

Long Term Plan 2021-31

Mahere pae tawhiti



PART 4

Securing our plan

- What we are doing
- Financial overview
- Infrastructure strategy
- Map of activities

SECURING **TODAY**. SHAPING **TOMORROW**. STRONG **FUTURE**.

What we are doing | Tā mātou mahi ināianei

Growth and Spatial Housing Supply

Council will facilitate the availability of safe, dry affordable housing solutions for our community, including social, progressive retirement, privately owned entry-level houses and apartments, executive homes and ready stock for rentals. This has been identified as a key enabler to Council's economic development strategy.

It needs to ensure enough land is appropriately zoned and infrastructure-ready to facilitate development for different housing needs in a timely manner that better aligns demand and supply. In doing so it will seek to moderate the level of house prices and rental inflation and its impact on our community.

It will stimulate new private housing development through effective marketing of our District, a supportive District Plan, appropriate infrastructure to support development, supportive council activities (in particular strong marketing and business case management) and quality information available to land owners and developers.

The availability of an appropriate supply of affordable and progressive housing is a huge concern to council and to our community. We are working with Kāinga Ora, Ministry of Housing and Urban Development, Raukawa Iwi Development Limited and the private sector to find opportunities to develop this type of housing. We are also exploring the development of alternative housing models, such as papakāinga and alternative funding support to widen home ownership through part buy / part rent models.

Economic Development Strategy

Council's economic development strategy and marketing plan is not specifically geared toward COVID-19 recovery. It takes a wider perspective to stimulating growth and economic development by focussing on key demand and supply side interventions and investments. Council works alongside key local stakeholders such as the South Waikato Investment

Fund Trust (SWIFT), Raukawa Iwi Development Limited and Te Waka, the Waikato Regional Economic Development Agency. Council advocates to central government for increased co-investment into the District, especially in relation to key infrastructure and labour supply interventions.

Council works alongside local industry to identify and address factors that constrain or enable growth and sustainable employment. Council and SWIFT promote the District through the SW Space to Grow brand to potential investors at a regional, national and international level, making enterprises aware of the benefits of establishing operations within the District. Council works alongside schools and the tertiary sector and training providers to support interventions designed to improve education and skills attainment and other labour market investments.

Council seeks to understand the changes in the macro economic and political environment and the opportunities this will present to our existing business community. Council works collaboratively with other Waikato councils, Waikato Regional Council and New Zealand Trade and Enterprise to promote the Waikato to overseas investors.

COVID-19 Resurgence Planning

Council are part of the Waikato Region 'Caring for Communities' steering group which includes members from central government, iwi and local government. The main aim of this group is the coordinated approach to resurgence planning.

Council provides resources in terms of its internal Emergency Management function and specifically through its Emergency Manager, Local Controllers, Welfare Manager, Recovery Manager and its coordination of a local welfare committee.

Tokoroa CBD

There is strong need to reshape / rethink the Tokoroa wider Central Business District in line with the change in rural towns and retailing to ensure it is vibrant for our business owners, investors, local customers and attractive and enticing for visitors and new business.

Council plans to engage with the community to consider:

- What is the vision and character of the town that the community wants;
- How much of the CBD and surrounding business zone should be considered in any development plans;
- Whether the District Plan needs to change to enable the type of development the town needs;



- What activation (events, activities) is required to entice visitors and support our community;
- How a business association and Town Centre Manager could support this development and the development of businesses; and
- What further marketing of the town can be undertaken to support the business community

This will all help answer the question of what infrastructure upgrades and changes to council service are required.

District Plan Review

Building on the Putāruru zoning plan change and infrastructure management plan change undertaken in 2020, Council's land use guidance document is due for its ten year review. To prepare for this workstream, an analysis of the efficiency and effectiveness of the current District Plan is being completed, together with a long term monitoring strategy and framework to meet the National Planning Standards and ePlan obligations. This work and its identified funding (approximately \$2M) may transition to priority strategic planning necessary to prepare for the impending Resource Management Act reform, yet to be confirmed.

Council's focus will continue to enable sustainable growth and managed land use in our environment that is fit for purpose in our growing communities. This work is planned to be produced during the course of this LTP.

Council is also continuing to work with Raukawa on the Nga Wahi Tuturu plan change to recognise and protect culturally significant sites and landscapes in the rohe.

Stronger collaboration with our partners

Iwi

Council wants to develop our relationship with iwi far beyond the statutory requirements.

This is particularly so with Raukawa Charitable Trust who is our primary iwi partner. Our relationship has always been strong and over recent years the operational interactions between the two organisations has strengthened, especially in planning, engagement, communications, infrastructure planning, emergency management, economic development, housing and cultural support. The next step that both organisations are working on is a strengthened joint governance and engagement model which will help a shared view of the future of the District and also allow for stronger collaboration on issues common to both organisations.

We have a Joint Management Agreement with Te Arawa River Iwi Trust (TARIT) which has served both organisations well in terms of strong communication and strategic alignment and shared projects. The most recent of these has been the employment of students nominated by TARIT for Christmas holiday projects with Council.

Strong communication and engagement are in place with Ngati Koroki Kahukura and Ngati Haua to ensure that decisions made about the land in the South Waikato District that is in their rohe are well considered by all parties.

Pacific People

The relationship with our Pacific Island communities has always been strong. We look forward to strengthening these by having more formal relationship agreements with these groups so that there can be a planned and clear pathway to work together on.

Close working relationships were strengthened during the COVID-19 lockdown and recovery periods. These alliances will be strengthened through our continual contact and formally through the local Welfare Committee.

One of the exciting projects that we have worked on together has been the shared vision for Pacific People in the South Waikato. This has been developed through multiple meetings and now is being tangibly developed through the concept of a Vaka cultural facility in conjunction with the Ministry of Pacific Peoples.

Community and business partners

Council has relationships with a large number of community and business groups with whom Council works to achieve one or more of the Council strategies, and the objectives of the individual group.

There is a higher degree of collaboration with these groups so there can be a higher degree of openness to achieve shared goals. These groups fit into a number of different categories:

- Iwi and Pacific People.
- Business and Economic Development. Council has a strong working relationship with the South Waikato Investment Trust (SWIFT) to develop growth for the District. Te Waka, Waikato's regional economic development agency, is key to the development of the South Waikato District and also ensuring a unified voice for the Waikato is heard at central government which includes a South Waikato perspective.
- Business associations. Pride in Putāruru works with Council to develop and deliver tangible business development support, community events and an information service. Council is very keen to work with communities to develop this type of entity in other towns. This is particularly so for Tokoroa, which will have a future focus on the delivery of a vision for a wider town-centre plan.
- Community associations and the Tīrau Community Board (TCB). Council is fortunate to have a strong link into the community through the TCB and other organisations such as the Arapuni Ratepayers Association. These, along with our other partner organisations, help provide a community voice.

- Community services delivery. There are a large number of organisations, often charitable trusts, that provide social and community health, disability and support services; employment and visitor attraction.
- Our Emergency Management activity has an established Local Community Welfare Committee which is co-chaired by Raukawa and Council and involves multiple agencies.
- Council has strong partnership with tertiary education service providers, particularly in the trades training area where we are partnering with Toi Ohomai, Te Wānanga o Aotearoa and SWIFT to increase student numbers and range of courses offered through a new purpose-built facility in Tokoroa.
- Strong connections are kept with businesses in the District through our economic development, regulatory, asset infrastructure and community activities to support them to thrive. Our business case management activity has been established to support new and existing businesses through the regulatory process.



Local government collaboration

- Local government is very fortunate that it operates in a non-competitive industry. There is significant collaboration and information sharing through a large range of networks within the sector and more formally through Local Government New Zealand and Taituarā (formerly the Society of Local Government Managers).
- The Waikato Local Authority Shares Services (WLASS) entity supports twelve councils in the wider Waikato Region. The key purpose of WLASS has evolved from initially being focused on procurement to now driving collaboration between councils, and aims to improve customer service and performance, and to reduce costs.
 - The Regional Asset Technical Accord (RATA) this has been expanded from Roding to now include collaboration around the three waters
 - Procurement advice and shared services eg. insurance, Waikato Aerial Photography Syndicate
 - Coordinated infrastructure planning
 - Shared Valuation Database Service for rating
 - Shared website and online services platform with other Waikato Councils
 - The Waikato Plan (Waikato: he reo kotahi)
- Lakes Coast Cluster - building consent authority group
- Memorandums of understanding with neighbouring Councils to work together across emergency management and environmental health/ food activities
- Links with the Waikato Regional Council are strong in the areas of land use, air quality and water quality.

Central government sector collaboration

Council has strong and growing relationships with central government agencies to improve the opportunities for our communities to benefit from government funding initiatives and programmes.

Waka Kotahi (NZ Transport Agency) has always been a close partner in the delivery of funding for local roads and state highways.

There has been increasing emphasis on the provision of social, affordable and progressive housing solutions for our District, resulting in the formation of a close relationship with Ministry of Housing and Urban Development and Kāinga Ora.

From an economic development perspective, the range of agencies in our network have been increased to look for funding and project opportunities.

Links between our regulatory teams with their associated government agencies have always been strong so that we understand our requirements and can plan for the future.

Strong Infrastructure Planning

Providing and maintaining Council's infrastructure requires good asset management practices and strategic thinking. Sound durable infrastructure that is fit for purpose and affordable requires strong planning. Council proposes to use the 30 year Infrastructure Strategy to provide for this planning.

The Infrastructure Strategy will assist Council in taking a long-term view of South Waikato's infrastructure needs and is an indicative estimate of Council's future infrastructure needs. It is a statement of current assumptions and thinking on what infrastructure will be required to address the major issues facing the District over the next 30 years.

The strategy outlines Council's approach to managing and investing in the District's infrastructure including what will be required, when, and how much it will cost across the following infrastructure classes:

- Water
- Wastewater
- Stormwater
- Land transport

The strategy draws together information from the Three Waters Strategy and Land Transport Strategy and informs the Asset Management Plans (AMPs) for each of the classes.

Councils infrastructure replacement programme is developed using the optimised decision-making process which is outlined in our Asset Management Plans.

The goal of good planning is to provide infrastructure in an efficient and effective manner that enables the provision of the agreed level of service for current and future customers in a sustainable manner.

Leisure and recreational services

Council has consulted on its Reserve Management Plans to make the District more attractive to live in and to encourage our people to be more active and have quality recreation space. It has planned for growth and is recognising that the demographics of our community is changing through this process.

The outcome of the review of the plans has been included in the Long Term Plan, so there have been significant projects involving our reserves, pools and the Tokoroa library included in budgets. These are detailed in this document. See Part Five to see what these projects are.

We work closely with our partner, Sport Waikato, whose focus is on play, active recreation and sport. Sport Waikato aims to help people to build a lifelong love of physical activity.

Changing Service Delivery

A significant number of changes to the level of service we deliver is proposed in this LTP:

- Rezoning of land for residential and business growth. This has started with the opportunity for 600 additional residential sections in Putāruru as well as more business land. This will increase storage volume for wastewater pump stations and improve the quality of water and wastewater reticulation.
- Infrastructure capacity planning in Tokoroa and Tīrau is being undertaken to access the potential capacity for growth in these towns.
- Wheelie bins for rubbish and recycling collection – there is no change in the frequency of collection with rubbish still collected weekly and recycling fortnightly, but the move to wheelie bins is a substantial increase in the level of service provided, particularly in terms of the ease of use and the increased amount that material that can be collected.
- Significant wastewater plant upgrades in Tokoroa, Putāruru and Tīrau to improve water discharge to streams to comply with Waikato Regional Council resource consents and improve the quality of the district's awa.
- Wastewater wetland ponds are planned for Tokoroa, Putāruru and Tīrau. This will help restore the mana and the mauri to the water.
- Stormwater maintenance service delivery. The level of service has increased as a contract has been put in place to manage stormwater maintenance and funding has been increased. This will improve property flood protection. This has been highlighted in Putāruru where areas of potential flooding have been mapped and communicated to residents.
- In addition to the above there will be more stormwater detention ponds and reticulation for treatment of stormwater and to reduce flooding
- Water and wastewater telemetry. An improved automated monitoring and management system will improve the ability to manage these systems and ultimately improve the quality of these services.
- Community engagement – this involves the increased level of human resources and more platforms for engagement, which provides increased engagement opportunities for more people to be heard. We will improve the quality and quantity of the flow of information and improve the connectivity with our communities.
- Renewing backflow protection of water supply points will reduce the risk of drinking water contamination.
- Council owned pensioner units will have upgrades for ventilation and heating to improve the quality of these units and comply with new legislation
- The South Waikato District Plan will have a formal and complete review during the period of this Long Term Plan. The review will ensure compliance with regional and national requirements and be future focussed and allow for improved land use management (subject to timing of RMA reform).

Financial Overview

Council's overarching approach to its financial position is that we are a community focused service provider, so need to act conservatively, prudently and in the interest of the community at large. Council also need to recognise and take advantage of economic and community development opportunities that fit within our vision and Long Term Plan.

Significant funding has been budgeted to help work on the opportunities and challenges of growth and to complete the infrastructure upgrades that now face our District. Historically our priority was maintaining our District, looking for growth and minimising rates but now we are faced with the opportunities and challenges that growth brings as people want to come to live in our District. We need to embrace development, but it costs money.

The increase in rates is 7.6% for 2021-22 to cope with these challenges and opportunities.

Loans are predicted to grow from \$42 million to \$67 million during the period of this plan. Council is proposing to maintain the loan limit to be no more than 175% of revenue. Council is very concerned about the affordability of rates for our community and loan interest and repayments add significantly to rates.

Council joined the Local Government Funding Agency to enable access to cheaper borrowing. The budgeted average interest rates is 1.8%. This has been factored into this LTP.

Summary Financial Statements

Below is a table of the key financial levels included in the financial statements.

A draft Prospective Statement of Comprehensive Revenue and Expenses; Prospective Statement of Changes in Net Equity; Prospective Statement of Cashflows and a Prospective Statement of Financial Position is detailed in Part 6 of this document.

	20/21 Current AP \$m	21/22 LTP \$m	22/23 LTP \$m	23/24 LTP \$m	24/25 LTP \$m	25/26 LTP \$m	26/27 LTP \$m	27/28 LTP \$m	28/29 LTP \$m	29/30 LTP \$m	30/31 LTP \$m
Rates levied	28.6	31.1	33.4	35.5	38.0	39.2	40.8	42.4	44.2	45.8	47.5
Total revenue	40.3	44.0	46.9	49.7	53.3	55.0	56.1	57.9	60.0	61.6	63.8
Operational expenditure	40.1	44.2	47.4	49.7	52.3	54.3	56.4	58.1	60.4	62.2	64.2
Capital expenditure	14.4	20.4	16.4	25.2	20.1	22.0	11.5	11.6	11.6	11.9	9.6
Total Borrowings	30.2	42.4	47.3	60.9	67.8	74.1	72.7	71.2	69.3	67.6	64.6

Rates Increases and Trends

Because our community cannot afford significant rates increases, Council has proposed limits for rates revenue:

- Rates revenue increases will not be larger than 9% for any year.
- Rates revenue will not increase by more than a 6% average for the ten years.

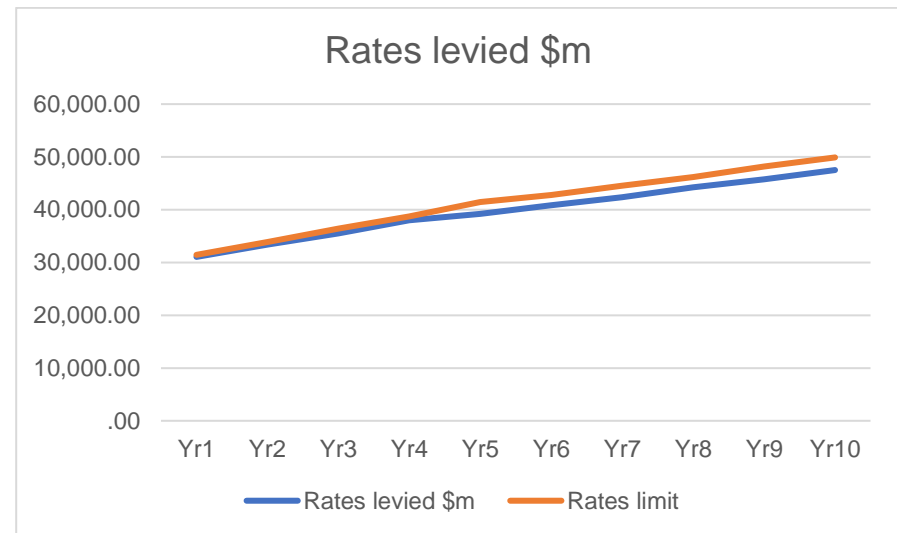
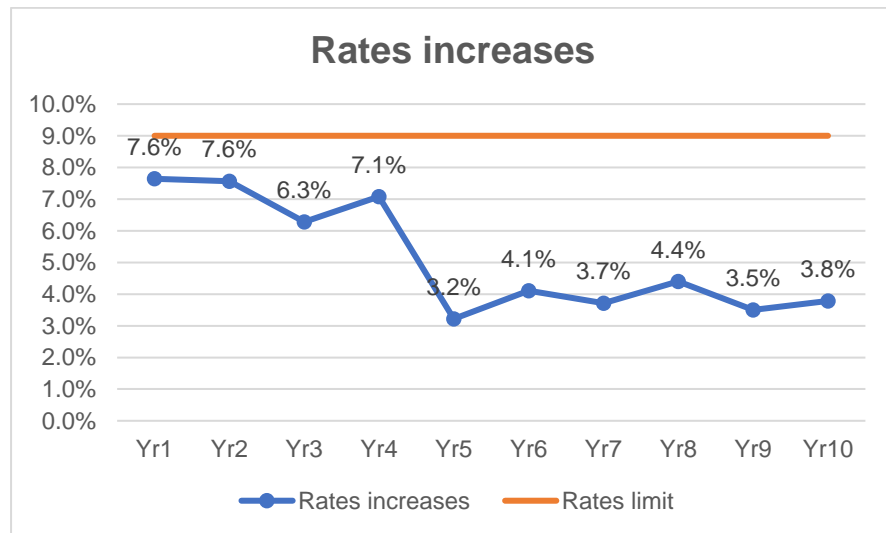
Council recognises that these are large increases but spending money on growth, wastewater, water, solid waste upgrades and other Council infrastructure and legislative compliance has meant we have little choice.

Council will continue to look for savings over the coming years to reduce these rates increases.

The LTP budget proposes an average increase of 5.13% in rates revenue over the next 10 years. Total revenue received from rates is forecasted to rise from \$31.1m in 2021-22 to \$47.5m in 2030-31.

The Funding Impact Statement showing forecast rating values and rating methods is detailed in Part Six Funding and Rates.

The rate increase is shown in the graph below.



Rates and User Charges

District Valuation and Impact on Rates

Every three years councils must get an independent valuer to value all the properties in its district. Councils use these valuations to set rates. These new rating valuations will be based on the property market as at July 2021 and will have an impact on rates for the 2022-23 year.

Based on sales indications there will be a small reduction for some rural properties, and significant increases for residential properties (possible increases averaging 50%) when compared to the previous (2018) district rating valuations.

Changes in rating valuations does not mean Council collects more rates, but it can mean a shift in who pays the rates. General Rates are charged on rating valuations. Because urban and lifestyle properties are expected to increase by more than other properties (such as rural and business) they will pay a larger share of the General Rate. Rural ratepayers will pay a lesser share than they did before.

At this stage, these changes in rating valuations are only estimates, but they are expected to be so large and variable it is important ratepayers are aware of the possible impact. The revaluation notices will be mailed to ratepayers later in 2021 and there will be an opportunity to challenge the values if the accuracy is challenged.

Uniform Annual General Charge percentages

The amount of rates property owners pay includes a portion that is a Uniform Annual General Charge (UAGC) - a charge that is the same for every property regardless of property value - and a portion based on the capital value determined by the District Valuation process (General Rate).

Higher value properties pay a higher proportion of the General Rate. For 2022-23, Council plans to reduce the impact of the change in rating valuations by adjusting the amount of rates collected from UAGC. This will reduce the impact on rates increases resulting from district valuation

changes. Even with this, the change in valuations are still expected to significantly increase rates in 2022-23 for residential ratepayers.

Council will reduce the UAGC so that the total rates funded from UAGC plus some other targeted rates is 16% of total rates revenue in 2022/23. A change is also proposed for 2021/22. See Water, "*Wastewater and Stormwater Rates Harmonisation*" below for details of these changes.

Development Contributions

As part of the 2018-28 Long Term Plan amendment for the Putāruru Growth Plan, a Development and Financial Contributions Policy was adopted by Council. The cost of the capital expenditure that relates to growth will be funded by loans and repaid by development contributions as they are received. There are components of the capital spend at that time which will be funded by Council reserves and ratepayers – namely the capital required to bring activities up to an appropriate standard, the capital relating to the replacement of existing assets and the operating costs of all the new infrastructure.

Now during each LTP the Development and Financial Contributions Policy, investment and funding requirements need to be revisited and consulted on during the LTP process. This is detailed in Part 6 of the LTP.

Council are well advanced in developing the infrastructure required to service growth in Tokoroa and Tīrau. Capital costs have been included in this LTP but the growth zones planned and the detailed financial modelling required to develop a development contribution policy for Tokoroa and Tīrau is not available yet. The community will be consulted on when this is available. In the meantime, the Putāruru township is the only area with a development contribution policy (and therefore charges) in place.

Water, Wastewater and Stormwater Rates Harmonisation

Council's philosophy is to use targeted rates for those services that can clearly be identified as benefiting only a proportion of the population and then recovering these costs only from the ratepayers - these are called targeted rates. There are targeted rates for the following activities: water supply, wastewater disposal, stormwater, waste collection, district recycling, Putāruru CBD charge, Tīrau Community Board charge, Putāruru promotion rate, Tokoroa promotion rate, clean heat charges and individual hall charges.

Other, more generally used, Council activities are rate funded by user charges wherever possible with the residual being recovered through general rates. Examples of these are libraries, swimming pools, roads, parks and reserves and so on. The General Rate requirement is split between Uniform Annual General Charges, ie. an equal amount charged to each property, with the remaining General Rate being charged to ratepayers on the capital value of the property ie. the higher the capital value of the property the higher the general rates levied. Legislation dictates that no more than 30% of Councils total rates revenue can come from the UAGC plus other targeted rates levied on a uniform basis (excluding charges for water supply and wastewater). The amount of the UAGC will vary between years to help moderate the rating balance between the general rate (based on the rateable value of a property) and the UAGC (rated on a per rateable property basis). This will reduce from 25% to 22% in the 2021/22 year to make rates as affordable as possible for all ratepayers.

The other aspect to the rating system that is useful to explain is that water, wastewater, stormwater, solid waste collection and recycling rates are harmonised. These are targeted rates as explained above, but they relate to multiple different geographic areas in the District. The total cost of all these activities is added together and applied to all the ratepayers receiving these services. For example, the total cost of the four wastewater plants (Tokoroa, Putāruru, Tīrau and Arapuni) is added together and the rates averaged out across all the wastewater connections for the four towns. The alternative approach is that each town's ratepayers pay the cost of just their wastewater plant. This approach is not adopted because it would make the cost to ratepayers in small towns very high - instead the costs are spread over all the towns' ratepayers.



The construction of the new digester underway at the Tokoroa Wastewater Treatment Plant

Funding of Asset Replacement

Asset replacement reserves are maintained for the activities listed below. Depreciation, funded from rates, is transferred into these reserves, while capital expenditure and loan repayments, if any, are funded from these reserves.

- Bridges
- Cemeteries
- District recycling
- Council properties and buildings
- Information Services
- Libraries
- Parks and Reserves
- Putāruru town centre CCTV network
- Refuse Disposal – rehabilitation and monitoring after landfill closure only
- South Waikato Sport and Events Centre
- Sportsgrounds
- Stormwater
- Swimming Pools (Tokoroa, Putāruru and Tīrau)
- The Plaza Theatre
- Toilets
- Tokoroa town centre CCTV network
- Trade Training Centre
- Water
- Wastewater
- Vehicles

Depreciation is partly funded on the following activities

Activity	Funded	Reason why not 100%
Waikato Sport and Events Centre	50%	Assumed that when this is replaced it would be funded 50% by contributions from external funders and the community
Tokoroa Indoor Swimming Pools	50%	Assumed that when this is replaced it would be funded 50% by contributions from external funders and the community. Tīrau and Putāruru pool replacements are fully rate funded
Plaza Theatre	50%	Assumed that when this is replaced it would be funded 50% by contributions from external funders and the community
Wastewater and Water	55% - 100%	Asset replacement is proposed to be funded – moving from 55% in year 5 to fully funded by year 10.
Stormwater	0% - 100%	Asset replacement is proposed to be funded – moving from 0% in year 5 to fully funded by year 10.

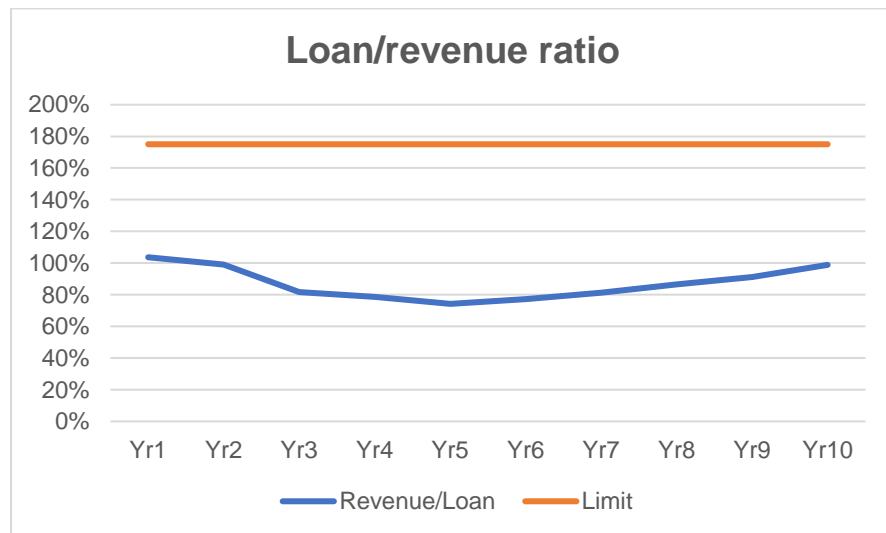
Depreciation is not funded on the following activities.

Activity	Reason why
Talking Poles	These will be funded by rates if new ones are required
Libraries	Capital expenditure is at a similar level across the years, so is funded directly by rates, and depreciation is not rate funded
Roading (except bridges)	A roading programme for the ongoing maintenance of the roading network is in place. Capital expenditure is at a similar level across the years, so is funded directly by rates, and depreciation is not rate funded
Community halls	Any capital expenditure is funded through rates. Council does not plan to replace these halls at the end of their life, so no funding has been accumulated for this.
Pensioner Housing	<p>Capital expenditure is part of an ongoing upgrade programme so similar each year. The purchase or build of new houses will be funded from other sources.</p> <p>As the income and expense is already ring fenced in a dedicated reserve, there is little value in retaining another reserve for this activity.</p>
Airport	The replacement of the runway is funded from adjacent land and tree sales, so there is no separate fund for asset replacement funded from depreciation
Information services	The capital expenditure for Information Services is regular over the years, so this is funded through rates, and the depreciation is not rate funded. There is an existing asset replacement reserve which is being retained until a replacement of our enterprise system is required.
Furniture	Capital expenditure is at a similar level across the years, so is funded directly by rates, and depreciation is not funded
CCTV cameras	Capital expenditure on Council property CCTV (as opposed to public town centre CCCTV systems, is at a similar level across the years, so is funded directly by rates, and depreciation is not rate funded

Loans

The previous limit for total loans was at 100% of total revenue. This limit was updated when the Treasury Management Policy was updated in late 2019 to 175%, to be in line with the limit set by our agreement with the Local Government Funding Agency (LGFA).

At the 175% limit the total amount Council can borrow is \$75m in 2021-22 to a maximum of \$110m in 2030-31. This will accommodate the facility development and growth capital expenditure that Council has planned in the LTP.



Policy on the giving of securities for its borrowing

It is important that Council borrows at the lowest interest rate practical while balancing this with not having to provide large security to achieve it. Council's preference is for unsecured financial facilities. Where there is a borrowing cost advantage in giving security, Council will first assign rates revenue to secure the loan. However, if Council considers that security should be given by mortgaging (or otherwise charging a physical asset instead of rates) it may do so. Independent advice will be sought if it is considered necessary. Council's current approach is to secure loans against rates revenue so Council has not needed to provide physical assets as security.

Financial investment and equities

Objectives for holding and managing financial investments and equity securities and its quantified targets for returns on those investments and equity securities.

Council's objectives for holding and managing financial investments and equity securities are:

- To prudently manage Council's investment assets in the interests of the District's residents and to safeguard the investments from making a loss
- To ensure that the investments are only for lawful purposes
- To maximise investment income within a prudent level of investment risk
- To comply with all relevant statutes and their amendments
- To ensure Council is able to meet its future financial commitments as they fall due, in both the short term and the long term, through active liquidity management
- To manage interest rate risk and to maintain Council's exposure to interest rate risk within acceptable levels
- To safeguard Council's investments by only investing in approved financial institutions and undertaking ongoing monitoring of their credit ratings

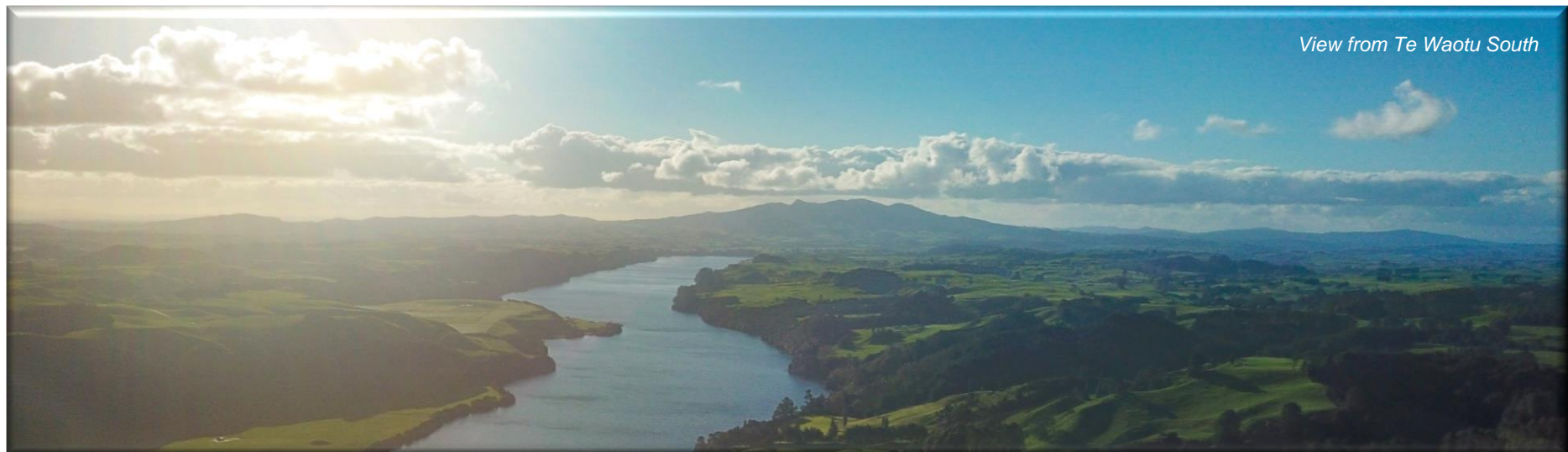
- To actively manage adequate internal controls to ensure that funds are invested in accordance with Council policy
- To avoid all financial arrangements that could be described as speculative
- To maintain a risk averse stance at all times.

Collaboration efforts in the Waikato and BOP

Changes to the Local Government Act 2002 now require Councils to work together collaboratively to reduce costs and to improve efficiency. Council is working with other councils in the Waikato and Bay of Plenty on projects that will save money. Projects include:

- Waikato Local Authority Shared Services (LASS)
- Councils worked together to form a shared view on the submissions and further submission phases of the Regional Plan Change
- The Waikato Spatial Plan
- The Bay of Plenty Spatial Plan

- Waikato Region – Economic Development
- The Road Asset Technical Accord (RATA) which involves projects such as joint procurement for LED streetlighting and developing a consistent approach for roading maintenance
- Shared recruitment services with other Waikato Councils
- LASS – procurement for insurance
- Shared Valuation Database Services for rating
- Waikato Regional Sports Infrastructure Plan
- Waikato Aerial Photography Syndicate
- Lakes Coast Cluster – building consent authority group
- The Waikato Plan (Waikato: he reo kotahi)
- Shared website and online services platform with other Waikato Councils
- Combined contracting of election services with other Waikato councils.



Infrastructure Strategy | Te rautaki hanganga

Purpose

The purpose of the 30-year Infrastructure Strategy is to identify significant infrastructure challenges for South Waikato District Council over the next 30 years and the principal options for managing those challenges.

Providing and maintaining Council's infrastructure requires good asset management practices and strategic thinking. This Strategy assists Council in taking a long-term view of South Waikato's infrastructure needs. The Strategy is an indicative estimate of Council's future infrastructure needs. It is a statement of current assumptions and thinking on what infrastructure will be required to address the major issues facing the District over the next 30 years.

The Strategy outlines Council's approach to managing and investing in the District's infrastructure including what will be required, when, and how much it will cost across the following infrastructure classes:

- Water
- Wastewater
- Stormwater
- Land transport

The Strategy draws together information from the Three Waters Strategy and Land Transport Strategy and informs the Asset Management Plans (AMPs) for each of the classes.

The 30-year goal is to provide infrastructure in an efficient and effective manner that enables the provision of the agreed level of service for current and future customers in a sustainable manner.

Scope

The Infrastructure Strategy includes the following assets:

- Transportation: sealing (surface layer of a road), pavements (below the surface), kerb and channel, rural drainage, traffic signs, bridges and large culverts, street lighting, footpaths, parking and vegetation control.
- Water supply: headworks, bores, reservoirs, pumps, treatment plants, underground pipe networks and all ancillary assets.
- Wastewater treatment: pump stations, treatment plants, underground pipe networks and all ancillary assets.
- Stormwater: major culverts, lined channels, underground pipe network, detention structures, swales, wadies and ancillary assets.

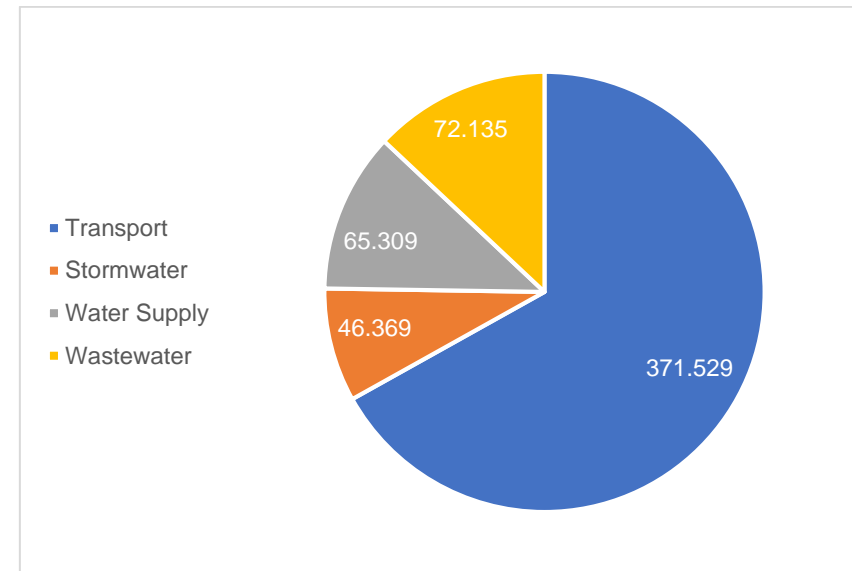


Figure 4. Breakdown of assets owned and value (\$million) by Council in this Infrastructure Strategy

Infrastructure Strategic Challenges

In order to deliver Council outcomes, Council needs to focus on its infrastructure investments.

The following challenges are the most important infrastructure matters for Council to address:

- Renewals: Managing the replacement of existing assets by informed decision making.
- Population Growth: Responding to an increase in demand for services.
- Resilience: Planning for service disruptions.
- Compliance: Maintaining or improving public health outcomes, improving environmental outcomes and providing a safe transport system.
- Levels of Service: Maintaining sustainable delivery of existing levels of service and managing expectations for improved levels of service.
- Recovery: Responding to natural disasters, the effects of the COVID-19 pandemic and planning for future pandemics.
- Climate change: Planning for climate change in our renewals and replacement programme, and new infrastructure.
- Critical assets: Proactively maintaining and replacing critical assets to maintain the level of service, to protect the environment, and the health and well-being of the community.
- Asset management improvement: Identifying improvements to Council's asset management practices to enhance asset information and systems to enable informed decision making.
- Relationships: Maintaining relationships with residents and ratepayers, tangata whenua, Waka Kotahi, Waikato Regional Council, community partners, central government and government agencies.

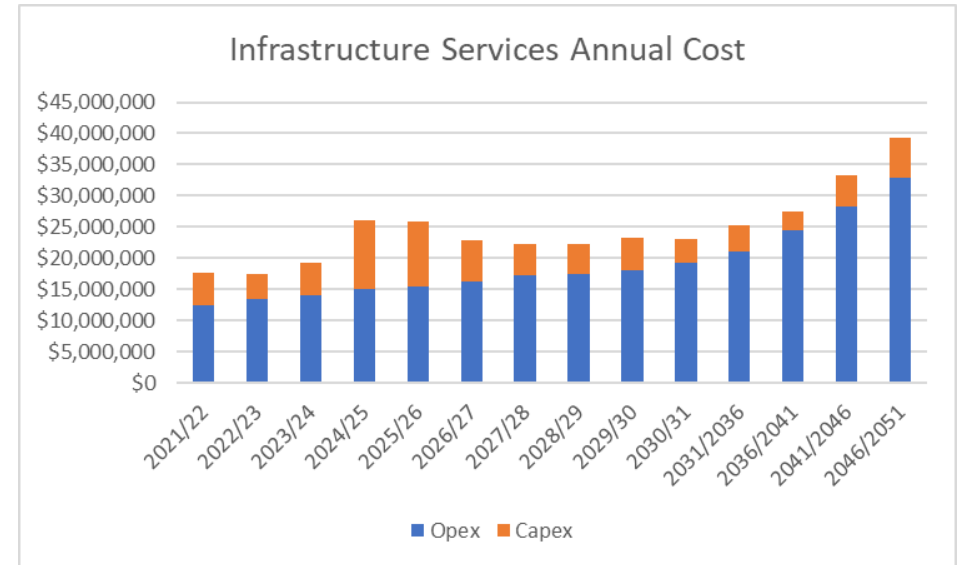


Investment / Financials

The 30-year forecasted operational expenditure and capital expenditure for three waters and roading infrastructure assets is summarised in the table and figure below.

Year	Opex	Capex	Yearly Total
2021/22	\$12,392,675	\$5,337,500	\$17,730,175
2022/23	\$13,455,542	\$4,019,879	\$17,475,421
2023/24	\$14,095,996	\$5,097,843	\$19,193,839
2024/25	\$14,987,607	\$11,108,412	\$26,096,019
2025/26	\$15,523,686	\$10,296,833	\$25,820,519
2026/27	\$16,234,766	\$6,684,720	\$22,919,486
2027/28	\$17,168,104	\$5,063,763	\$22,231,867
2028/29	\$17,542,127	\$4,767,727	\$22,309,854
2029/30	\$18,004,328	\$5,299,353	\$23,303,681
2030/31	\$19,241,180	\$3,736,235	\$22,977,415
2031/2036	\$21,043,732	\$4,181,927	\$25,225,659
2036/2041	\$24,395,453	\$2,998,906	\$27,394,359
2041/2046	\$28,281,016	\$5,093,783	\$33,374,799
2046/2051	\$32,785,449	\$6,420,750	\$39,206,199

Note: From 2031 onward, the five yearly amounts shown are the annual average.



The renewal programme for wastewater and water reticulation networks over the next 30 years will be based on the results of performance, maintenance, breakage history, criticality and condition of specific assets. A programme of condition assessments is carried out. The assets are selected based on remaining life, criticality, performance and maintenance history. The information is analysed to determine what pipes will be replaced and when they will be replaced.

Network modeling has been carried out to assess where pipe sizes need to be increased to provide the level of service and where additional capacity is required to cater for growth.

The result of the condition assessments and network modeling inform the forward works programme.

Council has financially assessed the risks around not having adequate reserves for replacement of existing assets. We have looked at current reserve levels, the funding requirements of replacing assets and the projected rates revenue we will receive to establish the funding position over the next 30 years. These can be viewed in the full Infrastructure Strategy that can be viewed on Council's website at www.southwaikato.govt.nz.

Asset Management Improvement Programme

Providing and maintaining Council's infrastructure requires good asset management practices and strategic thinking. Understanding what assets we own and what key information (criticality, performance, condition and age) is required is fundamental to asset management.

Gaps in our asset knowledge of Council's infrastructure have been identified. A range of options have been considered to fill those gaps in order to allow Council to make good decisions that are fit for purpose. Funding for the improvement programme is identified in the 2021-31 Long Term Plan.

Performance Gaps

Information on how well assets are performing is missing in some areas. Collection of additional information will allow a better understanding of how our existing assets are currently performing. The information can also be used to assess how much capacity is available in our existing infrastructure to support growth.



Infrastructure Requirements

Key data required for forecasting and planning has been identified and a gap analysis of the existing data sets carried out.

Gaps in the management of our infrastructure assets have been identified as follows:

- Missing buried asset depths and invert levels in our asset management system.
- Our system of assessing the consequences of an asset failing needs review (criticality assessment)
- Asset condition data is missing or not current.
- Correct age of assets.
- Reliable condition assessment to be collected on assets near end of life or that have performance issues.
- Data on maintenance of existing assets not being captured in asset management system and linked to those assets.
- Process of asset data capture needs review.
- Succession planning for replacement of staff.
- New technology to assist with data capture.
- Integration of finance and audit of assets to determine confidence in data accuracy.
- Making better use of our asset system functionality.

Forward Works

The following issues have been identified as requiring further investigation:

- Audit and/or investigate asset data for missing data, accuracy, and to confirm manhole locations, depths and pipe diameters.
- Tokoroa and Tīrau flood hazard modelling for a 100-year event. Modelling includes all existing urban development and projected growth for the next 30 years. Modelling for Putāruru has been completed.
- Investigate identified inconsistencies in asset information.
- Prioritising which asset catchment areas need to be addressed first, based on level of service needs.
- Investigate new technologies to assist with data capture.
- Investigate integration of finance and asset systems
- Audit of assets to determine confidence in data accuracy.
- Maintenance costs to be collected and attributed to assets.
- Upgrade and develop the monitoring and telemetry systems to allow improved performance monitoring.

To view the full Infrastructure Strategy go to www.southwaikato.govt.nz

Here's a look at some of the major infrastructure and other projects

