in May 2020. The purpose of this plan was to gain a better

understanding of the reasons for water loss. Water loss can happen for a range of reasons, including leaks and breaks in the network and this results in Council treating more water than is needed. Key areas of water loss included Frasertwon and Tuai. In response, the Water Loss Management Plan covers response times to fix leaks, leak detection, education, metering, and non-revenue calculations. Water loss has already reduced through this programme. This is an ongoing programme.

Significant issues for the water activity and principal options for managing these options is detailed in the following table. The principal options consider a range of strategic responses including policy, regulation, demand management, and not just capital solutions (categorised as programme). This approach has been applied to all activities in this strategy.

Significant infrastructure issues and options

Table 11 Significant issues and options for water supply

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Water reform and changes to legislation are likely to result in higher standards for water treatment and compliance costs	Policy change	1. Continue with water services remaining in house. Levels of service may need to be reduced with status quo option to provide an affordable service			<ul style="list-style-type: none">• Future costs may be unaffordable for District’s small population• Central government may force amalgamation for councils that do not collaborate regionally	2021-2051	Budget impacts likely to be significant	Budget impacts likely to be significant
	Regulation	2. Regional approach with management Council Controlled Organisation (CCO) option	Hawke’s Bay councils have been working collaboratively on a review of the current and potential three waters service delivery options for Hawke’s Bay.		<ul style="list-style-type: none">• The full benefits setting up CCO not achieved with this option as assessed in separate Hawke’s Bay three waters delivery review	2021– 2025	Budget impacts are unknown but are expected to be significant	High
	Regulation	3. National conversion of three waters into small number of multi-regional entities with a bottom line of public ownership option (preferred)	Working in partnership with central and local government and iwi/Māori, participate in a centrally-led process to enable Wairoa’s waste water assets and services to be combined into a multi-regional entity. This allows for prioritised investment decisions across the region leading to better environmental and community outcomes than the Councils can individually achieve.		<ul style="list-style-type: none">• Implications from water reforms on service delivery, including the impact of a water regulator and changes to legislation are relatively unknown and may impact on levels of service and structural changes• There are likely to be increased costs to address health and safety concerns/issues<ul style="list-style-type: none">• Will require the review of our Water Supply Bylaw	2021– 2025	Budget impacts are unknown but are expected to be significant	High
Effects of climate change on water supply	Risk	1. Respond reactively to effects of climate change and take direction from Central Government			<ul style="list-style-type: none">• Infrastructure such as transport routes and water networks may be damaged<ul style="list-style-type: none">• Does not allow time to adapt and / or mitigate	2021-2051	Budget impacts are unknown	High
	Risk	2. Develop management response specific for Council (preferred)	Develop cross-council climate change response		<ul style="list-style-type: none">• Response programme developed and costed based on draft Adapting to Climate report (January 2020)	2021-2031	TBC	Medium
	Policy	3. Inform customers of dirty water periodically			<ul style="list-style-type: none">• Increase in water quality customer complaints• Potential risk of not complying with Water Safety Plans		Low	High
	Programme	4. Upgrade infrastructure to cope with climate change impacts on source (preferred)	Upgrade treatment plants to deal with siltation		<ul style="list-style-type: none">• Upgrade of water treatment plants may require significant expenditure (but possibly may be required through water reforms regardless of demand)	By 2051	Significant	Medium There is time to identify and respond to changes in demand
Identification of an alternative water source to avoid reliance on the Wairoa River	Policy	1. Ask private property owners to invest in their own resilience solutions (i.e. water tanks)	WDC participation in the HBRC Raw Water Assessment group for the entire Hawkes bay district.		<ul style="list-style-type: none">• Council would likely need to provide subsidies for owners to install private solutions<ul style="list-style-type: none">• Community likely not to support this option	2021-2025	Low	Medium
	Risk	2. Mobile treatment plant ready to service high risk areas to improve resilience (preferred)	Purchase mobile treatment plant to provide additional treatment for high risk areas (i.e. Wairoa Bridge, Frasertown Plant, Tuai Plant)		<ul style="list-style-type: none">• Will need to align with water reforms and any agreed three waters service reform and delivery requirements• Cost effective investment to improve resilience	By 2031	Medium	High

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Water network losses	Demand management	1. Continue with existing leakage management including detection using drones consistent with good industry practice (preferred)	Undertake loss detection programme using thermal drones to identify unreported leaks		<ul style="list-style-type: none"> Increased maintenance costs with repairs Increased identification of where water loss occurs Renewal capital programme can be developed The detection programme and corrective action may reduce the volume of water needed from the water intake and costs to treat the water 	2021 - ongoing	Low cost using existing resources	Low
	Programme	2. Universal water metering (preferred medium term)	Continue to install water meters in urban areas		<ul style="list-style-type: none"> More properties will have water meters resulting in us having accurate data on the amount of water used which can be used to promote sustainable water use Community opposition to water meters and user pays principles for drinking water It will likely be required by the new water regulator 	2021 – ongoing	\$2.6m (some funding from government stimulus package)	Medium
Resource consents need renewing but there is uncertainty about what the conditions will involve	Regulation	1. Secure new resource consents (preferred and only option)	Allocate funding and resourcing to secure new resource consents and monitoring of conditions		<ul style="list-style-type: none"> The requirements to prepare a resource consent may increase (e.g. completing environmental impact assessments for a new water supply for Wairoa) Additional operational and capital expenditure may be required to meet consent conditions May need to be considered in the light of any regional approach to the delivery of Three Waters 	2024-2032	Medium	Medium (subject to water reform requirements there is time to identify and respond to changes)

Water supply expenditure forecasts

Figure 6 and Table 12 show the forecasted expenditure for water supply. The 30-year total expenditure forecast is \$123.3 million to provide the Water Supply service to the Wairoa Community.

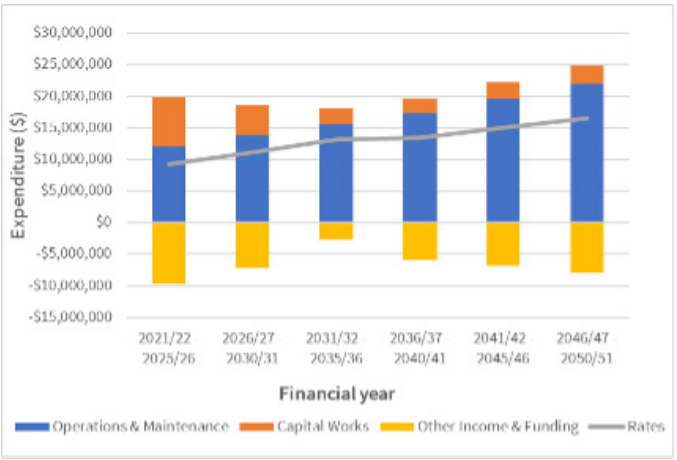
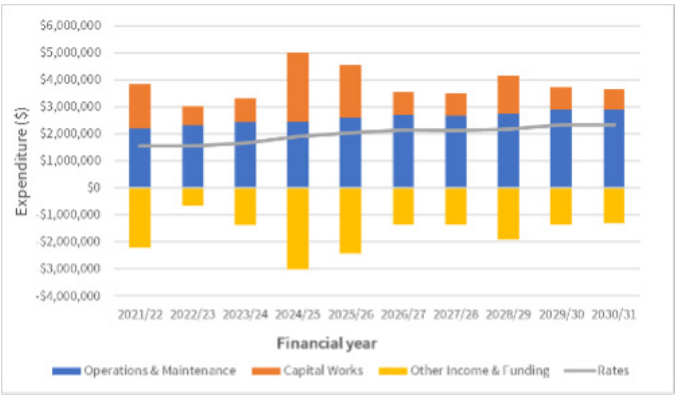


Figure 8 Water supply forecast expenditure and funding (inflation-adjusted)

Table 12 Water Supply expenditure forecasts (inflation-adjusted)

Year	Operational Expenditure	Capital Expenditure
2021/22	2,221,635	1,628,000
2022/23	2,332,566	698,625
2023/24	2,429,518	901,850
2024/25	2,471,125	2,521,270
2025/26	2,591,087	1,940,872
2026/27	2,703,534	841,575
2027/28	2,668,491	835,670
2028/29	2,756,308	1,413,280
2029/30	2,907,717	817,472
2030/31	2,903,089	744,475

Year	Operational Expenditure	Capital Expenditure
2021-2025	12,045,931	7,690,617
2026-2030	13,939,139	4,652,472
2031-2035	15,659,670	2,354,574
2036-2040	17,247,193	2,458,475
2041-2045	19,577,720	2,700,234
2046-2050	21,893,845	3,074,335
30 Year Totals	\$100,363,499	\$22,930,707

Forecast Expenditure is based on the following assumptions:

- Capacity exists in the network to accommodate any growth
- Levels of service will remain the same
- Legislative and regulatory changes will require water treatment process changes

Over the next 30 years it is expected that Council’s major capital expenditure items include ongoing:

- Installation of new water meters in Wairoa in 2021 of \$1.3m
- Tuai reticulation pipe improvements in 2022 of \$0.5m
- Marine Parade replacement main in 2024 of \$1.9m
- Production pipe replacement in 2024/25 and 2025/26 totalling \$3.2m
- District wide pipe renewals over the 30-year period of \$10.9m
- Alternative water supply solution identified and infrastructure in place (mobile treatment plant) for Wairoa and Frasertown in 2028 at \$750,000.

Figure 7 shows the breakdown of expenditure for Capital Works, by Renewal, Level of Service improvement and Growth improvement.

Figure 7 Water supply capital works expenditure forecast (inflation-adjusted)

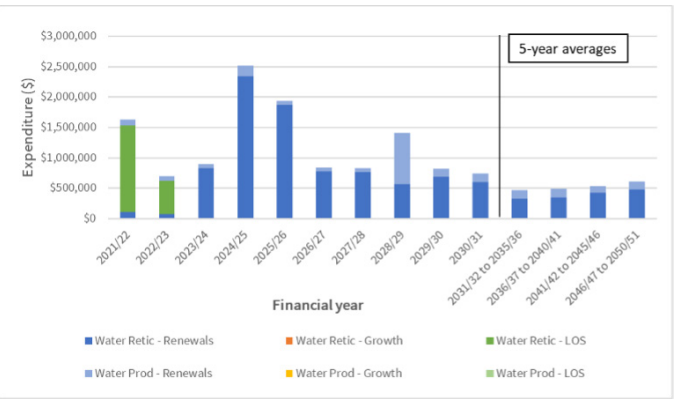
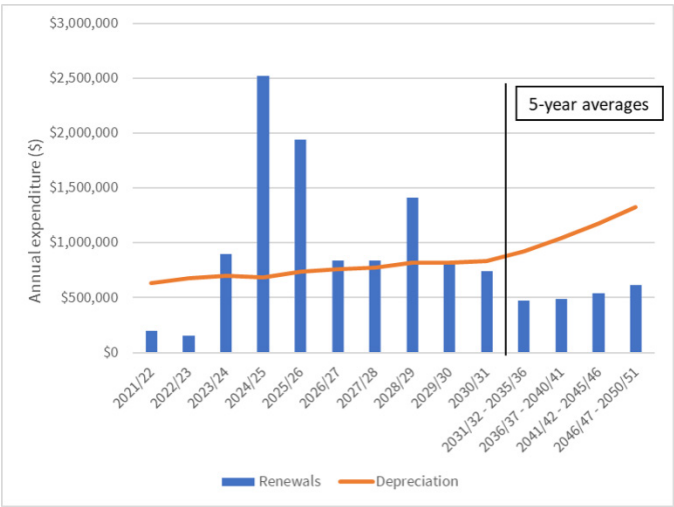


Figure 8a shows that the forecast water supply renewals are higher than depreciation over the next 10 years, this is due to the back log of reticulation pipe renewals required as discussed above. Funding for this peak will be supplemented by loans. Longer term indications show a potential underinvestment in infrastructure renewals.

Figure 8a Water supply renewals and depreciation (inflation-adjusted)



Funding this activity

Council funds its water supply activity through:

- Targeted water rate (fixed charge) and volume charge (where meters are installed)
- Fees and charges from bulk water carriers.

Wastewater

The wastewater activity includes four wastewater schemes serving Wairoa, Tuai, Māhia and Ōpoutama. Council collects, treats and disposes treated wastewater from domestic, commercial and industrial premises. Council’s wastewater network includes four treatment plants with approximately 2,170 connections, 58km of pipes, pump stations and Waste Water Treatment Plant (WWTP).

Resource consents are required for discharging treated water. The current discharge consent for the Wairoa township wastewater discharge expired on 31 May 2019 and Council is in the process of renewing their wastewater discharge consent for the Wairoa Wastewater Treatment Plant into the Wairoa River in the coastal marine area. Council is uncertain as to the conditions that may be part of a new consent, and the costs to comply and monitor those conditions, however it is expected that these will be higher than existing expenditure. Council has committed to installing a grit collector at the WWTP inlet and UV treatment at the Waste Water Treatment Plant outlet. The consents also allow for modifications and/or replacement of the river outfall pipeline. The cost of modifying the existing outfall is less than the cost of a new, extended pipeline.

The river discharge is only one aspect of a broader package of proposed changes to Wairoa’s wastewater system. Community and iwi do not want the wastewater discharged into the river. Alongside this desire, Government’s freshwater reforms to clean up the nation’s waterways, are likely to lead to higher discharge standards for wastewater, and greater treatment of stormwater. Therefore, the intention is to transition over time to land discharges (irrigation) which will also require storage ponds to be built for holding treated wastewater during winter so it can be irrigated in summer or discharged to the river when it is flowing faster.

There are a range of options for each aspect of the broader package which require integrated decision-making processes. For example, converting the main WWTP pond into a storage pond would require a new WWTP to be built. The designs, operational compatibility,

timing of implementation, and costs of the options are key factors in their selection. Council recognises that the idealistic goal of rapid transition to land discharges is probably unrealistic and this may be unaffordable for the Wairoa community, even if the costs are spread over several decades.

Council does not know how long the consent will be granted for; however, has applied for a 35-year term and Hawke’s Bay Regional Council have recommended a 20-year term. The extent of transitioning to land discharges that is achieved during this consent term depends on availability of funding and farmland for irrigation and storage ponds. Each storage pond and irrigation scheme will also require separate resource consents and will incur separate operational and monitoring costs.

Sludge from the wastewater treatment plant is disposed of at the Wairoa Landfill, with 12,000 tonnes of sludge expected over the next 30 years at a cost of approximately \$1.3m.

Asset condition and performance

About half of the wastewater network is greater than 50 years old so it is towards the end of its asset life. There is a peak of approximately 14km of pipeline coming to the end of its useful life in 2028, which correlates with the age of the pipe network.

About two thirds of the wastewater reticulation network in average to good asset condition, with 37% of the reticulation pipes are in Poor or Very Poor condition. This group of assets will need replacing in the medium term. Most of Council’s wastewater network considered to be significantly important to the community and environment is in average to very good condition.

An assessment of waste water pump stations completed in November 2020, indicated that one out of the five pump stations inspected was in poor overall condition, while all pump stations had some components in poor to very poor condition. Further condition assessments of above ground assets are scheduled as future improvement items.

Asset performance of Council’s wastewater network is assessed in terms of unconsented discharge of sewerage and inflow and infiltration as follows:

- Unconsented discharge of sewerage – A dry weather overflow is an uncontrolled wastewater discharge that is not associated with rain event. Dry weather overflows are reported on as a mandatory performance measure and to the Hawke’s Bay Regional Council. At times, there have been non-compliant discharges (outside permitted hours) of treated wastewater from the treatment pond across the outfall which has resulted in Council receiving infringement notices from Hawkes Bay Regional Council. Whilst it is recognised that the treatment plant is being assessed in terms of an upgrade or new facility as part of the consent renewal process, a short-term remedial solution has included cable upgrade and automated discharge times.
- Inflow and infiltration - Inflow and infiltration is the term used to describe groundwater and stormwater entering into dedicated wastewater system resulting in the system becoming overloaded and overflows occurring. Inflow and infiltration has been a known wastewater asset performance issue in the past for the district’s wastewater network. However, Council has completed a project to determine key contributors to inflow and infiltration, including smoke testing and above ground inspections. The extent of inflow and infiltration of stormwater into the wastewater system during times of wet weather has significantly reduced since the Inflow project commenced.

Significant infrastructure issues and options

Table 13 Significant issues and options for wastewater

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Water reform and changes to legislation are likely to result in higher standards for wastewater treatment and compliance costs	Policy change	1. Continue with water services remaining in house. Levels of service may need to be reduced with status quo option to provide an affordable service			<ul style="list-style-type: none">Future costs may be unaffordable for District’s small populationCentral government reform programme indicates this is unlikely to be an option in future	2021-2051	Budget impacts likely to be significant	High
	Regulation	2. Regional approach with management Council Controlled Organisation (CCO) option	Hawke’s Bay councils have been working collaboratively on a review of the current and potential three waters service delivery options for Hawke’s Bay.		<ul style="list-style-type: none">The full benefits setting up CCO not achieved with this option as assessed in separate Hawke’s Bay three waters delivery review	2021– 2025	Budget impacts are unknown but are expected to be significant	High
	Regulation	3. National conversion of three waters into small number of multi-regional entities with a bottom line of public ownership option (preferred)	Working in partnership with central and local government and iwi/Māori, participate in a centrally-led process to enable Wairoa’s waste water assets and services to be combined into a multi-regional entity. This allows for prioritised investment decisions across the region leading to better environmental and community outcomes than the Councils can individually achieve.		<ul style="list-style-type: none">Implications from water reforms on service delivery, including the impact of a water regulator and changes to legislation are relatively unknown and may impact on levels of serviceThere are likely to be increases in costs to address health and safetyLikely to require a review of Trade Waste and Wastewater Bylaw	2021– 2025	Budget impacts are unknown but are expected to be significant	High
Effects from climate change on wastewater	Risk	1. Respond reactively to effects of climate change and take direction from Central Government			<ul style="list-style-type: none">Infrastructure such as transport routes and water networks may be damaged<ul style="list-style-type: none">Does not allow time to adapt and / or mitigate	2021-2051	Budget impacts are unknown	High
	Risk	2. Develop management response specific for Council (preferred)	Develop cross-council climate change response		<ul style="list-style-type: none">Response programme developed and costed based on draft Adapting to Climate report (January 2020)	2021-2031	TBC	Medium
	Demand management	3. Understand changes in demand particularly rainfall patterns as important for drainage (preferred longer term)	Monitor local trends in weather events, climate change and associated legislation		<ul style="list-style-type: none">Better informed to plan for changes in Council’s infrastructure requirements	2021-ongoing	Low cost from existing resource	Medium
Resource consents need renewing but there is uncertainty about what the conditions will involve	Regulation	1. Replacing outfall structure and overflow outlets to meet minimum consent requirements			<ul style="list-style-type: none">Community and iwi opposition as not aligned with their aspirations and valuesWairoa River may not be suitable for swimming and recreation contact in summer monthsInvestment in traditional technology that may have a short life due to short consent durationThe duration and conditions of consent for the disposal of wastewater into the Wairoa River may mean that this is a shorter-term option and an alternative disposal option will be required over the duration of this strategy<ul style="list-style-type: none">Additional operational and capital expenditure may be required to meet new consent conditions.May need to be considered in the light of any regional approach to the delivery of Three WatersProvides certainty that the volumes of wastewater generated by Wairoa during storm events can be stored.Provides certainty that the treatment plant ponds will never overflow.Provides opportunities to adjust the discharge flow rates and timing to reflect the river flow rates and the likelihood of community contact via recreation.<ul style="list-style-type: none">Community and iwi still do not want the wastewater discharged into the river	2021-2032	\$5.6m projected for Wairoa wastewater disposal consent implementation	High
An alternative option for wastewater disposal may be required	Regulation	3. Dispose treated wastewater to land (preferred and longer term)	Develop a staged approach to an alternative disposal method of wastewater to land and obtain resource consent		<ul style="list-style-type: none">Better alignment with Māori values and community aspirationsWill need to find an appropriate site and decide whether to buy or lease the landMeets our long-term goal to remove wastewater from the Wairoa River<ul style="list-style-type: none">Improve freshwater qualityAdditional operational and capital expenditure	2024-2051	Estimates of between \$15-30m	Medium

Wastewater expenditure forecast

Figure 9 and Table 14 shows the forecasted expenditure for wastewater. The 30-year total expenditure forecast is \$164.3 million to provide the Wastewater service to the Wairoa Community.

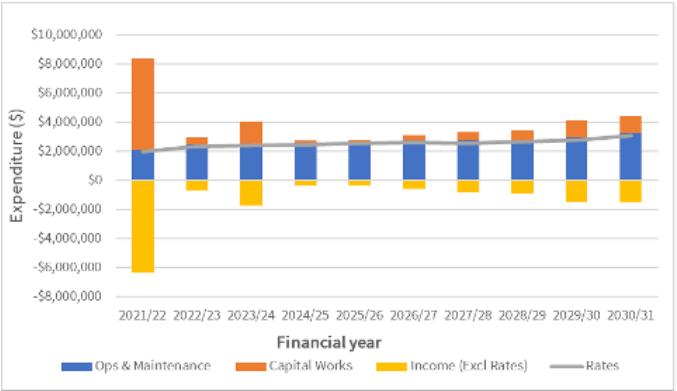


Figure 9 Wastewater forecast expenditure and funding (inflated)

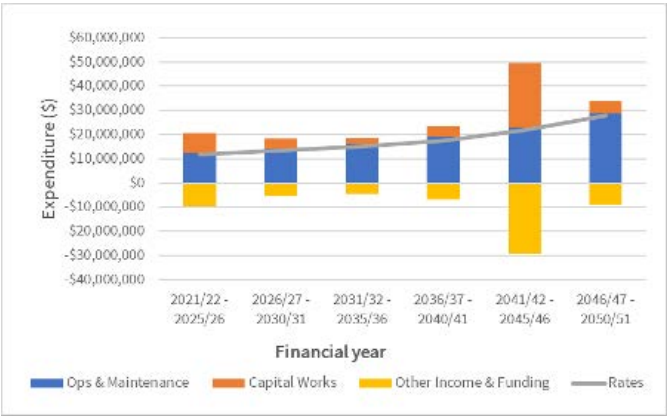


Table 14 Wastewater expenditure forecasts (inflated)

Year	Operational Expenditure	Capital Expenditure
2021/22	2,115,733	6,212,550
2022/23	2,450,563	471,287
2023/24	2,513,596	1,508,583
2024/25	2,561,304	150,634
2025/26	2,643,510	128,623
2026/27	2,729,346	351,458
2027/28	2,701,055	606,155
2028/29	2,782,261	635,250
2029/30	2,920,816	1,181,800
2030/31	3,243,052	1,179,375

Year	Operational Expenditure	Capital Expenditure
2021-2025	12,284,706	8,471,677
2026-2030	14,376,530	3,954,038
2031-2035	16,085,762	2,424,335
2036-2040	18,831,750	4,545,725
2041-2045	23,047,628	26,578,535
2046-2050	28,591,541	5,125,270
30 Year Totals	113,217,917	51,099,580

Forecast Expenditure is based on the following assumptions:

- The current resource consent application for the disposal of wastewater into the Wairoa River will be approved
- Consent compliance costs will be higher
- Capacity exists in the network to accommodate limited growth
- Levels of service will remain the same
- Legislative and regulatory changes will require wastewater treatment process changes
- Disposal to land will be achieved over the life of this strategy.

Over the next 30 years it is expected that Council’s major capital expenditure items include:

- Wastewater consent implementation 2021-2023 of \$5.6m
- Improvements to wastewater disposal for Ōpoutama / Bluebay in 2021-2023 of \$1m
- Alternative wastewater disposal to land requires consent, land purchase and establishment of the facility by 2050 up to \$15-30m.

Figure 10 shows the breakdown of expenditure for Capital Works, by Renewal, Level of Service improvement and Growth improvement.

Figure 10 Wastewater capital works expenditure forecasts (inflated)

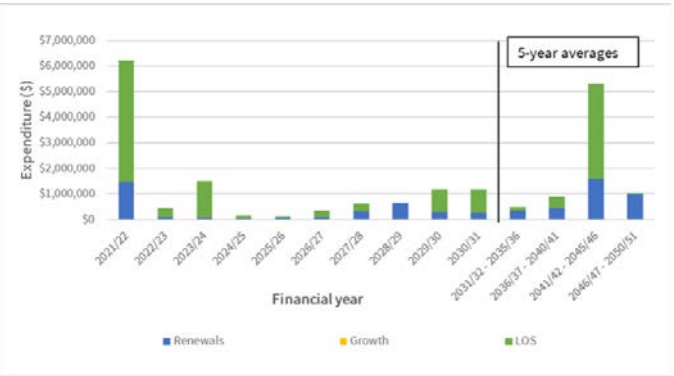
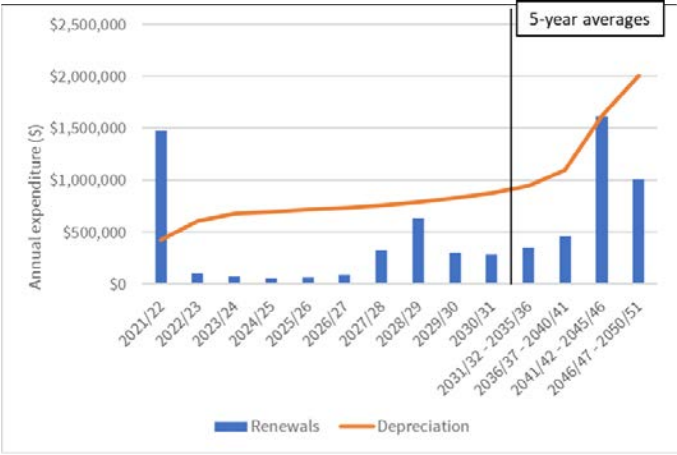


Figure 11 shows that the forecast wastewater renewals is generally lower than the level of depreciation over the 30-year period, indicating underinvestment. However, the peak of renewals in Year 1 is from renewal work being bought forward from 2022 to 2026, as it is being funded by government stimulus support.

Figure 11 Wastewater renewals and depreciation (inflated)



Funding this activity

Council funds its wastewater services through:

- Targeted rate for sewerage disposal based on a per pan charge
- Trade waste fees and charges.

Stormwater

Stormwater is the runoff of rainwater which requires management and disposal using various drainage systems. Council has 42km of stormwater reticulation, 219 manholes, 914 sumps and 1063 inlet structures in the Wairoa township, Tuai, and Māhia. Stormwater assets in the other areas are primarily rural roading open drains.

Council is preparing a global resource consent application to address all public stormwater systems in Wairoa township. Subject to the duration of this consent, it may need to be renewed over the life of this strategy. Through this process, and as a result of the water reforms, there is the likelihood that the quality of stormwater being discharged into the environment will need to be improved.

Flooding is a major hazard in Wairoa. Many lowland areas, including the Wairoa township area itself, are at risk from flooding. There are few measures in place to protect the town. It is, however, very expensive to provide effective protection. The settlement of Nuhaka is also vulnerable to high rainfall and flooding events.

More frequent and intense rainfall is expected to increase over time as a result of climate change which will lead to an increase in water ponding on land and dispersion from roads into the reticulated system at Wairoa, and stormwater channels and drains in rural areas.

There is limited formal stormwater infrastructure in Māhia, where growth is anticipated. The existing stormwater assets are private. It is likely that Council will need to further invest in its stormwater infrastructure for Māhia, as with increased growth and increased scale and severity of rain events, the current infrastructure will not likely be able to cope.

Asset performance and condition

About two thirds of the stormwater network is greater than 50 years old so is reaching the end of its theoretical useful life. The associated age-based condition shows approximately 50% of reticulation pipes are in Poor condition. Although there is a high proportion of the network at the end of its life, stormwater assets can generally still function if there is structural integrity (i.e. no major defects).

While considerable progress has been made to determine condition through desktop analysis, further validation of the condition will be completed through formal survey and materials testing to assess the asset condition is included as part of the asset management improvement programme.

Asset performance of our stormwater network is assessed in terms of capacity constraints or flooding. There were 12 flood events reported in 2019/20 as a mandatory performance measure, just slightly above the annual target of 10. None of these flooding events caused habitable floor flooding incidences in urban areas.

Although the majority of performance targets being met, customer satisfaction is relatively low for stormwater, primarily due to blockages within the network. Council’s Inflow and Infiltration Project has identified such blockages and these are being addressed through the Maintenance and Operations Contract.

Significant infrastructure issues and options

Table 14a Significant issues and options for stormwater

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Water reform and changes to legislation are likely to result in higher standards for stormwater treatment and compliance costs	Policy change	1. Continue with water services remaining in house. Stormwater activity remains mainly reactive service.			<ul style="list-style-type: none">• Future costs may be unaffordable for District’s small population• Central government review through Department of Internal Affairs is reviewing how Stormwater services will be rolled up into revised delivery structure. It is highly likely that it will be mandatory for stormwater to be completed through a small number of multi-regional entities with a bottom line of public ownership.	2021-2051	Budget impacts likely to be significant	High
	Regulation	2. Multi-regional approach with asset owning entity to ensure stormwater management kept with three waters (preferred)	Working in partnership with central and local government and iwi/Māori, participate in a centrally-led process to enable Wairoa’s stormwater assets and services to be combined into a multi-regional entity.		<ul style="list-style-type: none">• Implications of legislation changes will be assessed once they are known• Development of a new part to the Consolidated Bylaw to address Stormwater• Water cycle promoted with stormwater retained with water and wastewater with multi-regional approach	2024-2027	Low cost within existing resource	Medium
	Regulation	3. Secure new resource consent (preferred and only option)	Allocate funding and resourcing to secure a resource consent including ongoing monitoring and compliance costs assuming treatment will be required.		<ul style="list-style-type: none">• The costs to prepare a resource consent may increase and additional operational and capital expenditure may be required to meet consent conditions• Development of a new part to the Consolidated Bylaw to address Stormwater	2021-2022	Medium cost	Low-medium subject to water reform requirements there is time to identify and responds to changes
Effects of climate change on stormwater infrastructure capacity	Risk	1. Respond reactively to effects of climate change and take direction from Central Government			<ul style="list-style-type: none">• Infrastructure such as transport routes and water networks may be damaged<ul style="list-style-type: none">• Does not allow time to adapt and / or mitigate	2021-2051	Budget impacts are unknown	High
	Policy	2. Allow for increase in rainfall intensity when designing new infrastructure (preferred and longer term)	Upgrade pipes infrastructure to handle climate change events as pipes are renewed		<ul style="list-style-type: none">• Pipes will be increased in capacity to cope with projected climatic variations as they are replaced, or new infrastructure is installed	2021-2040	Low to medium	Medium
	Risk	3. Develop management response specific for Council (preferred)	Develop cross-council climate change response		<ul style="list-style-type: none">• Response programme developed and costed based on draft Adapting to Climate report (January 2020).	2021-2031	Low	Medium
	Demand	4. Understand changes in demand particularly rainfall patterns as important for drainage (preferred and longer term)	Complete new stormwater catchment modelling and use prioritisations based on flood prone areas to develop Catchment Management Plans.		<ul style="list-style-type: none">• Provide a more up to date view on climate change impacts• Better informed to plan for changes in our infrastructure requirements.	2021 – ongoing	Low	Low
Effects of growth in Māhia on limited existing stormwater infrastructure		1. Continue with ad hoc approach to stormwater provision in a growth area	Ad hoc approach to provision of public system in growth area		<ul style="list-style-type: none">• This will mean accepting a fragmented and non-standard system• Ad hoc development may result in local flooding issues downstream of new developments without catchment approach	2021 – ongoing	None	Medium
	Programme	2. Develop formal stormwater system progressively to manage growth and mitigate environmental risk from more runoff (preferred)	Identify capacity constraints and options		<ul style="list-style-type: none">• Capital programme developed to respond to gradual growth<ul style="list-style-type: none">• Stormwater provision provided• Possible over investment until growth occurs.	2025-2035	Medium	Medium

Wastewater expenditure forecasts

Figure 12 and Table 15 shows the forecasted expenditure for wastewater. The 30-year total expenditure forecast is \$164.3 million to provide the Wastewater service to the Wairoa Community.

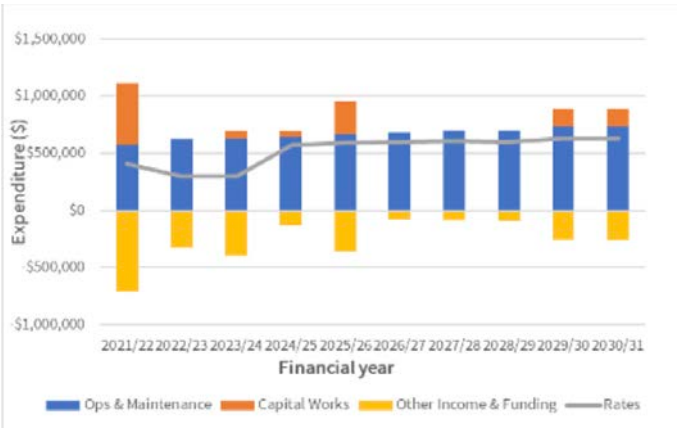


Figure 12 Stormwater forecast expenditure and funding (inflated)

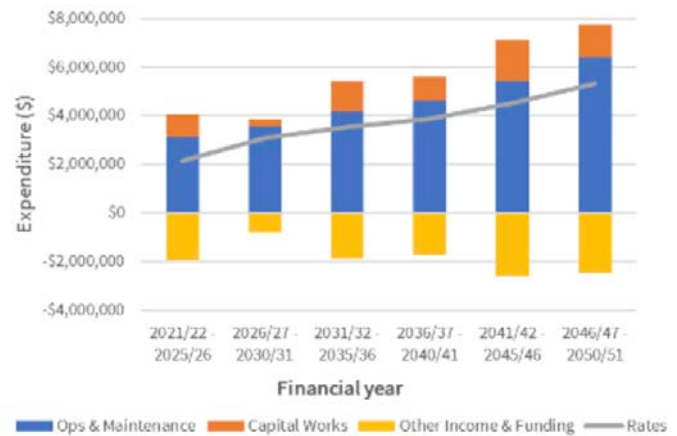


Table 15 Stormwater expenditure forecasts (inflated)

Year	Operational Expenditure	Capital Expenditure
2021/22	\$572,063	\$542,000
2022/23	\$628,801	-
2023/24	\$635,642	\$53,050
2024/25	\$638,331	\$54,400
2025/26	\$667,778	\$279,250
2026/27	\$681,918	-
2027/28	\$695,550	-
2028/29	\$696,382	-
2029/30	\$735,312	\$152,598
2030/31	\$737,200	\$156,400

Year	Operational Expenditure	Capital Expenditure
2021-2025	\$3,142,615	\$928,700
2026-2030	\$3,546,362	\$308,998
2031-2035	\$4,157,167	\$1,273,160
2036-2040	\$4,610,736	\$1,011,278
2041-2045	\$5,411,497	\$1,710,207
2046-2050	\$6,408,718	\$1,357,968
30 Year Totals	\$27,277,095	\$6,590,311

Forecast Expenditure is based on the following assumptions:

- The global stormwater consent will be approved and will result in compliance and monitoring costs not currently incurred
- With the exception of Māhia, capacity exists in the network to accommodate any growth
- Māhia will require a change to the current asset service provision
- Legislative and regulatory changes will require stormwater treatment
- Future modelling will clarify likely future impacts of climate change.

Over the next 30 years it is expected that Council’s major capital expenditure items include:

- Improvements to infrastructure at Māhia of \$0.5M in 2021/22
- Piping of open drains over valued at \$4.73M over the 30 year period.

Figure 13 shows the breakdown of expenditure for Capital Works, by Renewal, Level of Service improvement and Growth improvement.

Figure 13 Stormwater capital works expenditure forecasts (inflated)

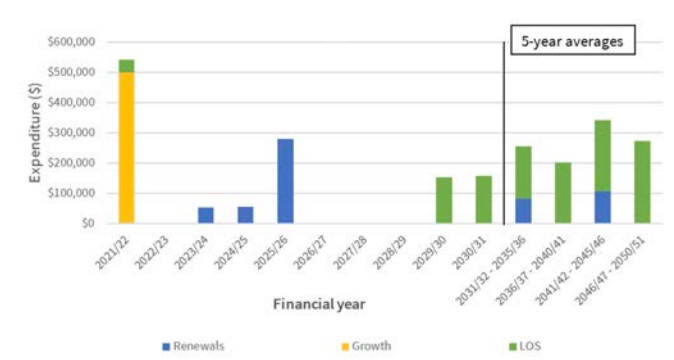
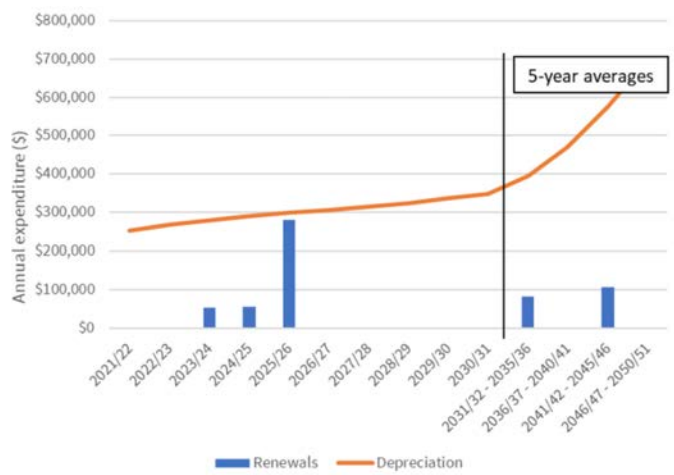


Figure 14 shows that the forecast stormwater renewals is less than the level of depreciation over the 30-year period, indicating an underinvestment in existing stormwater infrastructure. As Council gets a better understanding of the condition of its stormwater assets, this future view of renewals will need to be refined. With climate change impacts, future capital investment is likely to be required to improve capacity rather than just renew existing assets, hence the higher degree of level of service improvement projects included from 2029 onwards.

Figure 14 Stormwater renewals and depreciation (inflated)



Funding this activity

Council funds its stormwater services through:

- Targeted drainage rate on a uniform basis in Wairoa urban area and Māhia township area
- Rural roads drains are included in the road assets.

Roads and footpaths

Council provides 845km of roads in the district of which 301km is sealed, with the remaining being unsealed. Council has 176 bridges, 447 retaining structures, 47km of footpaths and numerous road drainage with a replacement value of \$336.1M (as at June 2020).

The Waka Kotahi subsidy for roading (the Financial Assistance Rate or FAR) is a critical factor in the delivery of Council’s roads and footpaths activity. In 2018/19 the base FAR received by Wairoa increased from 70% to 75%. Waka Kotahi have indicated that the base FAR will remain at 75%. The balance is funded through local rates. If this subsidy was no longer available at this rate, there would be a significant impact on rates or levels of service.

Climate change is affecting weather patterns, river flows, and runoff in the Wairoa District, putting increased pressure on the resilience of Council’s network. Resilience has been identified as a key issue for Wairoa, as the district already has a history of being impacted by storm events causing flooding, slips and dropouts on the road network.

This is exacerbated by the geology and poor soils in some areas of the network, resulting in erosion and sediment risks. This has resulted in unplanned and unbudgeted expenditure being required to keep roads open and to maintain access. Although the FAR is normally higher for emergency response works, the balance is still paid for through rates, or by substituting out planned works.

In order to ensure communities remain connected and to unlock the potential of Wairoa’s land, providing a resilient network is critical. Specific impacts of road resilience include Lifeline Routes. These are critical routes where failure will have significant impact on communities access to health, education and economic opportunities. A key example of this is the damage to access to Māhia from ongoing coastal erosion along Nuhaka Ōpoutama Road.

This not only impacts route security and access for residents but also the access to the Rocket Lab launch site, which is anticipated to bring economic benefit to the district. Council has successfully obtained central government funding to seal sections of the road

to Rocket Lab and has completed a Business Case to identify the preferred option to address ongoing coastal erosion along Nuhaka Ōpoutama Road to ensure route resilience and security for Māhia communities. As Council cannot afford to complete this project within its current budgets, the business case will be used to support applications for other funding sources.

Rocket Lab use the current access roads into Māhia to bring rockets to their launch site. The size of the trucks carrying the rockets currently being launched are able to navigate the unsealed road, but this is tight in some areas, and having unsealed roads is not the optimal condition for transporting rockets to the launch site. Council is also aware that Rocket Lab are looking at alternatives such as air and sea to provide access to their site, as this is a very real issue for them as a business.

The district is also seeing changes in land use. Farm conversions to forestry and fruit are impacting expectations on Council’s roads to get products to market or the ports at Napier or Gisborne. The increased demand will come primarily from forestry industry. Forecast predictions based on maturing age of forests in the Hawke’s Bay Region indicate demand on some roads will increase significantly from their current heavy vehicle movements.

This has a direct impact on Council’s infrastructure and expected levels of service from its residents and ratepayers. Council will need to balance the needs of commercial businesses with the wider benefits and costs to the ratepayer when determining appropriate levels of service across the district.

Safety is on our district’s roads is also a key concern. The Waka Kotahi ‘Communities at Risk Register 2019’ highlights personal risk to road users. Wairoa District Council has the highest overall personal risk in the country. Wairoa District Council has the highest personal risk ranking in the ‘Rural road loss of control and/or head on’ and ‘Speed’ crash categories.

Poor condition aging bridge stock and low structural capacity results in limited access for heavy vehicles. In recent years, the rules governing heavy vehicle size, weight and operation limits changed. As a result of both the poor structures capacity and the heavy vehicle weight limit changes, increased pressure will come on Council to open key local roads routes to HPMV vehicles. Bridge condition and capacity assessments will be required to open key routes to HPMV vehicles. Currently 80% of bridges are restricted to full HPMV vehicles.

Council does not currently have reliable information on the location and condition of its retaining structures. This presents a risk for Council in planning its renewals programme and understanding the potential costs, and critical infrastructure at risk. Council is undertaking a four-year project to survey the location and condition of these structures. However, the implications from this work will not be known until nearer the development of the 2024-2054 Infrastructure Strategy.

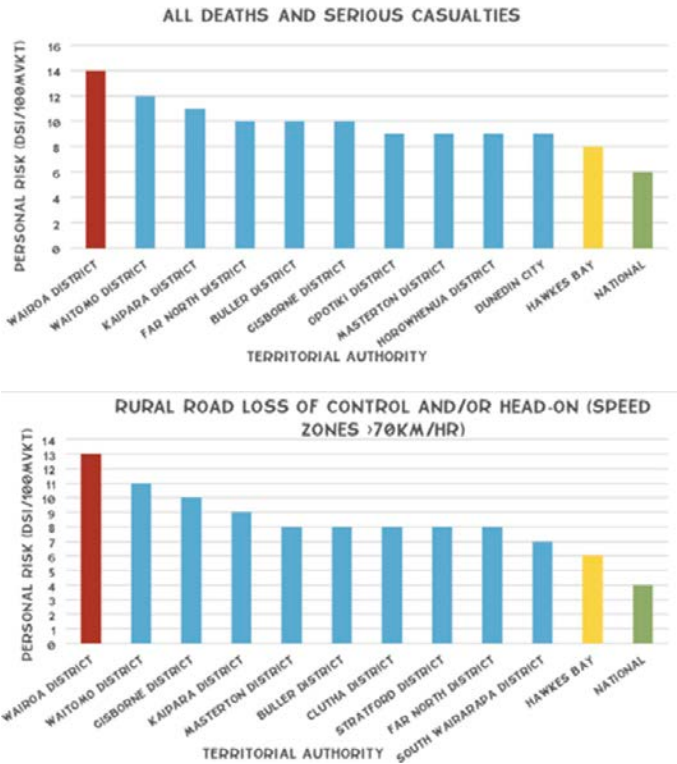
Asset performance and condition

Performance and condition across the various parts of the roading and footpath assets is as follows:

Safety:

- Wairoa are currently performing below other Council’s with similar networks in terms of safety as shown in Figure 15. Personal risk (the number of crashes per vehicle kilometre) is high on all our roads, except our lowest traffic volume roads. The top crash roads include Nuhaka- Ōpoutama Road and Māhia East Coast Road.

Figure 15 Crash statistics for Wairoa roads compared to other Councils



Pavements:

- Sealed road performance: The overall state of the sealed network is measured in terms of roughness or the fair ride quality of the road. The average roughness of the district's urban and rural sealed road network has remains below the target of average NAASRA 110, however it is above (rougher) than other Council's with similar networks.

- Sealed road condition: The sealed road resurfacing is assessed through annual drive overs for developing the forward works programme. The recent forward work inspections have highlighted that the condition of the network is deteriorating and there is currently a 50km backlog of resurfacing. 250kms of resurfacing is required over the next 10 years to clear the backlog and address upcoming seals that require renewal.
- Unsealed road condition: The overall condition of the unsealed road network is measured by monthly visual inspections and measured performance scoring. While current condition generally meets levels of service requirements, test pits have also been completed to assess whether pavement depths meet traffic loading requirements. 69% of test pits completed in the last three years indicate inadequate pavement to carry predicted forestry loads.
- Critical road condition: Road Efficiency Group's One Network Road Classification (ONRC) is used to categorise the criticality of roads with a consistent framework nationally. The performance of the primary and secondary collector roads in terms of safety and roughness is worse than other Councils with similar road networks. Primary roads are locally important roads that provide a primary distributor/collector function, linking significant local economic areas or population areas, while secondary collectors are roads that link local areas of population and economic sites, and they may be the only route available to some places within this local area.

Bridges:

- Bridge performance: It is important that Council's bridge network is accessible to heavy vehicles that support the district's economy. There are 9 high risk structures in terms of resilience and condition risks. Council has assessed that 5 bridges do not have capacity to carry regular Class 1 heavy vehicles and require bridge loading restriction postings. 14 bridges do not have capacity to carry the new larger 50Max heavy vehicles and 141 bridges do not have capacity to carry high productivity motor vehicles. In addition, the majority of

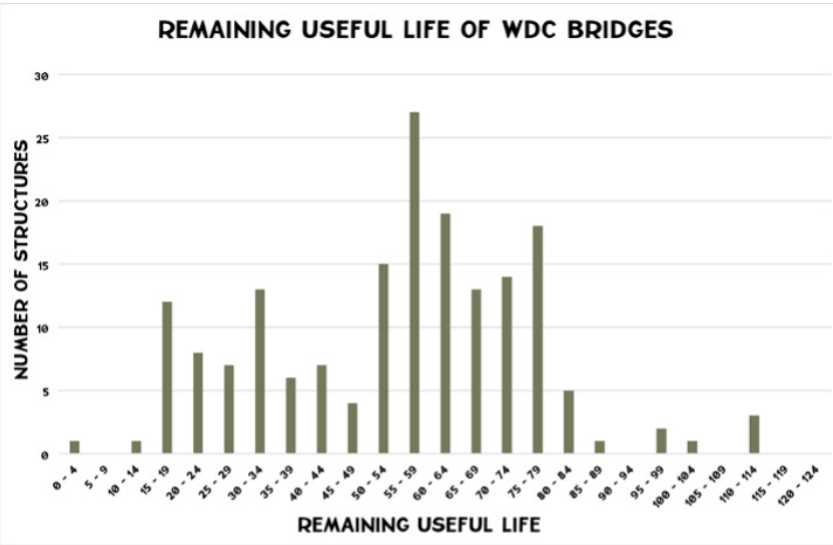
our bridge network (80%) is single lane. Council has identified that single lane bridges particularly with poor approach alignment are a problem for oversized dimension loads. This may increase the frequency that structural damage occurs to the bridge.

- Bridge condition: Most of the bridges (approx. 80%) are between 50 and 85 years old, and as shown in Figure 16 still have 15 or more years remaining useful life. However, during the period of this strategy approximately 59 structures will reach the end of their (theoretical) remaining useful life. Asset condition is regularly assessed with inspections.
- Road drainage: In terms of remaining life, 5477 out of 6417 drainage items in our asset data base have a default construction date of 1974, and therefore it is generally accepted that the age of these assets is unknown. Therefore, remaining life for the network drainage assets cannot be accurately calculated. In the most recent condition inspection (2017) few defects were identified. Significant work has been undertaken in recent years to improve surface water channels. However,

issues with under capacity pipes has become more common in recent history as global warming changes weather patterns, and isolated, short duration but high intensity weather events impact Council's network.

- Footpaths: Inspections completed in 2019 showed 93% of Council's footpaths were in average or better condition, with 6% of the network being assessed as having poor or very poor condition.

Figure 16 Bridges remaining useful life
Source: RAMM (as at June 2020)



Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
The level of Waka Kotahi subsidy may reduce	Regulation / risk	1.Waka Kotahi’s subsidy rate is reduce similar to other councils in peer group			<ul style="list-style-type: none">This does not recognise that Wairoa is a remote community<ul style="list-style-type: none">Reduced levels of service for the communityTransport assets cannot be sustainably managed long term with lower investment levels	2024 onwards	Significant	High
	Risk	2. Ensure Waka Kotahi’s subsidy remains at current FAR rate for sustainable funding level (preferred)	Continue to build relationships with Waka Kotahi to ensure Council is following all investment principles and key policy / procedures outlined by Waka Kotahi, to ensure that Council remains at the current FAR rate		<ul style="list-style-type: none">Any changes to funding for projects within the district will have implications in Council’s forecast expenditure and delivering community outcomes	2024 onwards	Significant	High
Effects of climate change on roading and bridges	Risk	1. Respond reactively to effects of climate change and take direction from Central Government			<ul style="list-style-type: none">Infrastructure such as transport routes and water networks may be damaged<ul style="list-style-type: none">Does not allow time to adapt and / or mitigate	2021-2051	Budget impacts are unknown	High
	Demand	2. Understand changes in demand particularly rainfall patterns and coastal erosion (preferred and longer term)	Monitor local trends in weather events, climate change and associated legislation		<ul style="list-style-type: none">Enables early planning and identification of when issues require action<ul style="list-style-type: none">Forecast impacts better understood	2021-2040	Significant	High

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Effects of climate change on roading and bridges	Risk	3. Seek alternative funding sources for key transport routes, particularly Māhia access (preferred)	Work with key stakeholders to identify alternative funding sources to ensure access is maintained. A business case to identify the preferred option to address ongoing coastal erosion along Nuhaka-Ōpoutama Road, and ensure route resilience and security for Māhia communities was completed in September 2020. The preferred option is to retain the existing route and strengthen it with coastal erosion protection works along Blacks Beach, and a retreat of the blowhole dropout. The estimated cost is \$8.7M, however Council cannot afford to sole fund this project.		<ul style="list-style-type: none"> Possible for joint funding applications Completion of key resilience projects, including Māhia access 	2021-2025	Significant	High
	Risk	4. Develop management response specific for Council (preferred)	Develop cross-council climate change response		<ul style="list-style-type: none"> Response programme developed and costed based on draft Adapting to Climate report (January 2020). 	2021-2031	Low	Medium
Effects of land use change on expected levels of service	Programme	1. Respond reactively to industry demands			<ul style="list-style-type: none"> Transport infrastructure including bridges may be damaged District may not be attractive for industry sectors and reduces economic activity 	2021-2051	Budget impacts are unknown	High
	Risk	2. Targeted engagement with industry sectors to understand their needs and plan for any changes (preferred)	Targeted stakeholder engagement to provide a better connection with land owners to assess changes in land use impacting on demand and transport operators, particularly forestry, to better pre-plan which routes will be requiring investment ahead of harvesting.		<ul style="list-style-type: none"> Impacts better understood and planned for Better relationships and understanding between Council and the various industry sectors 	2021-2040	Significant	High
	Policy	3. Assess land use change with District Plan review (preferred and ongoing)	Assess potential land use change and impacts as part of the District Plan review		<ul style="list-style-type: none"> Enables an integrated approach to understand the impacts from potential changes to the status of activities and land use and their impact on the future planning of infrastructure and levels of service. 	2020 and ongoing	Budget impacts are unknown	High
	Programme	4. Targeted pavement and surfacing renewals (preferred)	Target Secondary Collector roads/ sections with high maximum roughness. Review high use (forestry) roads. Evidence supports increased resurfacing, particularly for Secondary Collector roads.		<ul style="list-style-type: none"> Clears backlog of renewal work for both sealed and unsealed roads Allows for pavements to be built to adequate standard prior to extensive heavy vehicle loading Minimises reactive maintenance costs. 	2021-2031		High
Safety on Wairoa roads, with Wairoa having the highest overall personal risk in the country	Programme	1. Respond reactively to crashes			<ul style="list-style-type: none"> Puts road users at risk of death or serious injury 			
	Risk	2. Safety audit and speed management review (preferred)	Inspections and analysis to determine where future safety efforts should be directed.		<ul style="list-style-type: none"> Identify key safety issues on the networks Targets safety improvements to the high risk locations and using the right treatments 	2021-2024	Low	High
	Programme	3. Targeted safety improvements (preferred)	Targeted to Secondary Collector roads and sections with high crash rates and focus on corners/bends by improving signage and width.		<ul style="list-style-type: none"> Limits overall cost to the community, by targeting high risk areas Improves safety on the worst areas of the network 	2021-2031	Medium	High
	Programme	4. Increase road widths	Road widths across the rural network are substandard. Increasing the road widths will allow capacity for large heavy vehicles to pass each other and other road users safety		<ul style="list-style-type: none"> Improves overall level of service Reduce head on crashes Enhance capacity of rural roads for two way heavy vehicle traffic 	2021-2040	Significant	Medium
Limited access for heavy vehicles resulting from poor condition aging bridge stock and low structural capacity		1. Respond reactively to any defects / asset failures of bridges			<ul style="list-style-type: none"> Critical asset failure may close transport route due to bridge failure Will not allow for high productivity vehicles which will limit economic growth 			
	Risk	2. Bridge Capacity Assessments (preferred)	Inspections allow us to accurately assess the loading capacity of our bridges, so we can identify which can sustain 50Max and HPMV loading and which will need strengthening works to allow these heavier vehicles to cross. Detailed seismic screening of high risk bridges.		<ul style="list-style-type: none"> Allows us to limit risk of overloading on critical structures Opens roads to high productivity vehicles without necessarily completing physical strengthening works Remove unnecessary bridge restrictions Helps to target physical improvement works to the right locations 	2021-2031	Medium	High
	Policy	3. High productivity motor vehicle permitting (preferred)	Undertaking bridge capacity assessments on key routes to open them for HPMV access will ensure economic growth and productivity can be achieved		<ul style="list-style-type: none"> Understand demand for high productivity motor vehicle routes Manage risk of heavy vehicles using routes with poor capacity bridges 	2021-2025	Low	Medium

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Limited access for heavy vehicles resulting from poor condition aging bridge stock and low structural capacity	Risk	4. Undertake condition inspections of bridges (preferred)	Bridge inspections, material testing and painting screening		<ul style="list-style-type: none"> Better understand long term renewals costs Extend the life of bridges through reduced maintenance costs 	2021-2031	Medium	High
	Programme	5. Bridge Strengthening works (preferred)	As understanding of capacity gaps improves, continue to strengthen bridges to cope with additional loading		<ul style="list-style-type: none"> Targeted strengthening will open up key routes to high productivity motor vehicles Minimises costs to ratepayers by not needing to complete high cost bridge replacement work 	2021 ongoing	Medium to high	High
	Programme	6. Bridge replacement, particularly targeting one lane bridges on key routes	Improve safety and capacity of one lane bridges on high use heavy vehicle routes		<ul style="list-style-type: none"> Open up more routes to high productivity motor vehicles Will improve safety outcomes, reducing head on crashes High cost to replace bridges on a generally low traffic network <ul style="list-style-type: none"> Affordability for ratepayers will be an issue 	2031 - 2051	Significant	High
Information on location and condition of retaining structures is limited	Programme	1. Continue to respond reactively to any defects / asset failures of retaining structure			<ul style="list-style-type: none"> Critical asset failure may close transport route due to slip 			
	Risk	2. Undertake condition survey of retaining structures (preferred)	Undertake survey of retaining structures and their condition		<ul style="list-style-type: none"> Accurate data on location and condition Renewals programme can be developed based on current asset state from survey <ul style="list-style-type: none"> Appropriate prioritisation of investment in critical infrastructure 	2021-2040	Medium	Medium – High Critical infrastructure may be at risk

Roads and footpaths expenditure forecasts

Figure 17a/17b and Table 16 shows the forecasted expenditure for roads and footpaths. The 30-year total expenditure forecast is \$1.0 billion to provide the Roads and footpaths service to the Wairoa Community.

Figure 17a Roads and Footpaths forecast expenditure and funding (inflated)



Table 16 Roads and Footpaths expenditure forecasts (inflated)

Year	Operational Expenditure	Capital Expenditure
2021/22	12,165,920	10,436,939
2022/23	12,835,425	7,616,493
2023/24	13,378,189	9,019,411
2024/25	14,691,157	16,017,409
2025/26	15,207,039	9,656,854
2026/27	15,613,383	9,063,022
2027/28	16,191,860	9,207,208
2028/29	16,252,488	9,117,473
2029/30	16,903,474	10,170,538
2030/31	16,957,040	9,087,632
2021-2025	68,277,730	52,747,106
2026-2030	81,918,245	46,645,873
2031-2035	93,693,888	55,192,107
2036-2040	110,647,951	61,304,630
2041-2045	130,896,299	69,005,054
2046-2050	155,135,029	78,045,841
30 Year Totals	\$640,569,142	\$362,940,0611

Forecast expenditure is based on the following assumptions:

- The FAR will remain at 75%
- Levels of service will remain the same
- The access route to Māhia will need to be improved to ensure resilience of the route, otherwise alternative access may need to be investigated and constructed.

Over the next 30 years it is expected that Council's major capital expenditure items include:

- Heavy metal build ups of unsealed roads to cope with increased heavy vehicle loading over the 30-year period of \$42.5m
- Sealed road resurfacing over the 30-year period of \$45.6m
- Bridge strengthening and replacement over the 2021-2031 period of \$5.7m. Longer term costs are unknown until analysis is completed.
- Resilience work to secure Māhia Peninsula access in 2024/25 of \$8.7m. Council will not be able to fund this work without assistance from other funding sources (e.g. Provincial Growth Fund, Waka Kotahi).

Figure 17b Roads and footpaths expenditure forecasts (inflated)

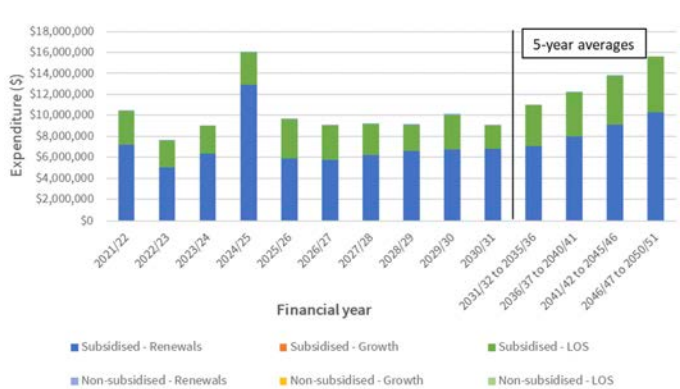
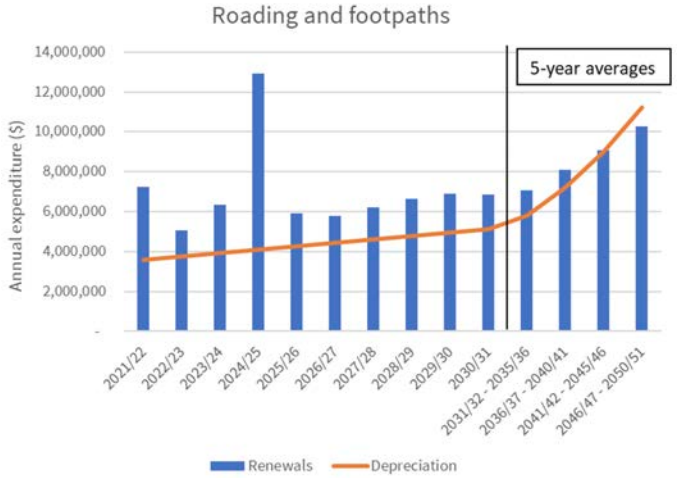


Figure 18 shows that the forecast road and footpath renewals are generally higher than the depreciation over the 30-year period, as the network generally is performing worse than expected and there is a backlog of renewal work required to meet levels of service and demand expectations.

Figure 18 Roads and footpaths renewals and depreciation (inflated)



Funding this activity

Council funds its roads and footpaths services through:

- Waka Kotahi subsidies (FAR)
- Targeted rate based on land value
- Fees and charges for road corridor access applications
- Other funding sources.

Solid waste

The solid waste activity involves the provision of a domestic waste and recycling collections service, the maintenance of the Wairoa Landfill assets including the landfill, recycling centre, rural drop-off points and weighbridge, and the aftercare of five closed landfills.

Kerbside collection services for waste are provided for Wairoa and most rural settlements on a user pays/bags basis. Wairoa is the only town to receive a kerbside recycling service with drop off points for recycling in Tuai and Raupunga.

Council's waste management and minimisation goal is to manage waste in a cost-effective way that reduces harmful effects and improves efficiency of resource use. While Council is committed to its waste goals, its diversion targets do not help the financial viability of the landfill, which has been marginal in recent years. Because of this, and in order to be within the budget available, Council has had to lower the level of service (opening hours) as part of a new contract for the operation of the landfill. Alongside this, the district's population is only expected to increase slightly, which is likely to result in volumes of waste being disposed at the landfill remaining the same at best.

A survey of the existing landfill capacity has been completed in 2020 and indicates that there is less than 8 years life remaining in the existing cell based on current fill rates. Given the current life expectancy of the landfill an alternative site or an option for disposal of the district's waste needs to be found prior to consent renewal in 2031. Requirements to prepare the resource consent and increased monitoring conditions will likely increase the overall operational costs to provide service.

Council has programmed to complete a full Landfill Service Sustainability Review in 2021/22 to review the long term sustainability of the solid waste service. This will include completing a full options analysis of the future service provision to assess the various options for future waste disposal. This would include full cost accounting assessment of options for disposal within the District, as well as the option of taking waste from Gisborne District Council. As part of this exercise, an initial estimate of the new landfill cost will also be completed.

As the owner of the Wairoa Landfill, Council participates in the Emissions Trading Scheme. The purpose of the Emissions Trading Scheme is to reduce the amount of greenhouse gases emitted in New Zealand. Changes to National Environmental Standards and

the review of the District Plan, may also impact on land use and have implications for the quantity and types of waste generated.

Growth at Māhia may result in increased construction and demolition waste and solid waste, and over the life of this strategy, a recycling kerbside collection service may be an expected level of service by that growing community. This also impacts on the roading and footpath assets as accessibility for rubbish trucks will need to be maintained. There are risks to the delivery of this service if trucks are unable to access Wairoa's settlements and landfill. It is most likely that a recycling centre site will be developed with a site secured expected in 2020.

In November 2019 the Ministry for the Environment announced proposed change to the landfill levy. The levy will increase from \$10 per tonne to \$50 or \$60 per tonne at landfills that take household waste by 2023. This increase is unaffordable for the District's small population. Proposals to increase the waste levy and the types of landfills it is applied to, are currently out for consultation. This will impact on the affordability of providing these services and there is a risk of increased illegal dumping to avoid increased charges. Council's response is to promote smarter facilitation of recycling opportunities, education and user responsibility.

China's National Sword / Blue Sky Policy restricted the importation of certain recyclables. This has impacted on the commodity price for recyclables globally with a flow on impact on our recycling collection contract with significant cost escalations. A government taskforce was established to look at options in response to the Policy, and in 2019 the Ministry for the Environment established a work programme based on the recommendations from the taskforce.

Asset performance and condition

All waste management assets are adequate for current use. Based on visual inspections the buildings in the portfolio are in acceptable condition and generally fit for purpose for the waste management service.

The performance of the Wairoa Landfill and five closed landfills are not currently meeting consent conditions. Over the last few years there have been two infringement notices from Hawkes Bay Regional Council for the Wairoa Landfill regarding leachate and moderate non-compliances at all closed landfills. Consent monitoring improvements have been made to ensure all consent conditions are complied with in future.

Significant infrastructure issues and options

Table 19 Significant issues and options for solid waste

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Impacts of legislation change	Regulations	1. Wait for direction on new waste levy and likely legislation changes			<ul style="list-style-type: none">Not planned for likely increase in waste levySome operational services may need to be reduced or cut due to less revenue (with higher waste levy)	2021-ongoing	Medium (less revenue costs need to be reduced)	Medium
	Regulations	2. Engage with industry and Ministry for Environment on potential changes to legislation and regulations (preferred and ongoing)	Proactively engaging with industry peers, Ministry for Environment and WasteMINZ on potential changes to legislation and regulations		<ul style="list-style-type: none">Increase costs due to changes to the waste levyMay impact on the financial viability of the landfill	2021-ongoing	Increased costs for users of the landfill and for council/ the landfill operator	High
China's National Sword / Blue Sky policy change	Policy	1. Respond reactively to the effects of China's policy change			<ul style="list-style-type: none">Recyclables may be stockpiled at the landfill		Increased contractor's costs due to market change	Medium
	Policy	2. Engage with the Ministry for the Environment on its work programme from the National Resource Recovery Taskforce (preferred and ongoing)	Engage with the Ministry for the Environment on its work programme from the National Resource Recovery Taskforce to ensure Council's voice is heard and that it is proactively kept up to date on changes in policy		<ul style="list-style-type: none">Recyclables may be stockpiled at the landfill until a new market can be found that provides a cost-effective solutionOpportunity to engage with the Ministry on the work programme and understand potential implications	2021-ongoing	Low	Low
Ongoing financial viability of the landfill	Risk	1. Close landfill and allow market address refuse disposal provision			<ul style="list-style-type: none">Less market interest for servicing rural and remote district<ul style="list-style-type: none">Solid waste costs may increase significantlyStill ongoing costs and liabilities with closed landfills including resource consents and ongoing monitoring requirements	2031 (when landfill consent expires)	Medium	High
	Risk	2. Complete Service Sustainability Review (preferred)	Full review of all options to ensure continuity of solid waste services, but in particular the Wairoa landfill		<ul style="list-style-type: none">Alternative options for the disposal of waste identified in the circumstance that the landfill has to closeOptions can be costed and a business case approach used for an alternative solution if required<ul style="list-style-type: none">Enables early planning	2021-2022	Low	Low
	Demand	3. Design and construction of new landfill on same site as existing landfill (preferred)	Options and costs for replacement of the existing landfill facility once it meets capacity Design and construct new landfill to meet new consent conditions		<ul style="list-style-type: none">Allows continuity of service based in Wairoa<ul style="list-style-type: none">Solid waste costs will increaseChanges to the Emissions Trading Scheme are still likely to increase landfill disposal costs	2025-2027	High – Approx capital works cost of \$2.0M including design costs	Medium

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Ongoing financial viability of the landfill	Demand	4. Review options to increase landfill revenue (preferred and ongoing)	Work in partnership with Gisborne District Council to take their waste to the Wairoa Landfill, sharing the cost of operation and renewal of the landfill facility		<ul style="list-style-type: none"> Taking waste from Gisborne District Council will increase the financial viability of the landfill Landfill capacity is utilised and the consent maximised Additional waste coming in will reduce the available void space, which reduces the time it takes to fill / asset life <ul style="list-style-type: none"> Reduced rates impact on ratepayers Will inform the next contract review 	2021-2026	Low – revenue opportunity	Medium
	Demand	5. Encourage the community to use the kerbside collection services (preferred and ongoing)	Encourage increased participation in kerbside collection services		<ul style="list-style-type: none"> Will result in increased tonnages going to the landfill Makes better use of the capacity of the landfill 	2021-ongoing	Low from existing budgets	Low
Resource consents for the landfill will need renewing but there is uncertainty about what conditions may involve and the potential increase in compliance costs	Regulation	1. Secure new resource consent (preferred and only option even if close landfill)	Allocate funding and resourcing to secure new resource consents and monitoring of conditions		<ul style="list-style-type: none"> The requirements to prepare a resource consent may increase (e.g. for completing environmental impact assessments) Additional operational and capital expenditure may be required to meet consent conditions 	2029-2031	Moderate costs to go through a consent process and likely increased compliance costs	Medium

Solid waste expenditure forecast

Figure 19 and Table 20 show the forecasted expenditure for Solid Waste. The 30-year total expenditure forecast is \$100.5 million to provide the Solid Waste service to the Wairoa Community.

Figure 19 Solid Waste expenditure forecasts and funding (inflated)



Table 20 Solid waste expenditure forecasts (inflated)

Year	Operational Expenditure	Capital Expenditure
2021/22	1,941,759	105,000
2022/23	2,048,460	561,350
2023/24	2,342,789	380,160
2024/25	2,461,075	167,710
2025/26	2,315,183	1,219,900
2026/27	2,370,669	608,961
2027/28	2,496,024	59,929
2028/29	2,570,937	35,730
2029/30	2,604,460	67,100
2030/31	2,674,242	37,410
2021-2025	11,109,265	2,434,120
2026-2030	12,716,332	809,130
2031-2035	15,396,906	423,895
2036-2040	16,979,833	1,971,870
2041-2045	17,546,994	1,218,710
2046-2050	19,441,445	482,805
30 Year Totals	93,190,775	7,340,530

Forecast expenditure is based on the following assumptions:

- Changes to the Emissions Trading Scheme are anticipated in the near future that are likely to have a subsequent increase in landfill disposal costs
- Based on Ministry for the Environment announced landfill levy changes, the levy will increase from \$10 per tonne to \$50 or \$60 per tonne at landfills that take household waste by 2023
- Capacity of existing landfill from recent surveys indicates there is less than 8 years life remaining in the existing cell based on current fill rates

Over the next 30 years it is expected that Council's major capital expenditure items include:

- Development of a new landfill cell, including associated resource consent, in 2025-2027
- Further development of landfill cell in 2040-2042

Figure 20 shows the breakdown of expenditure for Capital Works, by Renewal, Level of Service improvement and Growth improvement.

Figure 20 Solid waste capital works expenditure forecasts (inflated)

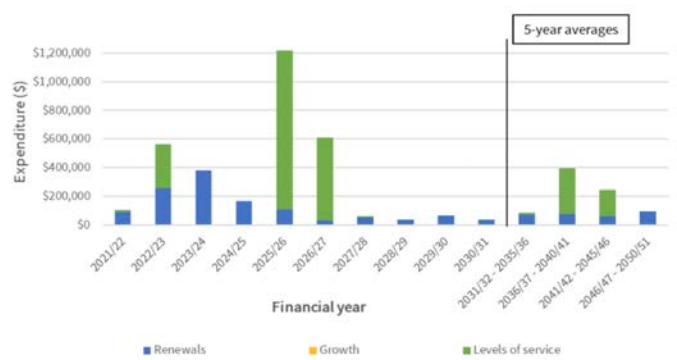


Figure 21 shows that the forecast solid waste renewals are higher than depreciation in the short term. Longer term indications show an underinvestment in infrastructure renewals.

Figure 21 Solid waste renewals and depreciation (inflated)



Funding this activity

Council funds its solid waste services through:

- Targeted waste management rate charged on a uniform basis
- User charges (landfill weighbridge)
- User pays (bags).

Wairoa Airport

The Wairoa Airport activity includes a 910m sealed runway, taxiway and aprons, runway edge lighting, Council-owned buildings and perimeter fencing, as well as the operation of the airport as the controlling authority in accordance with Civil Aviation Authority guidelines. The airport is identified as a strategic asset as provides for lifeline for emergency services and supports the horticultural sector for crop dusting.

There are no regular commercial flights operating from Wairoa Airport. The airport is primarily used by private light aircraft, charter

flights and helicopters, including for agricultural use. It is also used by emergency aircraft for transfer of patients into and out of the district. More recently, the airport has been used by Rocket Lab to bring in staff and plant. Rocket Lab has boosted tourism opportunities and the airport may be used for future growth in tourism, although currently most tourists arrive by motor vehicle rather than air travel.

Council has made improvements in its data gathering on the number of flights in and out of the airport, and increased reporting has resulted in increased landing fees being taken. The airport does not currently cover its costs and is a financial liability. Regardless of

this, Council must maintain the airport to an adequate standard to enable it to be used by emergency services and to meet legislative requirements.

Asset performance and condition

The general condition of the various components of the airport (including both land and onsite improvements) is monitored on a regular basis by visual inspections carried out by Council's engineering staff, consultants and contractors.

The existing asset information is limited but it is deemed to be

fairly accurate and to a suitable level of detail for the airport asset portfolio with limited and non-complex assets. It is adequate to enable forward planning to be effectively implemented to replace and repair assets at the most appropriate time.

Over the duration of this strategy, the development and implementation of a condition monitoring programme will become part of a higher level of management at the airport.

Significant infrastructure issues and options

Table 21 Significant issues and options for Wairoa Airport

Significant Issue	Strategic Response Category	Options	Principal Option(s)		Implications of the Option	Timeframe	Cost Implications	Risk
Ability to continue funding the activity and maintenance of the asset The asset is currently a financial liability	Risk	1. Close airport as landing fees does not cover the ongoing activity costs			<ul style="list-style-type: none">Not available for emergency services for the districtCommunity dissatisfaction with risk to patients in emergency situationsImpacts horticultural sector with no local runway for crop dusting planes	2021-2051	None	High
	Programme	2. Continue with reactive renewals approach (preferred and ongoing)	Fund renewals based on maintenance inspections		<ul style="list-style-type: none">No proactive renewalsFuel and storage facilities not able to be renewed to meet legislative requirements	2021-2031	Medium to high	High
	Demand	3. Continue to collect all user fees to strengthen the financial viability of airport (preferred and ongoing)	Continue to improve data collection of landings and collect all user fees		<ul style="list-style-type: none">User fees will contribute to the financial position of the airport, funding ongoing operation and maintenance activitiesAccurate data for forward planning and budgets	2021-2031	Low	Low

Wairoa airport expenditure forecasts

Figure 22 and Table 22 show the forecasted expenditure for Wairoa airport. The 30-year total expenditure forecast is \$8.9 million to provide the Wairoa Airport service to the Wairoa Community.

Figure 22 Wairoa Airport expenditure forecasts and funding (inflated)

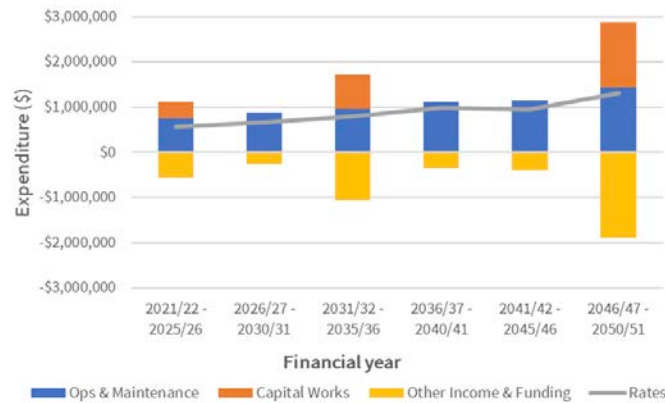
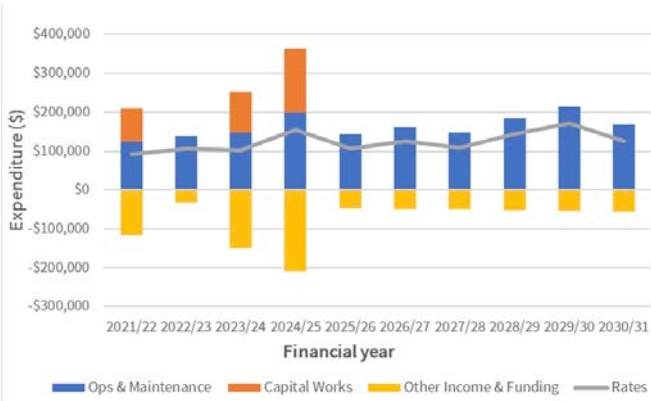


Table 22 Wairoa Airport expenditure forecasts (inflated)

Year	Operational Expenditure	Capital Expenditure
2021/22	\$124,246	\$85,000
2022/23	\$139,194	-
2023/24	\$147,834	\$105,000
2024/25	\$200,356	\$163,500
2025/26	\$142,383	-
2026/27	\$162,902	-
2027/28	\$147,112	-
2028/29	\$185,190	-
2029/30	\$214,388	-
2030/31	\$168,241	-

Year	Operational Expenditure	Capital Expenditure
2021-2025	\$754,013	\$353,500
2026-2030	\$877,833	-
2031-2035	\$967,488	\$761,300
2036-2040	\$1,104,538	-
2041-2045	\$1,155,761	-
2046-2050	\$1,440,497	\$1,451,580
30 Year Totals	\$6,300,130	\$2,566,380

- Forecast expenditure is based on the following assumptions:
- Council will continue to own the airport
 - Accurate landing data will result in the real user consumption being charged and reducing the deficit
 - Increased landings resulting in an increase in user charges being collected
 - Renewals and maintenance activities will be undertaken proactively

Over the next 30 years it is expected that there will be no major capital improvement items.

Figure 23 shows the breakdown of expenditure for Capital Works, by Renewal, Level of Service improvement and Growth improvement.

Figure 23 Wairoa Airport capital works expenditure forecasts (inflated)

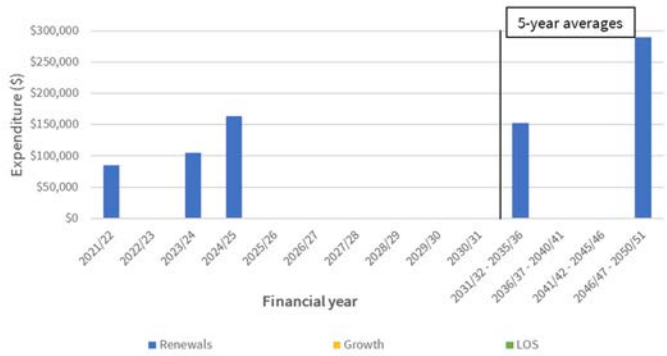
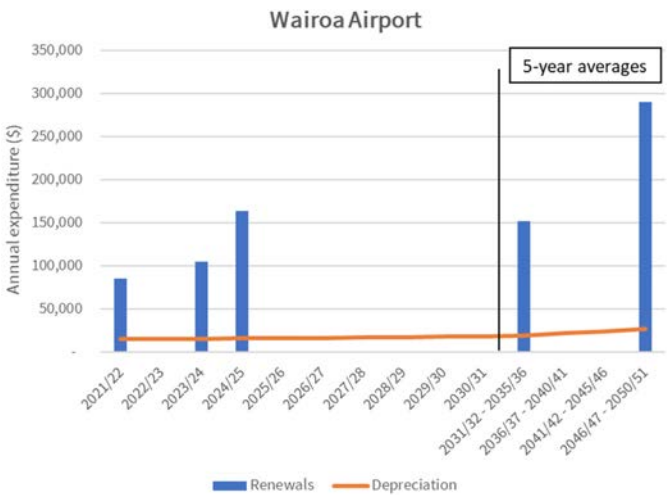


Figure 24 shows that the forecast Wairoa Airport renewals are higher than depreciation throughout the 30-year period. However, renewals included are required to provide a minimum level of service to operate the airport.

Figure 24 Wairoa airport renewals and depreciation (inflated)



Funding this activity

Council funds its airport activity services through:

- General rates based on land value
- User pays based on landing, facility and other airport fees
- Rent from facilities.

FINANCIAL SUMMARY

This Infrastructure Strategy is aligned with Council's Financial Strategy for the 2021-2031 period. The Financial Strategy sets out financial objectives that align with the updated Revenue and Financing Policy. These objectives underpin our approach to funding throughout the 30-year period of the strategy.

Summary of key financial assumptions

Further to the planning assumptions, the following specific financial assumptions have been made in the development of the Infrastructure Strategy:

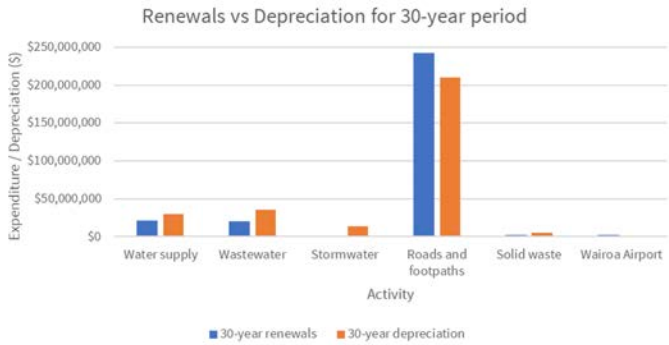
- In our financial forecasts we have applied the nationally recognised inflation rates provided by Business and Economic Research Ltd (BERL) based on their assessment of a 'mid-scenario'.
- For the year ended 30 June 2022 we have applied known contract rates. Prices rarely decrease and in the public sector they often go up more than normal. In Wairoa we have the added challenge of remoteness and size, making the local market less competitive due to the small number of suppliers. Noting the inflation rates applied are averages across the entire country, the Wairoa experience may be quite different.
- To meet its capital works programme Council will need to borrow. Council views 100% of revenue as an important borrowing affordability threshold for its community. This is reflected in our Liability Management Policy. Borrowing is an appropriate funding tool for long-term assets. Council will use borrowing prudently to fund the infrastructure that delivers core services now and into the future, without creating an unmanageable affordability challenge.
- The forecast expenditure is based on need, however any cuts in funding made by our funding partner Waka Kotahi will have a significant impact on the programme of work outlined in this Strategy.
- An annual allowance has been made for emergency works for roads and footpaths. The Waka Kotahi subsidy for such work is usually higher than 75%. All emergency works funding applications will be considered by Waka Kotahi on a case by case basis.

Funding depreciation

For the core activities included in this Strategy, Council owned assets with a depreciated replacement value of \$250 million as at 30 June 2020, compared with the optimised replacement value of \$448m. These assets have serviceable lives ranging from 10 years to 120 years. Council maintains Activity Management Plans to ensure these assets achieve their service potential and are renewed or replaced at the optimum time. These assets are significant investments and the renewal expenditure tends to happen in large chunks.

It is a convention of prudence that depreciation is used as a benchmark to assess whether renewal expenditure is sufficient to maintain levels of service in the long term. From the previous sections in this Strategy it can be seen that renewals expenditure fluctuates according to replacement need, while depreciation remains relatively consistent. Figure 25 shows that over the full 30 year period there is an apparent underinvestment in three waters and solid waste activities, while more investment is predicted for roads and footpaths and the Wairoa Airport.

Figure 25 Renewals vs Depreciation for all activities over the 30-year period (inflated)



Council generally rates for depreciation on assets that it expects to replace or renew in the future, where no preferable alternative funding source exists. This ensures that current users pay for their share of the consumption of assets. The money collected for depreciation accumulates in reserves that Council will use to fund the future renewals, and ensures that the assets are capable of delivering the same levels of service to the next generation. This creates intergenerational equity.

Council believes that rating for depreciation is the most prudent way of funding infrastructure renewals because:

- It is more predictable and steady than future capital forecasts which tend to happen in peaks and troughs and are dependent on changing predictive models
- It is less expensive and less risky than financing all expenditure through borrowings
- Council's infrastructure assets are revalued every three years and these regular updates enable Council to keep pace with cost escalations and charge an appropriate depreciation rate.

In recent years Council has exercised judgement in the amount of depreciation that it rated for and it will continue to do so without compromising these fundamental conditions.

Therefore, Council has adopted a funding approach that it considers prudent and sustainable. We will not rate for depreciation where other funding sources are available, but we must maintain the serviceability of core assets, and still be able to pay the bills.

Financial forecasts

Figure 26 and Table 23 shows the total expected capital and operational expenditure for each infrastructure activity over the 30-year period 2021 to 2051.

Figure 26 Combined Infrastructure expenditure and funding forecast 2021-2051 (inflated)



Table 23 Expected total operating and capital expenditure 2021-2051 (inflated)

Infrastructure Activity	Operational Expenditure	Capital Expenditure
Water supply	\$46.4 million	\$28.5 million
Wastewater	\$49.8 million	\$47.2 million
Stormwater	\$27.28 million	\$6.59 million
Roads and footpaths	\$292.3 million	\$208.9 million
Solid waste	\$93.19 million	\$7.34 million
Wairoa Airport	\$6.30 million	\$2.57 million
Total	\$466 million	\$302 million

Figure 27 and Figure 28 show the breakdown of expenditure for Operations and Maintenance, and Capital Works, by activity over the 30-year period.

Figure 27 Operations and maintenance expenditure forecast for 2021-2051 split by activity (inflated)

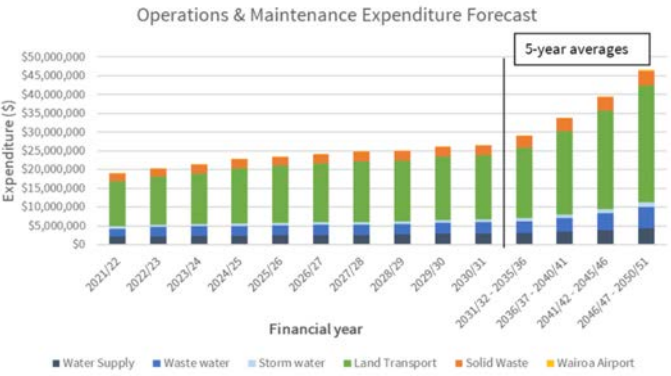
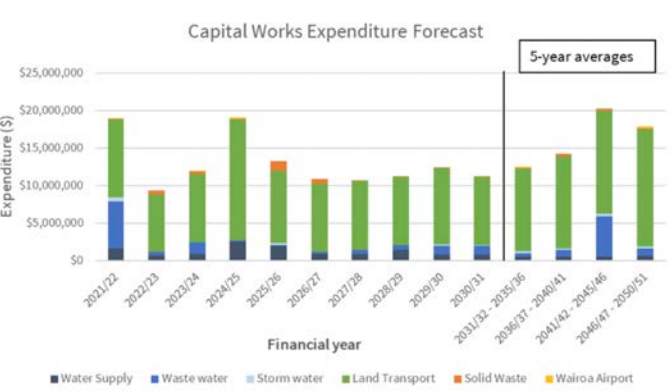


Figure 28 Capital works expenditure forecast for 2021-2051 split by activity (inflated)



Over the next 30 years it is expected that:

- Given the estimates of growth will be gradual, with the bulk of the growth in Māhia, there will be limited additional infrastructure required to address growth. Predicted expenditure is primarily focussed on stormwater improvements in Māhia.
- Operational expenditure accounts for 68% of the expenditure over the 30 year period.
- Planned expenditure on capital renewal works across all infrastructure activities is variable over the 30-year period. There is aging infrastructure, and this will be the focus of the prioritised work programme. In order to make forecast expenditure affordable, renewals will be focussed on critical infrastructure.
- Expenditure on levels of service improvements is focused on:
 - Gaining resource consents for water supply, wastewater and stormwater and ensuring any new facilities and infrastructure renewals meet revised consent conditions
 - Strengthening bridges on key heavy traffic routes
 - Securing Māhia route resilience
 - Securing additional or alternative landfill disposal capacity, along with necessary consents.

Decisions we expect to make

Council will need to make a number of key decisions over the duration of our strategy. Some of these decisions will be significant to the district and some will not.

Key decisions that will need to be made by elected members over the next 30 years are outlined in Table 23.

Table 24 Key decisions to be made over 30-year period

Activity	Decision	Timing
Water supply	Council considers a regional / national approach to the delivery of the three waters activities to be the most significant decision we will have to make. During 2021, Council and the community will need to make the decision on remaining in or opting out of the reform programme. While subject to Cabinet decisions, the programme for reform currently indicates new entities would be established by 2024, with a subsequent period of transition from delivery of the services by local government to the new water entities of 1-3 years, before full implementation.	Next 3 years
	Identification of an alternative water source to avoid reliance on the Wairoa River	Next 10 years
Wastewater	Remaining in or opting out of the reform programme as outlined above.	Next 3 years
	Council to review alternative option for wastewater disposal	Next 30 years
Stormwater	Remaining in or opting out of the reform programme as outlined above.	Next 3 years
Roads and footpaths	Determine how funding will be secured to ensure resilient access route for Māhia Peninsula, including potentially constructing an alternative route, if the existing route cannot be secured.	Next 3 years
Solid waste	Based on the Landfill Sustainability Review scheduled for 2022, make decisions on whether it is sustainable for Wairoa to have its own landfill or if other waste disposal options will be required in future. If a new landfill is to be constructed ahead of capacity running out at the existing site, and to secure a new consent prior to expiry of the existing consent.	Next 3 years
Wairoa Airport	Whether or not to keep the Wairoa Airport as part of Council's service provision	Next 30 years
All activities	From the cross-council climate change response programme developed over next 10 years, make decisions on key infrastructure impacts.	Next 30 years

Funding implications

Council's Financial Strategy for the 2021-2031 period, outlines key implications of forecast expenditure on funding. These will be similar for the 30 year outlook. Key funding implications include:

- Subsidies:** High level of dependence on external funding from Waka Kotahi for roads and footpaths activity
- Rates:** In January 2021 Council completed its rating review and adopted an updated methodology that addresses the issues of consistency in the previous system, but it is still about the distribution of rates. Specific features that address the impact of land use include:
 - Transitioning to a general rate assessed on capital value, partly on the basis that development drives the cost of infrastructure;
 - Incorporating the forestry roading differential factor into the streamlined capital value rating system and applying a differential factor of four overall to reflect the relative impact on community wellbeing outcomes;
 - Moving 10% of the rates for all water activities to the general rate, recognising that there is benefit to the entire community from healthy water systems.

- Council will retain its objective of keeping rates increases below 5%, but this must be seen as a long-term objective. In order to catch up and keep up, rates increases will need to be higher for the next four years.
- Depreciation:** Renewals will be funded by depreciation, however where shortfalls exist these will be funded by loans because Council will not have sufficient cash reserves.
- Loans:** Borrowing is an appropriate funding tool for long-term assets. Council will use borrowing prudently to fund the infrastructure that delivers core services now and into the future, without creating an unmanageable affordability challenge. Council has modelled its own debt servicing measure to ensure that the scale of borrowing will continue to be affordable.

Debt Servicing includes interest expenses and the amount required to be rated for loan repayments and is expressed as a percentage of revenue excluding subsidies. This is the annual cost that the community will bear. Council will maintain a limit of 10%, but it will be based on this adjusted revenue figure. This shows that debt remains affordable throughout the plan.

TO THE READER:

INDEPENDENT AUDITOR'S REPORT

ON WAIROA DISTRICT COUNCIL'S 2021-31 LONG-TERM PLAN

I am the Auditor-General's appointed auditor for Wairoa District Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Ernst & Young. We completed our report on 30 June 2021.

Opinion

In our 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 117 to 119 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.

Emphasis of matter

Without further modifying our opinion we draw attention to the following disclosure.

Uncertainty over three waters reforms

Page 11 outlines the Government's intention to make three waters reform decisions during 2021. The effect that the reforms may have on three waters services provided is currently uncertain because no decisions have been made. The plan was prepared as if these services will continue to be provided by the Council, but future decisions may result in significant changes, which would affect the information on which the plan has been based.

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

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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 Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- 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.

We are 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. We do not express an opinion on the merits of the plan's policy content.

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Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

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



Stuart Mutch
Ernst and Young
Chartered Accountants
On behalf of the Auditor-General
Wellington, New Zealand

