



Our Policies and Strategies
Ngā kaupapa here me ngā rautaki



OUR POLICIES AND STRATEGIES

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Introduction to Policies and Strategies

This chapter of the LTP provides a number of policy and strategy documents that have been developed in support of the LTP.

The policies and strategies in this chapter are required to be included in the LTP under the Local Government Act 2002. Other Council policies and strategies can be found on the Council's website. This chapter of the LTP includes:

- Infrastructure Strategy 2018-48
- Financial Strategy
- Revenue and Financing Policy
- (Summary of) Significance and Engagement Policy
- Building Māori Capacity to decision making
- Forecasting Assumptions and Data



INFRASTRUCTURE STRATEGY 2018 – 48

Te Rautaki tūāpapa

1. Executive Summary

The Whakatāne District faces a number of infrastructure challenges over the coming years. These include managing the effects of natural hazards and climate change, maintaining a safe and secure water supply network, and replacing and upgrading our infrastructure to ensure it is efficient, effective and fulfils all of our legislative requirements. Addressing all of these challenges such that the risks presented by them are eliminated is simply unaffordable for the community. Taking into account all of the high priority projects that we wanted to deliver, the first round of budgets we developed saw an average rates increase for 2018/19 of over 30%. We considered that 30% was not an acceptable rates increase, and so we have worked hard to try to deliver a proposal for the community to comment on that includes essential Council activities and contributes toward enhancing our District, but within a budget that represents great values to our community. The projects proposed in this Infrastructure

Strategy reflect Whakatāne District Council’s response to our infrastructure challenges. Delivering on our core service delivery in a responsible and sustainable way, but also enhancing our district within a budget that is affordable to ratepayers with an average rates increase for year one (2018/19) of 3.83%.

The April storms served as a reminder of the District’s vulnerability to natural hazards. The effects of climate change will exaggerate this vulnerability, not diminish it. Council will continue to monitor these effects and develop our infrastructure projects to enhance our District’s resilience to them. For example, saline intrusion periodically causes problems for Whakatāne’s water supply and this will occur more frequently as the sea level rises and we experience more long dry periods. To improve the resilience of the water supply Council is proposing to construct a water filtration gallery further upstream to provide a back up to the existing supply.



2. Purpose

The public health effects of the contamination of the Havelock North drinking water supply with campylobacteriosis has reiterated the importance of maintaining a safe drinking water supply. In light of this event, Council has reviewed the Water Safety Plans for each of the water supplies we operate. Council has proposed specific projects within this Infrastructure Strategy as a result of this review.

Within the next 10 years, most of the resource consents authorising Council’s water take and treated wastewater discharge consents expire. Council will also be obtaining Comprehensive Stormwater Consents for our District’s urban stormwater networks. Council will need to upgrade its infrastructure to comply with the new resource consents. We anticipate that the biggest challenge this presents will be the required wastewater treatment upgrades for Murupara, Tāneatua, Edgumbe and Whakatāne. Council has set aside \$51 million in capital upgrade costs for the wastewater treatment infrastructure upgrades alone.

To ensure Council’s infrastructure spending is affordable, we have shifted projects to keep year-by-year spending as consistent as practicable to minimise variability and consequential rating impacts. Council has also chosen not to proceed with some projects for the time being, to ensure we continue to operate within our financial limits. Therefore, the projects proposed in this Infrastructure Strategy are those that Council considers are essential, while acknowledging that maintaining affordability means some residual risk remains.

The purpose of this Infrastructure Strategy is to outline how the Whakatāne District Council intends to manage its infrastructure assets over the next 30 years.

The Council supplies a wide range of community services that rely on infrastructure assets. It is critical that those assets are well managed. This Strategy looks across the spectrum of water supply; sewage treatment and disposal; stormwater drainage; and the provision of roads and footpaths.

The Infrastructure Strategy has been developed to scope and prioritise key, long-term infrastructure issues, and outline how the Council proposes to address those issues. That information also informs the Council’s Long Term Plan (LTP) 2018-28.

An infrastructure strategy is a legislative requirement (under section 101B and Clause 9, Schedule 10 of the Local Government Act 2002). The Act states that a “local authority must prepare, as part of its long term plan, an infrastructure strategy for a period of at least 30 consecutive financial years”.

NOTE: All financial figures in this document take into account expected inflation.



3. The Whakatāne District context

DEMOGRAPHIC CONTEXT

The Whakatāne District has a resident population of 34,600 and ranks 31 out of 67 District in terms of population size. Māori make up 43.5% of the population. This is the 13th largest Māori population of the 67 districts in New Zealand, home to 2.2% of all New Zealand Māori.

Like many other parts of the country, the District's ageing population is increasing. Currently 16% of the District's population is over 65. This is expected to increase to 30%, just under a third of the District's population, by 2043. The current average age of our residents is approximately 39, slightly higher than the New Zealand average of 38.

PHYSICAL CONTEXT

The Whakatāne District comprises of a total land area of 433,000ha or 4,457km². Sandy beaches are predominant along the 54 kilometres of coastline that stretches from Otamarakau in the west to Ōhiwa in the east. Central areas include fertile lowlands and farming areas on the Rangitāiki Plains through to Murupara. Te Urewera in the south makes up 41% of the district.

Given its coastal location, river scheme, low lying land and proximity to Whakaari White Island, the District faces significant natural hazard risks. These include flooding, earthquake, volcanic eruption, and tsunami. Our climate is changing. It is anticipated that this will result in changes to temperature, rainfall, frost occurrence and sea level. This will place changing pressures on council infrastructure. Council will need to anticipate and respond appropriately, ensuring infrastructure is in place to handle these changing pressures.

Note: An overview of Whakatāne District Council's infrastructure assets is included in the Asset Base sections of this strategy.

4. Planning for the long term - the next 30 years

Many of Council's infrastructure assets have a very long life. For example, water pipes have an expected life of 60-100 years. There is therefore a long planning horizon for initial provision and renewal, both of which can present cost peaks that are best planned for well in advance. This Infrastructure Strategy provides the long-term perspective required to assess whether there are hidden investment gaps, or affordability issues, beyond the 10-year planning horizon provided in the LTP 2018-28.

This Infrastructure Strategy focuses on the following four core infrastructure services:

- a. Water supply
- b. Sewage treatment and disposal
- c. Stormwater drainage
- d. Roads and footpaths

Infrastructure assets cannot be planned for in isolation, because issues that shape our community can also influence the management of our infrastructure. Significant issues may include: demographic changes which affect the ability of the community to pay for infrastructure; growth or decline in population in particular areas within the District; natural hazards and climate change.

INFORMATION SUPPORTING THE DEVELOPMENT OF THIS STRATEGY

This Infrastructure Strategy has been developed in the context of a number of other documents and projects. In reading this Strategy you may wish to reference these supporting documents for more information. These include:

- a. **Asset Management Plans** - provide an outline of the asset management works required to prudently manage infrastructure and deliver essential services to the community.
- b. **Financial Strategy** - outlines the financial context in which the Council is operating and the financial implications of the projects proposed through this Strategy.
- c. **LTP 2018-28**. While this strategy has a 30-year planning horizon, the projects proposed for the first ten years are included in the Council's LTP 2018-28.
- d. **Whakatāne District Plan (WDP)** - identifies a number of residential growth areas for the District over the next 10 years.
- e. **Three Waters Strategy** - individual roadmaps were completed for water supply, stormwater and wastewater by AECOM in August 2017. The roadmaps address each of the three waters in a holistic and comprehensive manner to guide the Council through the implementation of this Strategy.
- f. **Eastern Bay Spatial Plan** – a development plan that provides a vision for the Eastern Bay for the next 30-50 years.

KEY PRINCIPLES UNDERLYING THIS STRATEGY

This strategy is guided by the principles of the LTP:

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|--------------------|--|
| Responsible | We will work together with the community to prioritise essential core services and manage our assets in a financially prudent way. |
| Sustainable | We will manage our assets and activities in a way that does not compromise the environmental, social, cultural, or economic wellbeing of the community, now and into the future. |
| Affordable | We will be responsive and sensitive to the issue of rates affordability across the District. |
| Enabling | We will take opportunities to encourage and support activities which will grow the vibrancy, vitality and prosperity of our District. |

PROJECT AFFORDABILITY

During 2017 the Council undertook a strategic review of its waters infrastructure. This arose from Council awareness of various issues, both within the district and nationally. A number of risks were identified in this review. Projects were proposed to address these, but to ensure that the affordability principle was met a number of these projects have not been included in the LTP 2018-28 and the Infrastructure Strategy. By not including these projects Council acknowledges that some risks have not been addressed, however this has been balanced against the requirement to limit rates increases. Additionally, for the projects that have been proposed, Council has sought to ensure capital expenditure is evenly distributed to ensure affordability. In some instances, projects have been deferred while others, such as the Murupara Wastewater Treatment Upgrade, have been brought forward. Projects that have been described in this Strategy but are not currently included in the LTP 2018-28 are listed in Section 8 of this Strategy.

CORE OUTCOMES FOR THE LTP 2018-28

The Council has identified four key outcomes for the development of the LTP 2018-28. These outcomes underlie the priorities and projects the Council is proposing to carry out over the next 30 years and form the basis of both the LTP 2018-28 and Council's Financial Strategy. They reflect the balance the Council must endeavour to achieve between focusing on the basics and providing value-added services for our community, at an affordable cost. The projects outlined through this Infrastructure Strategy have been proposed in order to help achieve these key outcomes. The Council's primary proposed responses to these outcomes are as follows:

A. RESILIENT PEOPLE AND PLACES.

This Infrastructure Strategy's key driver is getting the basics right and maintaining our existing assets to continue delivering quality core services. The majority of the works proposed in this Strategy involve renewing existing infrastructure, reflecting the Council's primary focus on maintaining core infrastructure services.

B. THRIVING ECONOMY.

Where the Council predicts growth will occur within the District, or where it is foreseen that infrastructure will help drive growth, the Council is proposing to carry out a number of projects which will enable and stimulate development.

C. VIBRANT COMMUNITY.

The Council will continue to work with our key partners and seek opportunities for further partnerships, which will add value to the community through enhanced and affordable services.

D. RESPONSIBLE MONEY MANAGEMENT.

The Council intends to respond to the community's needs in a manner that is sensitive to economic factors, keeping costs down by focusing on the basics, deferring or deleting projects where appropriate and utilising various funding mechanisms and rating systems.

KEY ISSUES IDENTIFIED THROUGH THIS STRATEGY

This Infrastructure Strategy identifies five key issues that the Council proposes to address through a range of actions and projects. This Strategy outlines the Council's significant decisions, including principle options for addressing the identified issues, and defines the implications of undertaking or not undertaking these actions. The key issues determined through this strategy are:

- a. Much of the Council's core infrastructure is ageing and the Council has a large number of renewals proposed over the next 30 years;
- b. The demand for changes to levels of service in certain areas of the District;
- c. The District is susceptible to a number of natural hazards, which can have a detrimental effect on

our infrastructure and our community;

- d. New legislation leading to stricter environmental controls, which the Council must adhere to, while also endeavouring to improve community health and safety;
- e. The District is predicted to experience a fairly static population, with growth in some areas balanced by decline in others. The population is also ageing, which may have an impact on the financial sustainability of Council's infrastructure.

PLANNING ASSUMPTIONS

A broad range of factors influencing Council's long-term planning are discussed in the LTP and can be found in the Assumptions and Data section. The high-level assumptions that are particularly relevant to this Infrastructure Strategy include:

Natural Environment

- Our District is at risk of a range of natural hazards, such as earthquakes, flooding, tsunami, debris flows, slips and volcanic activity.
- Our District is susceptible to many environmental processes, such as soil erosion, sediment build up, beach formation/erosion.
- Climate change is likely to increase the occurrence of severe weather patterns and impact on various Council activities.
- Predicted sea level rise might with time also affect some parts of our infrastructure.

Land use

- Demand for additional residential properties will be mainly focused around Whakatāne and Ōhope.
- Assumptions about residentially- and industrially-zoned land are based on the District Plan.
- Capacity for residential land will be sufficient for the next 30 years.
- Land-use elsewhere in the District is assumed to maintain the status quo.

Population

- Population growth across our District is expected to reflect the population projections provided by the Statistics NZ 'medium' scenario plus local adjustments for expected development.
- An ageing population will put added pressures on specific services.
- The socio-economic structure of our District will not change significantly.
- The number of properties from which we receive rates income is expected to increase by approximately 0.5% annually.
- The population in any one area will not decline so rapidly that significant alternative planning solutions will be required.

Economic Environment

- Toi-EDA has identified approximately \$2.2 billion will be invested in new industry developments in the Eastern Bay of Plenty over the next 2-10 years. This will create an estimated 3,500 jobs of direct employment with a potentially significant multiplier effect for the sub-regional economy and population.

- It is assumed that economic development in Kawerau and Ōpōtiki are likely to have a positive impact on Whakatāne's economy.
- We partner with the NZ Transport Agency for the operation and upkeep of our local road network. An assumption is made on the level of financial assistance NZTA provides for that activity. NZTA has confirmed the Financially Assisted Roading (FAR) Rate for Local Roads of 64% from 2019. For special purpose roads the FAR has been included at 100% for 2018-21.

Service Delivery

- There will be ongoing legislative change, particularly in terms of water management, but Council delivery of the infrastructure in this strategy is assumed to continue unchanged.
- Replacement resource consents will generally require infrastructure upgrades.
- Infrastructure needed for growth-related development will be paid for by development contributions.
- It is unlikely that changes to our service delivery will be externally imposed, although we could see greater collaboration and joint service delivery with iwi and/or other parties.
- In the event of a disaster, we will be able to continue delivering essential services to the community.
- Life-cycle assumptions for our significant infrastructure are defined through the Significant Accounting Policies found in the 'Our Costs in Detail' document available on our website: Whakatane.govt.nz.

RISK

In the course of planning for the next 30 years, the Council has had to make a series of assumptions that may not eventuate exactly as predicted. In some instances, the risk associated with assumptions not being realised is more significant. To address this, the Council will be reviewing this Strategy every three years, and will reconsider the accuracy of all assumptions and the likely impact on our infrastructure. Many assumptions around infrastructure renewals and upgrades are based on asset life cycles and population projections. The Council will continue to make asset condition inspections and monitor population changes to ensure that we are able to respond to changes in an appropriate manner. We also manage risk, utilising the processes defined in our Risk Management Policy. These processes are consistent with Australian/New Zealand Standard AS/NZS 4360, which defines best practice risk assessment and management.

The Council is mindful that change in rainfall patterns as a result of climate change can adversely affect people and property in the District. The Council recognises in the District Plan that sea level rise poses a threat to subdivision, use, and development of land within the District. The Coastal Erosion Risk Zones Areas for 2060 and the 2100 have all been established in response to future climate changes and the increased threat of coastal erosion and inundation.

The Council will continue to monitor and take into account the impact of climate change and sea level rise on the Council's key infrastructure assets.

The effects of climate change will be further investigated as Council develops a Climate Change Action Plan and the effects will be considered through Council's future infrastructure planning and project delivery.

The Council is cognisant of the need to maintain its critical assets. These are the assets that are essential to public health and safety and act as lifelines. For roading, State Highways act as the key lifelines for the community, however the Council owns a number of key roads, bridges and culverts that act as secondary routes which need to be protected. With regard to water supply, sewerage treatment and disposal and stormwater drainage, all pump stations and associated rising mains, treatment plants, reservoirs and bulk mains are considered critical assets. The risk of failure of any of these assets would cause anything from severe inconvenience to posing a substantial health risk to our communities. Our work plans and infrastructure strategy have taken this into account and works associated with critical assets are prioritised.

In relation to natural hazard risks, Council will initially attempt to meet any costs from within existing budgets and, where available, from insurances and external subsidies. The Council has two reserve funds to assist with this, the Road Storm Damage Reserve and the Disaster Recovery Reserve. The Financial Strategy provides further detail regarding the financial provisions made to manage natural hazard risks.

HOW THE COUNCIL IS PROPOSING TO ADDRESS THE SIGNIFICANT INFRASTRUCTURE ISSUES FACING THE WHAKATĀNE DISTRICT

The following pages summarise the significant infrastructure issues facing the Whakatāne District Council, the proposed response to those issues, and the implications of taking or not taking the response action proposed. In many instances, the same principal response option is capable of addressing several infrastructure issues.

Four core infrastructure services are outlined through this strategy:

- a. Water Supply
- b. Sewage Treatment and Disposal
- c. Stormwater Drainage
- d. Roading and Footpaths.

The issues outlined in this Strategy are also categorised into issues relating to the Council's core outcome objectives of:

- a. Resilient People and Places
- b. Thriving Economy
- c. Vibrant Communities
- d. Responsible Money Management.





5. Resilient People and Places

ISSUE 1 – COUNCIL'S INFRASTRUCTURE IS AGEING

The Council provides core services that are essential for the health, safety and wellbeing of the community. If those services cease for any reason, the impact can be significant. Providing services that are reliable and not prone to breakage or outages is therefore essential. The Council carefully manages its core infrastructure to extend the life of our assets and gain the greatest value from our investment. We also maintain our assets appropriately and plan to replace them before they start to fail, minimising service disruption. A large number of the Council's core infrastructure assets will be coming to the theoretical end of their useful life within the 30-year period of this Strategy. The Council monitors its underground assets in order to ensure that their actual condition and needs and priorities for its renewal are well understood. Nevertheless this means the Council will have to undertake significant renewal works to maintain its current infrastructure networks. In renewing this infrastructure, Council will consider innovative and creative approaches to redesign the network and incorporate these where practicable. The Council funds renewals over a period of time, to help

build up renewal reserve funds. This helps to spread the cost of renewals over the wider population that will benefit from the assets involved.

88.2% of the works proposed through this Infrastructure Strategy are to maintain and renew the assets that the Council already owns and operates. Very few projects are proposed to improve or expand the level of service the Council currently delivers. The total value of the renewals required over the next 30 years equates to \$388.5 million. If the Council does not undertake these works, major disruptions could occur as the networks begin to deteriorate. Increased repairs required by ageing infrastructure would mean that the cost of not undertaking renewals would be far greater than the proactive renewals programme proposed.

COUNCIL'S SIGNIFICANT DECISIONS TO ADDRESS THE ISSUE:

Renewing our ageing water and wastewater networks

Council's water supply pipes are ageing and this increases maintenance costs and reactive repairs. Likewise, Council's wastewater pipe network is ageing and requires an ongoing renewal and replacement programme to minimise the risk of service disruption and overflows. The costs of the ongoing water and wastewater network replacement programmes is approximately \$101 million over the next 30 years.

The Edgecumbe community has experienced issues with its wastewater system since the 1987 earthquake and subsequent events including further earthquake swarms. These events have caused damage to the pipe network, resulting in groundwater infiltration. Council is proposing to replace the wastewater network, the currently preferred option involves the installation of a low pressure grinding pump system, with works commencing from 2027 at an approximate cost of \$24.8 million.

Significant expenditure required for renewals to our roading network

The Council is required to undertake significant renewals to the roading network over the next 30 years, at a total cost of approximately \$280 million. This includes 29 bridge renewals where the structure will reach the end of its theoretical useful life during that period, road pavements that have varied lifespans and deteriorate over time and drainage systems that are critical to ensuring the road network remains in good condition. The Council will review the condition of its assets on an ongoing basis to ensure that renewals are carried out as required. Not undertaking this renewals programme would lead to a significant deterioration of Council assets.

ISSUE 2 – ENSURING THE HEALTH AND SAFETY OF THE ENVIRONMENT AND THE COMMUNITY

The Council delivers services which help to meet the health and safety of residents and maintain the health of the environment. However some of these services can still have adverse environmental effects and require resource consents to operate. These include consents relating to the supply of potable water or the treatment and discharge of wastewater. A number of these consents expire over the next 30 years and will need to be replaced. The replacement consents will reflect the modern legislative environment and Regional Policy Statement. These are expected to require changes in the way we operate and deliver services, particularly through more stringent environmental standards.

The Council endeavours to deliver services in a manner which protects the health and safety of the community. Where utilisation of a service does involve some risk - our roading network, for example - the Council implements measures to reduce the risk to the community wherever practicable and affordable.

COUNCIL'S SIGNIFICANT DECISIONS TO ADDRESS THE ISSUE:

Upgrades to Council's plants to comply with new resource consent conditions

The resource consents authorising the discharge of treated wastewater into various waterways from the Whakatāne, Edgecumbe, Tāneatua and Murupara wastewater treatment plants all expire on 1 October 2026. The Whakatāne Water Treatment Plant discharge consent will also expire within the next 10 years. It is anticipated that the new consents may require upgrades to the current water and wastewater treatment systems to achieve higher levels of treatment quality. Robust assessments of the treatment and discharge options will be required. It is anticipated that these will include consideration of discharges to various land, marine and freshwater environments, the integration of wastewater schemes, as well as various treatment options to achieve the appropriate discharge standards.

In addition, the consents for water supply takes for Tahuna Road, Rūātoki, Te Mahoe, Braemar Spring, Murupara, Matatā, Waimana, Tāneatua and Whakatāne all expire within next 10 years and replacement water take consents will be required.

With regards to Council's stormwater systems, Comprehensive Stormwater Consents are required for all stormwater catchments with accompanying Catchment Management Plans developed to manage these systems.

Within the 30 year strategy, and in particular over the next 18 years, it is anticipated that approximately \$66 million will need to be spent to obtain replacement consents and to upgrade wastewater treatment systems, approximately \$2.5 million to obtain new water take consents and approximately \$2.4 million on new stormwater consents and catchment management plans. Each of the new consents will also require additional monitoring and other operational funding.

The works required will be determined by the requirements of the replacement resource consents. If the Council does not undertake the required works, this will have an impact on our ability to continue providing these core services.

Improving our service delivery to reduce adverse effects on the environment

The Council was committed to installing a new wastewater scheme in Matatā in years 2015-2017 but the resource consent application was declined by the Environment Court. An alternative of an integrated wastewater management approach for this part of the district is now being proposed. The Council has a compelling business case for an Integrated Wastewater Scheme and is seeking funding from central and/or regional government. This Infrastructure Strategy does not currently include budget for an Integrated Scheme, however, subject to external funding, the project will be included in Council's future planning documents.

Providing an alternative source of water

A number of the Council's water supplies have, or are vulnerable to, conditions that do not meet the Ministry of Health (MOH) guidelines for water quality. The quality of water supplied on the Plains has been an area of concern for the Council for many years, with no protozoa treatment and with levels of naturally occurring arsenic in the source water from Braemar Spring and the Johnson Road bores exceeding the Drinking Water Standards New Zealand 2005 (revised 2008). Council has proceeded with the installation of the Otumahi Supply Scheme which delivers water from the Paul Road bore to Edgecumbe and Te Teko. With these works completed the Plains water scheme will become primarily an agricultural scheme, whereby the naturally occurring arsenic can be addressed via a water safety plan.

The Whakatāne and Ōhope water source is vulnerable to saline water intrusion during periods of low river flow, contamination with cyanobacteria, and high turbidity during extreme rainfall events. In recent years, the Council has managed the reduced supply capability caused by salt water intrusion by imposing water restrictions, and installing a temporary emergency intake upstream from the permanent intake. However climate change will exacerbate those problems so Council is investigating other water supply options. One option is to supply water from a new bore in the Paroa Road area, although preliminary tests have found the water quality at this bore to be of poor quality. A second option is to expand abstraction from the Otumahi water supply and construct a pipeline to the Whakatāne Water Treatment Plant. This would cost

approximately \$6.8 million plus additional resource consent costs and is not currently being progressed. Instead a third option is currently underway with exploration bores further upstream of the existing water treatment plant. If successful an infiltration bore will be established in this location, likely lessening the effects of climate change on the resilience of the Whakatāne and Ōhope water supply. Another option may be to develop a large water storage site within the Awakeri/Paul Road area which will be supplied from the Otumahi system. Connecting it to the Whakatāne and Ōhope water supply will provide resilience, increased security and flexibility of water supply into the future.

Council will investigate a long term solution for water security, taking into account climate change considerations and resilience for the Whakatāne water supply and in the meantime Council will continue to utilise the temporary emergency intake arrangement and work towards consumption reduction measures until a decision is made on this project.

Since the last 30 year strategy was presented there has been a water quality incident with the Havelock North water supply. This has caught the attention of all water supply authorities and as a matter of due diligence Whakatāne District Council has undertaken a review of Water Safety Plans. This review has highlighted anomalies and gaps within our water supply systems which may potentially increase risk of problems. Council will be working closely with the Toi Te Ora Public Health Drinking Water Assessor to implement any required changes in making our water supplies safe. This will cost approximately \$1.03 million throughout the life of the LTP.

Improving the Safety of Our Transport Networks

The Council has a roading network of more than 900 kilometres spanning the whole District. Some of Council's main arterial roads suffer from alignment issues, out of context curves, and widths that are no longer appropriate for the increased traffic carried. Together with poor driver behaviour, these factors have resulted in an increase in the predicted and actual crash risk. Key affected roads are Thornton Road and Wainui Road (part of our Coastal Arterial Route). Improvements to these roads identified in the Coastal Arterial Route Study have been scheduled in the 2018-28 LTP. These works have an estimated cost of \$8.1 million, funded from 2021-28.

In addition, regular road safety inspections are undertaken on all the District's roads, with all identified safety deficiencies assessed, costed and prioritised. The Council has budgeted \$75 million over 30 years, to address minor resilience and safety improvements. Progression of these projects, together with continued road safety education and programmes and working with other agencies such as New Zealand Transport Agency, the Police and ACC, will contribute to the reduction of the District's collective crash risk over time and will ensure we continue to act consistently with 'Safer Journeys', central government's road safety strategy to 2020.

ISSUE 3 – INCREASING THE LEVEL OF SERVICE TO ENSURE A RELIABLE SUPPLY

The current capacity of some of Council's core infrastructure is not sufficient to meet the needs of the community. As the community's expectations around levels of service and the protection provided against unforeseen events increases, the Council will need to consider increasing its service capabilities to ensure reliable supply.

COUNCIL'S SIGNIFICANT DECISIONS TO ADDRESS THE ISSUE:

Increasing water storage to reduce service disruptions

The ability to continue providing a water supply service in adverse conditions can often be influenced by the level of water storage available. Council is undertaking options studies that aim to identify the risk and security of supply for all water schemes. This will build on the previous investigation of the Whakatāne-Ōhope water storage capacity issue, along with investigating other water storage options. To make Council's water supply scheme more resilient it is expected that these works would cost approximately \$9.5 million over the next 10 years. If reservoir water storage capacities are not increased there is substantial risk to maintaining continuation of water supply during supply or network failures.

Emergency storage in the Whakatāne and Ōhope wastewater pump stations is inadequate. This increases

the frequency of overflows during faults and/or electrical failures. The installation of emergency storage tanks at critical pump stations will reduce the frequency of overflows. In addition, the installation of a generator plugin point at individual pumping stations will greatly enhance operational resilience during emergency outages, reducing the likelihood of wastewater overflows. It is expected that the approximate cost to of these works will be \$7 million over the next 30 years. If Council does not undertake these proposed projects then the current level of risk will remain.

Increasing the level of infrastructure network capacity

Council is proposing to increase the capacity of the stormwater systems in Whakatāne, Ōhope and Edgumbe. These works are in response to a strong community demand for an increased level of protection from severe flooding events. The stormwater projects proposed through this Infrastructure Strategy are outlined under the section on natural hazards, as these works respond to more than one Council infrastructure issue.

In order to confirm infrastructure network capacity, Council is undertaking various computer modelling scenarios for water supply, wastewater and stormwater schemes. These models will be developed over the next 10 years and be field verified as well as calibrated. Once adopted, Council will have the in-house tools to identify underutilised infrastructure as well as infrastructure at capacity and can then develop capital works programmes to rectify the situation and plan for growth within the District.

6. Thriving Economy

ISSUE - GROWTH IN CERTAIN AREAS ADDS PRESSURE TO THE COUNCIL'S INFRASTRUCTURE

Population change is a key driver of demand for infrastructure. Change includes numerical population growth and decline, as well as changes to population structure, such as the number of persons in each age group and change in the number of households (Housing Equivalent Units) and rateable units. The parts of the district that recorded the highest rates of population gain over the last Census period were Poroporo (8.9%), Coastlands (8.6%), Urewera (5.5%) and Otakiri (4.7%). Coastlands has been an area of growth for some time, experiencing a population gain of 59% since 2001. It is expected that the population in the main settlements in the Whakatāne District, particularly around the coast, such as Whakatāne township, Ōhope and Coastlands, will remain reasonably static with pockets of growth. The biggest area of undeveloped, residential-zoned land in the District is at Piripai/Coastlands and Ōhope. This represents an opportunity for future residential development, in particular development that caters for the changing needs of our District. This area is likely to experience the greatest residential development over the next 30-year period.

The Whakatāne District Plan identifies a number of residential growth areas for the District over the next 10 years, concentrated mainly in the coastal areas of Coastlands. These identified growth areas are a mixture of greenfield sites and higher density residential areas involving newly-zoned residential land, existing residential-zoned areas where new development is anticipated and areas of residential intensification. Based on the Whakatāne District Plan, growth is anticipated in the following areas:

- a. Shaw/Huna Roads, Coastlands
- b. Piripai/Opihi, Coastlands
- c. Port Ōhope, Ōhope
- d. Maraetōtara, Ōhope
- e. Kopeopeo

In most areas of the District, the Council's current infrastructure is sufficient to cater for changes in demand due to anticipated growth in residential dwellings and population. However, the concentrated areas of development anticipated in the District Plan, particularly around coastal residential areas, as well as expansion into areas where there is no network provided, will put increased pressure on the current systems.

There is still a risk that demand for certain property types or locations may outstrip the available land and therefore act as a limitation on growth. There is also a risk that some changes in land-use elsewhere may place an unforeseen burden on Council infrastructure. In addition, infrastructure may be positioned for residential growth that does not materialise. Again the Council will monitor the progress of development and only proceed with infrastructure development when clear development plans are underway.

COUNCIL'S SIGNIFICANT DECISIONS TO ADDRESS THE ISSUE:

Upgrade Council's infrastructure to cater for growth in particular areas.

The Council's Development Contributions Policy assumes development (increase in the number of Household Equivalent Units) in the areas of Whakatāne township, Ōhope, Coastlands/Piripai/Opihi and Shaw/Huna Roads. This growth is anticipated over the next 30-plus years. The Development Contributions Policy identifies the works required to cater for this growth and how they should be funded, including an element of developer pays, where it is clear the development has necessitated the need for new infrastructure.

The Council is also working with a developer to progress a residential development incorporating a lifestyle retirement village at Piripai/Opihi. This presents a great opportunity for the development of desirable residential real estate close to the Whakatāne township.

Anticipated growth in coastal residential areas will put pressure on the Council's water supply system which may also require upgrades to the Whakatāne water treatment plant. Council is also required to undertake upgrades/expansion to the reticulation network supplying Coastlands, Shaw/Huna Roads and at Ōhope. All new works will assist in meeting future demand and residential firefighting requirements.

Increased peak hour congestion continues to be experienced at some of Whakatāne township's major intersections, particularly the Landing Road Bridge roundabout, Landing/Eivers Road roundabout, and the

Domain Road/McAlister Street roundabout. Residential development on the western side of the Whakatāne River is expected to increase the congestion levels further. The Council is progressing with a business case, 'Whakatāne Urban Arterial Access', to identify the issues and develop a balanced plan of interventions to respond to the issues. Interventions are likely to encompass planning responses, enhancements to network operating efficiency, and new infrastructure. The strategic case phase has been completed which identifies the issues and presents the rationale for investing in solutions. The program business case is to be developed through 2018/19. This will identify a range of options to address the issues, the preferred option, and likely timing for implementation. Through 2018 to 2021 a total of \$2.6 million has been allowed to complete this work; \$200K to complete the program business case, and \$2.4 million for the design and implementation of interventions identified that will enhance the network operating efficiency. New infrastructure identified through the program business case will be put forward through the 2021-31 LTP.

7. Vibrant Community

ISSUE – VALUE-ADDING PROJECTS MAY BE UNAFFORDABLE FOR OUR STATIC POPULATION

While some areas of growth have been identified, overall the District is predicted to experience an ageing population and a decline in population towards the end of the period covered by this Strategy, as outlined under the affordability outcome on the following pages. These factors, coupled with the other issues highlighted in this Infrastructure Strategy (for example ageing assets requiring renewals), mean that Council needs to work hard to ensure the sustainability of the assets. Over time, the needs of our community change as a result of changing demographics, social expectations and new technology. The changes can impact on the services that the community demands. The Council needs to respond to these changes in order to maintain a thriving and vibrant community. If the Council does not keep pace with changing expectations and requirements, the issue of population decline and affordability will be exacerbated.

While the Council is solely responsible for the majority of its core infrastructure assets, we do not do this in isolation. We will actively pursue partnerships with central government and other agencies to ensure that our community benefits from extra services and facilities, which may otherwise be unaffordable if they were totally ratepayer-funded.

COUNCIL'S SIGNIFICANT DECISIONS TO ADDRESS THE ISSUE:

Develop and maintain key partnerships to enhance community services

The Council works with several key partners to deliver our core services. NZTA is a critical investment partner, providing investment for a large portion of our roading works. Thanks to this partnership, the Council is able to maintain an effective roading network across the District, and add to the network with new facilities such as cycle paths. The NZTA will be partnering with Council through the Whakatāne Urban Arterial Access business case process as the main entry to town is the SH30 bridge that joins Landing Rd.

Council also works closely with the Toi Te Ora Public Health, which enables us to deliver new or improved services to our smaller communities. A number of projects included in this Strategy are reliant on funding from Toi Te Ora Public Health, including treatment of the Murupara water supply if either the community chooses or central government requires it, and a new water bore in Matatā.

Seal Extensions

Te Urewera Route Improvements

There may be economic, social, cultural and environmental benefits from improving the resilience and sealing this route, which is a Special Purpose Road. Council is in the process of developing a business case to provide support for an NZTA funding application to look at options for improving the route. \$4.6 million has been included in the LTP from 2018 to 2021 for construction. The business case is being developed in partnership with Te Uru Taumatua, Te Urewera Board, Wairoa District Council and NZTA and will address the future management and relationship with Te Urewera. Part of this is looking at the form and function of the road from an environmental sustainability perspective and Tūhoe world view perspective. The outcomes from this process will guide the final form of any improvements to the route.

Pokairoa Rd and Ngamotu Road Seal Extension

This route is classified as a primary collector and provides the quickest and shortest route to the central North Island and points south for both cars and commercial vehicles, saving 20 minutes in time and 16 kilometres in distance. The unsealed portions of this route are by far the most expensive unsealed roads to maintain owing to the large volume of logging trucks and other commercial operators. A program business case will be completed during the 2018 to 2021 period to support a future funding application to NZTA for seal extension. The cost expectation for this project is \$8.2 million from 2021 to 2026 for construction, however this project is not yet included in the LTP, and will be considered during development of the 2021-31 LTP once the program business case is completed.

Local Road Seal Extensions

Excluding the roads above there are a further 160 kilometres of unsealed road remaining in the district. There is an ongoing demand from the rural community who reside on these roads to have them sealed. There are health benefits to the community to gain by sealing some of these roads. The maintenance costs for low volume unsealed rural roads is similar to low volume sealed roads. The main hurdle to seal extension is the capital cost involved. The Council has since 2009 decided not to fund further seal extensions. However, there may be some instances where property owners who live on an unsealed road wish to fund the cost of a seal extension. Where this is the case, the Council has signalled that it will work with property owners to facilitate a mutually agreeable solution. The current LTP does not include funding for seal extensions generally, but the Council may consider at some point in the future that there is merit in sealing a limited number of unsealed roads for strategic, safety and route efficiency reasons.



8. Responsible Money Management

ISSUE – BALANCING THE COMMUNITY’S DESIRE FOR INCREASED SERVICES WITH THE ABILITY TO PAY, GIVEN A STABLE POPULATION

As at 2017, the Whakatāne District’s resident population was 34,610. The population of the Whakatāne District is projected to remain relatively stable over the next 30 years, with some growth Whakatāne and Ōhope. From 2028 the District as a whole is predicted to experience by a slight but steady decline. This may make the maintenance, upgrading and renewal of existing infrastructure less affordable.

The small rural communities of Te Teko (22%), Orini (11.5%), Murupara (9.8%), Matahina-Minginiu (8.8%), Rotomā (7.4%) and Waimana (6.3%) recorded noticeable population declines in the 2013 Census. Similarly, Matahina-Minginiu, Waimana and Murupara also experienced population decline between the 2001 and 2006 Census periods. It is expected that these small rural communities will continue to decline over time as the ageing population retires and children move away to seek employment or further education opportunities. Population decline in some locations may mean that there will be fewer ratepayers to support the cost of infrastructure. While the decline is not currently predicted to reach a point where drastic changes in infrastructure planning are required, the Council will continue to monitor this to ensure that we are positioned to respond if required. The Council and other partners such as Iwi and business are also

looking at ways we can reduce or reverse the predicted decline, by enhancing the vibrancy and economy of our smaller rural communities. The Council is also using funding mechanisms to ensure that development in rural communities is not cost-prohibitive. This includes equalising the cost of key services across the District, and funding renewals on the basis of a 30-year average, reducing the potential for significant cost peaks in future years.

Whakatāne’s population is also predicted to age faster than most other areas in the Bay of Plenty. Nearly one-quarter of Whakatāne’s population will be aged 65+ years by 2028 (up from 16 percent in 2017), while the proportion is projected to reach 30 percent by 2043. This is driven primarily by the net migration loss of reproductive age adults and also initial gains at older ages. One of the implications of an ageing population is that more elderly people will be on fixed incomes and therefore will be less able to afford rates increases related to maintaining or building infrastructure. The change in the age profile of the community is also expected to lead to a larger demand for smaller households, more suited to the needs of the elderly population. This has contributed to the increase in households that the Council’s Development Contributions Policy is assuming will occur over the

next 30 years. A larger number of smaller houses with fewer occupants per house increases the relevant requirement on Council infrastructure per resident.

The predicted 30 year static/declining population at a District level and an ageing population with reduced disposable income means that our opportunities to increase the rating base of the District are reduced. Alongside the issues of ageing infrastructure and increasing community expectations already discussed in this Strategy, the Council is under increased pressure to focus on affordability. As part of the development of the 2018-28 LTP, the Council has developed a Financial Strategy that provides the framework for its debt profile and rates income, alongside other key financial considerations. As a core focus for the LTP 2018-28, affordability drives many of the decisions around the Council’s work plan and levels of service provision. The Council has identified a series of projects that it would like to undertake to address the issues raised. However, if all of these projects were to be completed within the next ten years, the rates increases required would be unaffordable for the community and debt levels would increase to an unacceptable level.

COUNCIL'S SIGNIFICANT DECISIONS TO ADDRESS THE ISSUE:

Prioritising projects, undertaking further investigations and seeking external funding

There are a number of projects outlined in this Strategy that the Council may wish to complete during the next ten years, but which are not currently scheduled through the LTP 2018-28. This is often for affordability reasons, or due to the need to undertake further investigation. Where possible, the Council will consider alternative opportunities for funding these projects, including utilising central government funding wherever possible. The following projects have not currently been included in the LTP 2018-28, but may be reconsidered in the future:

- a. Integrated wastewater scheme
- b. New Matatā water Bore
- c. New Otumahi water storage reservoir
- d. Fluoridation of water supplies
- e. Seal extensions (unless an economic benefit exists or funding is agreed with landowners)
- f. Second Whakatāne River bridge to Whakatāne urban area

Non-Infrastructure related works to address affordability

The Council is proposing to carry out a wide range of projects and works to address the ongoing sustainability and affordability of its operations. A major focus is addressing the predicted population decline by enhancing the attractiveness of the District as a lifestyle, business and tourism destination.

This includes creating development opportunities that address demographic trends. The Council is also looking to encourage communities to collaboratively enhance the vitality of the District. This includes working with iwi, following settlement of their Treaty claims, to understand their visions and aspirations and establish ways that the Council can assist the realisation of their aspirations.

The Financial Strategy looks at ways, through prudent financial management, the Council can enhance its future sustainability and affordability. This includes funding mechanisms, prudent investment and equitable income streams.

INFRASTRUCTURE INVESTMENT PROGRAMME

Total Expenditure

In addressing the issues identified in the previous section of this Strategy, the Whakatāne District Council expects to spend \$630 million on new or replacement infrastructure between 2018 and 2048. Over the same period, \$1,403 million is expected to be spent on operating costs; labour, depreciation, interest, materials, maintenance and overheads. For the 30-year period involved, these figures are anticipated to apply across the four infrastructure asset activity areas as follows:

Infrastructure Activity	Capital Expenditure \$	Operational Expenditure \$
Wastewater Treatment & Disposal	129,225,682	209,985,318
Water Supply	64,208,901	291,077,958
Stormwater Drainage	43,206,091	172,633,613
Roading and Footpaths	393,626,671	729,545,759
TOTAL	630,267,346	1,403,242,647

OPERATIONAL AND CAPITAL EXPENDITURE HIGHLIGHTS

Figures 1 and 2 show the expected expenditure year-on-year up to 2048, by driver (growth, asset renewal or level of service change) and by infrastructure activity area classification. Figure 3 shows the expected operational expenditure projections by activity for the period 2018-2048.

FIGURE 1: WHAKATĀNE DISTRICT INFRASTRUCTURE EXPENDITURE PROJECTIONS 2018-2048

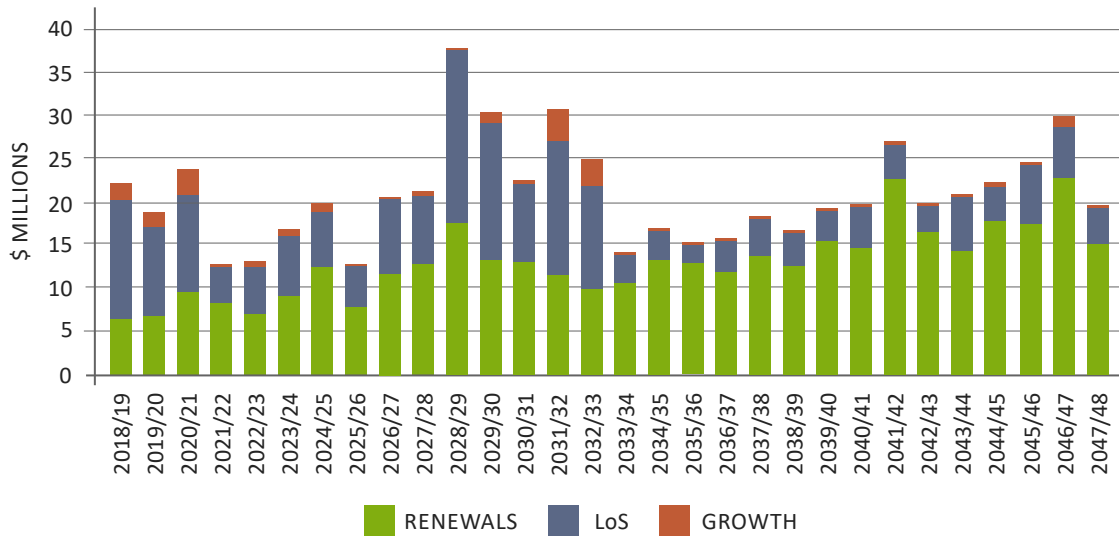




FIGURE 2: PROJECTED INFRASTRUCTURE EXPENDITURE 2018-2048 (BY INFRASTRUCTURE ACTIVITY AREA)

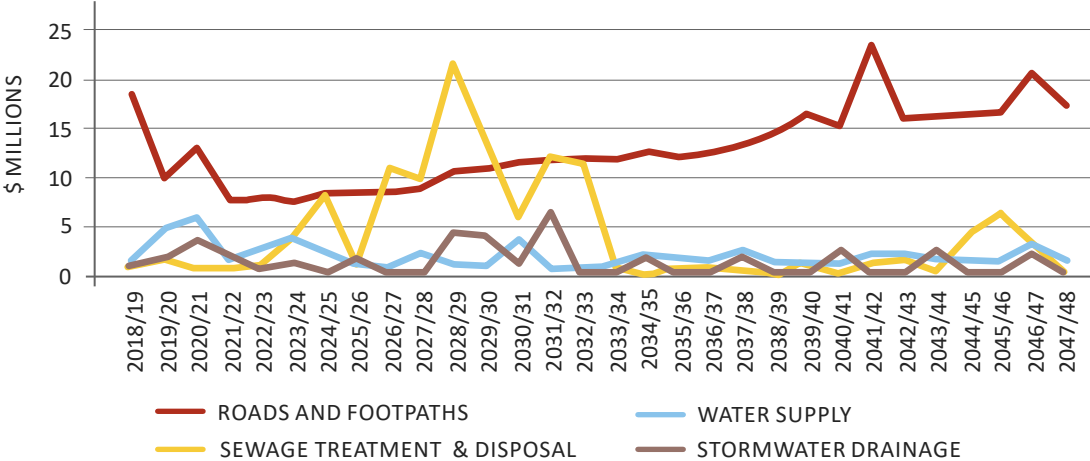
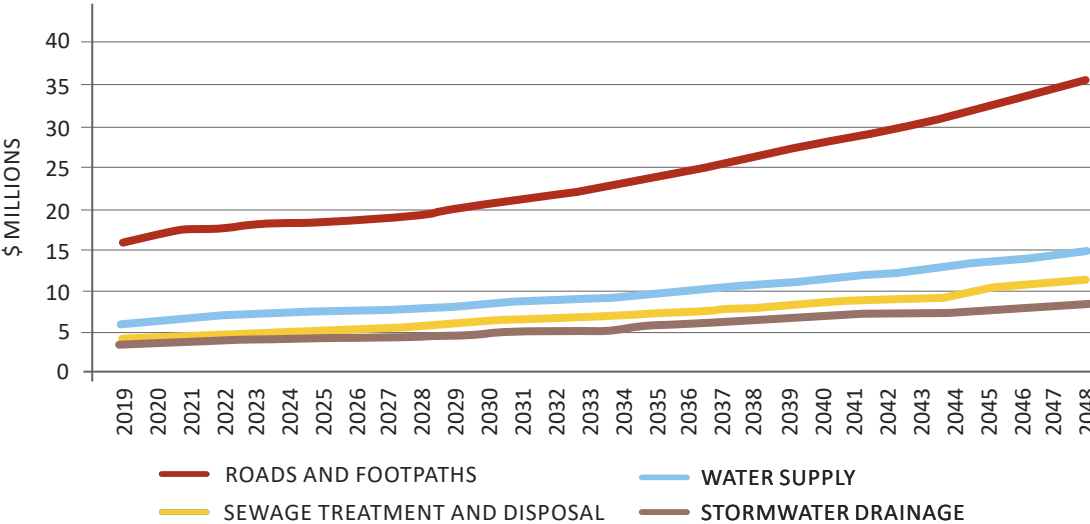


FIGURE 3: WHAKATĀNE DISTRICT INFRASTRUCTURE OPERATIONAL EXPENDITURE PROJECTIONS BY ACTIVITY 2018-2048





THREE WATERS ASSET BASE

Asset Life Cycle Assumptions

The Council Three Waters assets are detailed in the table below. This information is current as of the 2017 valuation.

WASTEWATER ASSETS		WATER ASSETS		STORMWATER ASSETS	
Asset	Quantities	Asset Type	Quantities	Asset Type	Quantities
Service Line (each)	9,215	Reservoirs (each)	42	Pipes (m)	114,468
Gravity Main (km)	188.6	Pipes (m)	543,847	Open Channel (m)	28,250
Rising Main (m)	9,453	Service Line (m)	13,229	Storage/Retention Pond (each)	10
Outfall (m)	5,204	Pump Station (each)	17	Pump Station (each)	20
Pump Stations	48	Resource Consent (each)	11	Resource Consent (each)	2
Treatment Plant	6	Treatment Plant (each)	9	Manhole (each)	1,700
Manholes	2,880				
Resource Consent	17				
TOTAL ASSET VALUATIONS AS AT 30 JUNE 2017					
ORC = Optimised Replacement Cost, ODRC = Optimised Depreciation Replacement Cost, AD = Annual Depreciation					
Wastewater assets: ORC: \$98,462,777 ODRC: \$46,814,052 AD: \$1,405,175		Water assets: ORC: \$118,946,518 ODRC: \$63,558,927 AD: \$1,745,165		Stormwater assets: ORC: \$85,922,131 ODRC: \$50,642,986 AD: \$1,112,372	

Three Waters Data Confidence

Wastewater, Water and Stormwater data was given a combined rating of B – C which is a confidence level ($\pm 25\%$). The asset confidence rating is current as of the 2017 valuation. However, it is noted that in some instances the 2014 valuation data had to be utilised due to missing data.

The B – C rating clearly shows Council's data within the current database (Hansen) has anomalies and requires further attention. To address this Council is moving towards a new asset data management system for Three Waters.

Asset Life Cycle Assumptions

Asset information is as complete as possible at 30 June 2017. This is based on the GIS and historical Hansen asset data. Only assets managed by Three Waters have been included in this valuation. Assets such as cesspits and public soakholes form part of, and were valued under, the transportation asset group.

All projected expenditure is stated in 2017-18 dollar values, with no allowance made for inflation. Operation costs are largely based on historical expenditure.

Maintenance and operations allocation are based on maintaining current service levels.

No backlogs in maintenance or renewals are currently identified. However, it is expected that as Council transitions to new asset data management system backlogs will be identified. This assumption is based off the amount of reactive renewals that are being completed on an ad hoc basis.

The asset condition data is currently under review. The 2015 condition rating is summarised below:

- **Wastewater:** 60% good, 35% fair, 5% poor
- **Water:** 60% good, 35% fair, 5% poor
- **Stormwater:** 80% good, 20% poor

Levels of Service (LoS) Assumptions

LoS are key business drivers and influence all asset management decisions.

Council’s Wastewater, Water and Stormwater activities contribute to the following community outcomes:

- Reliable and Affordable Infrastructure
- Community Needs
- Valuing Our Environment

The table below details the key individual LoS provision statements for the Three Waters.

WASTEWATER LoS	WATER LoS	STORMWATER LoS
<ul style="list-style-type: none"> • To provide high quality, efficient and reliable wastewater systems that are affordable needs of the urban and commercial areas. • Minimise any possible health hazards from the collection or management of wastewater • Facilities provided are safe with no danger of accident or injury to users • Protection of the environment by mitigating the quantity of contaminants discharged into receiving waters 	<ul style="list-style-type: none"> • Provide a quality continuous, safe, uninterrupted, cost effective and adequate urban water supply system accessible throughout the District’s urban and commercial areas that complies with the Drinking Water Standards • Customers are provided with adequate safe drinking water with reasonable pressure and flow • Managing the effects of development upon the existing network and provide sustainable solutions for future generations and educating communities about water consecration and water contamination issues for both public and private supplies 	<ul style="list-style-type: none"> • Provide a quality continuous, safe, uninterrupted, cost effective and adequate urban stormwater system accessible throughout the District’s urban and commercial areas • Protection of public health and property by the collection, transportation, appropriate treatment and disposal of stormwater run-off • Protection of the environment by mitigating the quantity of contaminants discharged into receiving waters

For further detail on any of the areas covered in the Three Waters Asset Base section see the individual Wastewater, Water and Stormwater Asset Management Plans on our website.

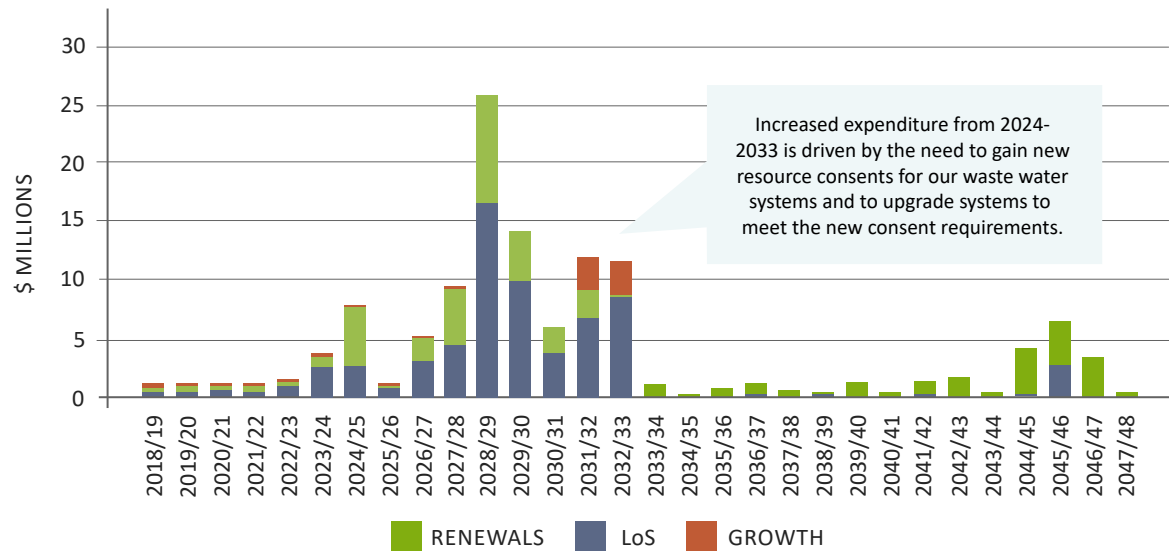




MAJOR WASTEWATER CAPITAL WORKS PROGRAMME SUMMARY

Figure 4 below illustrates the projected capital expenditure associated with the management of Whakatāne District wastewater infrastructure assets until 2048.

FIGURE 4: WHAKATĀNE DISTRICT PROJECTED CAPITAL WASTEWATER EXPENDITURE 2018-2048



MAJOR WASTEWATER INFRASTRUCTURE PROJECTS THAT ARE EXPECTED TO BE UNDERTAKEN IN THE 2018-2048 PERIOD ARE SHOWN IN THE TABLE BELOW:

PROPOSAL (MOST LIKELY SCENARIO)	COST (\$ MILLIONS)	TIMING	KEY ASSUMPTIONS	ALTERNATIVE OPTION
Shaw/Huna Road expansion	0.3	2019-20	That this project will be funded from Development Contributions	Do not undertake works, risk impeding growth and development
Replacement of McAlister Pump Station rising main	4.0	2024/25	Condition assessment indicates that the pipe will start failing by this time	Replacement carried out in later or earlier years due to a different rate of deterioration
McAlister Pump Station emergency storage	1.6	2024	At least 8 hours storage capacity is required in emergency situations	Do nothing – accept risk of low capacity
Upgrading of Whakatāne wastewater treatment system	23.3	2019-33	New resource consent may require upgrades	Do nothing – upgrades not required for new consent
Replacement of the existing reticulation with a new low pressure grinding pump system in Edgecumbe	24.8	2027-47	The existing reticulation system will have deteriorated by this time, causing significant reduction of LoS and very high operations and maintenance costs	Replacement carried out in later or earlier years due to a different rate of deterioration and/or community's ability to pay and demand for improvement.
Obtaining replacement resource consents for wastewater treatment plants	4.0	2022-26	Existing Resource Consents Expire 2026	Do nothing - Council in breach of consent
Upgrading of Tāneatua wastewater treatment system	9.7	2027-30	Regional Council will enforce new discharge quality standards, requiring upgrades	Do nothing - Council in breach of consent
Upgrading of Edgecumbe wastewater treatment system	4.0	2027-30	Regional Council will enforce new effluent quality standards, requiring upgrades	Do nothing - Council in breach of consent
Upgrading of Murupara wastewater treatment system	10.0	2024-29	Regional Council will enforce new effluent quality standards, requiring upgrades	Do nothing - Council in breach of consent



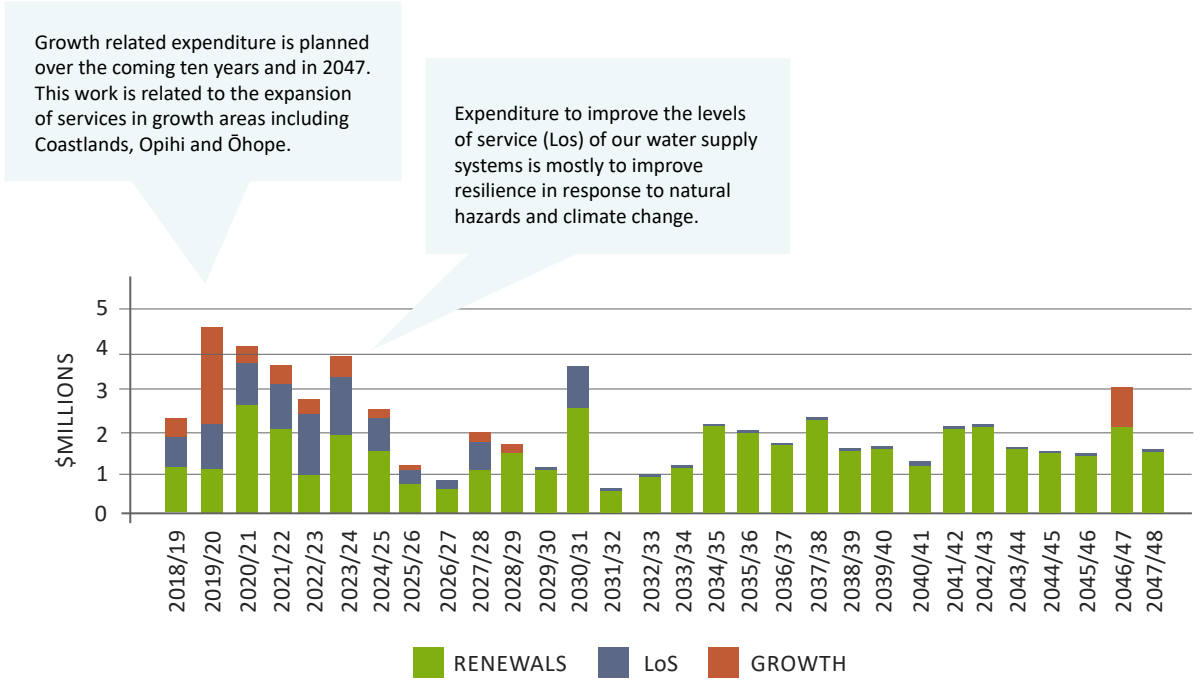
IMPLICATIONS OF UNCERTAINTY

The key uncertainty for our wastewater treatment and disposal infrastructure is around resource consent-driven changes. It is anticipated that the level of treatment required will dramatically differ from our current levels of treatment and the level of investment required to gain future resource consents will alter significantly. This may require significantly modifying the existing treatment process and incorporating new technologies for treatment and disposal of wastewater.

MAJOR WATER CAPITAL WORKS PROGRAMME SUMMARY

Figure 5 below illustrates the projected capital expenditure associated with the management of Whakatāne District water infrastructure assets through to 2048.

FIGURE 5: WHAKATĀNE DISTRICT PROJECTED CAPITAL WATER EXPENDITURE 2018-48



MAJOR WATER SUPPLY INFRASTRUCTURE PROJECTS EXPECTED TO BE UNDERTAKEN IN THE 2018-2048 PERIOD ARE SHOWN IN THE TABLE BELOW:

PROPOSAL (MOST LIKELY SCENARIO)	COST (\$ MILLIONS)	TIMING	KEY ASSUMPTIONS	ALTERNATIVE OPTION
Install treatment at Murupara	0.3	2020/21	That the community agree to having water treatment or central government require it as a result of the Havelock North drinking water inquiry.	Do nothing – accept current water quality
Seismic and storage capacity improvements for Water Supply Systems	12.1	2019-26	Meet seismic requirements and increase storage for emergency situations	Do nothing – accept risk of failure during earthquake events and low capacity
Sludge treatment in Whakatāne	0.9	2023-24	New resource consent may require sludge treatment	Do nothing – If upgrades not required for new consent
Investigate and construct water filtration gallery upstream of Whakatāne WTP	2.3	2019/20	Water supply resilience and increase security of supply	Do nothing – issues with saline water during adverse dry (drought) conditions
Obtain replacement water take consents	1.5	2018/26	Water take consents expiring	Do nothing - Council in breach of Resource Management Act
Water meter installation programme	0.75	2019-47	Assist with obtaining new water take consents, improved demand management and knowledge of systems	Do nothing – Council not in line with best practice
Coastlands ring main	0.5	2023-24	Medium growth in Whakatāne and Ōhope. Funded from Development Contributions	Complete the project at a different time, depending on actual population change
Upgrading Harbour Rd main Ōhope	0.75	2024/25	Assuming medium growth in Ōhope	Complete the project at a different time, depending on actual population change
Reservoir replacement in Ōhope	1.6	2027/28	Economic life of the reservoirs may expire by this time	Replacement carried out in later or earlier years due to a different rate of deterioration.

IMPLICATIONS OF UNCERTAINTY

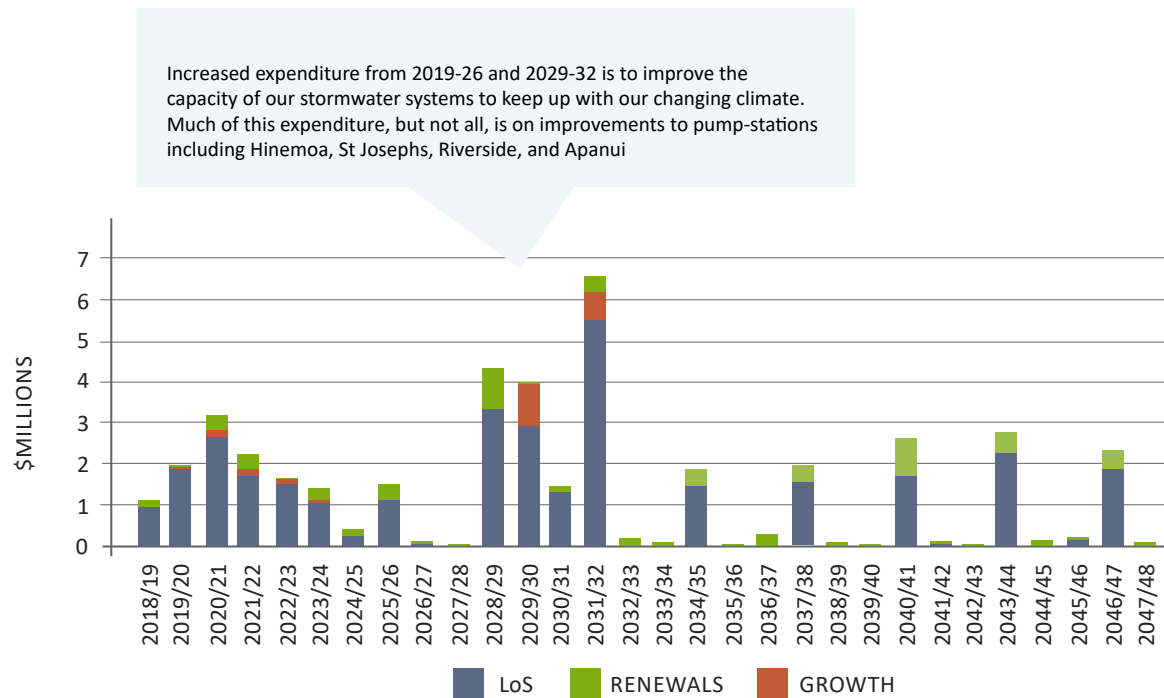
Projects are based on assumptions around water supply resilience, population growth and asset deterioration. If the population growth and/or asset deterioration progress at rates different to assumptions, then the timeframe and scale of works required may vary. It is not expected that any change would be significant and therefore would not have a significant cost implication. However, the Council will continue to monitor asset condition and population change on a regular basis.



MAJOR STORMWATER CAPITAL WORKS PROGRAMME SUMMARY

Figure 6 below illustrates the projected capital expenditure associated with the management of Whakatāne District stormwater infrastructure assets through to 2048.

FIGURE 6: WHAKATĀNE DISTRICT PROJECTED CAPITAL STORMWATER EXPENDITURE 2018-48



MAJOR STORMWATER INFRASTRUCTURE PROJECTS EXPECTED TO BE UNDERTAKEN IN THE 2018-2048 PERIOD ARE SHOWN IN THE TABLE BELOW.

PROPOSAL (MOST LIKELY SCENARIO)	COST (\$ MILLIONS)	TIMING	KEY ASSUMPTIONS	ALTERNATIVE OPTION
New pump stations in Apanui Catchment	4.8	2032	Community demand for protection against a 1-in-50 Annual Exceedance Probability Event	Carry out upgrade within a different timeframe or scale
Upgrading of St Joseph pump station	1.1	2019-21	Community demand for protection against a 1-in-50 Annual Exceedance Probability Event	Carry out upgrade within a different timeframe or scale
New pump station in Hinemoa Catchment	3.7	2020-21	Community demand for protection against a 1-in-50 Annual Exceedance Probability Event	Carry out upgrade within a different timeframe or scale
Upgrading of Riverside Drive pump station	2.0	2029/30	Community demand for protection against a 1-in-50 Annual Exceedance Probability Event	Carry out upgrade within a different timeframe or scale
Henderson Street improvements	0.8	2019-20	Community demand for protection against a 1-in-50 Annual Exceedance Probability Event	Carry out upgrade within a different timeframe or scale
Pipe upgrades to increase the conveyance capacity in Whakatāne and Ōhope	17.0	2020-2047	Community demand for protection against a 1-in-50 Annual Exceedance Probability Event	Carry out upgrade within a different timeframe or scale
Undertake Comprehensive Stormwater Consents	1.0	2018-23	Consents required by Regional Council	Do nothing - Council in breach of consent
Undertake Stormwater modelling for each system	1.5	2019-46	Used for better understanding of system and for resource consents Probability Event	Not fully understanding systems

IMPLICATIONS OF UNCERTAINTY

The stormwater projects proposed are the result of a clear demand from the community for an increased level of stormwater protection. While the Council considers that it will never be economically feasible to provide complete protection from extreme weather events, the Council has developed a programme of works to enhance the level of protection provided, within the limits proposed through the Council's Financial Strategy.

If the community requests a different level of protection from that proposed, or if the timeframes proposed for the upgrades are not deemed acceptable, the Council may need to alter the improvement programme. This could have a significant financial impact on the Council's programme of works, depending on the scale of the changes involved. Until the specified works are progressed, the current level of stormwater risk will remain.

MAJOR ROADS AND FOOTPATHS ASSET BASE

Asset Life Cycle Assumptions

The Council Roads and Footpath assets are detailed in the table below.

Asset	Quantities
Local road network	900 km <ul style="list-style-type: none"> • Approximately 700 km sealed • Approximately 200 km unsealed
Footpaths	196 km
Off road cycle path	10 km
Streetlights	3,454
Signs	8,240
Bridges	253
Drainage assets	310 km

Major Road and Footpaths asset valuation as of 1 July 2016:

- Optimised Replacement Cost: \$372, 503, 938
- Optimised Depreciated Replacement Cost: \$234,111,496
- Annual Depreciation: 46,420,855

The overall asset age is relatively young. Many longer life assets have not yet reached the age of renewal. This statement does not include the 26 bridges that are reaching the theoretical end of their useful life which require significant renewal expenditure.

The majority of asset performance is rated as average or above average. Areas performing below average relate to accessibility and unsealed road average three year costs.

Life cycle assumptions are drawn from stringent inspection regimes and management processes. The life cycle of roading and footpath assets are categorised into five principal areas:

- Sustaining the existing assets
- Replacing the existing assets
- Growing the asset base through enhancing service delivery or service demand
- Vested assets from developers
- Disposing of assets when they reach the end of their useful life or fail to deliver the level of service

Roads and Footpaths data confidence

Whakatāne District Council relies on high quality asset data managed through the RAMM Database. Asset data is regularly kept up to date through day to day operations, as well as yearly validation programs carried out on one third of the asset database. The Roding Efficiency Group (REG) has been producing RCA Data Quality Reports for the councils since 2014/15. This information has been used to drive data improvement and has resulted in an improving trend over time.

Given the effectiveness and robustness of the RAMM data management system, there are no major maintenance or renewal backlogs for Major Roding and Footpath assets.

Level of Service (LoS) Assumptions

LoS are key business drivers and influence all asset management decisions. The overarching performance measure goal is to provide safe and reliable local transport networks to enable efficient and affordable transportation of people and goods.

Council's Roads and Footpaths LoS are based on the One Network Road Classification prescribed LoS, and encompasses the areas summarised below:

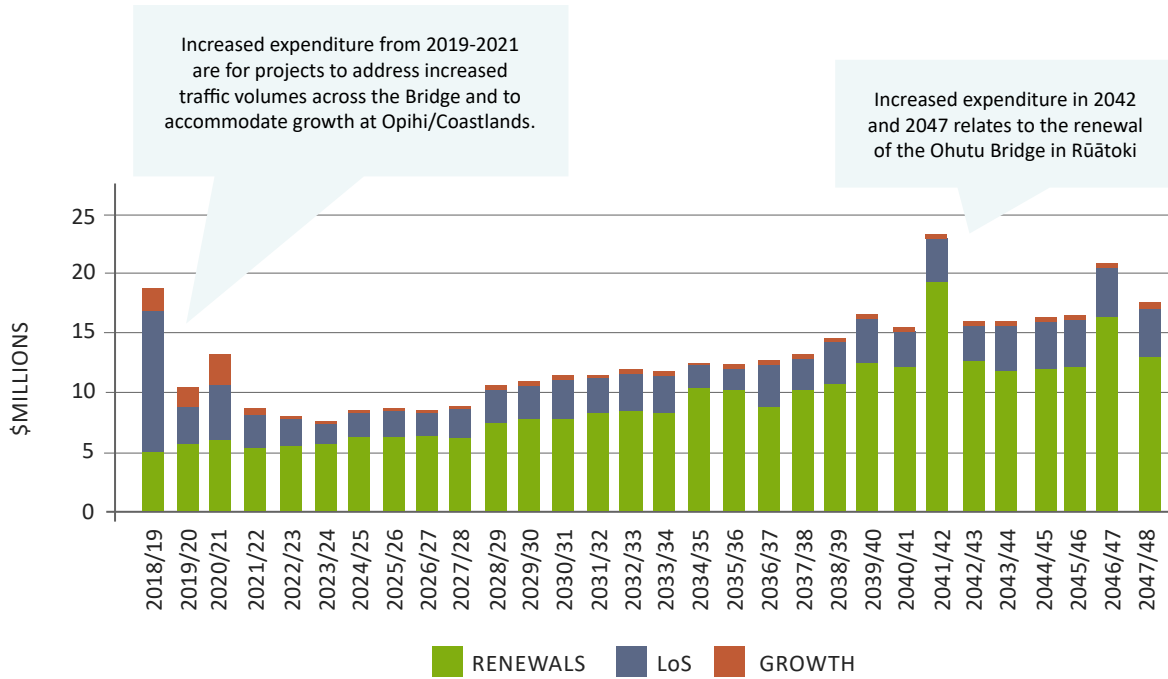
- Safety
- Amenity
- Accessibility
- Travel Time Reliability (TTR)
- Cost Efficiency

For further details on any of the areas covered in the Major Roads and Footpaths Asset Base section see the individual Transport Asset Management Plan on our website.

MAJOR ROADS AND FOOTPATHS CAPITAL WORKS PROGRAMME SUMMARY

Figure 7 illustrates the projected capital expenditure associated with the management of Whakatāne District Roads and Footpaths infrastructure assets through to 2048.

FIGURE 7: WHAKATĀNE DISTRICT PROJECTED CAPITAL ROADS AND FOOTPATHS EXPENDITURE 2018-2048



MAJOR NEW ROADING AND FOOTPATH INFRASTRUCTURE PROJECTS EXPECTED TO BE UNDERTAKEN IN THE 2018-2048 PERIOD ARE SHOWN IN THE TABLE BELOW.

PROPOSAL (MOST LIKELY SCENARIO)	COST (\$ MILLIONS)	TIMING	KEY ASSUMPTIONS	ALTERNATIVE OPTION
Sealed Road Resurfacing	87	2018 -2048	No significant changes to traffic mix and volume. Average seal life of 15 years achieved for years 1 to 17. Average seal life reduces to 12 years from year 17 to 30 due to accumulation of seal layers.	Extend average seal life. This will reduce annual resurfacing cost but result in increased reactive maintenance costs, reduced level of service and increased risk of pavement failure. Reduce average seal life. This will increase annual resurfacing costs but result in marginally decreased reactive maintenance costs and marginally decreased risk of pavement failure. Network performance / condition monitoring and benchmarking against other networks indicates current settings are close to optimal
Sealed Pavement Rehabilitation	69	2018 -2048	No significant changes to traffic mix and volume. Rehabilitation is the least whole of life cost option. Rehabilitation requirement increases from 0.5% of the network per annum in year 1 to 1.2% of the network per annum in year 30 as the pavement age profile matures.	Rehabs do not proceed unless they are the least whole of life cost option. Each evaluation includes at least three options including: <ul style="list-style-type: none"> On-going maintenance Maintenance + reseal Pavement Rehabilitation Evaluations are undertaken in accordance with NZTA procedures.
Unsealed Road Metalling	26	2018 - 2048	No significant changes to traffic mix and volume. No seal extensions. Average metalling cycle of 5 years	Reduce re-metalling rate. This will result in sharply increased reactive maintenance (grading) costs, and a significant increase in risk that the road will not be fit for purpose for significant lengths of time.
Low Cost Low Risk Improvements (all improvement works <\$1M)	75	2018 - 2048	Programme targets delivering on NZTA investment outcomes, primarily: <ul style="list-style-type: none"> Reduced deaths and serious injuries Secure and resilient network Efficient freight supply chains 	All activities in this category are assessed through the Council Minor Improvements Policy. This policy includes a process for assessing the best value option from a range of alternatives for each site, and prioritising each site for inclusion in the programme.
Drainage Renewals	23	2018 - 2048	Existing renewal rates remain appropriate.	Options include: <ul style="list-style-type: none"> Replace like for like. Replace with improved facility. Don't replace. The range of feasible options is site specific and is assessed on a whole of life cost and affordability basis. Non-replacement of drainage structures generally significantly increases risk of extensive damage or deterioration to the road and other structures negatively impacting reactive maintenance costs, resilience, accessibility, safety and amenity of the roading asset.

PROPOSAL (MOST LIKELY SCENARIO)	COST (\$ MILLIONS)	TIMING	KEY ASSUMPTIONS	ALTERNATIVE OPTION
<p><i>Bridge Replacements (>\$1M)</i></p> <p><i>Note: bridge replacements <\$1M are included in LCLR costs</i></p>	7.5	2042 - 2047	Bridge replacement dates are based on established average achieved lives and engineering assessment/judgement.	<p>The range of feasible options is site specific and is assessed on a whole of life cost and affordability basis in accordance with NZTA procedures. Assessed options include:</p> <ul style="list-style-type: none"> • Replace bridge with bridge. • Replace bridge with low cost ford. • Repair existing bridge and postweight limit
<p>Seal Extension</p> <p><i>Note: for partnership projects only, not general seal extensions</i></p>	Up to 28.5	2018 - 2048	<p>Agreement is reached with Te Urewera for seal extension or equivalent surface improvements using other mediums for 15km of Ruatahuna Rd (\$4.6M)</p> <p>Business case and Council supports an outcome for sealing the southern route of Pokairoa and Ngamotu Rds (\$8.2M)</p> <p>Council supports the resumption of the seal extension programmes for local roads (\$12.5M)</p>	Do nothing
<p><i>Storm damage reinstatement works</i></p>	8.95	2018/19	Detailed investigations are in keeping with the initial project scope and estimates.	Do nothing – this is not consider appropriate given the reduced level of service and risk to road users

IMPLICATIONS OF UNCERTAINTY

Much of the transportation programme planned over the next 30 years is heavily reliant on NZTA funding investment. If the level of investment changes significantly, this could have a significant impact on the programme Council delivers. This could affect the level of service provided.



FINANCIAL STRATEGY 2018-28

Te Rautaki Pūtea

Our Financial Strategy supports the delivery of Council activities and services in a manner that addresses rates affordability and ensures that the Council remains in a long-term stable financial position.

Introduction

This Financial Strategy is central to the development of the Council's Long Term Plan. It sets out the Council's approach to managing our finances for the next decade, including the key financial parameters guiding the development of our LTP, including limits on rates increases and debt. It also illustrates the overall financial implications of the Council's operations over the ten years covered by the LTP 2018-28.

This Financial Strategy provides a review and update of the Financial Strategy developed as part of the 2015-25 LTP. The preparation of a Financial Strategy is a requirement under section 101(a) of the Local Government Act 2002.

Background

The Whakatāne District Council's operating costs are currently just over \$59 million a year. Around two-thirds of this spending is paid for through rates income, with the average household currently contributing around \$55 per week.

This funding enables us to deliver a wide range of activities and services that people use and rely on every day. In total, we deliver 30 different activities, which are supported by internal activities such as Human Resources, Customer Services and Finance. We are also a shareholder in four Council Controlled Organisations, which allow us to receive or deliver services in partnership with other shareholders. The Council is one of the larger employers in the Eastern Bay of Plenty, employing approximately 214 full-time equivalent staff.

The Whakatāne District Council has a healthy balance sheet and is in a stable financial position. We manage debt at relatively low levels compared to other local government or commercial organisations and our levels of rates are not dissimilar to other similar sized territorial local authorities. Our portfolio of activities and services includes the management of over \$672 million worth of community assets, compared to total liabilities of \$71 million.

This Financial Strategy aims to ensure that the Council remains in a stable financial position. It also helps to ensure open, sustainable and accountable financial management.



Principles

Our Financial Strategy has been developed utilising the overarching principles which guide the development of the LTP. Those principles endeavour to deliver an LTP that is “Responsible”, “Sustainable”, “Affordable” and “Enabling”. In the context of the Financial Strategy, the LTP seeks to achieve the resourcing of Council services and activities in a way that is both responsive to the issue of rates affordability and ensures that the Council remains in a strong, long-term financial position.

Objectives

This Financial Strategy promises to deliver more of the same, in terms of our current ‘conservative’, ‘disciplined’ and ‘no surprises’ approach to financial management. Long-term financial sustainability and the affordability of rates will continue to be at the forefront of our 2018-28 LTP and Financial Strategy. This includes the continuation of conservative limits for rates increases and debt in line with the limits set through the previous LTP. Increased discipline around day-to-day financial management will continue to be applied.

We have thought hard about how restrictive our budgeting should be, given that we need to ensure that our decisions about affordability do not unfairly burden ratepayers in the future, and that our services and assets are sustained for future generations. We also need to provide sufficient scope within budgets to allow progress to be made towards improved outcomes for the community and ensure that our District retains its viability and vibrancy. These outcomes support the priorities of our LTP which are:

- Resilient People and Places
- Vibrant Communities
- Thriving Economy
- Responsible Money Management.

In consideration of the overall priorities of our LTP, the objectives of this Financial Strategy are to achieve balance between the following outcomes:

- i. Ensuring resource is available to sustainably manage assets and services, and
- ii. Retaining capacity to add value to our services and facilities.

Whilst

- iii. Maintaining rates at an affordable level,
- iv. Maintaining our overall debt at around or just above current levels, and
- v. Manage our finances responsibly and minimising financial risk.



OBJECTIVE I:

Ensuring resource is available to sustainably manage assets and services

Sustainably managing our assets and services is a core priority of this Financial Strategy. Most importantly, we need to ensure that our infrastructure assets are managed so that we can continue to deliver good quality, affordable services now and into the future.

- Ensuring that we pay our fair share of asset maintenance and renewal now – not overpaying to subsidise future ratepayers but also not underpaying, which would see future ratepayers unfairly burdened by large costs.
- The costs for obtaining resource consents and some capital works for the Murupara wastewater system upgrade have been brought forward. This was to ‘smooth out’ the impact of the associated costs across a number of years. The remainder of the resource consents for wastewater upgrades are budgeted later in the LTP, with the associated ‘cost hump’ expected from 2025. The remainder of the capital costs are not yet budgeted for in the LTP.
- Providing additional funding to ensure the continued financial viability of the Whakatāne Airport.
- Taking a 30+ year view towards asset renewals and depreciation funding, to ensure that reserves are available to maintain our assets in the future.

OBJECTIVE II:

Retaining capacity to add value to our services and facilities

While we are planning to continue most of our services at the current levels, we think it is important to make progress towards improved outcomes which will ensure that our District retains its vitality and vibrancy. For this reason, the Financial Strategy provides increased funding for some carefully selected service improvements to support growth and economic development.

- Ensuring our limits for rates and debt, and the budgets we set within those limits, allow increased funding for specified projects and service improvements.
- Securing funding partners for added-value projects that we might otherwise not be able to progress.
- Ensuring that the ongoing operational costs of any new services and facilities are fully considered.
- Maximising the benefits from the Harbour Fund while managing this resource in a sustainable way.

OBJECTIVE III:

Maintaining rates at an affordable level

There are limits to the level of contribution ratepayers are able or willing to make towards the services and activities the Council delivers. In developing this Financial Strategy, we have been mindful of the level at which rates are set, and of the impact of rates on different sectors of the community.

- Setting conservative limits for rates and rates increases and setting budgets well within those limits.
- Maintaining a strong focus on affordability through our rating philosophy and system.
- Delivering most services at the current level, unless we can make improvements with minimal cost to ratepayers.
- Looking for opportunities to deliver services in a more productive or innovative way to either improve services for the same cost, or deliver the same service at a lower cost.
- Reviewing the level of service we provide for some services, where savings could be made with minimal disruption to the community.
- Funding depreciation over a longer period to provide more certainty and stability to ratepayers by levelling out costs over a longer period of time.

OBJECTIVE IV:

Maintaining overall debt at around or just above current levels

Debt is an effective tool to help spread the cost of projects over time, but a large amount of debt can become crippling. Our current level of debt is conservative for an organisation of our size and we would like to keep it this way.

- Setting limits for the overall level of debt and for debt servicing costs that support the retention of debt at sustainable and affordable levels.
- Sourcing external contributions (such as subsidies and grants) towards the costs of capital projects wherever we can and not taking on some projects unless a certain portion of funding is sourced externally.
- Deferring some projects to help us stay within limits for debt and debt repayment.
- Committing income from any asset sales to the retirement of debt, or to offset the requirement for new debt.

OBJECTIVE V:

Managing our finances responsibly and minimising financial risk

Any organisation, but particularly one that is responsible for public funds, needs to ensure that finances are managed responsibly and prudently and that risk is minimised wherever practicable.

- Ensuring that we set realistic and achievable budgets, including the assumptions around levels of available external funding, such as subsidies and grants.
- Maintaining discipline in day-to-day financial management to help stay within budgets.
- Ensuring that the impacts of inflation and other cost increases are adequately considered and provided for in budgets.
- Ensuring that we reserve enough funding each year to pay for asset renewals when they arise.
- Continuing to set aside reserve funds to manage the costs of unforeseeable events such as storms.

Operating a Balanced Budget

The Council intends to operate a balanced budget over the course of this LTP. This means there is an operating surplus budgeted for all years, with an approximate overall operating surplus of \$41.6 million.

The Council intends to continue its approach to funding depreciation based on an assessment of the renewals programme over a 30 year period, rather than funding renewals as they are required. This approach provides more certainty to ratepayers, by evening out renewal costs over a longer period of time while retaining the necessary financial capacity to maintain assets as required. This also aligns with the Council objective of intergenerational equity; not to unfairly burden ratepayers in the future. We will also continue our approach of not fully funding depreciation on some assets so that ratepayers aren't being rated for assets that Council does not intend to replace.

Expenditure

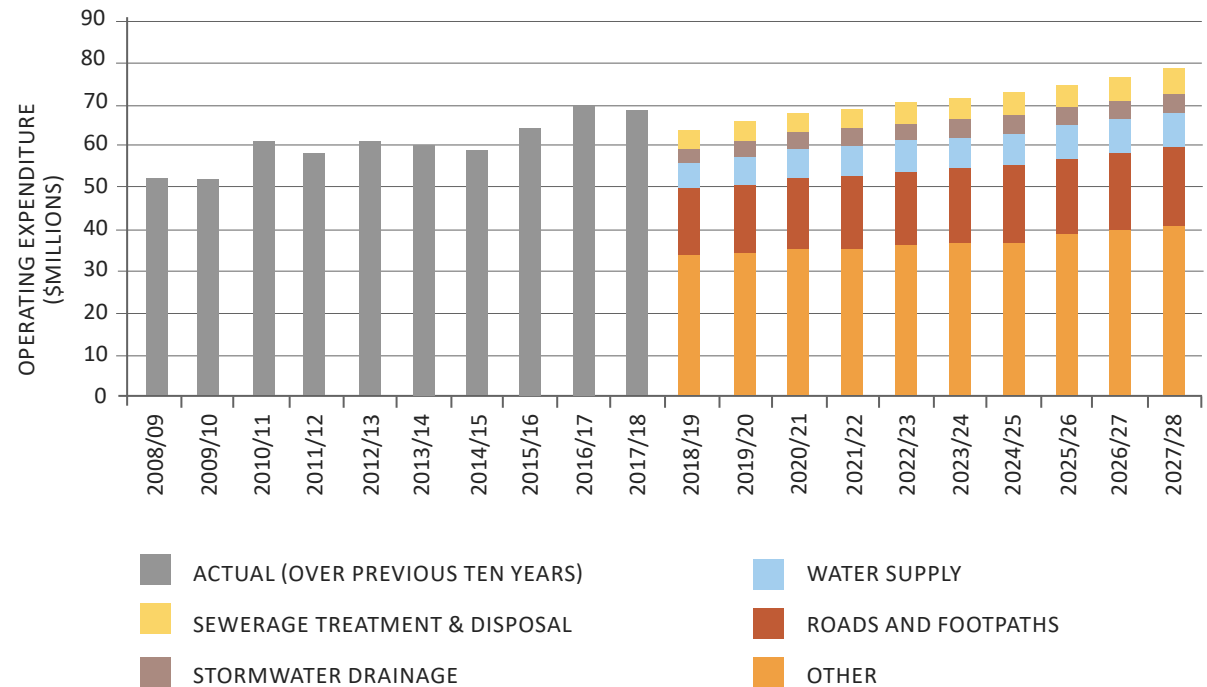
1. OPERATING EXPENDITURE OVER TEN YEARS

Operating expenditure pays for Council’s day-to-day cost of delivering services, maintaining existing assets, or other expenditure which does not buy or build a new asset (the latter being ‘Capital Expenditure’ which is covered on the next page).

The following graph shows our total operating expenditure over the last ten years and what we are planning for the next ten years. As shown in the graph, a large proportion of our operating expenditure is related to the four core network infrastructure activities including Roads and Footpaths, Water Supply, Stormwater Drainage and Sewage Treatment and Disposal. Together, these account for 48.3% of our operating expenditure over the life of the LTP.

The graph shows that the Council’s total operating expenditure is set to increase progressively from \$64.55 million in 2018/19 to \$78.44 million by 2027/28. While inflation is a major driver of this increase, there are a number of other factors which also influence our operating expenditure. The major drivers and features of expenditure are discussed in section five of this Strategy.

FIGURE 1: ACTUAL AND FORECAST OPERATING EXPENDITURE 2008-28

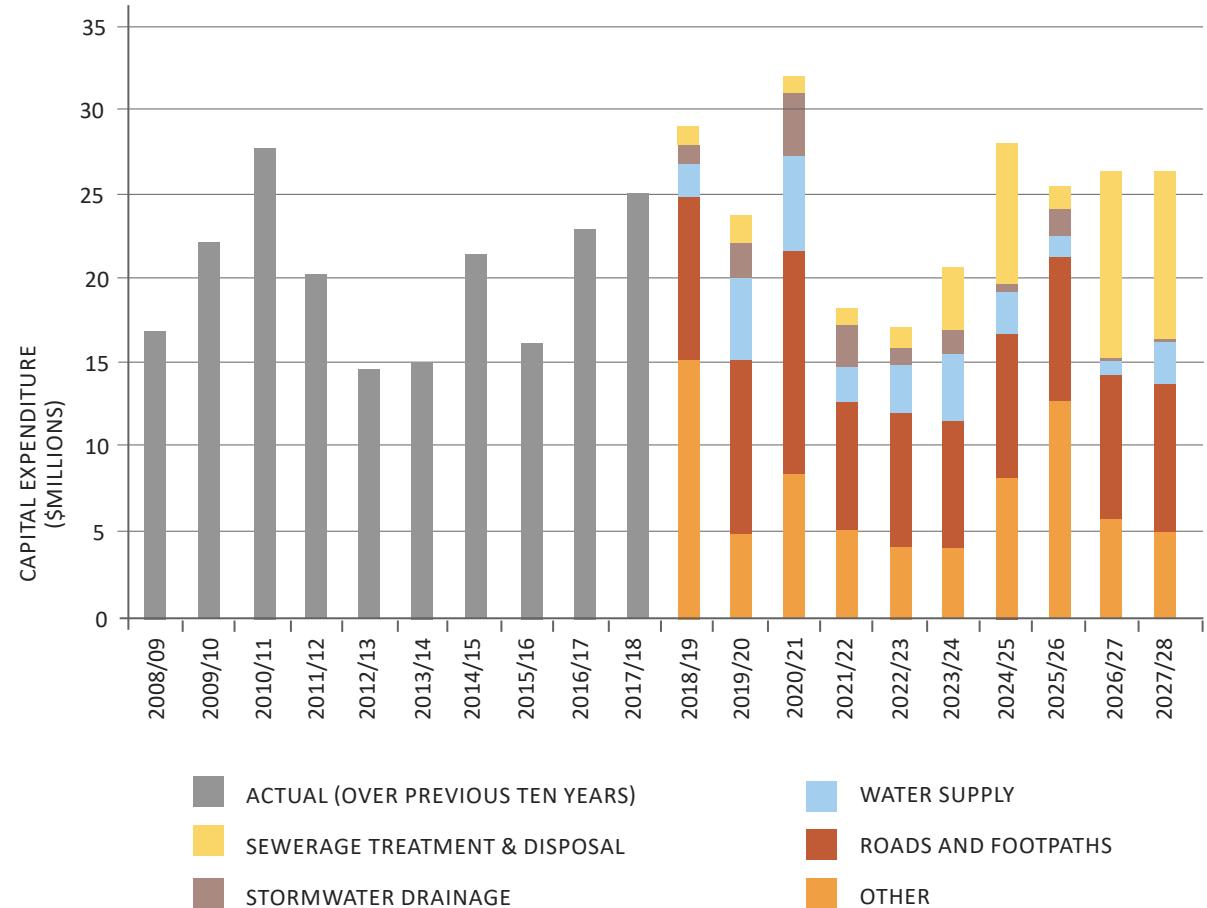


2. CAPITAL EXPENDITURE OVER TEN YEARS

Capital Expenditure pays for buying or building new assets, renewing an existing asset or improving an existing asset to deliver a better service. The following graph shows our capital expenditure over the last ten years and the planned spending for the next ten years. Council's capital expenditure can vary substantially from year to year, depending on when works are undertaken.

As shown in the graph, much of our capital expenditure is related to core network infrastructure (Roads and Footpaths, Water Supply, Stormwater Drainage and Sewage Treatment and Disposal). Over the life of the LTP, these account for 75.42% of our capital expenditure.

FIGURE 2: ACTUAL AND FORECAST CAPITAL EXPENDITURE 2008-28



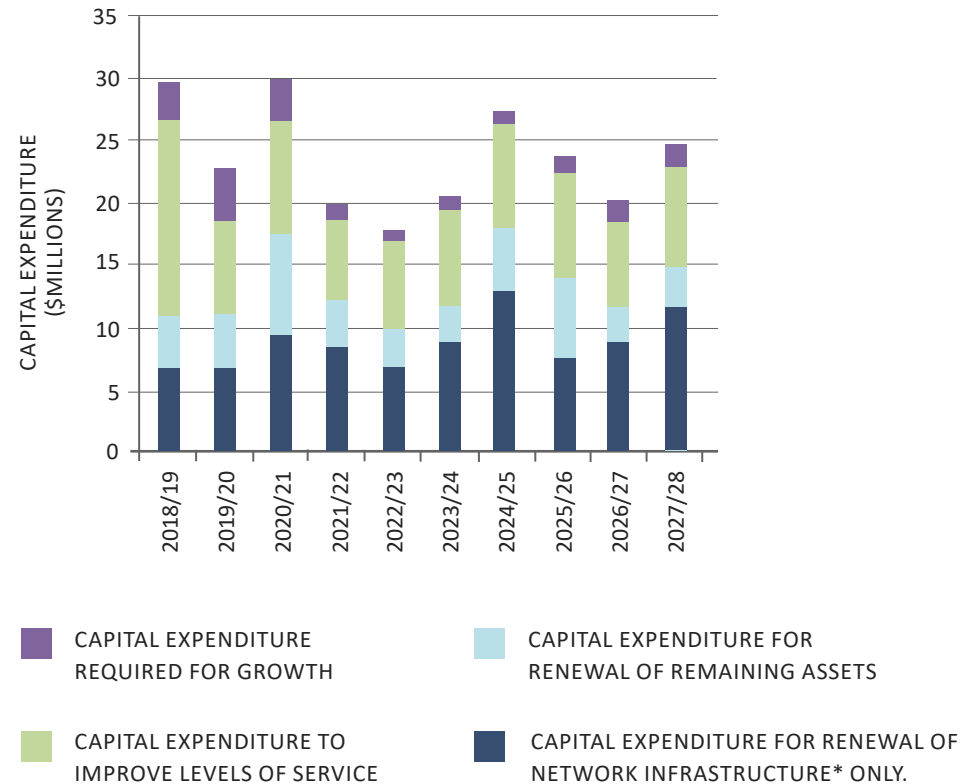
3. PROPORTION OF CAPITAL EXPENDITURE FOR RENEWALS

The following graph illustrates our forecast capital expenditure over the coming ten years with the costs categorised as renewals, improvements to levels of service, or growth. The graph shows that the majority of our capital expenditure is for renewals – the replacement of assets that have reached the end of their lifespans. In particular, the renewal of network infrastructure, including Roads and Footpaths, Stormwater Drainage, Water Supply, and Sewage Treatment and Disposal, accounts for 37.7% of our planned capital expenditure over the course of the LTP. Other renewals (of non-network infrastructure such as halls, public toilets, playgrounds etc.) account for a further 18.4% of our capital expenditure.

Projects required to improve the services we deliver account for 35.6% of capital expenditure over the coming ten years. Examples of key projects include costs associated with gaining resource consent for sewerage disposal and water supply, continued improvements to stormwater systems; improving and expanding our harbour assets; and redeveloping the Whakatāne and District War Memorial Hall.

Only minor expenditure is planned for projects needed to expand or extend services as a result of population growth (for example, a water supply system expansion for a new subdivision). This accounts for 8.0% of capital expenditure over the life of the LTP.

FIGURE 3: FORECAST CAPITAL EXPENDITURE FOR ASSET RENEWALS 2018-28



*Note: Network infrastructure includes the following activities: Roads and Footpaths, Stormwater Drainage, Water Supply, Sewerage Treatment and Disposal.

4. FUNDING CAPITAL EXPENDITURE OVER TIME

Spending on capital projects is usually funded through loans or depreciation reserves. These funding methods allow project costs to be spread over time. Loan repayments and depreciation reserves are both funded through rates.

Loans are used to fund new assets. Repaying loans over time means that current and future ratepayers contribute to the cost of the asset over its lifetime. External funding such as subsidies and grants are also often a major funding source of new assets.

Information about our debt levels and limits can be found later in this Strategy.

Depreciation reserves are funds that we set aside from year to year to meet the costs of renewing an asset as it nears the end of its lifespan, ensuring that we can continue to deliver the service it provides. As with loans, this means that both current and future ratepayers are making a contribution to the asset over its lifetime.

Under this LTP, we have calculated our need for depreciation funds on infrastructural assets over 30 years. Setting aside funds for infrastructure renewal over a longer period of time equalises the costs making them more affordable and predictable for ratepayers. It also aligns with the 30-year timeframe of our Infrastructure Strategy.

5. MAJOR DRIVERS AND FEATURES OF EXPENDITURE

Putting this Financial Strategy into action has implications for what Council can and cannot deliver. We believe we have an appropriate balance between the level and quality of services and the cost impact for ratepayers. A summary of items that drive, or have a significant impact on our costs, is set out below.

5.1. Delivering most services at the current level

For most of our services and facilities, we are not looking to make significant changes to the levels of service that we provide, unless this can be achieved at little or no cost to ratepayers. That being said, for some activities we are proposing some carefully selected service improvements. Holding most services at the current levels will help us to stay within the parameters set out in this Financial Strategy, including the limits on rates increases and debt.

5.2. Maintaining reliable infrastructure

A large portion of our capital expenditure is focused on asset renewals that will support the continued delivery of services at the current level. Renewals projects are those which replace existing assets when they are nearing the end of their lifespan, but do not increase or improve the service provided. The renewal of core network infrastructure, including Transport Networks, Stormwater Drainage, Water Supply and Sewage Treatment and Disposal, is expected to cost around \$89.3 million over the course of the LTP. Other renewals (of non-network infrastructure such as halls, wharves, playgrounds etc.) account for a further \$43.52 million.

Our 30 year Infrastructure Strategy and Asset Management Plans (both available on our website), set out what is required to manage and maintain our assets over the coming ten years of our LTP and beyond.

5.3. Providing for specific growth areas

Our District population is forecast to increase slightly over the next ten years. The need to expand or improve services to cater for an expanding population, or significant changes in land use, is therefore not expected to be a major driver of costs in the 2018-28 LTP. However, there are expected to be areas of growth in Whakatāne and Ōhope and the LTP proposes to include provision for infrastructure needs in those areas.

5.4. Improving and enhancing selected services

The Financial Strategy provides increased funding for some specific and carefully selected service improvements. In particular, we intend to increase our focus on economic development and growth in our District. We are also looking to progress projects to improve and expand our harbour assets and to redevelop the Whakatāne and District War Memorial Hall into a modern multisport venue.



5.5. Continuing to advance committed projects

The Council has already made commitments to a selection of service improvements that are ongoing. These will continue to be advanced and require a commitment of funding over the course of the coming LTP.

5.6. Saving costs through reduced projects and services

In the interests of rates affordability, a number of projects and service improvements have been revised and are not intended to be included in our LTP 2018-28. The Council currently does not fund road seal extensions or power undergrounding and it is proposed that this approach should be continued unless there are clear economic benefits. There may be times when property owners who live on an unsealed road wish to fund the cost of a seal extension. Where this is the case, the Council will work with property owners to find an appropriate solution. This could include a targeted rate on property owners on the road planned for reseal.

5.7. Servicing debt

The Council's current debt level is conservative for an organisation of our size and as such, servicing of debt is not a major driver of costs in our LTP. This Financial Strategy sets limits that support our intention to hold debt and debt repayments at conservative levels. Information about our current debt levels and limits can be found later in this strategy.

5.8. Meeting the costs of storm damage and other unexpected events

Natural hazard events can result in substantial costs for the initial response effort, clean-up, and capital work required to rebuild damaged assets. Planning for the financial impact of such events is difficult, because we don't know when they will happen or what impact they may have. Depending on the scale of an event(s), this could require the reprioritisation of projects and budgets and unbudgeted spending.

The Council will initially attempt to meet any costs from within existing budgets and where available, from insurances and external subsidies. As part of our budgets, we hold two reserve funds to help meet the cost of responding to natural hazard damage, the Roothing Storm Damage Reserve and the Disaster Recovery Reserve.

The Roothing Storm Damage Reserve covers the relatively common costs of storm damage to roading. The payment to this reserve has been reinstated at \$275,000* per annum. To smooth the impact of introducing this payment, the first year has been funding from the surplus balance in the Roothing Rate Reserve. The Disaster Recovery Reserve is for events that are not covered by the Roothing Storm Damage Reserve or other funding such as insurance. The payment to this reserve has been reinstated at \$100,000* per annum and will be introduced in the LTP from year two (2019/20) for affordability reasons.

There is a reduction in the amount transferred to the Weathertight homes reserve account of \$50,000. A transfer of \$200,000 was included in the 2018 Annual Plan; however, this LTP has budgeted to transfer a reduced amount of \$150,000* for the first 4 years of the LTP, 2018-19 to 2021/22.

*Uninflated

5.9. Inflation

Just as the cost of running a household increases every year with inflation, the cost of providing Council services also continues to increase. This is because costs like energy, labour and construction typically increase. The rate at which this occurs is measured as the Local Government Cost Index or LGCI. This varies from the rate at which household costs inflate which is known as the Consumer Price Index or CPI. Ultimately this means that even to maintain Council services at the current level, the cost of the service will increase. The expected rates of LGCI over the coming ten years can be found later in this Strategy.

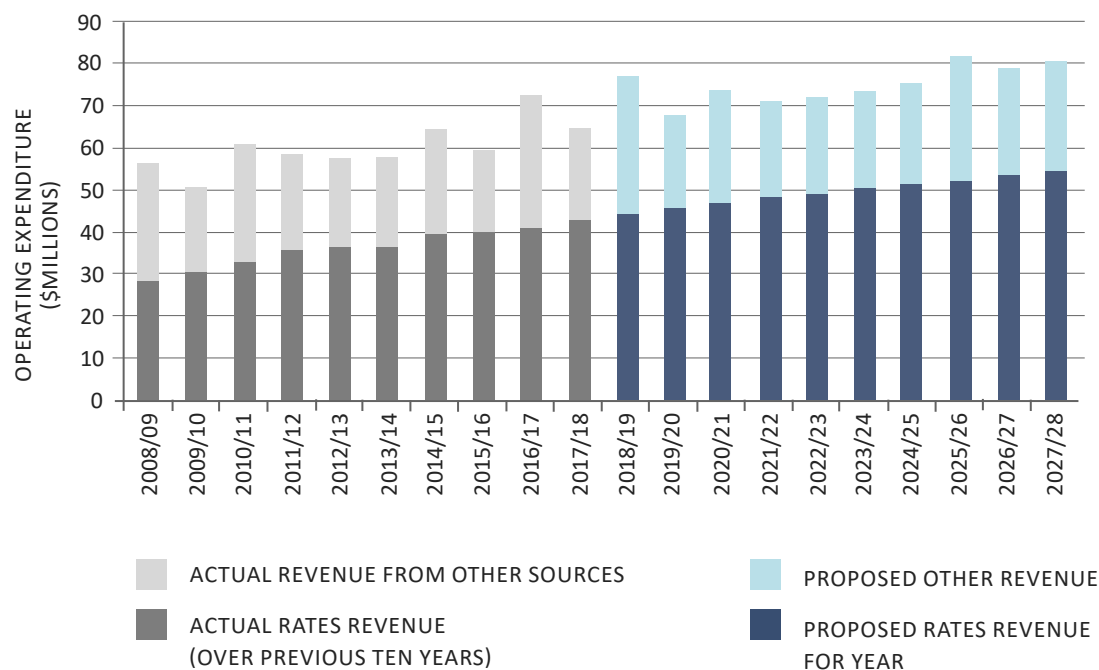
Income

6. SOURCES OF REVENUE

Rates provide most of the income required to pay for the services and facilities delivered by the Council. This typically accounts for 65-70% of our income each year, with the balance coming from other sources. We endeavour to secure funding from sources other than rates to help make our services and facilities more affordable.

Apart from general and targeted rates, examples of major funding sources include user fees and charges, subsidies, grants and development contributions. The following graph shows what our revenue needs have been over the last ten years and what proportion of revenue is budgeted to come from rates versus other funding sources during the next ten years.

FIGURE 4: ACTUAL AND FORECAST SOURCES OF OPERATING REVENUE 2008-28



7. MAJOR DRIVERS AND FEATURES OF REVENUE

7.1. Affordability of rates

Rates affordability is a fundamental driver in the development of the LTP. The Council acknowledges the socio-economic vulnerability of parts of the District and that within other sectors wealth can be tied up in property rather than disposable income. While rates contribute towards the delivery of many fundamental community services and facilities that people rely on and use every day, we understand that rates must be as affordable as possible.

Through the development of the LTP, rates affordability has been considered in two key ways. The first is through the budgets that we have set for each of our activities because the more we spend, the higher rates will be. We are proposing conservative limits for rates increases and borrowing and have set our activity budgets accordingly. These limits are set out later in this Strategy. While this approach helps rates affordability, it also means less money is available for investing in community services and facilities.

Secondly, Council has also considered affordability through the distribution of the rates to different sectors of the community. This involves careful consideration of how the Council's costs are to be divided given that ratepayers do not all pay the same. The distribution of the rates requirement is determined through our Revenue and Financing Policy and rating system both of which have been reviewed as part of our process of developing the LTP. Following these reviews, we have made some minor changes to our rating system as summarised below. Our Revenue and Financing Policy is available later in this chapter or on the Council website.

- Additional funding of \$150,000 has been included in the Tourism and Marketing budget. This has been funded \$50,000 funded from the Harbour Fund and the remaining \$100,000 funded by the targeted district growth rate applying the existing methodology.
- The funding philosophy for the Resource Management Policy activity has been amended to reflect the public benefit of this activity.
- The funding philosophy for the Libraries and Ports & Harbour activities have been amended to indicate a greater public benefit of this activities.

7.2. Availability of external funding

Accessing external funding allows us to deliver projects and services that we might not be able to afford otherwise. The budgets we have set through the LTP rely on significant levels of external funding, in particular from partnerships with the New Zealand Transport Agency (NZTA) and the Ministry of Health, but also from many other sources. The amount of external funding in our LTP budgets has been set at realistic levels, based on the best information currently available. However, achieving that budgeted funding is ultimately dependent on the policies and priorities of our funding providers, which may be subject to change. If anticipated levels of external funding are not realised, this may affect the delivery of some Council projects and services. We also have 2 large projects which we have not included funding for in this LTP, but which we are hoping to deliver on within the next 10 years; an Integrated Wastewater System and Awatarariki Debris Flow Risk Management. These projects are heavily reliant on external funding or investment from other agencies and will only progress if that funding is provided.

7.3. Development contributions

Development contributions are fees charged to developers at the time of obtaining a development-related resource consent, building consent or authorisation for service connection. The principle underlying development contributions is that the developer should meet the costs attributable to the growth they are creating. Our Development Contributions Policy was reviewed alongside the development of this Financial Strategy to ensure consistency. The Development Contributions Policy is available from Council offices and on the Council's website.

7.4. Harbour Fund

The Council owns a number of harbour properties, which were originally vested in the Council in 1976 when it took over the functions of the Whakatāne Harbour Board. The majority of these are commercially zoned land holdings around the Whakatāne Central Business District. Many of these properties are leased and provide a commercial return to the Council. The income from leases and from any sale of harbour endowment assets is held as the Harbour Endowment Fund (Harbour Fund).

The Harbour Fund is of great benefit to the District because it allows the Council to undertake some projects at little or no cost to ratepayers. The rules around the Harbour Fund, set through legislation, mean that any income derived from leases or the sale of assets, must be invested back into the maintenance or improvement of the harbour or harbour properties. The Harbour Fund may be used for non-ports and harbour activities only to the amount of operating surplus available in the Ports and Harbour activity in any given year, or, with express approval from the Minister of Local Government. The Council's LTP 2018-28 continues to use the Harbour Fund for internal borrowing.

At the time of writing this Long Term Plan, the Council has initiated the development of a policy framework to review and provide guidance to the future management of the Harbour Fund. The Policy Framework will guide more strategic management and application of the Harbour Fund portfolio and resources.

7.5. Investments

Under legislation, our Financial Strategy is required to disclose any objectives for holding and managing investments and equity securities and any targets for those. Council's investment holdings and equity securities are minimal and these are not expected to make any significant return over the course of the 2018-28 LTP. The Council has an Investment Policy in place setting out its approach to managing any Investments. The Investment Policy is available for reference from Council offices and on the Council's website.

7.6. Financial instruments disclosure

Council holds financial investments, such as term deposits, as part of managing its cash flow to finance expenditure on operations. These investments are not significant. For example, Council holds on to these funds to:

- Invest surplus cash and working capital funds
- Invest proceeds from the sale of assets
- Invest funds allocated for approved future expenditure to implement strategic initiatives or to support inter-generational allocations.
- Invest amounts allocated to accumulated surplus, Council created and restricted reserves such as renewal reserves, operational reserves, development contributions and the harbour fund.

It is expected that Council's primary objective in holding these investments is to protect its investment, so only creditworthy counter-parties are acceptable. Whilst Council would endeavour to maximize its return on investments, these investments usually need to remain fairly liquid and therefore the returns reflect this position.

8. LIMITS ON RATES

8.1. Limits on rates increases

The Council will continue the current limits on rates increases over the course of the 2018-28 LTP. This will limit rates increases to inflation (based on the Local Government Cost Index or LGCI) plus two percent.

It should be noted that the limit applies to the average increase across the District, with actual rates increases varying from property to property. Some individual property increases are likely to exceed this limit. Figure 5(a) and (b) sets out the average rates increases against the limit for rates increases (where applicable). As shown the introduction of limits has helped to contain and provide much more predictability to rates increases. The table also indicates that the forecast rates increases over the next ten years are often well below the set limits.

We expect there to be a small increase of 0.5% in the number of rating units over the ten-year life of our LTP. However, a conservative approach is being applied to our budget assumptions that involves rates requirements being spread across the existing number of rateable properties.

FIGURE 5(A): HISTORICAL AND FORECAST LIMITS ON RATES 2008-28 (INCLUDING INFLATION)

		TOTAL RATES INCREASE OVER PREVIOUS YEAR	LIMIT ON TOTAL RATES INCREASE (LGCI + 2%)*
ACTUAL	2008/09	8.92%	-
	2009/10	7.32%	-
	2010/11	8.42%	-
	2011/12	7.95%	-
	2012/13	5.69%	5.79%
	2013/14	2.49%	5.46%
	2014/15	2.95%	5.17%
	2015/16	3.21%	4.24%
	2016/17	3.84%	4.45%
FORECAST	2017/18	3.55%	3.8%
	2018/19	3.83%	4.0%
	2019/20	2.88%	4.2%
	2020/21	3.40%	4.2%
	2021/22	1.97%	4.2%
	2022/23	2.18%	4.3%
	2023/24	2.61%	4.3%
	2024/25	1.99%	4.4%
	2025/26	1.63%	4.5%
	2026/27	1.96%	4.6%
2027/28	1.78%	4.7%	

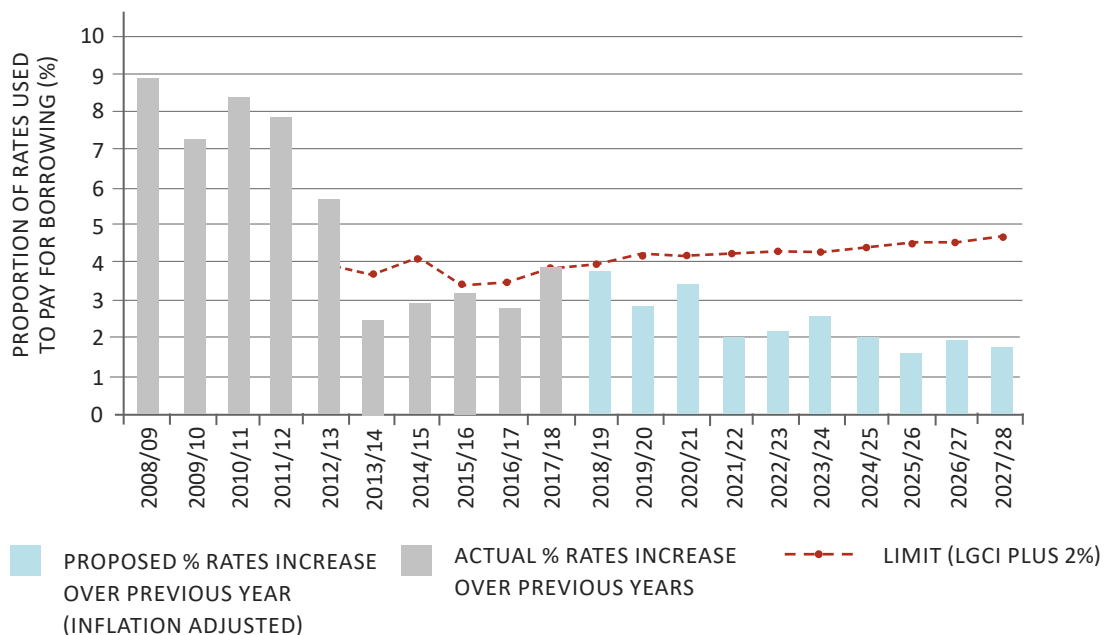
What is the LGCI?

The LGCI or Local Government Cost Index is a measure of inflation, as it relates to costs specifically affecting the Local Government sector.

LGCI inflation figures are produced for the local government sector by Business and Economic Research Limited (BERL) a leading provider of economic research, analysis, and advice for business and public sector clients in New Zealand.

The forecast limits for rates increases (at LGCI plus 2%) are based on the LGCI forecast at the time this Financial Strategy was written. As annual updates are made to LGCI, the limits will be adjusted accordingly.

FIGURE 5(B): HISTORICAL AND FORECAST LIMITS ON RATES 2008-28 (INCLUDING INFLATION)



8.2. Limit on rates as a proportion of total operating revenue

The Council will limit rates to a maximum of 80% of total operating revenue. This means we will need to continue to secure at least 20% of our revenue requirement from sources other than rates. Figure 6 sets out forecast levels of operating revenue against the 80% limit. This indicates that over the ten years of the 2018-28 we expect to remain well within the set limit.

FIGURE 6: LIMITS ON RATES AS A PROPORTION OF TOTAL OPERATING REVENUE 2018-28 (INCLUDING INFLATION)

	OPERATING REVENUE (\$MILLIONS)	RATES REVENUE* (\$MILLIONS)	RATIO: (LIMIT = 80%)
2018/19	78.10	44.29	57%
2019/20	70.49	45.56	65%
2020/21	74.60	47.11	63%
2021/22	71.55	48.04	67%
2022/23	72.50	49.09	68%
2023/24	73.99	50.37	68%
2024/25	78.96	51.38	65%
2025/26	82.12	52.21	64%
2026/27	78.94	53.24	67%
2027/28	80.43	54.18	67%

*Excludes penalties

Typically we gain around 65-70% of our revenue from rates with the remaining approximately 30-35% coming from other sources such as the New Zealand Transport Agency for roading costs and the Ministry of Health for projects to improve quality of drinking water. Over the course of this LTP we will continue to secure funding from sources other than rates wherever we can.

9. BORROWING AND DEBT

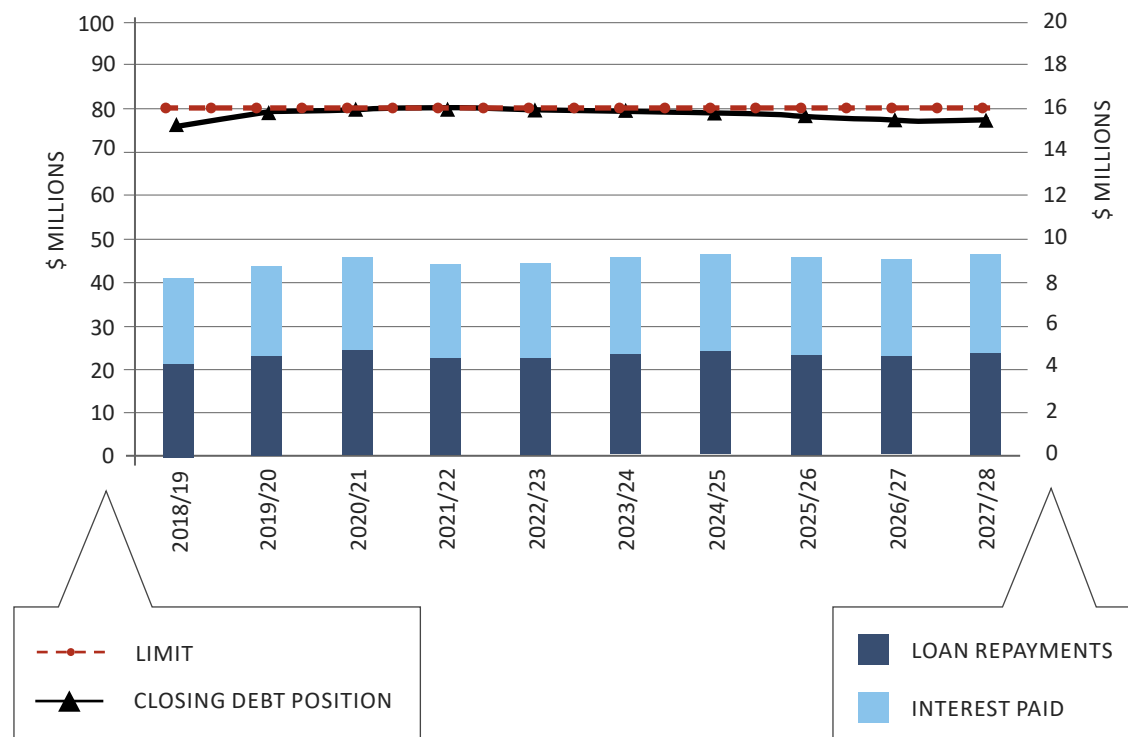
We use loan funding to spread asset costs over current and future ratepayers. Borrowing to pay for assets with a long life, for example 25-50 years (rather than just increasing rates to cover the full cost of an asset), means that those who benefit from the service provided, now and in the future, will contribute fairly towards its cost. This also helps to even out the impact on rates, avoiding steep cost increases and providing greater certainty for ratepayers.

Total borrowing as at 30 June 2017 was \$68.98 million (around \$4,416 per rating unit), of which \$47.5 million was external borrowing through the banks. This is consistent with or favourable to the debt levels of many similar sized local government authorities around New Zealand. On top of this external debt, like most other councils, we also borrow from our own reserves, which are being held for other specific purposes, but are not yet required.

9.1. Limits for debt

Council will be required to increase its debt level for the 2018-28 LTP in order to acquire funds for essential infrastructure while not breaching our debt level. Careful consideration has been given to prioritising and scheduling only necessary capital projects. To support the objective of maintaining debt at a conservative level, Council proposes increasing our debt limit to \$80 million. This is an increase of \$5 million from the 2015-25 LTP debt limit level.

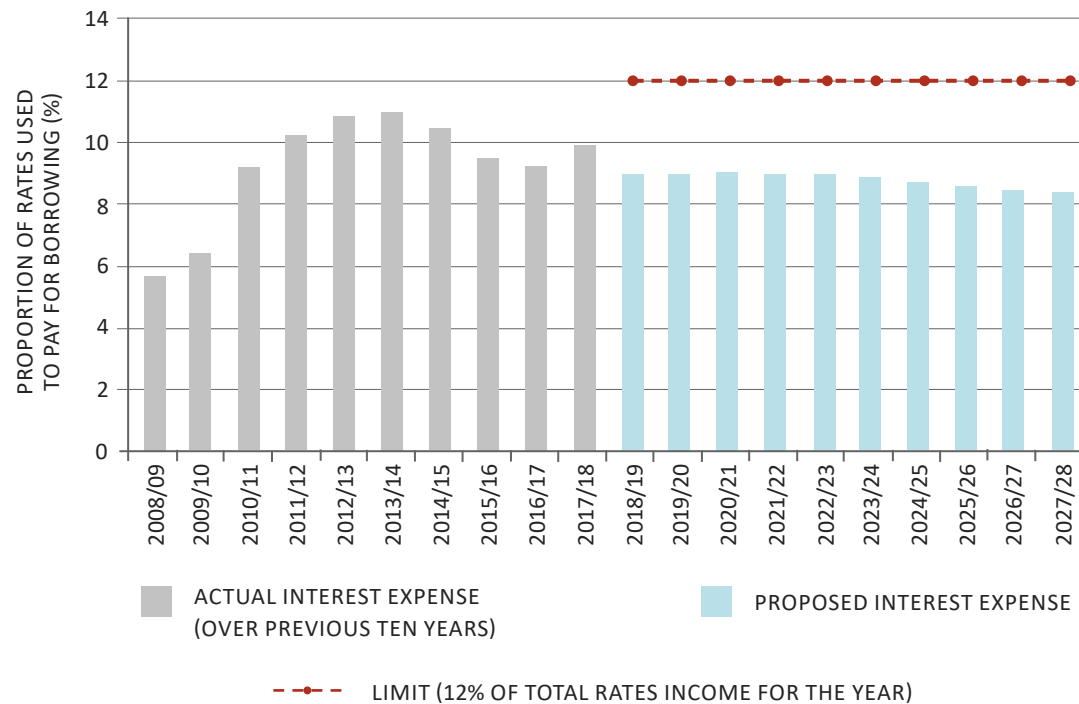
FIGURE 7: DEBT PROFILE AND DEBT SERVICING COSTS 2018-28



9.2. Limits for interest costs met from rates

To provide further certainty to ratepayers, we have set limits on the amount of rates revenue used to meet debt-servicing costs. This is because it is debt repayments, rather than our overall level of borrowing, that affects ratepayers from year to year. The following graph shows the proportion of rates required to repay interest over the past ten years and the forecast level over the life of the 2018-28 LTP.

FIGURE 8: LIMIT ON INTEREST EXPENSE AS A PROPORTION OF RATES REVENUE 2008-28



9.3. Borrowing from the Local Government Funding Agency

The Whakatāne District Council has been a shareholder in the Local Government Funding Agency (LGFA) since 2012. The LGFA is a partnership of participating local government authorities which has enabled borrowing at more secure and favourable rates than those provided by banks. Over the course of the 2018-28 LTP, we will reassess the favourability of the borrowing options available, as loans mature.

FORECAST INTEREST EXPENSE

9.4. Policy on securities for borrowing

To borrow money (either from banks or the LGFA), the Council has to offer lenders some security (just as homeowners do with their mortgages). Like most councils, we secure our debt against our rates income, rather than against physical assets like land or buildings. This means that lenders can make us increase rates to repay debt under certain circumstances. Using this form of security helps to keep the interest rates on our debt low. The Council’s full policy on security for borrowing is known as the Liability Management Policy. This is available on the Council’s website.



REVENUE AND FINANCING POLICY

Te Kaupapa here o te Pūtea

1.0 PURPOSE

The aim of the policy is to promote consistent, prudent, effective and sustainable financial management of the Council and to ensure activities are funded from the most appropriate source. The Revenue and Financing Policy sets out the Council's funding philosophy and describes how each of the Council's activities will be funded including the rationale for the use of each funding method. The Local Government Act 2002 (the Act) requires all councils to adopt a Revenue and Financing Policy as part of its Long Term Plan. Specifically, this Policy is required to comply with sections 102 and 103 of the Act.

2.0 FUNDING PHILOSOPHY

The following funding philosophy has been adopted by the Council to underpin the revenue and rating system for the 2018-28 Long Term Plan.

The Council has adopted the following philosophy for the apportionment of funding:

- a. Where services and the beneficiaries of those services can be clearly defined, those beneficiaries should contribute towards the cost of providing those services in proportion to their level of use through direct user charges provided it is administratively efficient to do so; and
- b. Where specific benefits accrue to a particular part or parts of the District, the cost of those benefits should be met through rates charged to that part or parts of the District, through the application of differentials and/or targeted rates; and
- c. Where benefits provided can be identified as a public good and accrue to the district as a whole, the Council will apply the generally accepted principles of taxation and the cost of those benefits will be met by Capital Value general rates across the district.

Remission and Postponement policies will be provided as the safety net to assist in cases where ratepayers have a reduced ability to pay.

3.0 POLICY CONSIDERATIONS

Section 101(3)(a) of the Act requires local authorities to consider certain matters when determining the sources that will be used to meet funding needs. These considerations seek to ensure that financial affairs are managed prudently and in a manner that promotes the current and future interests of the community. This section of the Policy demonstrates how the Council has considered these matters.

3.1 Community outcomes

Community Outcomes represent the Council's contribution to community wellbeing in the District. They represent the goals that the Council is aiming towards and underpin the rationale for the activities and services the Council delivers. The Activity Funding Tables within section eight of this Policy outline the Community Outcomes to which each activity contributes.

3.2 Distribution of benefits

This consideration analyses the distribution of benefits an activity has between the community as a whole, any identifiable part of the community, and individuals. The activity funding tables within section seven of this Policy identify which proportion of each activity is considered being of public versus private benefit.

As the Council's funding philosophy is centred around a beneficiary pays approach, the funding sources selected by the Council for each activity will typically, although not always, reflect the levels of public versus private benefit. The choice of funding source will also be influenced by the other policy considerations listed in this section.

The available funding sources are listed in section seven of this Policy. This includes an identification of whether these sources apply to either public or private good, or both. The Council also applies differentials to some rating categories. This provides both reduced and increased rates charges to recognise the level of access to services and facilities for some areas of the District.

3.3 User pays and exacerbator pays

This consideration analyses the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity. Examples are public halls, water supply, solid waste, parking enforcement, dog control, and littering etc. The principle suggests that Council should recover some costs directly from those causing demand for the service.

A number of Council's activities exhibit user pays and exacerbator pays characteristics. Through the use of fees and charges (including fines), the Council will seek to recover expenditure where this situation exists. However, it is acknowledged that it can be difficult, inefficient or sometimes inappropriate, and in these circumstances activities will be funded through general rates.

3.4 Period over which benefits accrue

This consideration analyses the period in or over which the benefits of Council's activities are expected to accrue. This then indicates the period over which the operating and capital expenditure should be funded.

For all activities, operating costs are directly related to providing benefits in the year of expenditure. As such, they are appropriately funded on an annual basis from annual revenue.

Intergenerational equity applies more readily to capital expenditure where assets have useful lives ranging from a few years through to many decades. One method used to spread these costs over time is loan funding. This ensures that current ratepayers do not pay for benefits received by future ratepayers. Each year's ratepayers service the debt associated with this asset. This results in infrastructural costs being spread more evenly across the life of the asset and the different ratepayers who benefit from it.

3.5 Costs and benefits (of separate funding)

This consideration analyses the costs and benefits of funding the activity distinctly from other activities.

There are administration costs associated with separate funding and these need to be weighed against any benefits of targeting specific beneficiaries/ users of a service, including transparency and accountability. Transparency and accountability are most evident when an activity has one defined funding source. This allows ratepayers, or payers of user charges, as the case may be, to see exactly how much money is being raised and spent on the activity, and to assess more readily whether or not the cost to them of the activity represents good value.

However, funding every activity this way would be extremely complex. For some activities, the quantity of rates funding to be collected amounts to only a few cents per ratepayer. The administrative cost and lack of significance lead Council to fund a number of activities by way of a general rate. To aid in transparency and accountability, Council separates the total general rate into reasonable activity breakdowns, when presenting the ratepayer with their rates assessment notices. This then allows the ratepayer to make some form of meaningful assessment down to activity level.

4.0 FUNDING SOURCES

4.1 Funding of operating expenditure

Operating expenditure pays for Council's day to day expenditure of service delivery, maintaining existing assets, or other expenditure that does not buy or build a new asset. Council funds operating expenditure from the following sources:

- a. General rates, including uniform annual general charges
- b. Targeted rates, including fixed targeted rates
- c. Fees and charges
- d. Interest and dividends from investments
- e. Grants and subsidies
- f. Other operating revenue (e.g. operating reserves).

The Council has determined the proportion of operating expenditure to be funded from each of the sources listed above, and the method for apportioning rates and other charges. The activity funding tables outlined in section eight of this Policy explains how those decisions have been made and provides information on how operating expenditure is funded for each activity.

The Council may choose to not fully fund operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when beneficial to avoid significant fluctuations in rates, fees or charges.

The Council may choose to fund from the above sources more than necessary to meet the operating expenditure in any particular year. The Council will only budget for an operating surplus to fund an operating deficit in the immediately preceding or following years, or to repay debt.

The Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment. The LGA requires Council to produce a Funding Impact Statement that provides details on the funding mechanisms to be used for each year covered, and for this Statement to be included in the Long Term Plan and Annual Plan, as appropriate. The Funding Impact Statement shows how the Council intends to implement the Revenue and Financing Policy each year. It also shows the amount of funding to be collected from each available source, including how various rates are to be applied.

4.2 Funding of operating expenditure

Capital Expenditure pays for buying or building new assets including replacing an existing asset or improving an existing one to deliver a better service.

The Council usually funds capital expenditure from borrowing and spreads repayment over several years. Borrowing is managed within the framework specified in Council's Liability Management Policy. Borrowing for capital expenditure enables the Council to ensure there is intergenerational equity in terms of who funds capital expenditure – the repayments are spread over the reasonably expected average life of the asset where practicable. This means today's ratepayers are not asked to fund tomorrow's assets.

Other funds include:

- a. Grants and Subsidies - from agencies such as the NZ Transport Agency and Ministry of Health
- b. Council reserves - including annual revenue collected to cover depreciation
- c. Development contributions
- d. Proceeds from the sale of assets
- e. Lump sum contributions

The Prospective Financial Statements included in the Long Term Plan contain a statement of prospective net debt position. This statement provides a summary of forecast borrowing levels, identifying the impact of capital expenditure and the various other capital funding sources listed above.

4.3 Definition of funding sources

This section provides some simple definitions of the different sources that are available to fund Council's activities. Activities may be funded from one or more sources.

General Rates:

General rates are used to raise revenue for activities that are of public good or where recovery from users (private good) is not efficient or possible. They include two portions. Part is set based on capital value (value of land plus improvements), and part is by a fixed amount per rating unit known as the Uniform Annual General Charge (UAGC). A stepped differential is applied for properties with a capital value over \$15m. For properties that are in this category, the portion of the property valued under \$15m will attract the full capital value general rates charges. For the portion of the property with capital value over \$15m, only a half capital value general rates charge will apply. This differential does not apply to the UAGC portion.

Targeted rates:

Targeted rates are used to raise revenue for activities where an area of benefit can be recognised, for example a rate may be charged to the commercial sector, or to a specific ward. They are set based on the capital value or as a fixed amount per rating unit (Fixed Targeted Rate). This can be used for both private good and public good.

Lump sum contributions:

For the recovery of specific capital expenditure, otherwise loan funded (optional for ratepayer). These must have a high component of private good as they are paid by ratepayers for capital. Our policy is to not accept lump sum contributions for targeted rates.

Fees and charges:

Fees, charges and the recovery of fines are used to raise revenue for services or activities that have a high component of either private good and where the users of the service or the exacerbators are identifiable.

Interest and dividends from investments:

The Council has very little external investment holdings and these do not make any return of note. Any income that is received from an investment are generally used to fund activities of public good.

Borrowing:

Loans, both short term and long term. Our policy is that borrowing is a funding tool and does not need a split between public and private good as it is only deferring the eventual charge.

Proceeds from asset sales:

Our policy for the proceeds from the sale of assets is that the proceeds from assets sales will be applied to reduce debt either within the activity from which the sale arose or by Council allocating the proceeds to retire debt in a specific activity.

Development contributions:

To levy these there must be a specific policy, however the revenue and financing policy must signal why these are going to be levied. This must have a high component of private good.

Grants and subsidies:

Our policy is that income received from an external funding entity be applied against the project for which the subsidy was acquired. These generally would be of a public good however this can depend on the purpose or source of the grant or subsidy.

Council created reserves:

Council created reserves are used to fund a number of activities, usually in instances where the activity meets the purpose for which the reserve was created. In some instances, where it is considered appropriate by the Council and where appropriate approval is granted, reserves are used to fund items outside of their original purpose.

Any other source:

Other funding sources may be available from time to time to fund Council activities.

5.0 ACTIVITY FUNDING TABLES

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
LEADERSHIP									
Governance	Effective Leadership	Public: 100% Private: 0%	Nil	Nil	Nil	Nil	<p>This activity provides the opportunity for people to participate in the democratic process, and for the elected members to lead the Council on behalf of the community.</p> <p>The public good component of this activity reflects that the governance activity, (which provides for local body elections every three years and supports elected members to be effective, responsible and accountable decision-makers) is contributing to the open, transparent and accountable democratic process of local government.</p> <p>Operational costs are funded predominantly through general rates reflecting the public good component of this activity. Targeted rates are used to fund each of the four Community Boards of the District.</p>	H: General rates L: Targeted rates	Nil
Community Support	Community Needs	Public: 100% Private: 0%	Nil	Nil	Nil	Nil	<p>This activity provides support to organisations and groups that are contributing to the current and future needs of the District.</p> <p>The public good component of this activity recognises the contribution made by organisations and groups within the community and offers a helping hand in appreciation of this voluntary contribution in the way of grants or subsidised rentals. The public good component also reflects the civil ceremonies and recognition awards, as well as developing sister city relationships which contribute to the social and cultural well-being of the community.</p> <p>Operational costs are funded through the general rate reflecting the public good component of this activity.</p>	F: General rates	Nil
Strategy and Policy	Effective Leadership	Public: 100% Private: 0%	Nil	Nil	Nil	Nil	<p>This activity provides strategy and policy advice to enable effective decision making and long-term planning.</p> <p>The public good component of this activity recognises that the services delivered by this activity are of public good. The advice supports elected members in their policy and direction decisions for the benefit of the community and the majority of the plans and policies developed in this activity are requirements of legislation.</p> <p>Operational costs are funded through the general rate reflecting the public good component of this activity.</p>	F: General rates	Nil

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
ROADS AND FOOTPATHS									
Transport Network	Reliable and Affordable Infrastructure Community Needs Sustainable Economic Development	Public: 50% Private: 50%	M	L	M	M	<p>This activity provides and maintains transport networks (such as roads, footpaths, parking facilities and bridges), public transport infrastructure (such as bus shelters) and traffic control mechanisms (such as signage, lighting and road markings). This activity provides for the safe and efficient movement of goods, services and people throughout the District.</p> <p>Specific users of the network are able to benefit from the safe, efficient, effective and affordable transport network. This represents the private component of this activity. The activity also supports the economic and social wellbeing outcomes for the District as a whole which is reflected in the public good component of this activity.</p> <p>Operational costs are funded through a targeted rate (including a Fixed Targeted Rate) across the District. This activity is also funded through subsidies from the New Zealand Transport Agency.</p>	M: Targeted rates M: Grants and subsidies	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings
Parking Enforcement	Community Needs Quality Services Sustainable Economic Development	Public: 0% Private: 100%	M	H	L	L	<p>The activity provides parking enforcement services primarily in the Whakatāne town centre and Kopeopeo shopping area. The parking wardens also check vehicles for registrations and warrants of fitness.</p> <p>The public good component of this activity reflects that this service is provided at the request of the community and businesses of the CBD, so parking spaces in our busiest areas have an appropriate level of turnover and are available for shoppers and businesses. This activity helps to ensure parking is done in a way that is safe and does not cause a hazard or obstruction for other road users. The activity also assists with making sure that vehicles are generally safe to be on the road.</p> <p>While the Council recognises the public good component of this activity, the exacerbator component is so high that operational costs are recovered entirely by way of fees and charges (also includes fines). This activity is entirely self-funding.</p> <p>Any revenue surpluses are required by legislation to be applied to transportation projects in the (geographic) area where that revenue was collected.</p>	F: Fees and charges	Nil

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
WATER SUPPLY									
Water Supply	Reliable and Affordable Infrastructure Community Needs	Public: 0% Private: 100%	H	L	H	L	<p>The activity provides a potable water supply service to consumers who are able to connect to schemes within the District. The Council recognises the benefit to the health and wellbeing of the community from providing safe and reliable water schemes and of providing adequate water pressure across urban areas for firefighting.</p> <p>The private good component of this activity recognises the benefits to the individual households and businesses from the provision of safe and reliable water schemes. Users can be easily identified and it is administratively efficient to apply targeted rates. Fees and charges are used to recover costs of water use where meters exist. Where there are no meters in place the targeted rate will include a charge equal to the national average level of water use. Operational costs are funded through targeted rates (targeted to properties where connection to a scheme is possible) and through fees and charges. People who are not able to connect to a water scheme do not contribute to this activity as they supply their own water, therefore the use of general rates to fund this activity is not considered to be fair and reasonable.</p> <p>Most water supply schemes across the District are equalised for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service pays the same regardless of the costs related to each individual scheme. In general, this benefits smaller schemes which have a higher per ratepayer cost. The water schemes for Murupara, Ruatāhuna and Plains have not been amalgamated with the others, each for different reasons.</p>	H: Targeted rates L: Fees and charges	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
SEWERAGE TREATMENT AND DISPOSAL									
Sewerage Treatment and Disposal	Reliable and Affordable Infrastructure Valuing our Environment Community Needs	Public: 0% Private: 100%	H	L	H	L	<p>The activity provides a sewage disposal service to consumers who are able to connect to a scheme within the District. This activity also includes trade waste. This function manages waste discharged into Council's sewerage system from industrial and commercial premises. The Council recognises the broad benefit to the health and wellbeing of the community and environment from appropriate management of sewage and waste water.</p> <p>The private good component reflects the private benefit received by individual households and businesses from the provision of a safe and reliable sewage disposal schemes. A user pays philosophy applies given that the users of this activity can be easily identified and it is administratively efficient to apply targeted rates.</p> <p>Operational costs are funded through targeted rates (targeted to properties where connection to a scheme is possible) and through fees and charges (for the trade waste component). These two funding mechanisms have been applied in acknowledgement that this activity is of private good and reflects a user pays approach.</p> <p>People who are not connected to a sewerage scheme do not contribute to the funding of the sewerage schemes as they have their own septic tanks or community schemes, therefore the use of general rates to fund this component of the activity is not considered to be fair and reasonable.</p> <p>The costs of sewerage schemes have been equalised for funding purposes, rather than each scheme paying for its own costs. This means that everyone receiving a similar service of having access to a scheme, pays the same regardless of the costs related to each individual scheme. In general, this benefits smaller schemes which have a higher per ratepayer cost. Similar to the amalgamation of water schemes.</p>	H: Targeted rates L: Fees and charges	Targeted rates Grants and subsidies Development contributions Operating and capital reserves Borrowings

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
STORMWATER DRAINAGE									
Stormwater Drainage	Community Needs Reliable and Affordable Infrastructure Valuing our Environment	Public: 0% Private: 100%	L	L	H	L	<p>The Council provides infrastructure to minimise the impact of stormwater on public and private property within our urban areas. This recognises benefits for public health and safety, for the protection of property, and in terms of minimising potential financial cost associated with flooding.</p> <p>The private good component reflects the private benefit received by specific urban areas, individual households and businesses from the provision of protection from inundation. Operational costs of this activity are funded through targeted rates (targeted according to each area benefiting from a stormwater scheme). This acknowledges the private benefit to households receiving that service and reflects a user pays approach. A component of the stormwater activity is disaster mitigation works and the repayment of debt related to these works.</p> <p>Funding for Matatā disaster mitigation is an exception as the costs place a huge and unaffordable burden onto that community. As a result, a portion of costs are funded across the District. The Council recognises this is inconsistent with the funding for the rest of this activity but considers it necessary to ease the rating burden on the Matatā community.</p>	H: Targeted rates L: General Rates (for Matatā disaster mitigation only)	Targeted rates General Rates Development contributions Operating and capital reserves Borrowings

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
SOLID WASTE									
Solid Waste	Valuing our Environment Community Needs Quality Service	Public: 10% Private: 90%	H	M	M	L	<p>The purpose of this activity is to provide for the collection, diversion, reprocessing and disposal of waste. The activity seeks to reduce the quantity of waste going to landfill for disposal through reprocessing or recycling, resulting in environmental benefits and cost savings to the ratepayers.</p> <p>The public good component of this activity recognises that the provision of facilities for the community to dispose of waste in a convenient and secure way helps to protect public health and reduces the harmful effects of waste getting into the environment. The facilities are designed to minimise fly-tipping and reduce issues of odour or contamination caused by incorrectly disposed waste.</p> <p>Operational costs are funded through a mix of targeted rates, general rates and fees and charges. Mainly the operational costs are paid for through targeted rates (targeted to communities where the wheelie bin, recycling bin and green waste wheelie bin collection services are available). This acknowledges the private good to households who have access to these services. The fees and charges component also acknowledges the private good to users of the transfer stations where those fees and charges are leveraged.</p> <p>General rates are used to fund this activity, to recognise the public benefit of managing waste appropriately and safely and that it contributes to the environmental well-being of the District. The Council also acknowledges that a stronger user pays approach would be prohibitive.</p>	H: Targeted rates L: General rates L: Fees and charges	Targeted rates Operating and capital reserves Borrowings

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
ENVIRONMENTAL SUSTAINABILITY									
Resource Management-Consents	Quality Services Valuing our Environment Sustainable Economic Development	Public: 50% Private: 50%	H	L	L	L	<p>This activity manages subdivision and development of the District through the consent process.</p> <p>The public good component of this activity recognises that the enabling and controlling of growth in the District is of wider benefit to the community. It also recognises the service to customers who have not necessarily made a consent application.</p> <p>The private good component represents the benefit to those applying for subdivision and land-use consents.</p> <p>Operational costs are funded through general rates and through fees and charges reflecting the public and private good components of the activity.</p>	M: General rates L: Fees and charge	Nil
Resource Management-Policy	Valuing our Environment Community Needs Sustainable Economic Development Effective Leadership	Public: 90% Private: 10%	L	L	L	L	<p>This activity provides a framework for the sustainable management of growth and development in the District. Through this activity we prepare plans and policies that implement the Resource Management Act 1991 (RMA), specifically the District Plan. The District Plan controls the way we use, subdivide and develop land in the District, it identifies where activities can take place, what land can be developed and what special features of our District should be protected. This activity is of public benefit as it weighs up the costs (both financial and environmental) and benefits (to the long term well-being of the community) of the decisions that are made under the RMA.</p> <p>Operational costs of this activity are funded entirely through general rates. This acknowledges that the activity is predominantly of public benefit.</p>	F: General rates	Nil

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
COMMUNITY SAFETY									
Licensing (Alcohol & Gambling)	Community Needs	Public: 5% Private: 95%	H	M	Nil	L	<p>The activity allows the operation of licensed premises but provides some control over the sale of alcohol.</p> <p>Operational costs of this activity are funded through the general rates and through fees and charges.</p> <p>Default fees and charges for alcohol are set through the Sale and Supply of Alcohol Act 2012. These fees will continue to apply unless the Council changes these through a bylaw.</p>	M: General rates M: Fees and charges	Nil
Environmental Health & Regulation Monitoring	Community Needs Quality Services Valuing our Environment	Public: 70% Private: 30%	M	M	Nil	L	<p>This activity responds to nuisance complaints (such as noise, refuse, odour) and provides licensing for registered premises that provide restricted goods and services (such as food, hair dressers, camp grounds etc). It also administers and enforces bylaws, legislation and policies relating to health and safety in public places.</p> <p>The services provided by this activity contribute to public health while there is also recognition that exacerbators should contribute to the costs resulting from their actions. In some cases, there are difficulties in identifying the exacerbators for monitoring actions such as fly tipping and abandoning vehicles. Therefore there is a limited ability to recover costs from fees and charges in the regulation and monitoring. The private benefit acknowledges that businesses receive licensing services which they require to operate lawfully.</p> <p>Operational costs are funded primarily by general rates to reflect the public benefit component of this activity. Fees and charges also fund this activity to reflect the private good component of this activity.</p>	M: General rates L: Fees and charges	Nil

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
Building	Community Needs Quality Services Sustainable Economic Development	Public: 30% Private: 70%	H	M	Nil	L	<p>This activity manages the legal requirements for the construction and alteration of buildings under the Building Act 2004 and ultimately seeks to protect health and safety.</p> <p>The public good component of this activity is delivered through projects such as identifying earthquake prone buildings, dealing with leaky homes liability and interacting with customers who have not necessarily made a consent application. It also reflects that this activity protects the community from unsafe buildings and promotes healthy, safe and sustainable building design and construction. The funding rationale recognises that it is important for the economic wellbeing of the District not to deter development and growth through high consent costs. The general rates component acknowledges the public good component of this activity.</p> <p>The private good component of this activity reflects the private benefit to those applying for building consents. Operational costs are predominantly funded through fees and charges reflecting the private good component of those applying for consents.</p>	L: General rates H: Fees and charges	Nil
Animal Control	Community Needs Quality Services	Public: 30% Private: 70%	H	H	L	M	<p>This activity protects human safety and health through the registration and enforcement of legislation, bylaws and policies of dogs, stock and other animals.</p> <p>Operational costs are funded through general rates and fees and charges. The general rates component acknowledges the public good of this activity in contributing to the safety of the community. The fees and charges portion recognises both the private benefit of services to dog owners and the high exacerbator element.</p>	L: General rates H: Fees and charges	General rates Fees and charges Operating and capital reserves

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
Emergency Management	Community Needs Effective Leadership	Public: 100% Private: 0%	Nil	Nil	L	L	<p>The purpose of this activity is to have in place measures that prepare the community for disasters and to be able to respond and recover from them.</p> <p>There is a strong community desire for the Council to take a lead in an emergency situation and there are also statutory obligations for the Council to be involved in Civil Defence, Rural Fire and Hazardous Substances planning and response.</p> <p>This activity is considered to be of public good.</p> <p>Operational costs are predominantly funded through the general rate reflecting the public good component of this activity. Grants and subsidies are also able to be sourced to support this activity.</p>	H: General rates L: Grants and subsidies	General rates and Subsidies
RECREATION AND COMMUNITY SERVICES									
Parks, Reserves, Recreation & Sports-fields	Community Needs Sustainable Economic Development Reliable and Affordable Infrastructure	Public: 95% Private: 5%	L	M	H/L	M	<p>This activity provides a range of leisure, recreational, educational and sporting opportunities for the public.</p> <p>The activity is considered to be have a high public good component and reflects the strong desire from the community to have quality recreational space available in the most appropriate and convenient locations. This activity helps to build communities that interact with each other, are healthy, happy and well connected.</p> <p>The private benefit component reflects the use of reserves and recreational facilities by clubs and individuals.</p> <p>Operational costs are substantially funded through general rates reflecting the high public good component.</p> <p>Fees and charges are used to recover some costs from users where possible. A stronger user pays approach is not possible by the nature of the services and facilities being provided and would not be appropriate as this would deter people from using them.</p>	H: General rates L: Grants and subsidies	General rates Fees and charges Development contributions Operating and capital reserves Borrowings Subsidies

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
Aquatic Centres	Community Needs Quality Services Reliable and Affordable Infrastructure	Public: 80% Private: 20%	M	L	H	L	<p>This activity provides a range of aquatic centre facilities and services for leisure, recreational, educational and sporting opportunities for the public.</p> <p>The activity is considered to have a high public good component and reflects the strong desire from the community to have quality facilities to enable opportunities to exercise and have fun in a social environment. Having facilities available in our District for people to learn to swim in a safe environment is considered to have a high public benefit to the community. Swimming facilities have a positive impact on the community's health and well-being and are used for occupational therapy treatment and rehabilitation. The private benefit recognises the benefits to the users of the aquatic centres.</p> <p>Operational costs are predominantly funded through general rates acknowledging the high level of public good. Fees and charges are used to recover some costs from service users and reflect the private benefit component of this activity. While a stronger user pays approach could be implemented it is considered that this would deter people from using the aquatic centres.</p>	H: General rates L: Fees and charges	Targeted rates Fees and charges Operating and capital reserves Borrowings
Halls	Community Needs Reliable and Affordable Infrastructure	Public: 80% Private: 20%	H	Nil	M	L	<p>This activity provides public hall facilities for community use.</p> <p>The public good component identifies the contribution of halls to social cohesion of the communities they serve. The private benefit component reflects the benefits to those individuals and organisations hiring the halls.</p> <p>Operational costs are predominantly funded through general rates, reflecting the public good component of this activity. Operational costs are also funded through fees and charges which recognises the private benefit component of this activity.</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented, it is considered that this would deter people from using the halls.</p>	L: General rates H: Fees and charges	General rates Fees and charges Operating and capital reserves Development Contributions

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
Cemeteries and Crematorium	Community Needs Quality Services Reliable and Affordable Infrastructure	Public: 40% Private: 60%	L	H	H	M	<p>This activity provides for an appropriate method and location for burials and cremations.</p> <p>The public good component of this activity acknowledges that the appropriate burials and cremation processes contribute to the health and safety of the public. There is a strong community demand to provide attractive, restful facilities which cater for the differing needs of the community. The social and cultural well-being of the community is enhanced by this activity. This activity also maintains closed cemeteries.</p> <p>The private benefit component of this activity reflects the benefits to those families of the deceased who chose to use the facilities.</p> <p>Operational costs are funded through fees and charges reflecting the high private benefit of this activity. General rates funding recognises the public good component of this activity.</p>	M: General rates M: Fees and charges	General rates Fees and charges Development contributions Operating and capital reserves Borrowings
Public Conveniences	Community Needs Reliable and Affordable Infrastructure	Public: 100% Private: 0%	L	H	H	M	<p>This activity provides appropriately located public conveniences for public use.</p> <p>The public good component of this activity recognises the benefit of public conveniences for the whole of the community and the strong community demand.</p> <p>Operational costs are entirely funded through general rates acknowledging the public good component of this activity.</p>	H: General rates L: Restricted Reserves	General rates Development contributions Operating and capital reserves Borrowings

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
Libraries	Community Needs Quality Services	Public: 80% Private: 20%	L	L	M	L	<p>This activity provides access to printed and digital information for education and recreation and to encourage literacy through programmes delivered by this activity.</p> <p>The public good component of this activity reflects the strong public demand for a community hub which provides resources and opportunities to access information in printed form or on-line. This activity provides access to relevant information whether it is for leisure, research or education. This activity increases the socio-economic conditions of our district by running and supporting programmes that work to raise literacy rates and increase levels of qualifications.</p> <p>The private good component of this activity recognises that individuals and organisations receive private benefit from the activities and services provided.</p> <p>Operational costs of this activity are funded mainly through the general rate to reflect the public good component of this activity. Fees and charges are also used but not to a level in keeping with the private good component of the activity.</p> <p>While users of the service can easily be identified and a strong user pays approach could be implemented it is considered that this would result in a level of fees and charges that would deter users from using the libraries.</p>	<p>H: General rates</p> <p>L: Fees and charges</p> <p>L: Subsidies</p>	<p>General rates</p> <p>Operating and capital reserves</p> <p>Borrowings</p> <p>Grants and Subsidies</p>

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
Museum	Community Needs Quality Services Reliable and Affordable Infrastructure	Public: 80% Private: 20%	L	Nil	M	L	<p>This activity manages the preservation, display and provision of education around the artefacts and other historical assets on behalf of the community. The public good component of this activity reflects the cultural, educational, leisure and community values of the District. Te Kōputu a te whanga a Toi offers exhibition space for a number of local, national and international exhibitions. The museum preserves our cultural heritage intergenerationally and provides research and archives facilities. The preservation, presentation, protection and education of the community, about its origins, also provides a significant sense of pride in the place we have chosen to live. This activity also encourages and develops cultural tourism.</p> <p>The private good component of this activity reflects the private benefit to those using the services. Operational costs are predominantly funded through general rates in recognition of the public good component of this activity.</p> <p>Fees and charges are also used, however these are generally not able to achieve a level of return reflecting the private good component of this activity.</p>	H: General rates L: Fees and charges L: Subsidies	General rates Operating and capital reserves Borrowings Grants and Subsidies
Ports and Harbour	Reliable and Affordable Infrastructure Community Needs Sustainable Economic Development	Public: 80% Private: 20%	L	L	H	L	<p>This activity manages the port, launch facilities and associated assets. This includes the main commercial wharf, Ōtuawhaki (Green Wharf) and the Game Wharf in Whakatāne as well as Ōhope Wharf, Thornton and Ōhiwa ramps and various groynes and navigational equipment. This activity also includes some facilities around the ports and harbours including car parks, jetties, a weigh station, hardstand, wharves and navigation markers. The operation of this activity also includes services such as disking the river mouth, undertaking soundings and providing assistance to boat owners in times of high floodwater.</p> <p>The public benefit component of this activity recognises that these facilities enhance the economy of the District through enhanced recreational and business opportunities. Operational costs are funded by the harbour fund reserves, sourced from harbour property leases.</p> <p>This funding situation recognises the unique situation of the harbour assets vested in the Council where any income received from those assets can only be reapplied to their maintenance and development. This has an impact of offsetting any funding requirement that might otherwise be sourced from general rates.</p> <p>Fees and charges are also used, however these are generally not able to achieve a level of return reflecting the private good component of this activity. The Council will continue to assess options to recover costs from private users, where this would be administratively efficient.</p>	F: Harbour Fund Reserves	Investment Income Fees and charges Operating Reserves Harbour Fund Reserves

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
Community Development	Community Needs Effective Leadership	Public: 60% Private: 40%	L	M	L	L	<p>This activity promotes a safe community through a variety of methods including education, interagency collaboration and externally funded programmes. This activity includes road safety, youth development and community safety.</p> <p>The public good component of this activity reflects the contribution of road safety programmes and community safety initiatives, undertaken to support the wellbeing and safety of the community. This activity has a wider public benefit of reducing the social costs associated with road accidents through its road safety function.</p> <p>Operational costs of the community safety component of this activity are funded through general rates. Operational costs of the road safety component of this activity are funded through targeted rates. This recognises the public good component of this activity.</p> <p>The private good component acknowledges the benefit to individuals who participate in the externally funded programmes that the Council delivers. These are funded through grants and subsidies.</p>	L: General rates H: Grants and subsidies	Grants and Subsidies Harbour Fund Operating and Capital Reserves
Whakatāne Holiday Park	Community Needs Sustainable Economic Development	Public: 0% Private: 100%	H	L	M	H	<p>This activity is undertaken to support economic development and tourism growth plans for the District.</p> <p>With a high private benefit component (reflecting the benefit to those using the facilities at the Holiday Park), and the ability to easily identify users, the activity is funded through user fees and charges.</p> <p>The Holiday Park activity is separately funded in acknowledgement that there is a commercial component to this activity.</p>	H: Fees and charges	Borrowings Fees and Charges

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
DISTRICT GROWTH									
Economic Development	Effective Leadership Sustainable Economic Development	Public: 70% Private: 30%	L	Nil	H	M	<p>This activity promotes, supports and facilitates projects that have economic benefits to the District.</p> <p>The Council has strengthened its focus on economic development and the high public good component recognises the contribution of this activity to the economic wellbeing of our community.</p> <p>Operational costs are funded primarily through the general rate reflecting the high public good component of this activity. Fees and charges, targeted rates and subsidies are used to reflect the private good component of this activity.</p>	<p>M: General rates</p> <p>L: Fees and charges</p> <p>L: Subsidies</p> <p>M: Targeted rates</p>	
Strategic Property	Sustainable Economic Development	Public: 0% Private: 100%	H	Nil	H	M	<p>This activity manages commercial assets vested in the Council and includes a number of different properties attributed to the harbour fund. The majority of these are for commercial land and are held in perpetual ground lease.</p> <p>The assets of the Harbour Board were gifted to the Council for the benefit of the community as harbour endowment land and the Council has an obligation to maintain, operate and develop the port and harbour facilities for the good of the community. The harbour endowment land earns income through leases, which is used to pay for the on-going operation, maintenance and improvements of the ports and harbour facilities.</p> <p>The private good component recognises the benefit to those leasing the Council's commercial assets for private use.</p> <p>Operational costs are funded through a mix of general rates, fees and charges, subsidies and in the case of harbour fund property, through the harbour fund reserve.</p> <p>The high private good component recognises the benefit to those leasing the Council's commercial assets for private use. Where the Council is unable to achieve a higher level of private benefit funding sources for its non-harbour assets, it uses general rates to fund the shortfall.</p>	<p>L: General rates</p> <p>H: Fees and charges</p> <p>L: Subsidies</p>	<p>General rates</p> <p>Fees and charges</p> <p>Operating and capital reserves</p>

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
Events & Tourism	Community Needs Quality Services Sustainable Economic Development	Public: 20% Private: 80%	M	Nil	Nil	M	<p>This activity provides information about services and facilities available to the local community and visitors to the District. It also provides marketing and events promotion and includes the Visitor Centre.</p> <p>The public good component of this activity recognises the contribution to the recreational and prosperity outcomes for the District.</p> <p>The private good component of this activity recognises the benefits of marketing and information distribution to the commercial sector.</p> <p>The use of general rates to fund the operational costs of this activity recognises the public good component. The use of fees and charges and targeted rates recognises the private good components of this activity.</p>	L: General rates H: Targeted rates L: Fees and charges	Nil
CORPORATE AND DISTRICT ACTIVITIES									
Corporate Activities	n/a	n/a	n/a	n/a	n/a	n/a	<p>This group comprises of seven individual 'internal' activities (sometimes referred to as overhead activities) that collectively support the efficient and effective delivery of all Council 'external activities'. The activities include Customer Services; Public Affairs; Human Resources; Finance; Corporate Information; Corporate Property; and District Income and Expenditure. The costs of these activities are funded by way of allocation across Council's other (external) activities.</p>	Costs are funded by allocations across Council external activities.	Borrowings Operational and Capital Reserves

ACTIVITY	POLICY CONSIDERATIONS						RATIONALE FOR FUNDING ALLOCATION	FUNDING SOURCES	
	COMMUNITY OUTCOMES	DISTRIBUTION OF BENEFITS	USER PAYS	EXACER-BATOR PAYS	BENEFITS OVER TIME	BENEFITS OF SEPARATE FUNDING		OPERATIONAL L = <30% M = 30 - 70% H = 71 - 99% F = 100%	CAPITAL
COUNCIL CONTROLLED ORGANISATIONS									
Whakatāne Airport	Reliable and Affordable Infrastructure Community Needs Sustainable Economic Development	Public: 20% Private: 80%	H	M	H	H	This Council Controlled Organisation supports the safe and secure movement of aircraft passengers and freight. The public good component of this activity recognises the public benefit to the District as a whole from operating a sub-regional airport. The private good component of this activity recognises the private benefit to those residents, businesses and visitors using the Whakatāne Airport. Operational costs are predominantly funded through fees reflecting the high private good component of the activity.	H: Fees and charges L: Joint venture funding	Operating and Capital Reserves Joint Venture Funding Borrowings
Toi EDA	Effective Leadership Sustainable Economic Development	Public: 70% Private: 30%	L	Nil	H	M	The activities undertaken by Toi-EDA contribute to the sustainable growth and development of the local economy. Toi-EDA is a partnership between the three territorial authorities (Kawerau, Ōpōtiki and Whakatāne) and the Bay of Plenty Regional Council, working together with local iwi. The Whakatāne District Council contribution to the costs of Toi-EDA recognise the components of public benefit (to the District) and private benefit (to the commercial/industrial sector). In accordance, the funding source is a mix of general and targeted rates.	H: General rates L: Targeted rates	Nil
BoPLASS	n/a	n/a	n/a	n/a	n/a	n/a	This Council Controlled Organisation delivers shared back office services and communications to deliver savings and/or more effective outcomes to participating councils. As such, BoPLASS supports the outcomes of the activities to which those deliverables relate.	H: General rates L: Fees and charges	Funding of any relevant capital costs will be considered individually as they arise.
LGFA	n/a	n/a	n/a	n/a	n/a	n/a	The Local Government Funding Agency (LGFA) exists to enable participating local authorities to borrow funds at lower interest rates than might otherwise be available through individual borrowing activities.	n/a	n/a



FINANCIAL CONTRIBUTIONS FOR ROADS AND PUBLIC RESERVES

*Pūtea mō ngā Huarahi me ngā
Whenua tāpui Tūmatanui*

Introduction

The Council's Financial Contributions Policy is set out in Chapter 14 of the Whakatāne District Plan. Financial contributions provide a mechanism for the Council to recover costs (or other in kind contributions) from developers to help manage the direct impacts and adverse effects of their developments.

As with development contributions, financial contributions provide a mechanism to recover a fair portion of development related costs from developers, rather than these costs being passed on to ratepayers. Financial contributions work hand in hand with development contributions ensuring that the level of contribution is fair, transparent, and not taken twice for the same purpose.

For the purpose of Chapter 14 (Financial Contributions) of the Whakatāne District Plan, the Long Term Plan must include defined information to allow monetary contributions to be charged for subdivision, development and use of land, towards the upgrading of roads and the acquisition of reserves and/or development of reserves.

Financial contributions for roads

The purpose of a financial contribution for roading is to reflect that a subdivision, development or other use of land can lead to increased traffic volumes or change the mix of traffic using the road to the extent that the road serving that subdivision, development or use is required to be upgraded, either in terms of width or formation standard to safely carry the additional traffic that will occur.

Rule 14.2.2.3(a) requires the “cost (\$/km) of improving the affected section of road to the level required as determined by the predicted traffic volume and road hierarchy” arising from a proposed subdivision, development or use to be defined in the Long-term Plan.

This will be assessed based on the following criteria:

- The current traffic volumes and the estimated increase in traffic volumes, or the mix of traffic arising from the proposed subdivision, development or use of land. In this case, a significant change in the volume or mix of traffic that means the existing carriageway width and/or formation is inadequate will lead to a financial contribution being charged to reflect the need to increase the width and formation standard of the road to manage the effects of increased vehicles from the subdivision or development or use.
- Along with increasing the width and/or formation of the road, other improvements may be needed such as provision for or improvement of drainage, acquiring additional land, upgrading of bridges or installation of retaining walls, street lights or other infrastructure required to manage the effects of the change in vehicle numbers or mix of vehicles from the subdivision or development or use.

- The need to provide other infrastructure for other modes of transport, such as footpath or cycle facilities to manage the effects of increased population arising from the subdivision or development or use. This will generally be relevant in urban situations.
- The Whakatāne Engineering Code of Practice, relevant NZ Standards and the Whakatāne District Plan.

While each development will be assessed on the effects arising from the proposed development, the calculation of a financial contribution will be based on the following steps:

- From Table 1, select the pavement width required to serve the increased traffic volume or mix of traffic;
- Add the cost of improving the formation to either asphalt cement (AC) or chip seal, if a sealed surface is required;
- Add the cost of improving or providing drainage, footpaths, cycle ways and street lighting, if required;
- If additional land needs to be acquired, and/or other infrastructure needs to be upgraded or provided (such as bridges or retaining walls) the value of this work will be added to the financial contribution but will be assessed separately at the time. Any work undertaken by the applicant to reduce these costs as part of a subdivision, development or other use of land will be factored in when determining the financial contribution charged.

Rc – Average \$/km for Road Improvements					
Carriageway width (m)	6	7	8	9	10
Pavement	\$120,000	\$164,000	\$208,000	\$252,000	\$296,000
AC Surfacing	\$240,000	\$280,000	\$320,000	\$360,000	\$400,000
Chip Seal	\$72,000	\$84,000	\$96,000	\$108,000	\$120,000
Drainage	None	One side	Both sides		
	-	\$75,000	\$150,000		
Footpaths	None	One side	Both sides		
	-	\$98,000	\$196,000		
Cycle Facilities	None	Cycle Lane Urban - chip seal surface	Cycle Lane Urban - AC surface	Cycle Lane Rural - Chipseal surface	Off Road/Shared Use Path
	-	\$224,000	\$336,000	\$280,000	POA
Streetlights	None	V3 - Arterials	V4 – Primary Collectors	P - Pedestrian	Rural – Intersection Flaglight
	-	\$75,000	\$50,000	\$41,667	\$10,000
Land Purchase	POA				
Bridge Upgrades	POA				
Retaining Walls	POA				
Escalations	Prices in this matrix are current as at Jan 2018. Department of Statistics Construction Cost Indices will be applied quarterly from Jan 2019.				

INSTRUCTIONS:	EXAMPLE:	
Select pavement cost depending on width of pavement required	8m Carriageway	\$208,000
Add either chip seal or AC for the pavement width (<i>or none is remaining unsealed</i>)	With AC surfacing	\$320,000
Add drainage required	Drainage on both sides of the road	\$150,000
Add footpaths required	Footpath on one side of the road	\$ 98,000
Add cycle facilities required	No cycle lane	\$ -
Add Streetlights required	Pedestrian Lighting	\$ 41,667
If land purchase, bridge upgrades or retaining walls are required, \$/km calculation will be done for the specific site	No land purchase/walls/bridges	\$ -
	Rc (\$/km	\$817,667

NOTES

Pavement – Based on 150mm M4 Overlay (\$20/m²) and 200mm subbase undercut beyond the 6m width (\$24/m²)

AC Surfacing – Includes linemarking RPMs (\$40/m²)

Chip seal – Includes second coat after 1 year and linemarking RPMs (1st coat \$6.50/m² and 2nd coat \$5.50/m²)

Drainage – K&C (\$70/m) and based on 1 standard cesspit and lead (\$500/install) every 100m

Footpaths – based on 1.4m standard footpath (\$70/m²)

Cycle facilities – Based on urban cycle lane width of 2m and rural of 2.5m

Financial contributions for reserves

The purpose of seeking a financial contribution for reserves purposes is to allow the Council to acquire land to provide reserves for coastal protection and recreational use and neighbourhood playgrounds.

The District Plan allows the Council to seek land to be vested for reserves within a subdivision or development of land. Where land is not vested or additional financial contribution is justified based on the scale of the subdivision or development, then a financial contribution may be charged to allow the Council to acquire additional land to meet the reserve needs of the District, township or neighbourhood.

Rule 14.2.7.1 of the Whakatāne District Plan allows the Council to seek a one-off payment for every new lot or dwelling unit created. It is a fixed sum payment (plus GST) unless a contribution in land or works is to be made. A financial contribution in the form of money will go towards the programmed purchasing, upgrading and development of the District's public reserves.

The rule also requires the level of the financial contribution per lot (or dwelling unit) to be identified in the Long-term Plan for each service area.

The service areas have been identified based on areas where substantial residential growth is occurring and planned. Property Solutions (BOP) Ltd has provided generic valuation information based on these defined areas. These areas are where growth is anticipated to the degree that either additional reserve land or improvements to existing reserve land will be required.

Factors such as coastal frontage, sites with views and other sites have been distinguished to calculate an average value of section sales in the last 2 years. The average value for a 650m² lot (assumed average lot size) by area is as follows:

Piripai/Opihi	\$245,000
Huna/Shaw Road (Residential)	\$190,000
Ōhope	\$280,000
Whakatāne	\$230,000

While there is variation in value between areas and between parts of these areas, the Council will rely on the average value of land within each area upon which to base a financial contribution per lot (or dwelling). Based on the projected number of lots to be developed over the next ten years, and their respective location, the Council will charge a financial contribution that will not exceed 1% of the average valuation per lot in the defined locations. The value per lot for a financial contribution has therefore been set as follows:

Piripai/Opihi	\$2,450 per lot
Huna/Shaw Road (Residential)	\$1,900 per lot
Ōhope	\$2,800 per lot
Whakatāne	\$2,300 per lot

The financial contribution will be assessed for each subdivision or development in these locations, and charged as a condition of consent if appropriate. The need to acquire land for public reserves in the general location of the subdivision or development will be assessed for each subdivision or development.



SUMMARY OF:

SIGNIFICANCE AND ENGAGEMENT POLICY

Te Kaupapa here o te Pāhekoheko

These pages provide a summary only of our Significance and Engagement Policy. The full Policy is available on the Council website whakatane.govt.nz

The Whakatāne District Council is committed to making informed and sustainable decisions in the best interests of our communities and the District. We consider the community's views and preferences in all decisions we make. This is a statutory requirement, but more importantly we are keen to ensure our decisions reflect the aspirations of tangata whenua, residents, ratepayers, community groups and businesses (the public).

The primary purpose of the Significance and Engagement Policy is to provide clarity (to the Council and the Public) about how and when communities can expect to be engaged in the Council decision-making process.

The general underlying principle of this policy is that the higher the degree of significance attached to issues, proposals, decisions, or other matters before the Council, the greater the level of community engagement that will be sought to inform the decision-making process.

Degree of significance	← LOW	MODERATE	→ HIGH
Level of public involvement in the decision-making process	In the interests of efficient decision-making, the Council will not seek public participation but will seek to keep the public informed.	The Council may seek public participation into the decision-making process. Engagement may be less formal or of a smaller scale according to need.	The Council will seek public participation into the decision-making process unless there is a very compelling reason not to.

*Ki a koe tētahi kīwai, ki a au tētahi kīwai
For you one handle of the basket, for me the other*





WHEN THE COUNCIL **WILL** SEEK PUBLIC PARTICIPATION IN THE DECISION-MAKING PROCESS

For many proposals and decisions - but not all - the Council provides direct opportunities for the public to participate in the decision-making process. We engage because we recognise how significant (important) those proposals and decisions are to our communities and to the District, or sometimes because legislation specifically requires us to.

The Council will seek public participation in the decision-making process:

- when specifically required by legislation, and
- for any other matters in relation to their degree of significance.

WHEN THE COUNCIL **MAY NOT** SEEK PUBLIC PARTICIPATION IN THE DECISION-MAKING PROCESS

It is not always necessary, appropriate or possible to engage the public on a proposal or decision. The most common reason is that a matter is not significant enough to require public engagement and to do so would add costs and time delays to the decision process. There are also a number of other reasons such as the need for confidentiality or commercial sensitivity or the need for an immediate response for health and safety reasons. More reasons are set out in section 6.1 of the full Policy.

Where these circumstances apply, the Mayor and Councillors will usually be responsible for making the decision as they have been elected by you to provide governance over Council matters. In these instances the Council will take steps to keep the public appropriately informed on the matter.

HOW THE LEVEL OF SIGNIFICANCE IS DETERMINED

Significance is measured along a scale, meaning something can be of low significance, or high significance, or somewhere in between. A set of 'criteria' help us to make the assessment of how significant a matter is and therefore the degree to which we should engage the public into the decision process. The criteria are set out in section 7.5 of our full Policy and include the following:

- The level of community interest, opposition or controversy.
- The level of adverse impact on wellbeing of our communities or District.
- The costs to the community or sectors within the community, in terms of rates.
- The financial impact on Council.
- Consistency with Council's current strategic direction and policies.
- The impact on Māori culture, traditions and ancestral taonga.
- The impact on committed levels of service.
- The impact on strategic assets.



MANY WAYS TO ENGAGE WITH COUNCIL

There are many ways for individuals, communities and stakeholders to engage, influence and provide feedback to Council on different matters. Some examples of these ways are set out below:

- Submissions to Council as and when opportunities are made available
- General enquiries in writing, email, by phone, or visit our offices
- Requests for service (such as for specific maintenance requests) online or by contacting our offices
- Contact with elected Council members and the Mayor
- Contact with your elected Community Board members
- Participation through specific stakeholder groups and user groups
- Keep in touch through social media or our website whakatane.govt.nz.



HOW WE WILL ENGAGE

Where engagement is required under this Policy, the Council will develop an Engagement Plan. Engagement plans will be developed under the guidance of our Engagement Toolkit – Te Kete Raukura, and in accordance with the following engagement principles.

Note that these are abridged from the principles set out in section 9.1 of our full Significance and Engagement Policy. Many of the principles have been adapted from the Local Government Act 2002 (Sections 78 and 82), while others have been added to reflect the Council’s commitment to community engagement.

OUR ENGAGEMENT PRINCIPLES

- **Customisation** – Council will tailor engagement to meet the particular needs of each project, stakeholders and the situation.
- **Familiarity** – some aspects of engagement will remain consistent, so that people know how and where to participate. Any engagement process that seeks general public engagement will be made available through Council’s website on the “have your say” pages, and through Council service centres in Whakatāne and Murupara.
- **Information** – Council will provide information about the purpose and scope of engagement including why Council is engaging, what issues are and are not up for decision-making, what the timeframes are, how the decisions will be made and who will be making them.

- **Access** – Council will provide reasonable access to engagement processes in a manner and format that is appropriate to people’s needs.
- **Timeliness** – Council will ensure that the public can influence the decision process at appropriate stages and to ensure sufficient time to allow genuine engagement.
- **Partnerships** – Council will work in partnership with appropriate representatives and special interest groups. Some examples include Advisory Boards, Iwi representatives, user groups, focus groups, Community Boards, and community groups to name a few.
- **Encouragement to Present Views** – Council will encourage all those affected by, or who have an interest in, an issue or project to present their views.
- **Openness** – Council will receive views with openness and will give those views due consideration when making a recommendation or decision.
- **Engaging with Māori** – Council will maintain processes to provide opportunities for iwi/Māori to contribute to Council’s decision-making processes.
- **Responding to Diversity** – Council will endeavour to seek the views of a wide cross-section of the community.
- **Feedback** – Council will provide information regarding the outcome of the decision-making process and the reasons for the decisions.
- **Coordination** – Council will integrate and combine engagement and decision-making processes across departments where appropriate.

A photograph of a park with a woman standing by a heritage information board. The woman is wearing a light-colored jacket and dark boots. The board is orange and has the word 'HERITAGE' on it. There are benches and trees in the background.

SUPPORTING AND ENCOURAGING MĀORI TO CONTRIBUTE TO COUNCIL DECISION MAKING

*Tautoko me te akiaki i Ngāi Māori hei
āwhina i ngā whakataunga*

Iwi play a hugely significant role in the District in terms of leading economic, environmental, social and cultural opportunities for the community. This considered, the scope for Māori involvement in decision making is wide and varied.

Council recognises the mana, rights, and interests of Māori, taking into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.

Council's Significance and Engagement Policy (the Policy) sets out the engagement principles and practices that guide when and how council will engage with the community as part of any decision-making process. The Policy provides additional requirements for when engaging Māori in the decision-making process. Best practice values early consideration and involvement.

RECOGNISING OUR TE TIRITI O WAITANGI TREATY OF WAITANGI OBLIGATIONS

The Council recognises Te Tiriti o Waitangi as the founding document between Māori and the Crown.

For Council, the legislative recognition of Te Tiriti o Waitangi is provided for in the Local Government Act 2002. There are specific provisions in Parts 2 and 6 of the Act, which provide principles and requirements for Council to facilitate participation by Māori in local authority decision-making processes.

The Act states that Council must :

- Establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the local authority
- Consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of the local authority
- Provide relevant information to Māori for these purposes.

The provisions of the Act apply to all Māori in the Whakatāne District. It acknowledges that Māori other than tangata whenua may reside in the area.

The Resource Management Act 1991 (RMA) is another key piece of legislation applicable to local government. Section 8 of the RMA requires all persons exercising functions and powers under it, in relation to managing the use, development, and protection of natural and physical resources, shall take into account the principles of Te Tiriti o Waitangi.

IMPROVING HOW COUNCIL ENGAGES WITH MĀORI

Council is currently working to improve the way engagement with Māori is undertaken. It is important that Māori feel that throughout any engagement process with council, whether formal or informal, that their voice was heard and their contribution was valued.

Meaningful and respectful relationships are what ensures open and robust engagement. Council is continuously seeking to improve and further develop meaningful and open relationships with representatives of all iwi in the District, at all levels.

Council appreciates that different iwi will have different preferences and requirements when it comes to engaging with, and being part of any decision making process. Council wants to ensure that these particular preferences or requirements are catered for as far as possible. This may mean liaising with iwi, hapū, or other groups with particular interests or expertise.

Council has developed an Engagement Toolkit that includes a significant section on Māori engagement. The purpose of this document is to upskill staff; promoting a more in depth understanding of tikanga, Māori worldview, and appropriate behaviour.

Council continues to work with Iwi to determine the best way forward.



What are we doing now?

FORUMS

Iwi Chairs Forum

Comprised of Chairpersons and Executive Officers of Iwi in the Whakatāne District, and the Mayor and Chief Executive of the Whakatāne District Council, the Iwi Chairs Forum meets regularly to:

- Enable strategic issues of mutual interest to be raised and discussed
- Explore opportunities to integrate and coordinate strategic planning
- Advocate to central government for the collective benefit of the Whakatāne community
- To better understand our differences, and recognise and respect each other's positions.

Rangitāiki River Forum

The purpose of the Forum is the protection and enhancement of the environmental, cultural, and spiritual health and wellbeing of the Rangitāiki River and its resources for the benefit of present and future generations.

By encouraging working together as one, the Forum gathers and distributes information, works to influence central government agencies, and takes action to protect and enhance the river.

The Forum is a partnership made up of representatives from Ngāti Whare, Ngāti Manawa, Ngāti Awa, Hineuru, Ngāti Tūwharetoa (Bay of Plenty), as well as elected members from Bay of Plenty Regional Council, Taupō District Council and Whakatāne District Council.

Ōhiwa Harbour Implementation Forum

Ōhiwa Harbour is a traditional māhinga mātaitai (food gathering place) and is therefore a very significant taonga. The Ōhiwa Harbour Strategy covers the Ōhiwa Harbour and the land catchment area that feeds into it, and seeks to maintain and enhance its health and natural qualities.

In partnership, this forum implements the Ōhiwa Harbour Strategy. Made up of representatives from Ūpokorehe, Whakatōhea, Ngāti Awa, Tūhoe, Bay of Plenty Regional Council, Ōpōtiki District Council and Whakatāne District Council, the forum works to maintain effective relationships, planning and kaitiakitanga of the harbour.

Whakatāne Ki Mua – community collaboration

Council has been partnering with the community on the Whakatāne Ki Mua community vision project. This started with a mass engagement phase, with the objective of hearing from a cross sector of our community about their priorities for our District, what they love about our community and any changes or ideas.

Over 18,000 ideas were received from almost 3000 people; the most comprehensive cross-sector of views ever achieved for our District. Feedback came from across our District, with the demographic representation of age, location and ethnicity being very similar to our actual population. Māori representation was significant, totalling 33% of all respondents.

We are now partnering with the community to explore how we can work together to make these ideas a reality. This includes the formation of a Cross Sector Forum, made up of Local Government, Central Government and Iwi partners, looking at how we can collaborate to address some of the larger issues identified through the Whakatāne Ki Mua project.



EXAMPLES OF SPECIFIC PROJECTS CURRENTLY UNDERWAY

Lifting the visibility of Te Reo

Council will work with Te Whare Wānanga o Awanuiarangi to increase the use and visibility of Te Reo Māori in Whakatāne township.

Te Whare Wānanga o Awanuiarangi will lead the project, developing innovative activities that support Whakatāne as a bilingual town, garnering support stakeholders such as hapū, iwi and marae.

Te Whare Wānanga o Awanuiarangi will provide resources where possible, and work with the Council to explore resource and funding opportunities. Council will provide support project funding applications to external agencies, consider options for promoting the use and visibility of Te Reo.

Natures Road/Te Urewera Road

Tūhoe Te Uru Taumatua, Te Urewera Board and the Wairoa and Whakatāne District Councils with support from NZTA have been working collaboratively to explore the future form and function of Te Urewera Road. The former State Highway 38 is recognised as one of the country's most scenic routes, and provides the only road access to Lake Waikaremoana and remote communities in Te Urewera.

Slips, fallen trees and flooding, frequently affect the 64 kilometers of steep and winding gravel. These conditions and physical distance to urban centres mean the communities in Te Urewera are often isolated without an alternative access route.

A business case is being collaboratively developed to provide support for an NZTA funding application to look at options for improving the route. The future form and function of Te Urewera road is being explored as an enabler to social, cultural, economic and environmental objectives for Tūhoe tangata whenua, manuhiri (visitors) and Te Urewera herself. This includes looking at the form and function of the road from an environmental sustainability and Tūhoe world view perspective. The outcomes from this process will guide the final form of any improvements to the route.

Partnership with Ngāti Manawa

Council endorsed a partnership agreement with Ngāti Manawa which saw the Iwi take over the day-to-day animal control and other regulatory activities in Murupara and surrounding area. The partnership with Ngāti Manawa has been very successful, and feedback indicates that the Murupara community is happy with the local delivery of service and its outcomes. Further partnership discussions have been held, including regarding park development and future options for the Murupara area.

Whakatāne Harbour and Commercial Wharf Development

Te Rūnanga o Ngāti Awa, Ngāti Awa Group Holdings Limited and Council have agreed to a collaborative approach to redeveloping the Whakatāne commercial wharf and its facilities. All three organisations will be represented on a governance group that will oversee the redevelopment proposal, and, potentially any projects that flow from it. The combined approach recognises the parties' significant interests in the Whakatāne waterfront area and the need to consider cultural, historic and commercial imperatives in any development plans.

The proposed development will recognise the cultural significance of historical sites, events and practices of the Ngāti Awa people with the Whakatāne River and the Statutory Acknowledgement in Schedule 10 of the Ngāti Awa settlement legislation.

Collaboration with Ngāi Taiwhakaea

Representatives of Ngāi Taiwhakaea hapū are working positively with Council on a range of matters regarding the Ngāi Taiwhakaea area. Council will provide support to Ngāi Taiwhakaea as research is undertaken to establish the history of the land. It is intended that this process will achieve a better understanding of issues of importance to the hapū. Discussions are also underway regarding maintenance works that could be undertaken to improve the amenity and appropriate use of the roadway.



FORECASTING ASSUMPTIONS AND DATA

Matapae rohe

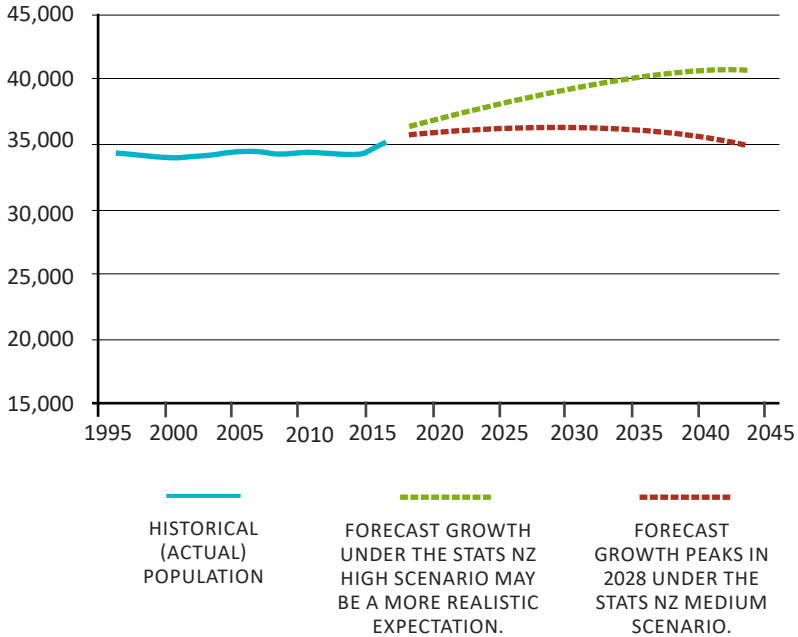
Introduction

Our communities, District and council organisation continue to face change. Changes to our climate, demography, economy, technology, policy environment and other aspects will impact our community and influence strategic and financial planning as a local government entity.

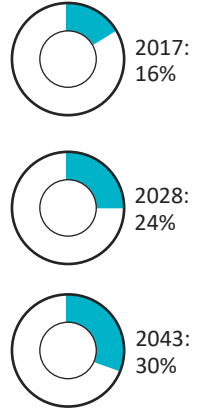
Monitoring these trends and influences, and making forecasting assumptions is a necessary part of planning for the future. How we prepare for change, and the decisions we make through the Council's strategy and planning processes today, will have implications for our communities for years to come.

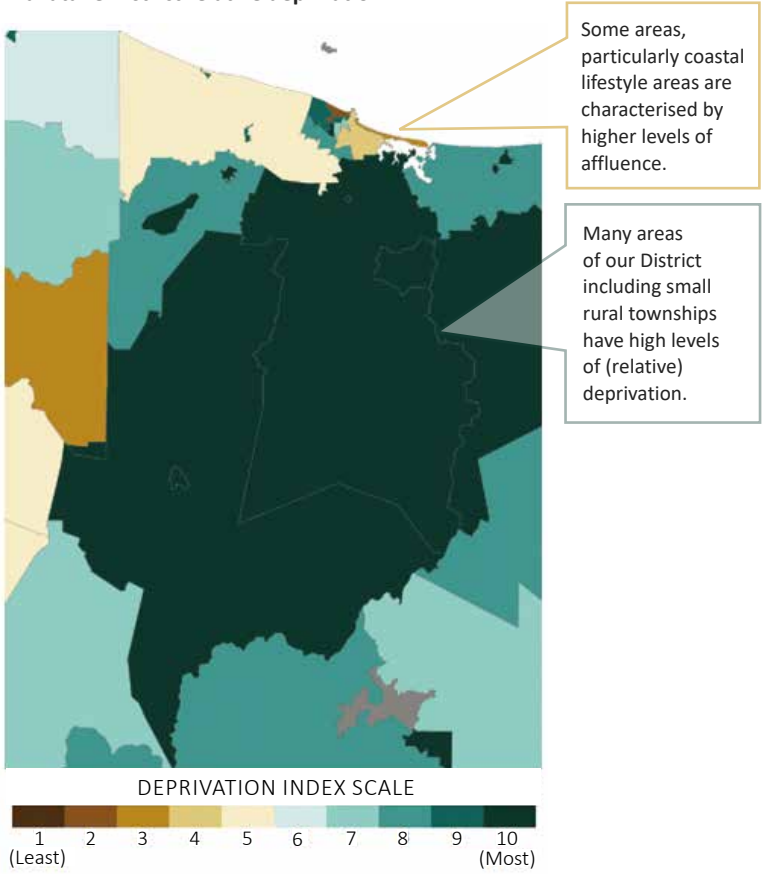
This document explores some of the key influences and trends that are expected to impact our planning over the period of our Long Term Plan 2018-28 (LTP). It sets out the significant forecasting assumptions and risks as required under Schedule 10 of the Local Government Act 2002.

ASSUMPTION	DETAIL/TREND	RISK ASSESSMENT	RISK MITIGATING FACTORS
<p>1. Strategic Direction and community demand for levels of services</p> <p>The assumption for the LTP is that Council has a clear strategic direction for the future of the District and for Council services and that resources are applied to progress that direction.</p>	<p>The Council's budgets and work programme are based on the strategic direction as set out in the introductory chapters to this LTP. The priorities respond to a number of opportunities and challenges facing the future of our District. The Strategic direction is informed by the community through information from the Council's annual residents surveys, engagement on the Whakatāne Ki Mua community vision, ongoing engagement with key stakeholders, whānau and community focus groups and from direct consultation on the LTP key issues.</p> <p>Our research shows that our communities consider they have a very good quality of life (much higher than the national average) based largely on the recreation and leisure opportunities offered by our District and because of whānau and community connections. The research indicates that economic development, youth development and recreation opportunities; and specific social issues are priorities for our communities.</p>	<p>Uncertainty: Med Impact: Low</p> <p>Substantial changes in the strategic direction and level of service as a result of changing community and political priorities, or other contextual drivers, could result in increased cost and/or opportunity costs.</p>	<p>The strategic direction and services of Council are regularly monitored to ensure a clear, appropriate and realistic direction for the District. Any changes to the Council's strategic direction would be considered within the parameters of the Financial Strategy and if needed reassessed through an Annual Plan process.</p>
<p>2. Whakatāne District Governance</p> <p>The Council is expecting to see the introduction of Māori seats through the 2019 LG election. Other governance assumptions are for the status quo.</p>	<p>While some other regions have seen amalgamations of local government administration over recent years. However, there has not been significant demand for reform within the Bay of Plenty. Over the coming ten years, the administration for the Whakatāne District is not expected to be significantly reformed. There is expected to be change to the Council structure with the introduction of Māori seats. There may continue to be some minor boundary changes to allow for industry growth in Kawerau.</p>	<p>Uncertainty: Med Impact: Med</p> <p>Major changes to administration, political structure and boundaries of local government could be costly and significantly disruptive to the delivery of services during a transition phase.</p>	<p>Any changes to the structure of local government will be developed with a long lead in time and within consultation with Council and affected communities. This would allow our communities and the Council to influence the process ensuring an appropriate/beneficial outcome.</p>
<p>3. Structure of Whakatāne District Council services</p> <p>The LTP is based on the assumption of activities being delivered under the current structure. Of note this includes water related services</p>	<p>The 'better local government' reform process continues to explore opportunities for improved local government effectiveness and efficiency. There may be further focus on shared services as a result of the 2017 LGA amendments and continued 17A activity reviews. In particular, a central government review of 'three waters' is due to be completed by 2018 and could lead to changes in the current funding and management structures. Until the review provides recommendations, Council will continue to provide water related services under the status quo structure.</p>	<p>Uncertainty: Med Impact: Med</p> <p>Major changes to the structure of service delivery could be costly and significantly disruptive to the delivery of services during a transition phase.</p>	<p>Any changes to the structure of local government services will be developed with a long lead in time and with consultation with Council and affected communities. This would allow our communities and the Council to influence the process and outcome and to plan for the financial implications accordingly</p>

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<p>4. Population projections</p> <p>The assumption for the LTP is based on population growth following the Statistics NZ 'medium' scenario – plus local adjustments for expected development at Piripai; Shaw/Huna Rd; (and possibly the Keepa Rd corner block – currently subject to a plan change application).</p>	<p>The Whakatāne District population is currently 34,600. The Statistics New Zealand 'medium' scenario forecasts that our population will peak in 2028 at 36,400 people and then start to decline from the mid-2030's. A number of factors may yet have a substantial impact on this assumption including significant expected industry growth for the Eastern Bay of Plenty over the coming five year period; any changes to New Zealand immigration policy; continued pressure on housing affordability in major centres; and the real impact of 'baby boom era' retiree relocation.</p> <p>Council is currently updating growth assumptions through work on a 'Development Strategy' which will anticipate and sustainably plan for growth in our District. While this work is yet to be finalised, the expectations for real growth are more closely aligned to the Statistics New Zealand 'high' scenario.</p> <p>WHAKATĀNE DISTRICT POPULATION GROWTH EXPECTATIONS:</p>  <table border="1"> <caption>Whakatāne District Population Growth Expectations</caption> <thead> <tr> <th>Year</th> <th>Historical (Actual) Population</th> <th>Forecast High Scenario (Peak 2028)</th> <th>Forecast Medium Scenario (Peak 2028)</th> </tr> </thead> <tbody> <tr> <td>1995</td> <td>34,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>2000</td> <td>34,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>2005</td> <td>34,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>2010</td> <td>34,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>2015</td> <td>34,000</td> <td>-</td> <td>-</td> </tr> <tr> <td>2020</td> <td>-</td> <td>36,400</td> <td>36,400</td> </tr> <tr> <td>2025</td> <td>-</td> <td>36,400</td> <td>36,400</td> </tr> <tr> <td>2030</td> <td>-</td> <td>36,400</td> <td>36,400</td> </tr> <tr> <td>2035</td> <td>-</td> <td>36,400</td> <td>36,400</td> </tr> <tr> <td>2040</td> <td>-</td> <td>36,400</td> <td>36,400</td> </tr> <tr> <td>2045</td> <td>-</td> <td>36,400</td> <td>36,400</td> </tr> </tbody> </table> <p> — HISTORICAL (ACTUAL) POPULATION - - - - FORECAST GROWTH UNDER THE STATS NZ HIGH SCENARIO MAY BE A MORE REALISTIC EXPECTATION. - - - - FORECAST GROWTH PEAKS IN 2028 UNDER THE STATS NZ MEDIUM SCENARIO. </p>	Year	Historical (Actual) Population	Forecast High Scenario (Peak 2028)	Forecast Medium Scenario (Peak 2028)	1995	34,000	-	-	2000	34,000	-	-	2005	34,000	-	-	2010	34,000	-	-	2015	34,000	-	-	2020	-	36,400	36,400	2025	-	36,400	36,400	2030	-	36,400	36,400	2035	-	36,400	36,400	2040	-	36,400	36,400	2045	-	36,400	36,400	<p>Uncertainty: Med Impact: High</p> <p>Major changes to population and land use projections will have implications for the level and scope of infrastructure related projects and services. It may also present new challenges such as pressure on housing or conversely a reduced rating base to fund Council expenditure.</p>	<p>The development of a 'Development Strategy' in 2017-18 will update Council's growth assumptions and is likely to indicate an alternative scenario than that set out by Statistics NZ.</p> <p>Implementation of the Development Strategy – including notably through the Council's Infrastructure Strategy will seek to remain agile in relation to actual growth to ensure a long-term sustainable delivery of services.</p>
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<p>5. Ethnic Diversity</p> <p>The assumption for the LTP is for changes to ethnic diversity based on the Statistics NZ forecasts</p>	<p>European and Māori are the largest ethnic groups represented in our District at 66.3% and 43.5% respectively (in 2013). It is predicted that these will continue to be our largest ethnic groups into the foreseeable future. While currently small in number our Asian population is increasing at the fastest rate. Changes to ethnic diversity are likely to occur slowly. As local level data is released from the latest New Zealand census 2018, this will provide updated trend information.</p> <p>Whakatāne District ethnic diversity projection:</p> <table border="1"> <caption>Whakatāne District ethnic diversity projection (Estimated Data)</caption> <thead> <tr> <th>Year</th> <th>European, New Zealanders</th> <th>Māori</th> <th>Asian</th> <th>Pacific or Other</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>23,000</td> <td>15,000</td> <td>1,000</td> <td>1,000</td> </tr> <tr> <td>2018</td> <td>23,000</td> <td>15,000</td> <td>1,500</td> <td>1,000</td> </tr> <tr> <td>2023</td> <td>23,000</td> <td>15,000</td> <td>2,000</td> <td>1,000</td> </tr> <tr> <td>2028</td> <td>23,000</td> <td>15,000</td> <td>2,500</td> <td>1,000</td> </tr> <tr> <td>2033</td> <td>23,000</td> <td>15,000</td> <td>3,000</td> <td>1,000</td> </tr> <tr> <td>2038</td> <td>23,000</td> <td>15,000</td> <td>3,500</td> <td>1,000</td> </tr> </tbody> </table>	Year	European, New Zealanders	Māori	Asian	Pacific or Other	2013	23,000	15,000	1,000	1,000	2018	23,000	15,000	1,500	1,000	2023	23,000	15,000	2,000	1,000	2028	23,000	15,000	2,500	1,000	2033	23,000	15,000	3,000	1,000	2038	23,000	15,000	3,500	1,000	<p>Uncertainty: Low Impact: Low</p> <p>Changes to ethnic diversity may have implications for the Council in terms of changes in demand for Council services and Council communication and engagement practices.</p>	<p>Changes to ethnic diversity are likely to track slowly which will make it easier for Council to respond accordingly. The implications and necessary Council responses are likely to be experienced in other district and regions first.</p>
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ASSUMPTION	DETAIL/TREND	RISK ASSESSMENT	RISK MITIGATING FACTORS
<p>6. Population ageing</p> <p>The assumption for the LTP is that the average age of our population will continue to increase over time.</p>	<p>Like many other parts of the country, the District's ageing population is increasing. Currently 16% of the District's population is over 65. This is expected to increase to 30%, just under a third of the District's population, by 2043. The current median age of District residents is approximately 39, slightly higher than the New Zealand median of 38. Māori are significantly younger, with a median age of just 26.</p> <p>Some examples of implications for an aging population include a changing demand for our services, affordability due to limited incomes, labour availability, and changes in demand for housing.</p> <p style="text-align: center;">Whakatāne District population aged 65+:</p> <div style="text-align: center;">  <p>2017: 16%</p> <p>2028: 24%</p> <p>2043: 30%</p> </div>	<p>Uncertainty: Low Impact: Med</p> <p>The risk is that population may age more rapidly than expected and that this will intensify the implications for Council.</p>	<p>Figures are based on census data and are reviewed regularly. Of note the 2018 census will provide a more accurate and current dataset. Council can adjust the work programme and budgets annually through the Annual Plan process if required.</p>
<p>7. Rating base projections</p> <p>The Council's rating base assumptions remains conservative (at no growth) and will be adjusted annually allowing for actual growth in the number of rateable properties.</p>	<p>Our District is made up of 15,659 rateable properties (as at June 2018). The Council's rating requirement (the amount we need to collect from rates) is divided among the available "rateable properties" in the District. Certain types of properties, like schools, churches, and recreation reserves, are not rateable.</p> <p>The number of properties from which we receive rates is historically stable but may increase in the coming years driven by current strong national population growth and by expected local economic growth as drivers. A conservative approach has been taken to ensure the Council does not over burden ratepayers. As a large portion of our rates is based on Capital Value, rather than fixed charges, the change in rating units is not considered material and has not been included in the Financial Statements as a matter of financial prudence.</p>	<p>Uncertainty: Low Impact: Med</p> <p>The risk is that the growth of rateable properties will be lower than expected.</p>	<p>Figures are based on census data and are reviewed regularly. Rating base projections will be adjusted annually through the Annual Plan process allowing for any actual change.</p>

ASSUMPTION	DETAIL/TREND	RISK ASSESSMENT	RISK MITIGATING FACTORS
<p>8. Wealth distribution</p> <p>The assumption for the LTP is that our District will continue to have high levels of relative deprivation over the coming ten years.</p>	<p>There is acknowledgement that our District will continue to have high levels of wealth disparity and relative deprivation (compared to New Zealand average). As such, levels of rates affordability will vary accordingly throughout our district. Alongside this consideration an aging population will also have implications for rates affordability due to fixed incomes. Deprivation levels are also a considered a proxy indicator of other social outcomes, including of note levels of health.</p> <p>Whakatāne District relative deprivation:</p>  <p>Some areas, particularly coastal lifestyle areas are characterised by higher levels of affluence.</p> <p>Many areas of our District including small rural townships have high levels of (relative) deprivation.</p> <p>DEPRIVATION INDEX SCALE</p> <p>1 (Least) 2 3 4 5 6 7 8 9 10 (Most)</p>	<p>Uncertainty: Med Impact: Med</p> <p>The risk is that the incidence of rates defaults could increase as rates affordability becomes more of a challenge alongside other rising costs.</p>	<p>Affordability is a central theme and consideration throughout the development of the LTP. This is considered primarily through the Financial Strategy, Revenue and Financing Policy; Rates Review; and Rates Remission Policy for Financial Hardship. Council will continue to monitor the appropriateness of the rating burden on the community and annually adjust overall expenditure accordingly. Council also notes the need to ensure that the community understands the value proposition of rates.</p>

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<p>9. Income from rates</p> <p>The assumption for the LTP is that the level of rates ‘affordability’ and ‘willingness-to-pay’ (as set out in the financial strategy) is appropriate and sustainable.</p>	<p>Over the ten years ending 2012, the District saw some substantial average rates increases, the largest being 13.9% in 2005 and 12.2% in 2007. In the five years since 2013, rates increases have been far more conservative at an average of 3.07% annually. The average annual rates increases for the coming ten years are set out in the following table. More information can be found in the Financial Strategy contained in this LTP</p> <table border="1" data-bbox="1043 325 1296 863"> <thead> <tr> <th colspan="2">Average annual rates increases 2018-28:</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>3.83%</td> </tr> <tr> <td>2019/20</td> <td>2.88%</td> </tr> <tr> <td>2020/21</td> <td>3.40%</td> </tr> <tr> <td>2021/22</td> <td>1.97%</td> </tr> <tr> <td>2022/23</td> <td>2.18%</td> </tr> <tr> <td>2023/24</td> <td>2.61%</td> </tr> <tr> <td>2024/25</td> <td>1.99%</td> </tr> <tr> <td>2025/26</td> <td>1.63%</td> </tr> <tr> <td>2026/27</td> <td>1.96%</td> </tr> <tr> <td>2027/28</td> <td>1.78%</td> </tr> </tbody> </table>	Average annual rates increases 2018-28:		2018/19	3.83%	2019/20	2.88%	2020/21	3.40%	2021/22	1.97%	2022/23	2.18%	2023/24	2.61%	2024/25	1.99%	2025/26	1.63%	2026/27	1.96%	2027/28	1.78%	<p>Uncertainty: Med Impact: Med</p> <p>The risk is that the incidence of rates defaults could increase as rates affordability becomes more of challenge alongside other rising costs.</p>	<p>Affordability is a central theme and consideration throughout the development of the LTP. This is considered primarily through the Financial Strategy, Revenue and Financing Policy; Rates Review; and Rates Remission Policy for Financial Hardship. Council will continue to monitor the appropriateness of the rating burden on the community and annually adjusts overall expenditure accordingly. Council also notes the need to ensure that the community understands the value proposition of rates.</p>
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<p>10. Income from Central Government subsidies</p> <p>The assumption for the LTP is that the Council will continue to receive subsidies from NZTA as per the agreed funding regime.</p>	<p>Transportation is consistently the most expensive Council activity. Any changes to the regime of subsidy funding will have an impact on the level of service that is able to be delivered. The Council receives substantial subsidies from the NZ Transport Agency (FAR) for the operation and upkeep of the local road network in the District. This is currently provided at 57% and is due to increase to 64% starting from year one (2018/19) of the LTP.</p> <p>In the past, Council has also received significant grants from MoH for water related projects that have made it possible to improve the service particularly for rural communities. This LTP has conservatively budgeted for no income from MoH for water related projects but applications will be made where appropriate.</p>	<p>Uncertainty: Low Impact: High</p> <p>The risk is that the level of subsidy funding available for services and projects is less than expected/ budgeted.</p>	<p>Central government subsidy regimes are generally changed only through consultation with the local government sector and with a period of transition. As such we will have substantial lead in time where subsidy changes are being made and would be able to review and adjust work programmes where necessary.</p>																						

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<p>11. Income from development contributions</p> <p>Income received from development contributions is sufficient to fund growth related infrastructure, as per the Development Contributions Policy.</p>	<p>The Whakatāne District Council uses development contributions to recover from developers, a fair, equitable, portion of costs of capital expenditure needed to service growth. The Council's Development Contributions Policy is currently being reviewed to reflect new growth related projects in the LTP. Development contribution fees are proposed to increase as a result.</p> <table border="1" data-bbox="1025 336 1314 900"> <thead> <tr> <th colspan="2">Income from development contributions 2018-28:</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>\$1.06 M</td> </tr> <tr> <td>2019/20</td> <td>\$131,000</td> </tr> <tr> <td>2020/21</td> <td>\$134,000</td> </tr> <tr> <td>2021/22</td> <td>\$137,000</td> </tr> <tr> <td>2022/23</td> <td>\$140,000</td> </tr> <tr> <td>2023/24</td> <td>\$144,000</td> </tr> <tr> <td>2024/25</td> <td>\$147,000</td> </tr> <tr> <td>2025/26</td> <td>\$386,000</td> </tr> <tr> <td>2026/27</td> <td>\$155,000</td> </tr> <tr> <td>2027/28</td> <td>\$159,000</td> </tr> </tbody> </table>	Income from development contributions 2018-28:		2018/19	\$1.06 M	2019/20	\$131,000	2020/21	\$134,000	2021/22	\$137,000	2022/23	\$140,000	2023/24	\$144,000	2024/25	\$147,000	2025/26	\$386,000	2026/27	\$155,000	2027/28	\$159,000	<p>Uncertainty: Med Impact: Low</p> <p>The risk is that development contributions do not cover the cost of growth related infrastructure because there is less growth than expected or changes to the zoning of land in the Proposed District Plan are not progressed through decisions.</p>	<p>The Council's Development Contributions Policy is reviewed alongside the development of the LTP and conservatively based on latest available growth forecasts.</p>
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<p>12. Projects contingent upon external funding</p> <p>External funding will be secured for projects, where indicated.</p>	<p>The Council has a number of projects planned that are contingent upon a significant level of external funding alongside rates (sponsors, grants and fund raising from central government, regional government and community sources).</p> <p>Some examples include:</p> <ul style="list-style-type: none"> • Whakatāne District War Memorial Complex (seeking 67% subsidy) • Feasibility study into Whakatāne Aquatic Centre outdoor pool roof (seeking 100% subsidy) • CCTV phase 2 (seeking 70% subsidy) • Lighting from Info Centre to Boat Ramp (seeking 50% subsidy) • Matatā and Integrated Wastewater Project* • Awatarariki Debris Flow Risk Management Programme* <p>*These two projects will require substantial funding support from regional and central government in order to be progressed. While the projects remain a priority, until financial support has been confirmed, these have not been included into the budget due to high cost.</p>	<p>Uncertainty: Med Impact: Med</p> <p>The risk is that the level of external funding available for services and projects is less than expected/ budgeted.</p>	<p>The Council will continue to seek subsidies for projects where available. However, where funding becomes unavailable or is less than expected, the viability of the project will be reassessed before progressing.</p>																						

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<p>13. Income from Investments</p>	<p>This LTP has minimal expectations for income from investments and related assumptions are conservative. Council will be reviewing its approach to investments in the near future including investigating opportunity for better investment of Harbour Fund and associated assets. This assumption may need to be updated when the review is complete.</p>	<p>Uncertainty: Low Impact: Low</p> <p>The risk is that the expected level of income from investments is not realised and therefore not able to be applied as intended.</p>	<p>Risk of current investment activities is low.</p>
<p>14. Borrowing, renewability and Interest rates</p> <p>The assumption for the LTP is that Council will be able to negotiate favourable borrowing terms, and interest rates for borrowing will be in keeping with forecast expectations.</p>	<p>Council currently has a relatively conservative debt levels and limitations (cap), as set out within the Council's Financial Strategy. The current debt cap of \$75 million will be increased to \$80 million from year one of the LTP. This is in large part to fund a major programme of work needed to support water related services over the coming ten years. This will have implications for borrowing terms, expected interest rates and level of exposure to rate fluctuations.</p>	<p>Uncertainty: Med Impact: Med</p> <p>The risk is that we will not be able to access loan funding, or interest rates are higher than forecast. The Council will have a greater level of exposure to this risk with increases in Council's debt levels and cap likely to be required for water related services.</p>	<p>The Council has a Financial Strategy and Liability Management Policy which sets parameters for Council debt and contains strategies to protect ratepayers against significant fluctuations.</p>
<p>15. Legislative demands on Council</p> <p>The assumption for the LTP is that legislative demands on Council are expected to increase over the coming ten-year period.</p>	<p>Freshwater management reforms are already here and expected to have a significant impact on Council service delivery and resourcing over the term of the LTP. Further priorities that may influence Council into the future could for example include direction in relation to national and international scale issues such as housing affordability, wealth disparity, aging and climate change. Central government policies have changed with the election of the new (Labour) government in 2017.</p>	<p>Uncertainty: Med Impact: High</p> <p>The risk is that there will be major unexpected changes to the legislation that will cause significant changes to how we operate, what we do, and who pays for things. Changes could have a significant financial impact on the way we operate.</p>	<p>We have and will continue to set our work programme to take into account the expected outcome of legislative changes where possible. Legislative change is often progressed with a long lead in time, allowing Council to respond accordingly.</p>
<p>16. Project cost estimates</p> <p>The assumption for the LTP is that the cost for projects will be in keeping with the project estimates including allowance for contingency.</p>	<p>Costs listed for some projects are initial estimates based on information available at the time. To allow for variations between our expected cost of a project, and the actual cost of a project, we allow for a contingency in our budgets. This may range between 10% for fully scoped projects up to 30% for projects in concept or preliminary design.</p>	<p>Uncertainty: Med Impact: Med</p> <p>The risk is that project costs could be higher than initial estimates due to changes in market cost or project scope.</p>	<p>Cost estimates are updated annually through the Annual Plan process, and when detailed design has been completed, providing further accuracy to expected costs. Should costs change substantially from initial estimates, the viability of the project will be reviewed before progressing further.</p>

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<p>17. Cost estimates for upgrade of three-water infrastructure</p> <p>Assumptions have been made in the LTP and Infrastructure Strategy for the cost of acquiring new resource consents and to upgrade infrastructure to meet new standards under those consents.</p>	<p>Within the next 10 years, most of the resource consents authorising Council's water take and treated wastewater discharge consents expire. Council will also be obtaining Comprehensive Stormwater Consents for our District's urban stormwater networks. It is expected infrastructure will need to be upgraded to comply with the new resource consents. The assumption is that costs will be met by Council with minimal expectations for grants and subsidies.</p> <p>For the coming ten years the LTP budget includes \$6.35 million to replace water related consents and \$13.65 million to begin the work of upgrading waste water treatment systems. It should be noted that most of the work to upgrade treatment plants as required by new resource consents will fall beyond the window of this LTP, but have been included in our 30 year Infrastructure Strategy.</p>	<p>Uncertainty: Med Impact: Med</p> <p>The risk is that resource consent and infrastructure project costs could be higher than initial estimates.</p>	<p>Cost estimates will be adjusted as the project evolves and further information becomes available.</p> <p>While a conservative approach has been taken with regards to revenue for these projects, the opportunity for grants and subsidies may help offset the total cost of these projects.</p>																						
<p>18. Inflation forecasts</p> <p>The assumption for the LTP is that local government cost inflation will be in keeping with BERL forecasts.</p>	<p>The BERL local government cost index reflects the selection and relative importance of the goods and services which represent broadly the expenditure pattern of Local Authorities in New Zealand. This basket thus includes more directly relevant items including capital expenditure on pipelines, and earthmoving and site works, and operating expenditure such as local government sector salary and wage rates. Forecasts have been provided across specific activity groups; for capital expenditure versus operating expenditure and broadly overall (as set out below) in the form of the LGCI.</p> <table border="1" data-bbox="1028 679 1314 1225"> <thead> <tr> <th colspan="2">Annual inflation forecast 2018-28 (total LGCI):</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>2.0%</td> </tr> <tr> <td>2019/20</td> <td>2.2%</td> </tr> <tr> <td>2020/21</td> <td>2.2%</td> </tr> <tr> <td>2021/22</td> <td>2.2%</td> </tr> <tr> <td>2022/23</td> <td>2.3%</td> </tr> <tr> <td>2023/24</td> <td>2.3%</td> </tr> <tr> <td>2024/25</td> <td>2.4%</td> </tr> <tr> <td>2025/26</td> <td>2.5%</td> </tr> <tr> <td>2026/27</td> <td>2.6%</td> </tr> <tr> <td>2027/28</td> <td>2.7%</td> </tr> </tbody> </table>	Annual inflation forecast 2018-28 (total LGCI):		2018/19	2.0%	2019/20	2.2%	2020/21	2.2%	2021/22	2.2%	2022/23	2.3%	2023/24	2.3%	2024/25	2.4%	2025/26	2.5%	2026/27	2.6%	2027/28	2.7%	<p>Uncertainty: Low Impact: Med</p> <p>The risk is that inflation is higher than forecast. This could impact the cost and affordability of Council services.</p>	<p>BERL price change estimates are an industry recognised measure. As these are updated annually, Council will review its financial strategy accordingly noting in particular the impact of any upward movement on affordability.</p>
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<p>19. Insurance</p> <p>Council's insurance premiums will increase by 6-10% per annum over the ten years of the LTP.</p>	<p>Insurance premiums change over time and in particular in relation to natural events resulting in major insurance pay-outs. Following the 2017 floods in Edgecumbe, Council's insurance premiums are set to increase, the initial increase is known and the assumption for subsequent annual increase is budgeted 6-10%.</p>	<p>Uncertainty: Med Impact: Low</p> <p>The risk is that insurance premium increases are greater than 10% per annum.</p>	<p>The Council will review insurance on an annual basis and adjust premium repayments as required through the Annual Plan process.</p>																						

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<p>20. Lifecycle of significant assets</p> <p>The useful life of assets will be in keeping with expectations as shown in the Statement of Accounting Policies.</p>	<p>Accurate condition assessments and knowledge of the lifespan of our assets are necessary to inform Council's asset maintenance and renewal programme. Accurate information on assets allows for timely and efficient maintenance and renewal that minimises service disruption and maximises lifespan.</p>	<p>Uncertainty: Med Impact: Med</p> <p>The risk is that the useful life of assets is substantially shorter or longer than our assumptions. This could result in service disruption and/or have financial implications due to changes to the capital works programme, or an inefficient renewal programme.</p>	<p>A newly implemented asset management system will allow for improvements to inspection and maintenance of systems. Condition assessments continue to be undertaken by the Council with condition information updated based on actual rather than theoretical expectations.</p>
<p>21. Funds for future replacement of significant assets</p> <p>Funding sources for the future replacement of significant assets will be available with a priority on core network infrastructure.</p>	<p>The sources of funds for the replacement of assets are outlined in the Revenue and Financing Policy and documented through the Activity Forecasts (internal) and Infrastructure Strategy. Generally, the replacement of assets is funded through a mix of depreciation reserves built up for that purpose and borrowing where the replacement offers an increased level of service.</p>	<p>Uncertainty: Low Impact: High</p> <p>The risk is that the funding sources are not available.</p>	<p>The Council reviews its work plan annually and the Revenue and Financing Policy every three years, alongside the LTP. If funding is not available through the principle specified source, Council would need to reconsider priorities or consider alternative funding sources that are available such as borrowing.</p>
<p>22. Asset sales</p> <p>The LTP will set an assumption for income from asset sales but not assume to apply that income to any costs.</p>	<p>The Council is currently in the process of divesting a significant block of land at Bunyan Road, Opihi to allow for development. Other sales of non-strategic assets are expected to return relatively minor income over the course of the LTP. The income from the sale of land at Opihi will be transferred to reserve and has not at this stage been budgeted to fund LTP work programme or offset debt.</p>	<p>Uncertainty: Low Impact: Low</p> <p>The risk is that asset sales do not progress as planned, or result in a lower return than anticipated.</p>	<p>The expected income from the sale of assets is based on a prudent and realistic sale price. While the intention is to use returns to reduce debt, this assumption is not included in the Financial statements as a matter of financial prudence.</p>

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<p>23. Asset (re)valuation</p> <p>The future value of assets is accurately estimated.</p>	<p>Assets are revalued three yearly in accordance with a revolving asset revaluation schedule. Land, buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are re-valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value at least every three years. All other asset classes are carried at depreciated historical cost. The forecast total value of assets is set out in the following table.</p> <table border="1" data-bbox="1021 336 1319 863"> <thead> <tr> <th colspan="2">Forecast total value of assets 2018-28:</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>\$713.40 M</td> </tr> <tr> <td>2019/20</td> <td>\$721.84 M</td> </tr> <tr> <td>2020/21</td> <td>\$745.14 M</td> </tr> <tr> <td>2021/22</td> <td>\$768.53 M</td> </tr> <tr> <td>2022/23</td> <td>\$768.53 M</td> </tr> <tr> <td>2023/24</td> <td>\$784.64 M</td> </tr> <tr> <td>2024/25</td> <td>\$820.15 M</td> </tr> <tr> <td>2025/26</td> <td>\$831.05 M</td> </tr> <tr> <td>2026/27</td> <td>\$846.15 M</td> </tr> <tr> <td>2027/28</td> <td>\$882.80 M</td> </tr> </tbody> </table>	Forecast total value of assets 2018-28:		2018/19	\$713.40 M	2019/20	\$721.84 M	2020/21	\$745.14 M	2021/22	\$768.53 M	2022/23	\$768.53 M	2023/24	\$784.64 M	2024/25	\$820.15 M	2025/26	\$831.05 M	2026/27	\$846.15 M	2027/28	\$882.80 M	<p>Uncertainty: Med Impact: Med</p> <p>The risk is that there is a significant shift in value between scheduled valuation cycles. In particular the risk is that the loss has not been recognised and assets are overvalued.</p>	<p>Impairment reviews will be undertaken in the intervening years between revaluations to reduce this risk.</p>
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<p>24. Resource consent conditions</p> <p>When applying for resource consents, the conditions of consent and costs will be in keeping with our expectations.</p>	<p>Central government currently has a strong focus on freshwater water management and this is likely to increase into the future given the national and global value of this resource. In particular, water allocation, storm water and waste water discharges, and service standards will have much more stringent conditions in the future. This will demand some significant upgrading of local infrastructure and services in the future. With many of our wastewater, water and stormwater consents due for renewal by 2026 some major infrastructure costs are expected just outside the term of this LTP. The Council's infrastructure strategy provides greater detail.</p>	<p>Uncertainty: Med Impact: High</p> <p>Renewed consents could include tougher environmental conditions than expected, or could fail to be granted resulting in increased costs and risks to service continuity.</p>	<p>Council is assuming more stringent consent conditions will be required through the renewal/gaining of consents over the term of this LTP and has a specific stream of work addressing this challenge. LTP work programmes and budgets are developed in accordance with this expectation.</p>																						

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<p>25. Climate Change</p> <p>The assumption for the LTP is that climate change will occur at a rate in keeping with forecasts under NIWA mid-range (RCP4) estimates.</p>	<p>Climate change is already impacting how our communities live and function and these impacts are expected to increase in magnitude and extent over time. Climate change assumptions are factored into Council strategies and plans including notably the District Plan and Infrastructure Strategy and can be seen for example, through projects such as the continued improvement of Council stormwater systems, Council's escarpment risk management work and the work to retreat development from high risk areas in Matatā. The Council is also a signatory to the 'Local Government Leaders Climate Change Declaration'.</p> <p style="text-align: center;">Whakatāne District – our climate change future:</p> <table border="1" data-bbox="824 608 1290 1034"> <thead> <tr> <th></th> <th>Now</th> <th>2040</th> <th>2090</th> </tr> </thead> <tbody> <tr> <td>Annual days above 25°C >></td> <td>22 days a year</td> <td>47 days a year</td> <td>80 days a year</td> </tr> <tr> <td>150mm rainfall within a 24 hour period >></td> <td>Is a 1-in-50 year event</td> <td>Is a 1-in-29 year event</td> <td>Is a 1-in-16 year event</td> </tr> <tr> <td>Approximate annual frost occurrence >></td> <td>5 days a year</td> <td>Once a year</td> <td>Once every ten years</td> </tr> <tr> <td>Sea level rise expectation >></td> <td>Current level</td> <td>+0.27m</td> <td>+0.9m</td> </tr> </tbody> </table>		Now	2040	2090	Annual days above 25°C >>	22 days a year	47 days a year	80 days a year	150mm rainfall within a 24 hour period >>	Is a 1-in-50 year event	Is a 1-in-29 year event	Is a 1-in-16 year event	Approximate annual frost occurrence >>	5 days a year	Once a year	Once every ten years	Sea level rise expectation >>	Current level	+0.27m	+0.9m	<p>Uncertainty: Med Impact: High</p> <p>Climate change is high on the political agenda, locally and nationally but there is concern that assumptions could be on the conservative side and that impacts may occur sooner or be more intense than predicted. This could result in increased costs due to an accelerated climate change response programme.</p>	<p>At the time of writing this report, Council is in the process of developing a climate change action plan which will provide further guidance on climate change including mitigation and adaptation.</p>
	Now	2040	2090																				
Annual days above 25°C >>	22 days a year	47 days a year	80 days a year																				
150mm rainfall within a 24 hour period >>	Is a 1-in-50 year event	Is a 1-in-29 year event	Is a 1-in-16 year event																				
Approximate annual frost occurrence >>	5 days a year	Once a year	Once every ten years																				
Sea level rise expectation >>	Current level	+0.27m	+0.9m																				
<p>26. Natural Hazards</p> <p>The LTP is prepared on the basis that minor storm and flood events are expected to continue to happen on a frequent (often annual) basis whereas significant high impact events cannot be accurately predicted.</p>	<p>Our District is at risk of a range of natural hazards such as earthquakes, flooding, tsunami, debris flows, slips, tornado, fire and volcanic activity. Storms and tropical cyclone events occur on a frequent basis often bringing high intensity rainfall but are generally manageable within existing work programmes and budgets. However, the return period for significant high impact events is very long and events are difficult to predict. A number of projects, plans and initiatives seek to reduce the risk associated with natural hazards. In the first instance these seek to reduce exposure to risk while the secondary focus is on community preparedness for response.</p>	<p>Uncertainty: Med Impact: High</p> <p>The risk is that our District and Council could face significant costs to respond to hazard events and/ or that our District is unable to recover sufficiently or quickly enough in order to prevent long-term adverse effects on population or local economy.</p>	<p>Council has a Policy to build up contingency funds to pay for storm damage to roading and general disaster response and recovery. Our underground assets are also covered through the Council's insurance. Alongside the Council, Central Government also has a role in disaster recovery and restoration works after natural disasters have happened.</p>																				

ASSUMPTION	DETAIL/TREND	RISK ASSESSMENT	RISK MITIGATING FACTORS
<p>27. Skill shortages</p> <p>The Council will be able to attract and retain suitably qualified and able staff.</p>	<p>Many technical and knowledge based professions are forecasting future skills shortages. In part this is in recognition of an aging population particularly in instances where this is alongside flat or declining populations. Further, there is a need to retain suitably qualified staff to ensure efficient continuity of activities and minimise loss of institutional capacity and knowledge.</p>	<p>Uncertainty: Low Impact: Med</p> <p>The risk is that the Council will not be able to recruit and retain the right staff. If the risk occurs then increased reliance may be placed on contractors with an impact on costs or there may be a risk to continuity of service and loss of institutional knowledge.</p>	<p>Human Resources have implemented recruitment processes that focus on the lifestyle offering of the Whakatāne District and that provide a market based remuneration. A process to develop staff and grow leadership is also in place to meet organisational needs.</p>
<p>28. Contractor availability</p> <p>We will be able to find skilled contractors to undertake the work we require, to the agreed standards, deadlines and cost.</p>	<p>There are a number of emerging and forecast challenges with availability of contractors. These are associated with the current building boom and focus on major centres, as well as possible skill shortages within the contracting sectors themselves. These challenges may present to the Council in terms of availability, cost and quality of work. A certain amount of this risk is reduced with some services being brought in-house rather than contracted out.</p>	<p>Uncertainty: Low Impact: Med</p> <p>The risk is that there will be a shortage of contractors, or that contractors will not deliver to the agreed standards and specification within the agreed time. If the risk occurs, it could result in an increase in the price, timeframes, and/or quality.</p>	<p>We have a procurement manual which ensures we have robust contracts. Our contracts outline what we expect to receive from our contractors. If the work is not completed to the agreed standards and specifications, then we have legal rights.</p>

ASSUMPTION	DETAIL/TREND	RISK ASSESSMENT	RISK MITIGATING FACTORS
<p>29. Technology and connectivity</p> <p>Technology is changing rapidly in terms of both availability and uptake. Making accurate predictions and forecasts for this factor is difficult.</p>	<p>Advances in science and technology continue to transform the way our society works. This provides some exciting new opportunities and solutions but also comes with risks. Governments at various levels will be challenged by demand to harness the benefits of technology while providing prudent oversight.</p> <p>Some trends for technology include:</p> <ul style="list-style-type: none"> • High-speed internet access is increasing demand for online Council services. • Robotics and automation will change the way we work and provide new futures for manufacturing. • Advancement in the 'internet of things' provides opportunities for smarter and more responsive services. • Opportunities will continue to emerge for different models of service delivery and connectedness. • Cybercrime will increase as will the related focus and resource requirements for security. • Dramatic changes to vehicle technology are around the corner and could dramatically change our models of transport and vehicle ownership. • Advances in technology may provide alternative solutions to large scale network infrastructure challenges (such as waste water systems). • Energy technology is becoming more advanced, effective and cheaper. Public demand for clean energy is increasing. • 3D printing (or additive manufacturing) will dramatically change the way we design, produce and distribute products. 	<p>Uncertainty: High Impact: Med</p> <p>Technology generally presents opportunities rather than risk. However, there is some risk associated with long term planning and infrastructure commitments made by Council which could be inconsistent with any emerging technologies that provide more preferable solutions. The greatest risk is therefore for the 'opportunity loss' of new technologies that are not taken up or adopted late.</p>	<p>Local government is generally risk averse where investment into new technologies is concerned. Generally these need to be established and proven for Council to make the investment. Major strategies and projects will explore technology based solutions as part of the contextual and options analysis. Of note this will include the upgrades that will be required to waste water treatment systems over the coming ten years and beyond.</p>

