

SOUTH TARANAKI

THE MOST

LIVEABLE

DISTRICT



Te Kaunihera o Taranaki ki Te Tonga
South Taranaki
District Council

2021 - 2031

Hōtaka Anga Whakamua
Long Term Plan

www.southtaranaki.com/longtermplan

Introduction

Mihi

Ko Taranaki kei runga.
Ko Aotea, ko Kurahaupō e urunga mai ki uta.
Ko Turi, ko Ruatea ngā tūpuna,
Tihei mauri tū ki runga!

Mai I Ōkurukuru ki Rāwa o Turi,
Rāwa o Turi ki Waingōngoro
Waingōngoro ki Whenuakura,
Whenuakura ki Waitōtara.

Ko wai tērā, ko Taranaki ki te Tonga.

E ngā tini wairua, kua whetūrangihia, koutou e
Korowaitia ana te tauheke rā, ko Pukehaupapa, ko
Pukeonaki, e moe. Haere I raro I te kahu kōrako ki
Tua whakarere. Ki te kāinga o tāua te tangata.

Hoki atu rā koutou ki Hawaiki nui, Hawaiki roa,
Hawaiki pāmamao.

Ki a tātou ngā uri o Tiki, ki ngā kanohi kitea. Tātou
mā e kawea nei ngā kete matauranga o te ao
tūroa, o te ao hurihuri.
Tihei mouri ora.

Ko te kaupapa e anga atu nei, ko te Hōtaka o te
wā, hei tirohanga ki mua mā tātou ki te tonga. Kia
whai nei I ngā wawata kia pākari ai te rohe.

Kāti rā, ki a koutou, ki a tātou, rire, rire Hau Pai
marire!

So stands Taranaki above
Aotea and Kurahaupo are anchored ashore,
Turi and Ruatea are our ancestors.
So, we share the breath of life!

From Ōkurukuru to Rāwa o Turi,
From Rāwa o Turi to Waingōngoro River,
From the Waingōngoro to the Whenuakura River,
From the Whenuakura to the Waitōtara River.

Who are we, South Taranaki.

To those spirits, who have passed beyond, you who
cloak our mountain, Pukehaupapa, Pukeonake, rest
in peace. Go beyond the veil with the protection of
peace. To the ancestral home of us, the people.

Return to Hawaiki nui, Hawaiki roa and
Hawaiki pāmamao.

To those of us who remain, the descendants of
Tiki, the living. We, the bearers of the baskets of
knowledge from the past and present.
So, the breath of life.

So, the focus for this is the Long Term Plan, to
Look forward for us the people of South Taranaki.
To achieve the hopes and dreams to enhance our
region.

In conclusion, to you and us all, Peace flow across us!

Ihirangi

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Te reo maioha ā te Koromatua me te Tumu Whakahaere

Mayor and Chief Executive's Message

We live in one of the best places in the world and our vision is to continue to build on our many strengths to make South Taranaki the most liveable District.

In 2019 we asked you what you wanted to see for the future of South Taranaki. You told us you wanted us to encourage growth and vibrancy in our towns, take good care of our natural environment, develop our relationship with Māori and ensure our infrastructure continues to meet the community's needs. Over the past decade we've focussed on upgrading the District's water infrastructure, key community facilities and implementing projects to make South Taranaki a desirable place to live and do business. We now have a much-improved water network and, since our last Long Term Plan three years ago, we have progressed the Hāwera Town Centre redevelopment, Te Ramanui o Ruapūtahanga and the Nukumarū Station Road extension projects. The key challenges we face over the next ten years are how we:

- Support economic growth, especially

- after COVID-19
- Minimise the impacts of climate change
- Manage our environmental sustainability requirements, including how we pay for the rising costs related to meeting new environmental legislation
- Manage our debt while ensuring we complete our planned capital works programme

To meet these challenges and work towards our vision, our focus for the next ten years is to:

- Complete key projects from our last Long Term Plan
- Continue to upgrade our water, wastewater and stormwater infrastructure with a focus on wastewater
- Increase our spend on roading
- Carry out our environment and sustainability strategy
- Create the conditions that encourage sustainable economic growth in the right places, with development of the South Taranaki Business Park, the

Western Hāwera Structure Plan and town centre upgrades for Manaia, Eltham, Ōpunakē, Pātea and Waverley.

At the same time we know we **need to keep rates at an affordable level**, so we are proposing to fund our key projects with a combination of loans, existing reserves, external funding sources and earnings from the Long Term Investment Fund, rather than through rates.

With an average rate increase of 3.99% over the next ten years, we believe our proposed Long Term Plan strikes the right balance between progress, affordability and providing the services and facilities our communities expect.



Phil Nixon

Koromatua o Taranaki ki te Tonga
South Taranaki Mayor



Waid Crockett

Tumu Whakahaere
South Taranaki District Council
Chief Executive

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Section 1

Rautaki Anga Whakamua
Strategic Direction

www.southtaranaki.com/longtermplan

Ngā Kaikōwhiri Elected Members

Ō koutou Kaikaunihera Your Councillors



Andy Beccard



Mark Bellringer



Gary Brown



Celine Filbee



Aaron Langton



Steffy Mackay



Mayor Phil Nixon



Robert Northcott



Jack Rangiwahia



Diana Reid



Bryan Roach



Brian Rook



Chris Young

Ō koutou Poari Hapori Your Community Boards



Eltham-Kaponga

Lindsay Maindonald, Sonya Douds, Karen Cave and Alan Hawkes



Pātea

Maria Ferris, Jacq Dwyer, Dianne Lance and Joanne Peacock



Taranaki Coastal

Sharlee Mareikura, Liz Sinclair, Andy Whitehead and Bonita Bigham.



Te Hāwera

Raymond Buckland, Nikki Watson, Wayne Bigham and Russell Hockley.

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori
Our Vision and Community Priorities

SOUTH TARANAKI
THE MOST
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DISTRICT

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities

The purpose of local government as outlined in the Local Government Act 2002 is to enable democratic local decision-making on behalf of communities and promote the social, economic, environmental, and cultural

well-being of communities in the present and for the future. We work towards this purpose through our Vision, Community Outcomes and Community Priorities and use these to guide us when making decisions,

developing policies, strategies or determining priorities regarding the activities and services we provide. Our outcomes fall under four main headings:

VIBRANT SOUTH TARANAKI

(Cultural well-being)



A vibrant and creative District that celebrates diversity and has strong relationships with Iwi/Hapū.

TOGETHER SOUTH TARANAKI

(Social well-being)



A District with healthy, safe, resilient, informed and connected people.

PROSPEROUS SUSTAINABLE SOUTH TARANAKI

(Economic well-being)

(Environmental Well-being)



A prosperous District with a sustainable economy, innovative businesses and high quality infrastructure.



A sustainable District that manages its resources in a way that preserves the environment for future generations.

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities

In 2018 and 2019 we undertook an extensive visioning exercise with our communities, asking our residents what they wanted to see for the future of South Taranaki. The feedback we received from this exercise was the basis for developing ten **Community Priorities**. You told us you wanted us to encourage growth and vibrancy in our towns, take good care of our natural environment, develop our relationship with Māori and ensure our infrastructure continues to meet the needs of the community.

Our ten Community Priorities



Innovative and updated community facilities and services across the District



Community and Cultural activities, entertainment and events, particularly for youth



Cycleways and pathways for residents and visitors



Revitalise town centres



Stronger economic growth with more innovation, ideas, training opportunities and jobs



Improve and maintain roads and footpaths



Reliable and safe water supply, wastewater and stormwater



Strong relationships with Iwi and Hapū



Actively engage with the community particularly the youth



Our environment and most valued landscape features are protected

Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities

Key Projects and Priorities to Support Our Vision

VIBRANT COMMUNITIES

Vibrant South Taranaki Cultural Well-being Community priorities

- Develop and implement Iwi-Council Partnership Strategy.
- Continue work on earthquake strengthening and upgrades to Eltham Town Hall.
- Replace or strengthen and refurbish the Manaia War Memorial Hall and Manaia Sports Complex.
- Complete Te Ramanui o Ruapūtahanga, South Taranaki's new Library, Culture and Arts Centre.
- Provide more resources in the Parks Team. From year 2 funding will be provided for a resource to co-ordinate volunteers and volunteer groups (\$100,000 pa). In Year 4 this will increase by a further \$224,000 pa to support an increase in the level of service we provide for the maintenance of parks and gardens across the District.
- Provide more resources in the Parks Team in

Year 4 so we can increase the level of service we provide for the maintenance of parks and gardens across the District (\$324,000 pa).

- Budget \$1.4 million to upgrade Council owned earthquake prone buildings.
- Continue to hold community events across the District such as Arts in the Park, Sounds on the Sand, Movies in the Park, Elektra.



Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities

Key Projects and Priorities to Support Our Vision

TOGETHER COMMUNITIES

Together South Taranaki Social Well-being Community priorities

- Complete water treatment enhancement and water pressure improvements in Pātea (\$3.2 million).
- Spend an average of \$32.4 million pa on the road network, including average annual expenditure of \$920,000 on footpaths and \$750,000 each year for upgrading our bridges.
- Upgrade Waverley Swimming Pool (\$224,000) in 2023/24.
- Complete the District Pathways Programme including any pathways identified through the Town Centre Master Plans.
- Replace Ōhawe toilets in 2022 to 2024 (\$130,000) and Pātea toilets in 2024 to 2026 (\$360,000).
- Replace the Ōpunakē Beach retaining wall in 2021/22 (\$212,000).
- Undertake a **digital transformation** programme to replace our ageing digital infrastructure with more modern and efficient systems, so we can work more efficiently and our customers can connect and do business with us easily (\$3 million over five years).



Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities

Key Projects and Priorities to Support Our Vision

PROSPEROUS COMMUNITIES

Prosperous South Taranaki Economic Well-being Community priorities

- Develop the **South Taranaki Business Park**
- Undertake **town centre upgrades in Pātea, Waverley, Manaia, Ōpunakē and Eltham.**
- Complete the **Nukumarū Station Road** extension project.
- Install water, wastewater and stormwater infrastructure for residential growth in the western Hāwera zone.
- Provide assistance to owners of commercial earthquake prone buildings.
- Collaborate with key organisations to develop a District Business Innovation and Enterprise Hub. Based initially in Hāwera, with the potential to expand to other towns, this initiative aims to support social and economic growth by providing a range of services such as co-working spaces, enterprise incubation, seed funding, training and

events. The aim is to grow entrepreneurial activity and create a vibrant and connected business start-up community in South Taranaki.

- **Subsidise rates** on average by \$6.5 million pa using earnings from the Long Term Investment Fund.
- Fund key projects with a combination of loans, existing reserves, external funding sources and earnings from the Long Term Investment Fund, rather than through rates.
- Collaborate with other Taranaki councils where appropriate to achieve efficiencies and cost savings.
- Continue work on the Hāwera town centre upgrades.



Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

Our Vision and Community Priorities

Key Projects and Priorities to Support Our Vision

SUSTAINABLE COMMUNITIES

Sustainable South Taranaki Environmental Well-being Community priorities

- Implement our **Environment and Sustainability Strategy** which includes projects such as planting and restoring native species on Council owned properties, mapping and protecting the District's indigenous vegetation, developing an energy and **carbon reduction plan** and a **District climate change adaptation plan** to minimise the impact climate related events will have on South Taranaki.
- **Reduce the total amount of waste going to landfill by 5%** by 2023 through waste minimisation activities.
- **Improve our water and wastewater infrastructure** by reducing water loss (leakage) within our water networks and reducing water entering our wastewater networks (sewers).
- **Build new reservoirs** for the Waimate West, Ōpunakē, Waverley and Rāhotu water supplies.
- Find and **develop new water sources** for the Kāpuni, Eltham and Waverley water supplies.
- **Upgrade our wastewater network** and build new tertiary wastewater treatment plants for Waverley, Hāwera, Pātea, Kaponga and Manaia wastewater treatment plants.
- Maintain **Pātea Moles**.



Te Hōtaka Anga Whakamua, Te Hōtaka ā-Tau me te Wātaka Pūrongo -Tau

The LTP, Annual Plan and Annual Report Cycle

Section 93 clause 3 of the Local Government Act 2002 requires all councils to adopt their long term plan every three years, before the beginning of the financial year, which for this plan is 1 July 2021.

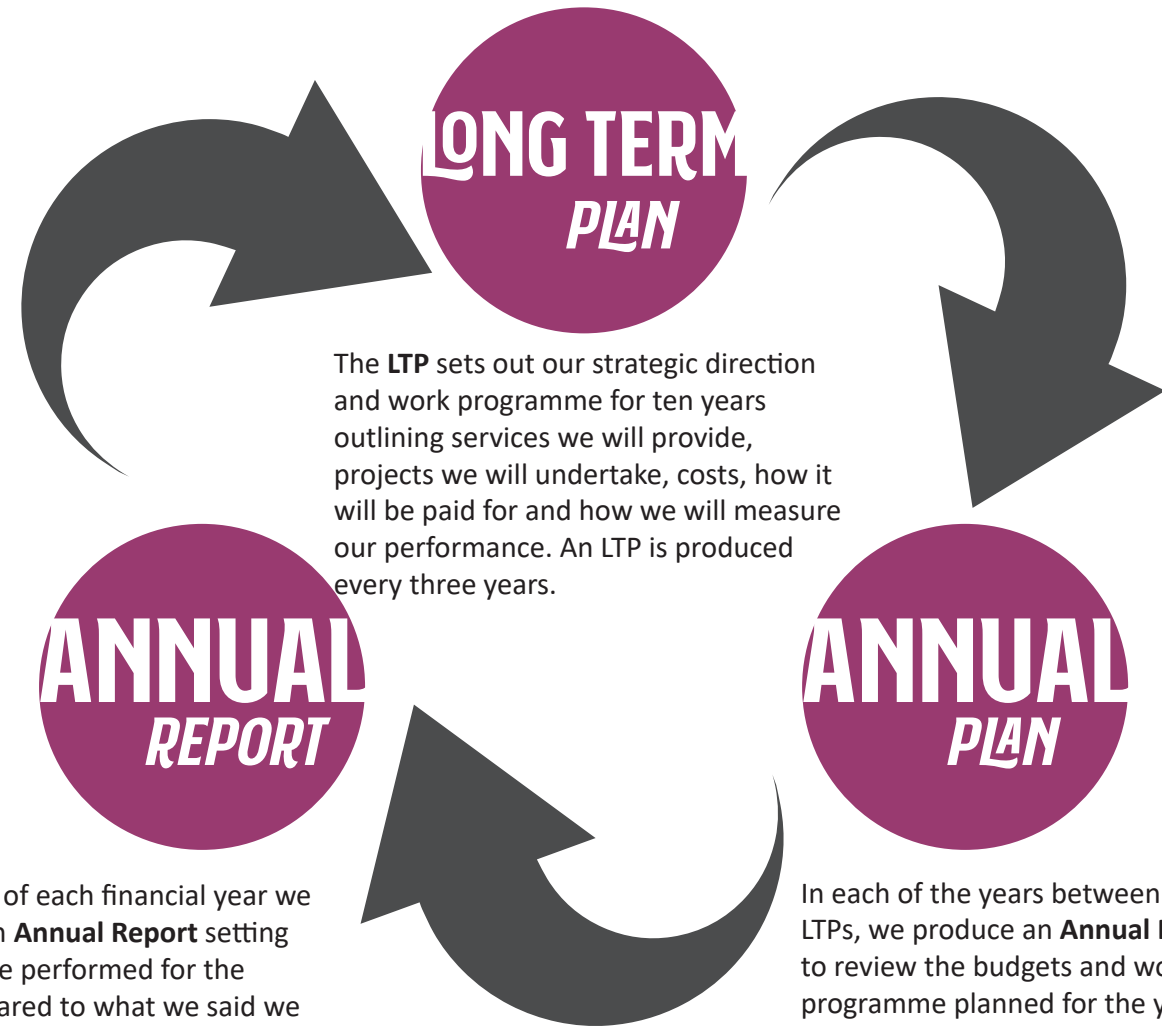
This Long Term Plan sets our long term vision for the services we deliver. In developing this Plan we firstly considered the likely future economic situation for South Taranaki, as well as projected population levels, our current strategies and the community's expectations towards services and our progress in achieving the community outcomes. Next we considered the service levels for each of the activities, matching them with appropriate customer-focused performance targets. We also reviewed the projects identified for each of the activities that were either needed to maintain agreed service levels or to enhance our current services.

The Consultation Document was audited by Audit NZ to ensure that the information and assumptions in the Document were reasonable and that it provided an effective basis for public participation in our decisions about the proposed content of the LTP.

At the end of each financial year we produce an **Annual Report** setting out how we performed for the year compared to what we said we would do. It lets you know what we delivered and analyses whether we met our budgets and performance targets.

The **LTP** sets out our strategic direction and work programme for ten years outlining services we will provide, projects we will undertake, costs, how it will be paid for and how we will measure our performance. An LTP is produced every three years.

In each of the years between LTPs, we produce an **Annual Plan** to review the budgets and work programme planned for the year, according to the LTP. When a significant or material change from the LTP is proposed, the community will be consulted.



Tirohanga Hōtaka Matua

LTP Overview

A Rautaki Anga Whakamua Strategic Direction

- Introduction to the Plan from the Mayor and Chief Executive
- Council's Vision
- How the Long Term Plan was developed and our key considerations in compiling it
- A description of the community outcomes
- The ten key priorities identified by the community through the Community Visioning Exercise
- Upcoming projects, highlights and key issues for the District
- A commentary on the our financial health, the impacts on our debt profile, revenue sources and the significant differences
- About your rates – the impact of changes and increases in costs are represented by five examples of different property values
- 30 Year Infrastructure Strategy
- Financial Strategy

B Ā Mātou Aheawhe Our Activities

- Details of each of our activities, including performance measures for reporting against and how we are planning for our significant assets

C Tukanga Whakataunga Whakaaro Decision Making Process

- Significance and Engagement Policy – how we determine significance for decisions and consultation
- Policy on Building Māori Capacity to Contribute to Council Decision Making – our intended steps to build Māori capacity
- Significant Forecasting Assumptions

D Ā Mātou Utunga Our Costs

- Revenue and Financing Policy – sets out for each activity the funding sources to be used for operational and capital expenditure and the basis for selection
- Funding Impact Statement for each activity and the Funding Impact Statement Rating – how the different funding sources and rates are calculated and the amount collected from each funding tool
- Prospective financial information
- About your rates
- Financial prudence benchmarks
- A list of all the capital projects
- Debt ratios for borrowing limits
- Statement of Special Reserves Funds
- The Statement of Accounting Policies

Me pēwhea ngā tono e arahina mai te Hōtaka

How submissions shaped the Plan

Your feedback has helped shape this Plan

As part of the development of our LTP we asked the community about our key issues and proposals. Public consultation was open from 31 March to 7 May 2021. As part of this process our Consultation Document was distributed throughout the District accompanied by an awareness campaign involving radio, newspaper and social media. We listened to your feedback at our public meetings, coffee mornings, school events, clubs and associations and at the hearings we read through every submission that was received. In total 215 submissions

were made with 33 submitters speaking to their submissions at the hearings.

Through this process you told us what you liked and did not like about the proposals we were looking to include in our LTP and you provided insight into the things you consider are important for the future of our District. We would like to thank everyone for their time and effort taken to engage with us in this process.

The feedback you provided has been valuable in finalising the plan that reflects and balances various priorities in our communities.

Environment and Sustainability Strategy



The draft Environment and Sustainability Strategy was one of the key proposals consulted on as part of the 2021-2031 LTP. The public were asked if they supported the Council fully funding the issues and actions in the Strategy or partially funding the Strategy. We received 144 responses on this proposal with 122 supporting option 1, to fully fund the Strategy and 22 supporting option 2, to partially fund it. Of the 22 responses

that partially supported option 2, 18 recommended that more funding be allocated.

Given the support received to implement the Strategy, the Council will be able to carry out a Biodiversity Restoration Project; identify, map and protect the District's remaining indigenous vegetation and ecosystems; develop and implement an energy and carbon reduction plan; plant more trees on Council-owned land; develop a District Climate Change Adaption Plan; and in partnership with the Stratford and New Plymouth District Councils, investigate building a commercial composting facility in South Taranaki.

Support for the proposed Environment and Sustainability Strategy

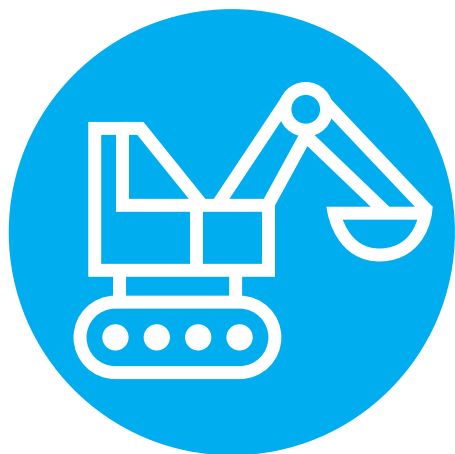


**WE WENT OUT WITH THREE
BIG QUESTIONS.
HERE'S WHAT YOU TOLD US.**

Me pēwhea ngā tono e arahina mai te Hōtaka

How submissions shaped the Plan

South Taranaki Business Park



One of the Council's key themes for the 2021-2031 LTP is to encourage sustainable growth. The proposed business park would meet the demand from new and existing businesses to establish and grow. Three proposals were presented to the public: Option 1 was to complete all three stages of the business park; Option 2 was to complete stages one and two only; and Option 3 was to not progress beyond stage one.

We received 134 responses in relation to the South Taranaki Business Park with 106 supporting Option 1, to complete all three stages, 13 supporting Option 2, to complete stages one and two only, and 15 to not progress beyond stage one.

Given our commitment to encourage sustainable growth and the support we received to complete stages 1 through to 3, will be able to provide infrastructure for businesses to establish in the business park.

Support to complete stages 1 to 3 of the South Taranaki Business Park



Town Centre Upgrades



Town centre upgrades for Pātea, Waverley, Ōpunakē, Manaia and Eltham were identified as part of the 2018-2028 Long Term Plan. In this LTP the community was asked to consider 3 options: Option 1, to complete upgrades for each of the five towns identified over ten years at a cost of \$10.6 million; Option 2, to reduce the budget and shorten the timeframes, for example complete the upgrades over five years at a cost of \$1 million per plan; or Option 3, to not undertake

any of the town centre upgrades. There were 136 responses in relation to town centre upgrades with 107 supporting Option 1, 17 supported Option 2, and 12 supported Option 3.

Each of the five communities identified for the town centre upgrades will be included in the development of the plans and identifying key projects.

We also received nine submissions requesting that Kaponga be considered for a town centre upgrade. This will be presented to the Council for consideration during development of the 2024-2034 Long Term Plan.

Support for the proposed Town Centre Upgrades



Me pēwhea ngā tono e arahina mai te Hōtaka

How submissions shaped the Plan

Parks and Gardens

The Consultation Document proposed an increase in resources from Year 4 (\$324,000pa) for parks and gardens. We received a number of submissions requesting that funding be brought forward earlier in the Plan. Based on these submissions and feedback from the public on the maintenance of some gardens around the District it was decided to increase the budget. Funding of \$100,000 has been included in Years 2 and 3 for a resource to co-ordinate volunteers and volunteer groups that would like to participate in the maintenance of gardens. In Year 4 this will increase by a further \$224,000pa to a total of \$324,000pa as proposed.

Community Initiatives Fund

A new process for allocating funding to community groups and projects was introduced for this Plan. Funding requests would be considered outside of the Long Term Plan consultation process and a funding round would be co-ordinated from 1 July where community groups and organisations could apply to the Council.

Several submissions were received in support of funding for the Lake Rotokare Trust. It was agreed to increase the Community Initiatives Fund by \$60,000pa to ensure that Lake Rotokare Trust received an annual grant of \$60,000 to continue their work within the Reserve.

Te Kaupapa Here Whakawhanake Rahinga Iwi Māori kia
Whakatakoto Whakataunga ā-Kaunihera

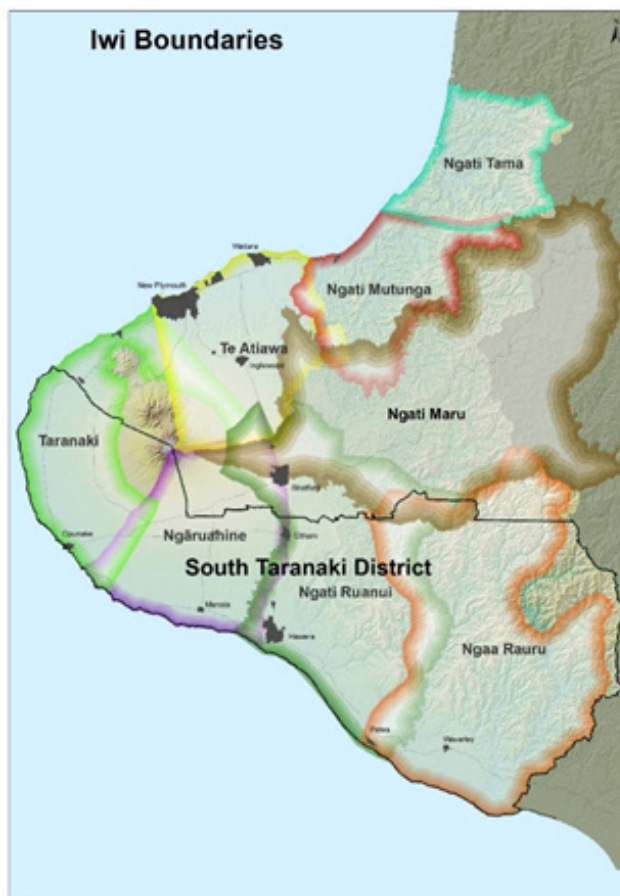
Building Maori capacity to contribute to Council Decision-making Policy

Whakarāpopoto Kāhui Kahika Executive Summary

We are committed to upholding the mana of Māori by building strong relationships with Iwi and providing opportunities for Māori to contribute effectively and actively in decision-making processes that will affect the wider community.

Iwi

There are four recognised Iwi in South Taranaki – Taranaki, Ngāruahine, Ngāti Ruanui and Ngāa Rauru Kītahi. Their rohe are shown on the map.



Ngā Kawenga Kaunihera Council's Role And Responsibility

To build and maintain opportunities for Māori to contribute to decision-making processes within the South Taranaki District.

To consider ways in which we will develop this process in the future.

Te Koronga ā Te Kaupapa Here Purpose of the Policy

To provide opportunities for Māori to contribute to the Council's decision-making. The Council and Iwi will work collaboratively together to meet the needs of Māori, by developing strong relationships and decision-making partnerships including co-governance opportunities where these are identified by Iwi and/or the Council. The Council will actively promote te

Te Kaupapa Here Whakawhanake Rahinga Iwi Māori kia Whakatakoto Whakataunga ā-Kaunihera

Building Maori capacity to contribute to Council Decision-making Policy

reo Māori including the development of a Bilingual Policy and ensure Māori representation on Committees and decision-making groups.

Ngā Whaingā Paetae Objectives

- To have direct appointments of Māori delegates to Committees and Portfolio Groups that allow Māori to have a voice in Committee decisions.
- To identify and investigate co-governance opportunities and relationships with Iwi.
- To employ a Pouherenga-a-Iwi / Iwi Liaison Advisor who will assist the liaison between Iwi and the Council.
- To implement the Te Reo Māori Policy that ensures the Council acknowledges and promotes the use of te reo Māori in everyday use throughout the organisation.

- To introduce a Bi-lingual Policy.
- To provide Te Reo Māori and Cultural workshops for all Councillors about the local rohe and the importance of Iwi engagement with the Council.
- To actively promote and participate in Māori activities within the District.
- To develop Mana Whakahono-ā-Rohe Agreements with local Iwi.
- To have quarterly Iwi forums to present and discuss upcoming activities of importance to Iwi.
- To work with Iwi on developing Council policy, strategies and statutory plans.
- To develop better communication by working with Iwi to produce articles and information to inform the Māori community.

Kaupapa Here Policy

The Policy will look at building capacity for Māori to contribute to decision-making with the introduction of the following policies and initiatives:

1. Herenga Tūturu Direct Appointments

1.1 Appointment of Māori representatives to Committees and Portfolio Groups. For example, Audit and Risk Committee, Environment and Hearings Committee, Policy and Strategy Committee and the Community Services and Infrastructure Services Portfolio Groups.

2. Pouherenga-ā-Iwi Appoint an Iwi Liaison Advisor

2.1 Provide direction, advice and support to the Council, Chief Executive and staff on issues of

significance to Iwi/Māori.

2.2 Develop and maintain good relationships with Iwi/hapū.

2.3 Provide advice and support for the development of Council policy and strategic partnerships with Iwi/hapū.

2.4 Encourage Iwi/hapū participation by providing a point of contact, support and advice for the Iwi Liaison Committee members.

3. Iwi-Council Partnership Strategy and Iwi Partnership Agreements

3.1 The four Iwi and the Council have agreed to develop an Iwi-Council Partnership Strategy and an agreement with each Iwi. The intention is to have the Strategy in place by the time the Council's 2021-2031 Long Term Plan takes effect and will identify and investigate co-governance opportunities and relationships with Iwi.

Te Kaupapa Here Whakawhanake Rahinga Iwi Māori kia Whakatakoto Whakataunga ā-Kaunihera

Building Maori capacity to contribute to Council Decision-making Policy

4. Te Kaupapa Here o Te Reo Māori – Te Reo Māori Policy

4.1 The introduction of a Te Reo Māori Policy to encourage and promote te reo Māori within the Council organisation and over time the District. The use of te reo Māori within Council owned buildings. To promote active use of te reo Māori in conversations and acknowledgements.

5. Te Tohu Reorua Bi-Lingual Signs

5.1 The development of bilingual signage around the community and the Council organisation to promote and encourage use of the language in South Taranaki.

5.2 This will be a long-term programme that will involve utilising Kaumatua and language experts of Taranaki to provide appropriate signage for the Iwi location.

5.3 Replacement of old signs with new bilingual signs.

6. Mahi-a-Iwi Active Participation In Māori Events

6.1 Assist Iwi activities with Council support by providing advice and/or resources.

6.2 To encourage the Council to actively participate in Iwi-led activities. To promote positive relationships at Iwi events and give support.

7. Awheawhe-a-Iwi Kaikaunihera Elected Members' Cultural Workshop

7.1 Hold a workshop to provide elected members with a basic and informative introduction to working and engaging with Iwi in a positive environment. A workshop will be held on an annual basis and will focus on assisting elected

members with pronunciation, local history, Iwi information and tikanga.

8. Mana Whakahono-Ā-Rohe

8.1 To develop Mana Whakahono-ā-Rohe (MWR) agreements with local Iwi under the Resource Management Act 1991.

9. Hui Tōpū-a-Māramarua Biannual Iwi Forums

9.1 Meet biannually with Iwi leaders for the discussion and recommendation of current issues pertinent to Māori, for example, the Iwi Chairs Forum. Presentation at Rūnanga hui by the Pouherenga-a-Iwi/Iwi Liaison Advisor on current Council activities that involve or affect Iwi.

9.2 Parihaka 18th and 19th Forum – the Pouherenga-a-Iwi/Iwi Liaison Advisor will attend biannually to give feedback and information

on Council activities relevant to Taranaki Iwi.

9.3 Kaumatua Kaunihera Hui – the Pouherenga-a-Iwi/Iwi Liaison Advisor will deliver information to Kaumatua on current Council activities that affect Iwi, for example, Kaumatua Kaunihera o Ngāruahine.

10. Pari Karangaranga Iwi Communications

10.1 The Council will continue with quarterly Huinga-ā-Iwi where Council activities and matters of interest to the Council and Iwi are discussed in an informal setting.

Te Kaupapa Here Whakawhanake Rahinga Iwi Māori kia
Whakatakoto Whakataunga ā-Kaunihera

Building Maori capacity to contribute to Council Decision-making Policy

Kupu Whakamārama Definitions

Council means the South Taranaki District Council.

Mana Whakahono-ā-Rohe is an amendment under the Resource Management Act for an Iwi Participation Agreement.

Mata Whakapānga Contacts

Taranaki Iwi
<https://taranaki.iwi.nz/>

Te Korowai o Ngāruahine
<https://ngaruahine.iwi.nz/>

Ngāti Ruanui Taranaki
<https://www.ruanui.co.nz/>

Te Kaahui o Ngaa Rauru
<http://www.rauru.iwi.nz/>

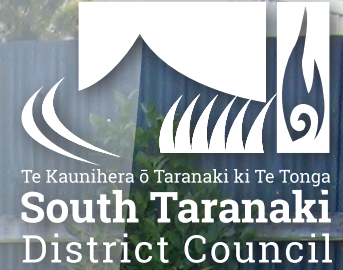
Te Kaunihera o Taranaki ki te Tonga /
South Taranaki District Council
<https://www.southtaranaki.com/>
06 278 0555 or 0800 111 323

Aromatawai a Te Kaupapa Here Review of Policy

This Policy shall be reviewed every three years as part of the Long Term Plan to ensure the Policy is effective and efficient in achieving the long-term goals in conjunction with the Iwi Liaison Committee.

SOUTH TARANAKI

THE MOST LIVEABLE DISTRICT



Rautaki Pūtea
Financial Strategy

Rautaki Pūtea

Financial Strategy

About the Strategy

The purpose of this Financial Strategy is to help us prudently manage our finances as we work towards our vision of South Taranaki, the most liveable District. The Strategy guides us to consider proposals for funding and expenditure. It sets out our financial targets, explains how we will manage our resources and highlights areas where there will be a significant financial impact. The Strategy describes what we are aiming to achieve over the next ten years and states the effects of our proposals on our services, rates, debt and investments.

Over the past two decades we have completed upgrades to our water, wastewater, roading and community facilities infrastructure. This upgraded infrastructure will last well into the future; however, we are now required to meet new Government standards that include significant extra compliance work over the next ten years and this, along with several

of our resource consents being due for renewal, has added pressure on our budgets. The new Government standards focus on water supply, wastewater and environmental sustainability. We plan to stay on track with other key projects that help to make South Taranaki the most liveable District, such as town centre master plans, Te Ramanui o Ruapūtahanga civic centre and the South Taranaki Business Park. In this Plan we have capped debt levels at \$168m and we aim to limit rates increases to 4.75%.

This Strategy focuses on five themes:

Encouraging sustainable growth

Population growth predictions for South Taranaki are low but we know the District has the space and the community appetite for sustainable growth. This LTP includes plans to create the conditions that encourage sustainable growth in key areas and reduce ad hoc development in areas without appropriate infrastructure. Encouraging sustainable growth is expected to benefit the District by providing new jobs, diversifying the

local economy and strengthening the rates base. Priority projects to encourage sustainable growth include the South Taranaki Business Park, the western Hāwera structure plan and town centre master plans for Ōpunakē, Manaia, Eltham, Pātea and Waverley.

Ensuring environmental sustainability

A healthy environment is an important part of being a liveable District and our community has highlighted this as a priority. We have many services that directly affect the environment and New Zealand's environmental legislation is undergoing rapid change. This LTP includes plans to implement our Environmental Sustainability Strategy, with significant budgets and workplans covering climate change, biodiversity, air, waste, water, wastewater and stormwater, conservation, development and industry. We are working on how we can conserve the District's natural environment, increase biodiversity and develop an income stream from carbon credits.

Managing our resources effectively

New Government standards, for water supply and wastewater, along with several of our resource consents coming up for renewal, requires significant new investment in infrastructure over the next ten years. Our ability to complete all the work in our capital works programme is always a challenge and COVID-19 has made this even more difficult by limiting access to resources; however, in 2020 we purchased a significant amount of pipe to complete key pipe renewals. We have also taken a more proactive approach to our capital works programme and split the funding allocated to a given project to better reflect the timeframes for completing work. This includes adding a design phase to the front end of capital projects, where appropriate. We need to balance the requirement for higher compliance standards with the community's ability to pay and we do this by spreading the cost of our infrastructure over the generations it will serve. Meeting new freshwater and wastewater compliance standards

Rautaki Pūtea

Financial Strategy

set by the Government is a priority in this Plan.

Keeping rates affordable

South Taranaki - the most liveable District includes being an affordable place to live and do business. In every LTP, our plans for the District must be balanced with the need to keep rates affordable for our community while maintaining our current levels of service. We did not raise rates in the 2020/21 Annual Plan, as we knew many of our residents and businesses were facing a loss of income due to the COVID-19 lockdowns. We have spread the increased costs (\$722,000 in total) faced during this time over the first five years of the Plan, to lessen the burden on ratepayers. We aim to achieve the projects in this Plan without raising our rates above the cap of 4.75% per year (the Local Government Cost Index ten-year average of 2.75% plus 2% for growth). Increased compliance costs and planning for growth mean that our rates cap is higher than the previous ten year plan. The cap will be breached in year four mainly to

allow for increased levels of service in that particular year. The projected rate increase in year four is 4.94%. The breach is not considered to be significant. The average rates increase for 2021/22 is 4.73% and the average for the next ten years is projected to be 3.99%. We will continue to seek external funds to help our community to pay for key projects.

Effective management of debt

We always aim to find alternative ways to pay for infrastructure, including securing Government funding, where possible. We recognise that the infrastructure we build, maintain and operate serves the community over many generations. We use debt to fund new infrastructure, reflecting the intergenerational value of our water, wastewater, stormwater, roads and community facilities. We also fund the depreciation of our assets, so renewals are largely funded through depreciation. Gross debt levels are high and are capped at \$168m in this Plan. The debt is used to pay for vital infrastructure, to meet critical resource

consent conditions, to improve the performance of our assets and to meet new standards. Managing our debt effectively is a priority and this is why we are proposing to use funds from the Long Term Investment Fund fluctuation reserve to pay for town centre master plans and Hāwera town centre development (\$15.2m).

Financial Strategy

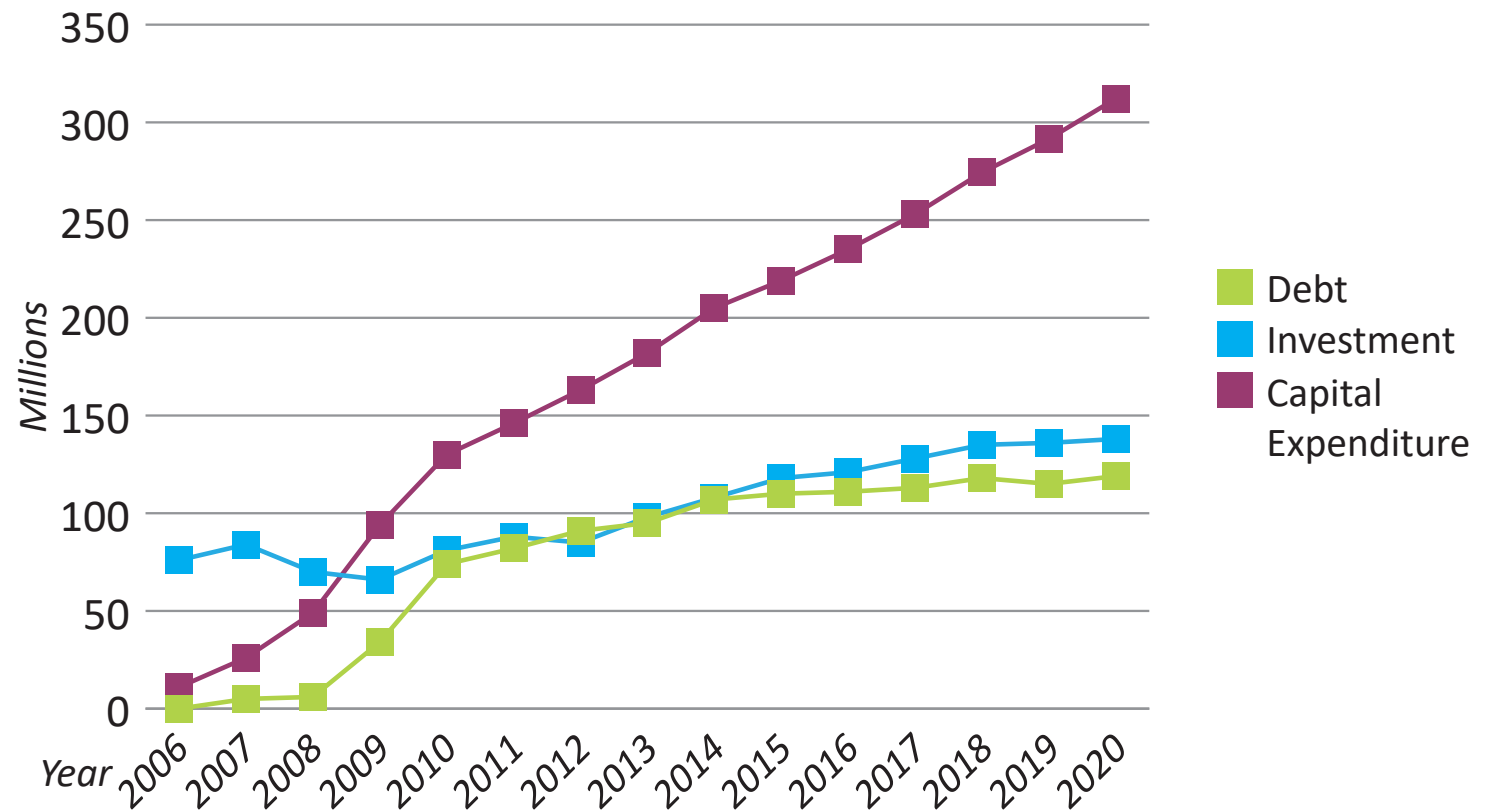
The following sections of this Financial Strategy provide the detail of how the priorities will be achieved.

Our Current Financial Position

Where Are We Now

Our financial position remains reasonably strong, in terms of continued increased investment income and total net assets and, as at 30 June 2020, our net debt was zero. However, our gross debt is high and increasing compliance costs mean that debt is expected to increase in the first seven years of this Plan. Our priority has been to consolidate and pay off debt up to now, but the priority has changed in this Plan to allow for the need to meet legislative compliance and sustainable growth. Despite this change, paying off debt remains a priority. The following two graphs demonstrate this.

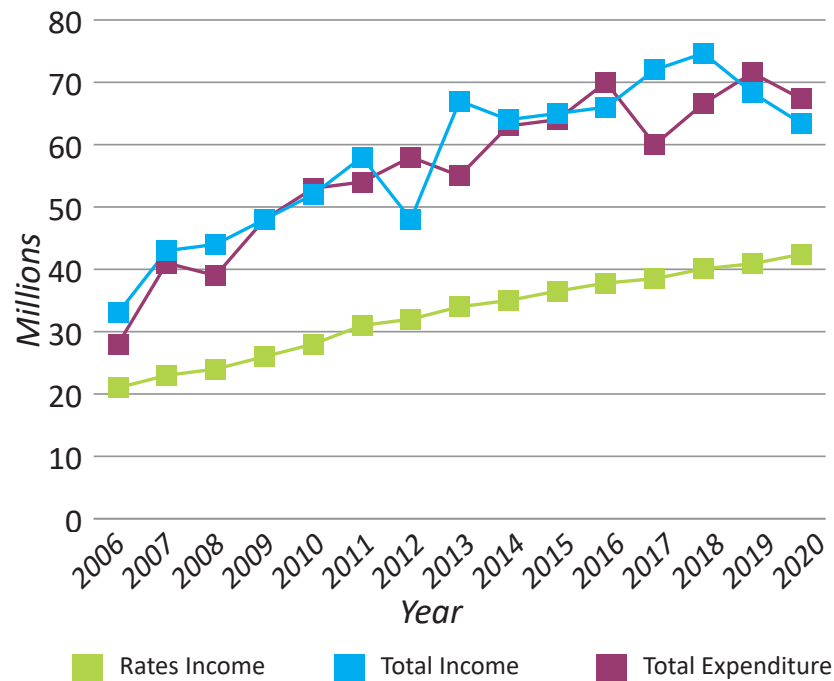
Current Financial Position (\$m)



Rautaki Pūtea

Financial Strategy

Income and Expenditure (\$m)



Capital Works

Over the past two decades, we have implemented a capital works programme to bring our core infrastructure up to standard. The implementation of the New Zealand

Drinking Water Standards for potable water affected the District’s water supply schemes and new reservoirs and water treatment plants have been constructed. Over several years

water treatment plant upgrades have been completed at Kāpuni, Ōpunakē, Eltham, Rāhotu, Pātea, Waverley, Inaha, Waimate West, Waverley Beach and Waiinu. The capital works programme also included renewals on the roading network and community facilities such as TSB Hub, Aotea Utanganui District Museum, Waverley and Normanby Community Centres, Public Toilets and Swimming Pool upgrades at Eltham, Kaponga, Waverley, Pātea and the Hāwera Aquatic Centre.

Three Waters Reform

The Taumata Arowai – Water Services Regulator Act 2020 established a new Crown entity, Taumata Arowai – the Water Services Regulator. The new entity is responsible for administering and enforcing a new drinking water regulatory system. We will continue to manage our three waters services in the meantime until we have further information from the Government. We have budgeted for the significantly increased costs associated with the new regulations and upcoming

consents for water extraction and wastewater treatment, which are now expected to require further infrastructure upgrades to meet environmental standards over the next ten years.

As part of the Three Waters Reform, we have entered into a Memorandum of Understanding with the Government that will provide us with up to \$5.4m for infrastructure improvements. The first part of that funding (\$2.7m) has been received.

How We Fund Our Infrastructure

We fund our infrastructure in a way that is fair to current and future users. Before considering new debt, we first consider other funding mechanisms such as funded depreciation, external contributions, capital contributions and special reserves as well as considering the correct method of ensuring that intergenerational equity is maintained. Our debt will reach a peak debt level of \$166.2m (includes internal borrowings) in 2027/28.

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Financial Strategy

Effects of COVID-19

The Long Term Investment Fund (the LTIF) has performed very well over the past ten years with an average return of 7.50% on a target of 4% after inflation and fees. The effect of COVID-19 on our investment was considerable and the Fund was reduced by \$12m to \$137m in March 2020. In April and May 2020, the markets recovered as governments around the world introduced significant programmes to address the effects of the pandemic. This saw the LTIF fully recover by December 2020 and it is currently performing above expectations. We did not raise rates in 2020, as a measure to assist businesses and households who lost income during the Government enforced lockdowns. To achieve a 0% rate increase for that year we made a one-off payment of \$722,000 from the LTIF. The expenditure for 2020/21 was not reduced and the shortfall in rates income for that year has been spread over the next five years.

Long Term Investment Fund

In 1997 the Council sold its shares in the power company, Egmont Electricity. The net proceeds from the sale (\$88m) were transferred to a Long Term Investment Fund. The LTIF remains our only long term investment fund and since that time the money held in the LTIF has grown to \$153m (January 2021, note, this includes internal borrowing.)

We contribute \$3.87m for a rates subsidy from returns on the LTIF on an annual basis, another \$1.73m for servicing the interest and loan repayments for specific community facilities and projects and \$860,000 for servicing the interest and loan repayments for the Hāwera Town Centre Strategy and projects associated with Earthquake Prone Buildings. In this way the LTIF has returned \$115m back to the community since 1997.

Since it began in 1997 to 30 June 2020, the LTIF has achieved an average gross return (before subsidy and inflation) of 7.02%.

Current Management of the LTIF

The LTIF carries a degree of risk as the value can go down as well as up, and we saw this over the initial COVID-19 lockdown period. Ultimately, a decrease in value could diminish the original amount invested. To mitigate the risk we employ investment advisors, Mercer to advise on the LTIF. We also have a Statement of Investment Policy and Objectives (SIPO), which outlines our preferred approach to portfolio diversification. Currently 60% of the LTIF is in growth investments and 40% is held in conservative investments. Mercer monitors the LTIF's performance on a daily basis and the Audit and Risk Committee meets quarterly to review the LTIF's performance and make any required decisions.

The impact of not receiving investment returns great enough to fund the annual rates subsidy, the servicing of repayments for specific community projects and facilities and the Hāwera Town Centre Strategy and projects associated with Earthquake Prone

Buildings would be \$6.5 million per year.

Our Challenges

Demographics

As with most rural councils the geographic land area of the District is large (362,000 ha) and includes several distinct urban settlements (seven main ones) connected by a sizeable network of roads. Each of the seven urban settlements has its own facilities (for example, LibraryPlus, hall, swimming pool, transfer station, parks, cemetery) and services (for example, kerbside rubbish and recycling collection). With only 14,800 rateable properties this is inherently a higher cost model than a city or large urban area, which can provide the same facilities in a more compact area. However, this relative higher cost model is considerably offset by the annual rates subsidy the LTIF provides to the ratepayers.

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Financial Strategy

Our services:

- 10 water treatment facilities
- 37 reservoirs
- 8 wastewater treatment facilities
- 1634 kms of roads, 229 bridges, 2,252 streetlights, 163 km footpaths and more than 96km of stormwater pipes.
- 7 transfer stations
- 7 libraries
- 7 campgrounds
- 7 swimming pools
- 9 urban halls and support to 34 privately owned halls
- 38 playgrounds
- 10 cemeteries
- 36 public toilets
- 65 pensioner housing units
- 220ha of parks and reserves
- TSB Hub , Aotea Utanganui Museum, Cinema 2 and the i-SITE

Due to the nature of our District, we face a number of challenges that will have an impact on our finances over the next 10 years:

- Increasing costs related to health and environmental compliance requirements;

- How we manage our debt levels;
- Supporting economic growth in the aftermath of COVID-19;
- Minimising the impacts of climate change; and
- Ensuring environmental sustainability.

To meet these challenges our focus for the next ten years is to:

- Complete key projects identified and started from our previous Long Term Plan;
- Continue to upgrade our water, wastewater and stormwater infrastructure with a focus on wastewater;
- Implement our Environment and Sustainability Strategy;
- Encourage sustainable economic growth with development of the South Taranaki Business Park, the Western Hāwera Structure Plan and town centre upgrades for Manaia, Eltham, Ōpunakē, Pātea and Waverley.

In 2010 we proposed some rationalisation of duplicated facilities and consulted the public on the

possibility of reducing the level of service or discontinuing some services. However, during the consultation process the public soundly rejected the proposals, preferring to retain the current model and levels of service and therefore pay a bit more for the services they received.

Our ongoing challenge is how to provide the services and facilities our communities expect while keeping rates at an affordable level, from a relatively small base of ratepayers spread across a large geographic area.

Shared Services and Partnerships with External Organisations

We have a strategy of pursuing 'Shared Services' and partnerships with external organisations where we can achieve efficiencies and cost savings. We are involved in about 50 Shared Service arrangements with the other Taranaki councils, ranging from library services to insurance, civil defence to purchasing vehicles (where there is a financial or economic benefit due to economies of scale to the ratepayers of the Region). A good example of this collaborative approach is the Taranaki Regional Waste Collection Contract, which has resulted in major cost savings to ratepayers.

During the Long Term Plan process we considered total expenditure (including capital expenditure) in maintaining current levels of service (factoring in inflation and additional demand/increase in levels of service). We believe we will be able to meet existing levels of service with the forecast rate increases for the next ten years.

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Encouraging Sustainable Growth

Projected population growth for South Taranaki is low but there is significant interest in land development across the District and particularly in Hāwera. We want to encourage strategic, sustainable growth so we can maximise the benefits of new infrastructure. Historically, ad hoc development across the District has resulted in residential development sprawling into semi-rural areas and making infrastructure costs prohibitive.

In order to encourage strategic, sustainable growth, two urban growth areas have been identified in Hāwera. The first structure plan covers Hāwera West and is focused on residential development. The second is focused on industrial and business development through the South Taranaki Business Park, a strategic initiative designed to support the COVID-19 recovery and help drive investment, resilience, jobs and economic growth in the District.

The structure plans indicate where we support growth and where growth

is sustainable. In 2020, \$3m was allocated to stage one of the South Taranaki Business Park from the LTIF for water, stormwater and roading infrastructure. This funding will be largely recovered over time, through financial contributions. Funding of \$12.2m for stages two and three is included in this Plan and was a key proposal we asked the community to provide feedback on.

In 2015, we adopted the Hāwera Town Centre Strategy, which includes a series of specific actions that enable positive change to continue to take place in the Hāwera Town Centre. The realignment of roading networks in the centre, along with the creation of lanes and other connections have started to lift the visual and functional amenity of the town centre. We purchased the building on the corner of High and Regent Streets for the development of Te Ramanui o Ruapūtahanga civic centre. Demolition is underway and construction is expected to be finished by the end of 2022. We allocated an additional \$4.6m to Hāwera Town Centre Strategy projects in this Plan,

which will be funded through the LTIF's fluctuation reserve.

We worked with the community to develop town centre plans for Eltham, Manaia, Ōpunakē, Pātea and Waverley. We have included \$10.6m to implement the plans over the next 10 years. This work will be funded through the LTIF's fluctuation reserve.

Ensuring environmental sustainability

Environmental sustainability and climate change are important issues that affect the way we live, work and play in South Taranaki, both now and into the future. To meet these challenges and our legal obligations/requirements from the Government, we have developed an Environment and Sustainability Strategy that identifies the impact we have on our environment and looks at changes we can make in order to move towards increased sustainability.

A range of actions associated with environmental protection, climate change and waste minimisation

focus on the areas where we believe we can have the greatest impact on our journey to become more environmentally sustainable, reduce our emissions and our waste, and adapt to climate change effects. Implementing most of the Environment and Sustainability Strategy will be done with existing resources, however, there are some significant cost implications that we sought the community's feedback on.

Managing our resources effectively

Our Infrastructure Strategy covers our infrastructure networks including water supply, wastewater, stormwater and roads. It covers the financial overview of these assets and the operational and capital expenditure over a 30 year period. The Strategy considers the costs associated with renewals, increases in levels of service and growth. Future commitments have been identified and managed to ensure it's affordability for the community.

The projections for all infrastructure activities are driven by our Asset

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Management Plans (AMPs) and the Infrastructure Strategy.

Water Supply

We plan to spend \$147.1m in the next ten years on operational expenditure across the urban and Waimate West water supply schemes. The operational expenditure is funded from targeted rates and other income.

We have included funding of \$96.8m in this Plan for capital expenditure on water supply. This expenditure is funded through depreciation, financial contributions, capital contributions and loans.

Based on the information in the asset database there will be a significant apparent spike in renewals of \$19.8m in 2023/24 and \$17.3m in 2025/26.

The impact of spending an additional \$15m in 2023/24 and \$11m in 2025/26 would be an additional average rate increase of 5.80% in 2023/24 and 3.5% in water rates. This would also require additional borrowings of that amount. The likelihood of this scenario is low as we have allowed for this expenditure to be spread over a number of years.

At the end of ten years the budgeted renewal programme will largely align with what is required as per the database. The Infrastructure Strategy further explains this risk and the reasons for spreading the renewal programme over a number of years.

Wastewater

We are planning to spend \$82.1m on wastewater operational costs over the next ten years. Operational expenditure is funded through targeted rates, trade waste charges and other income. We have included \$64.8m in this Plan for capital expenditure on wastewater over the next ten years, funded from depreciation, financial contributions, capital contributions and loans.

The asset database indicates a significant apparent spike in renewals of \$11m in 2023/24. Spending a further \$9.4m would increase rates by an additional average of 7.9% in 2023/24. The wastewater asset database predicts renewals based wholly on the installation year; however, analysis of the wastewater network performance shows that a

significant amount of rehabilitation is required to reduce the amount of water that enters the wastewater networks.

Wastewater renewals have been predicted based on network performance. We have begun by putting more resources into condition assessment in the past few years, which will continue in the future. The condition assessment of the reticulation network will be used to improve our predicted renewals dates. Improved asset data will be reconciled with the amount we have invested to improve the network performance and, depending on the results, the ongoing expenditure planned may be different to what is currently predicted in the Plan. The Infrastructure Strategy further explains this risk and the reasons for spreading the renewals programme over a number of years.

Stormwater

We have included \$15.9m of operational expenditure for the stormwater activity over the next ten years, funded from the general rate. We have planned \$10.2m of capital

expenditure in the next ten years, which is funded from depreciation, financial contributions, capital contributions and loans.

Using the information in the database, there will be a significant apparent spike in renewal expenditure of \$5.7m in 2023/24. The impact of an extra \$5.4m would be an additional average rate increase of 1.1% and would also result in additional borrowings of that amount. The likelihood of this scenario is low as we have allowed for this expenditure to be spread over a number of years. The Infrastructure Strategy further explains the risk and reasons for spreading the renewal programme over a longer period.

Roading

We are planning to spend \$212.9m in the next ten years on operational expenditure for the Roothing activity. This expenditure is funded from the Roothing Rate, Waka Kotahi New Zealand Transport Agency (Waka Kotahi) subsidy, financial contributions, grants and other income. We plan to spend \$111.2m in the next ten years on capital expenditure for the Roothing

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activity, funded by depreciation, capital contributions, Waka Kotahi Subsidy and the Rooding Rate.

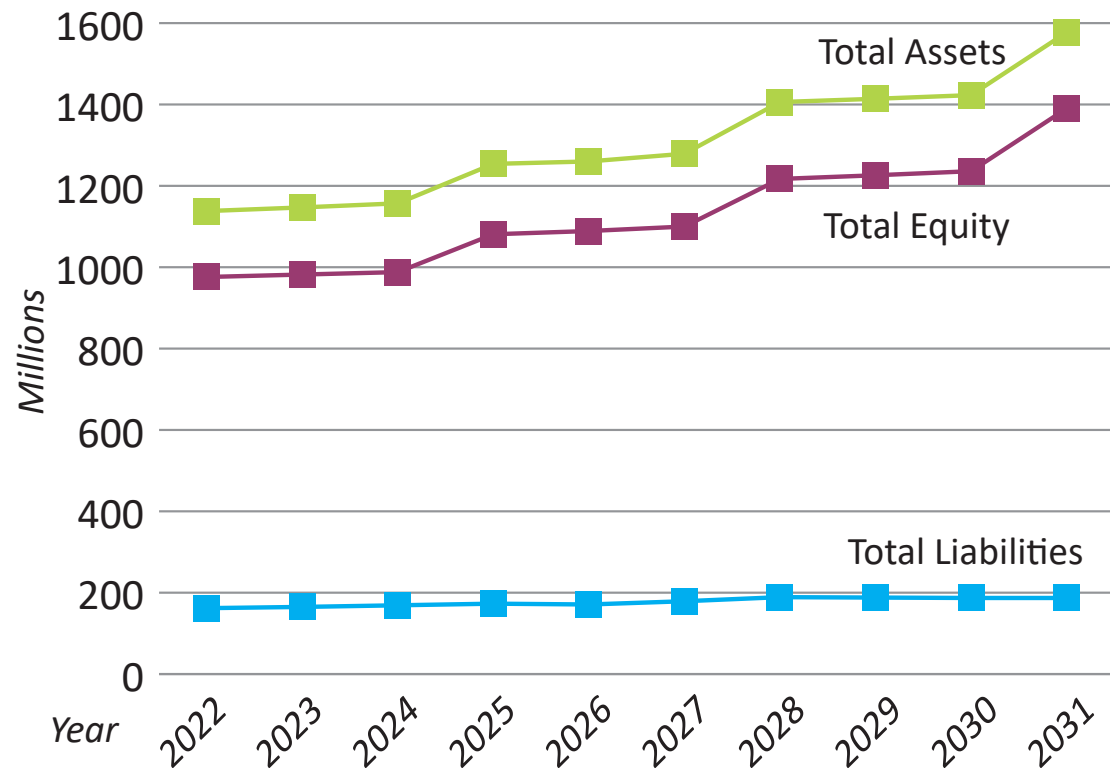
Using the database, there is a significant apparent spike in renewal expenditure of \$60m in 2021/22. The renewals consist largely of roading basecourse that is beyond its expected remaining life as per the database. We use asset condition to determine our forward renewal programme. While the roading surface above the basecourse has had its life extended through condition assessments and renewals (resealing), the remaining life of the basecourse underneath has not been adjusted when roads have been resealed. This is fundamentally a data quality issue and remaining life will need to be revised to match actual condition.

Forecast Financial Position – so what will happen to our Financial Position for the next 10 years?

The projected financial position shows what we own (Assets) and what we owe (Liabilities) and the difference between them (Equity) is effectively

the net value belonging to the Council. Over the ten years it is forecast that our equity will grow from about \$979.8 million to \$1.4 billion. The anticipated increase in the value of our fixed assets, including the Hāwera Town Centre Strategy implementation, town centre plans, South Taranaki Business Park, water, wastewater, stormwater and roading assets, reflects the investment made in these areas as well as future investment and the revaluations of the assets over the next ten years.

Forecast Financial Position (\$m)

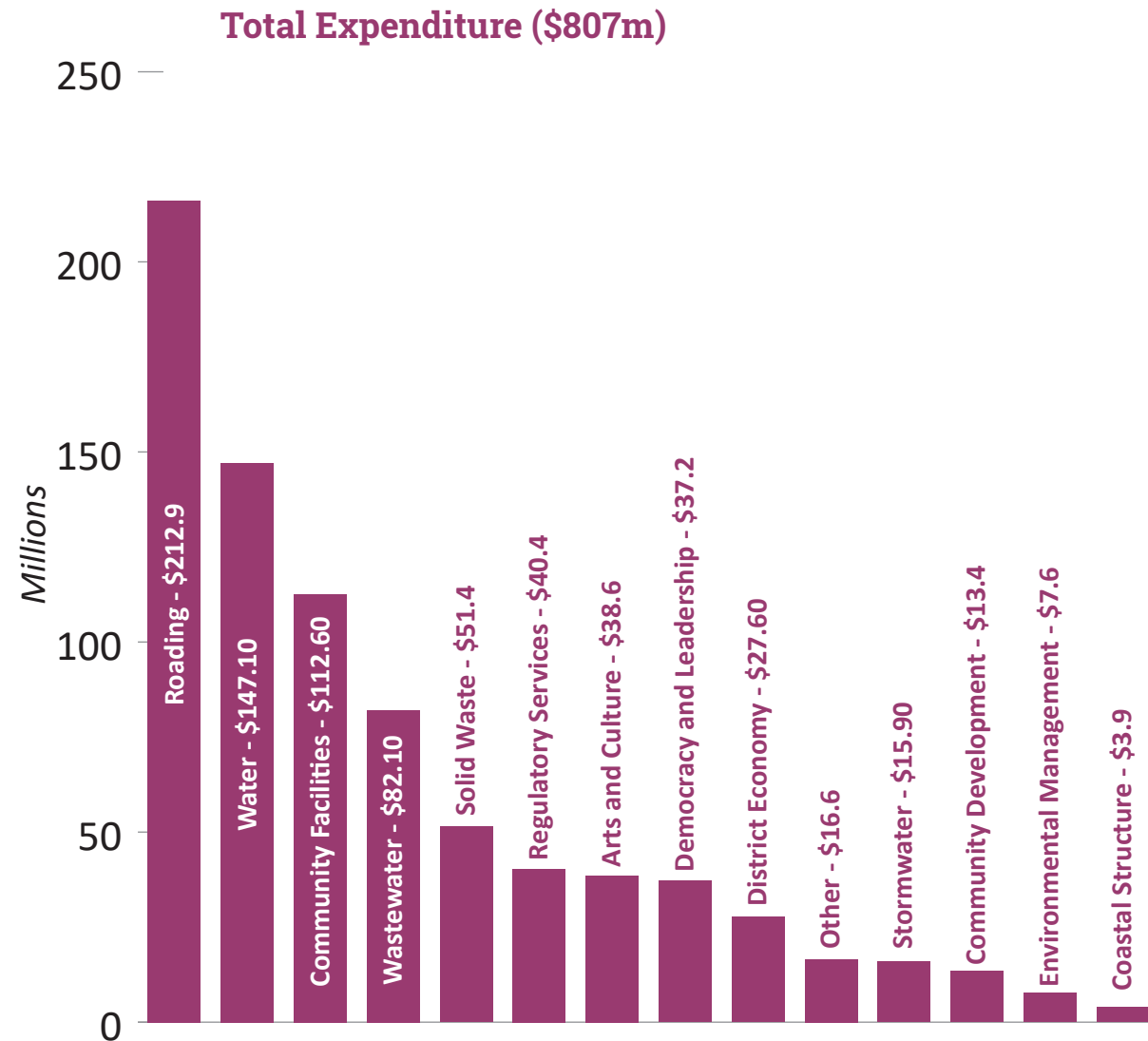


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Financial Strategy

Forecast Expenditure and Income (over the next 10 years)

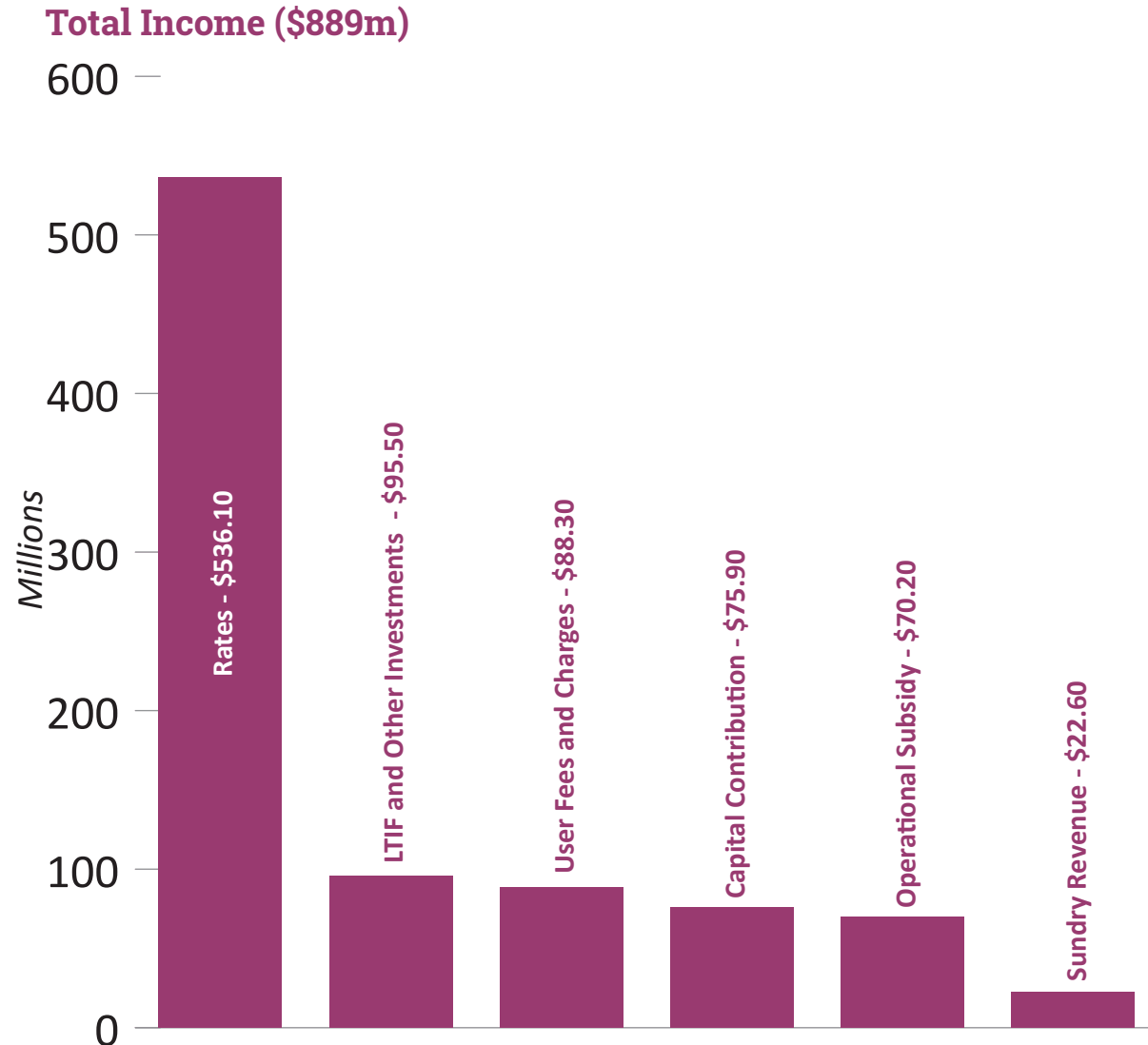
The forecast expenditure shows what we intend to spend on each group of activities. The forecast spending on water, wastewater, stormwater, roading, solid waste and community facilities totals about 77% of our overall spending.



Financial Strategy

Forecast Income (over the next 10 years)

The following graph shows the income we are forecasting from different sources. Our income from rates makes up about 60% of the total income, followed by 11% from the LTIF.



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Keeping rates affordable

Limits on Rates and Rates Increases

Our total rates income is forecast to increase from \$42.9m in 2020/21 to \$44.0m in 2021/22 and to \$61.8m by 2030/31. We want to provide ratepayers with a degree of certainty over future rates movements and propose to limit average rate increases over the next 10 years to no more than 4.75%. This 'cap' is made up of the forecast 2.75% increase in the Local Government Cost Index (LGCI) plus 2%, for District growth and some changes to levels of service.

The majority of our forecast income for 2021/22 will be made up of rates (58%), investment income and subsidies (19%) and user fees and charges (9%).

The quantified limit for rates income is 65% of total projected revenue, and will seek to reduce the amount collected by rates while continuing to fund activities as per our Revenue and Finance Policy.

The District Rate (includes General Rates, UAGC and the Rooding Rate)

In 2021/22 the District Rate will increase by 3.75%. Over the ten years it will increase by an average of 3.63% per annum. The increase mainly reflects inflation and increased costs related to anticipated maintenance, repairs and renewal expenditure.

Targeted Rates

The wastewater targeted rate will increase by an average of 5.78% per annum over ten years.

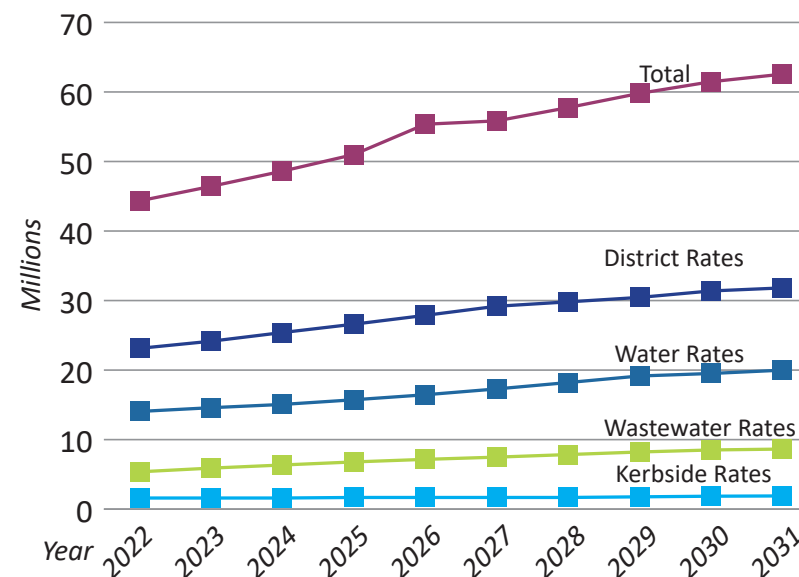
The kerbside collection rate will reduce by 17.39% in 2021/22 to \$218.50, down from \$264.50 in 2020/21. It will remain the same until 2023/24, increase by 5.26% in 2024/25 and then remain the same until 2027/28. The rate will increase by an average of 4.01% per year for the remaining three years.

The urban water targeted rate will increase by an average of 3.70% per year over ten years.

We have different Urban Water Supply rates for various metered water users.

For extra high users, the per cubic metre rate will increase by an average of 2.63% per year, over ten years. For all other users, the rate will increase by an average of 3.45% per year over ten years. From 2025/26, the per cubic metre rate for town, high and extra high users will be the same.

Future Rates (\$m)



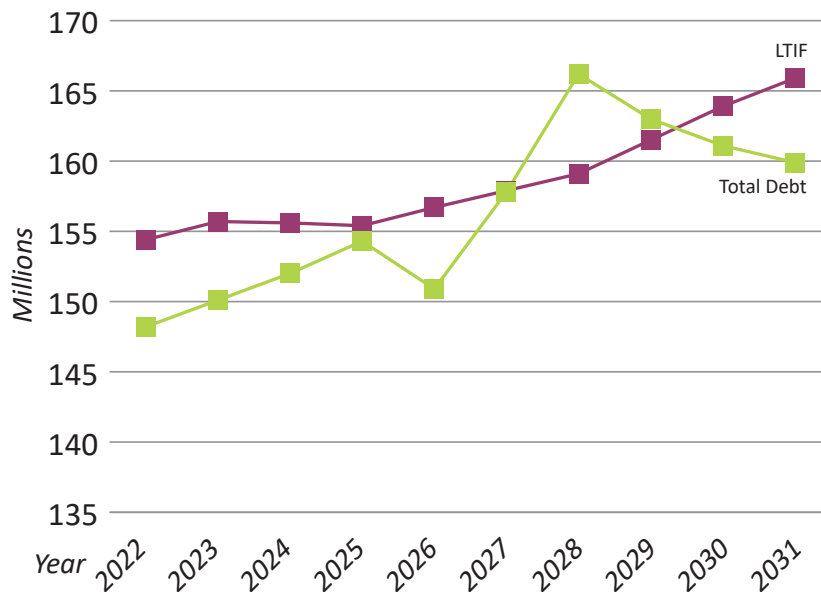
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Our debt is forecast to be \$166.2m in 2027/28, reducing to \$159.9m in 2030/31. (These numbers include internal borrowing).

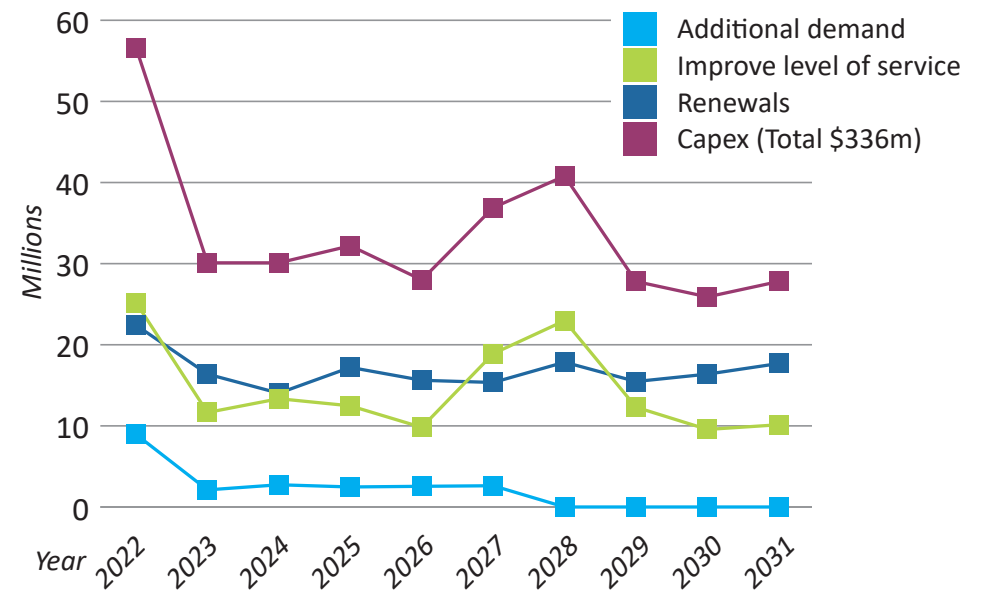
The LTIF is forecast to be \$159.1m in 2027/28 increasing to \$165.9m in 2030/31. (These numbers include internal borrowing).

Forecast Debt and LTIF (\$m)



Our total forecast capital spending is \$336m for the ten years. The total capital spent on infrastructure assets is forecast at \$282.9m for the ten years. We have completed the final stages of our major network infrastructural improvements and spending will mostly be on renewals for the next 10 years, except for the Hāwera Town Centre Strategy projects.

Forecast Capital Expenditure (\$336m)



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Effective Management of Debt

How will we manage our debt?

We have incurred debt to help pay for infrastructure across the District. We could pay off debt by using our investments; however, we consider it is more prudent to continue borrowing while the cost of borrowing is low and the return on investments outweighs the cost of financing debt and associated debt repayment. Our focus is to make sure the debt repayment profile matches the life of the assets and the repayment period for loans will on average be 30-35 years.

Before taking on new debt, we need to consider other funding mechanisms such as funded depreciation, external contributions, capital contributions and special reserves as well as considering the correct method of ensuring that intergenerational equity is maintained.

Renewal expenditure is usually funded from depreciation reserves. The loan repayments and interest costs are

funded from depreciation, savings made from the Local Government Funding Agency (LGFA) and rates.

As a Principal Shareholding Local Authority of the LGFA we are able to access long term funding at cheaper rates than previously. Over the last six years we have used these savings to increase loan repayments.

Our Net Debt

If you consider our peak debt of \$166.2m and our investment Fund of \$159.1m in 2027/28, including internal borrowing, our net debt is expected to be \$7.1m in 2027/28. We are forecasting to repay about \$66.1m (including \$12.4m for internal loan repayment) in loan repayments for the next ten years and forecast a \$99m increase in new loans over the same period. The repayment periods for loans will on average be 30-35 years.

It is important to highlight the risk associated with the LTIF and as a result the net debt position can go down or up depending on the performance of the LTIF. The worst case scenario is the net debt position being \$140m

by 2030/31, if the LTIF performed at a negative return for the next ten years, although the risk of this happening is extremely remote. We believe the forecast debt levels are sustainable as they are within the Liability Management Policy limits.

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The debt limits and interest rate limits are as follows for the next ten years:

Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net Debt as a % of total income <150%	(16%)	(12%)	(9%)	(7%)	(11%)	(8%)	(2%)	(12%)	(24%)	(34%)
Net Interest Exp.% of total Rates <25%	5%	4%	4%	4%	3%	2%	2%	1%	0%	1%
Net Interest Exp.% of Total Annual Income < 15%	3%	2%	3%	2%	2%	1%	1%	1%	0%	0%
Net Debt per Capita < \$2000	(\$420)	(\$331)	(\$260)	(\$191)	(\$333)	(\$246)	(\$63)	(\$399)	(\$800)	(\$1,162)

We will maintain our liquidity ratio at a minimum of 110% as per the Policy depending on the cash and capital expenditure over the ten years.

If we reduce loan repayments, loan balances will remain at higher levels and put pressure on our future borrowings. We have to comply with our Liability Management Policy and as a result, future projects may have to be delayed if loans are not repaid within time. Increasing loan repayments and paying off loans before time will result in overcharging current ratepayers. Our Liability Management Policy explains how we manage our interest rate risk by various ratios between fixed and floating interest rates. We review the

Policy on a regular basis and Price Waterhouse Coopers provides regular advice to manage the risk.

Limits on Borrowing

We manage our borrowings prudently and this is demonstrated by borrowing within our ability to service and repay debt without increasing the various limits in our Treasury policies and managing our future borrowing needs within these limits.

Security for Borrowing

We provide securities against our borrowings from external lenders. We recently provided a guarantee to the LGFA and the amount of the guarantee will be reduced as more councils join the LGFA as shareholders in the future.

We provide different types of guarantees, such as our assets and rates revenue.

Economic Climate and Population

South Taranaki continues to grow marginally and mostly in the residential sector. The District will continue to feel pressure to maintain, create and improve infrastructure at affordable rates. Our forecasting assumption for population change and change in land use assumes the risks for growth and change in land use are low.

We have contributed to the development of Tapuae Roa: Make Way for Taranaki, the Taranaki Regional Economic Development Strategy August 2017. The core focus of Tapuae

Roa is people, as it is people that take economies forward. Our partnership with Venture Taranaki continues to provide valuable information relating to economic trends in the local economy and statistics, which assists our planning for the future.

Digital technology presents one of the biggest opportunities and challenges for our District. The roll-out of ultrafast fibre by the Government will have an impact on our rural townships. A Digital Strategy is to be developed to ensure some groups do not miss out on the social and economic opportunities to access and adopt new technologies and new ways of doing things.

Rautaki Pūtea

Financial Strategy

Return on Investments

Our LTIF strategy clearly states the objectives and risks associated with the Investment Fund. After seeking advice from our Investment Advisor, we believe the investment mix (listed on the next page) reflects the appropriate mix to achieve our objectives:

- To deliver income to subsidise rates by \$3.87m each year and an additional subsidy of \$1.73m to service loans for specific community projects and \$860,000 for the Hāwera Town Centre Upgrade and Earthquake Projects. The subsidies are reviewed every three years.
- To maintain the real value (as opposed to face value) of the LTIF capital over time with respect to inflation.
- An investment fluctuation reserve has been established at a level appropriate for the risk.
- The LTIF aims to earn an overall net real return (that is, after fees and inflation) of 4% per annum over the longer term (rolling over 10 year periods).

The LTIF currently has a healthy inflation fluctuation reserve (IFR) of approximately \$32m. As a result, we are proposing to use \$15m from the IFR to fund some of the projects relating to town centre developments including additional funding for the Hāwera Town Centre Project.

After seeking advice from our Investment Advisor, we have determined a Strategic Asset Allocation or Benchmark Portfolio that, in our view, best reflects our risk preference and is appropriate given our investment objectives:

Sector	Benchmark %	Ranges %
Trans-Tasman Equities	12.5	7.5 – 17.5
Global Equities	31.0	21.0-41.0
Low Volatility	6.5	0.0-13.0
Total Equities	50.0	
Global Property	5.0	0.0-10.0
Global Listed Infrastructure	5.0	0.0-10.0
Total Real Assets and Alternatives	10.0	
Total Growth Assets	60.0	50.0-66.0
NZ Fixed Interest	9.0	6.0-12.0
Global Fixed Interest	26.0	18.0-34.0
Cash and Short Term Securities	5.0	0.0-15.0
Total Income Assets	40.0	34.0-50.0

We have budgeted for the LTIF to return an average of 4% (net of fees and inflation) over the next ten years. According to the risk associated with

the LTIF, 63% of the LTIF is currently invested in Global Equities, Trans-Tasman Shares, Global Property and Global Listed Infrastructure. These investments are subject to market movements and the LTIF has a potential risk of losing its value completely; however, as mentioned previously the risk is extremely remote.

Affordability

Our costs (Local Government Cost Index) are increasing at a higher rate than the consumer price index. The ongoing cost of servicing existing infrastructure and new assets is projected to continue to increase at higher rates. We acknowledge that balancing the increase in rates and maintaining and improving levels of service is a challenge and we are actively trying to encourage economic activity in our District.

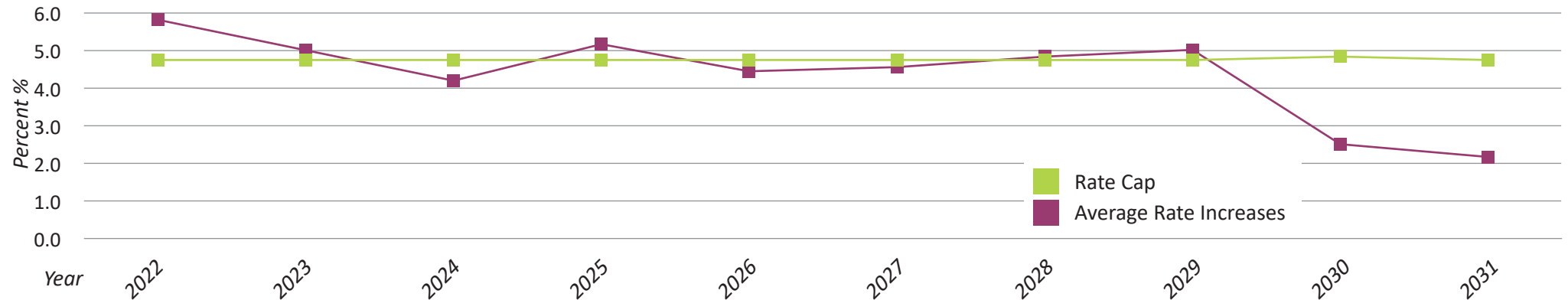
Rautaki Pūtea

Financial Strategy

Total Rate Limit (review for next 10 years)

Rate Cap	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
LGCI	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Plus 2%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Total Rate Cap	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%	4.75%
Average Rate Increases	4.73%	4.68%	4.72%	4.94%	4.61%	4.64%	3.43%	3.54%	2.80%	1.77%
Difference	0.02%	0.07%	0.03%	-0.19%	0.14%	0.11%	1.32%	1.21%	1.95%	2.98%

Targeted Rates - Rate Cap vs Increase



Explanation:

The total rate limits on the overall rate collection is on average 4.75% for the ten years. Our rate increases for the next ten years total rate collection is 3.99% on average.

Rautaki Pūtea

Financial Strategy

Mō ō Reiti / About Your Rates

Ten Year Projections for General and Targeted Rates (includes an allowance of inflation) - Including GST

	For the year ended 30 June	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
RATE												
District Rate*		0.00%	3.75%	4.39%	5.20%	4.72%	4.76%	4.71%	2.14%	2.15%	3.08%	1.39%
General Rate – Cents per \$		0.08783	0.09225	0.09439	0.10004	0.10359	0.10676	0.10740	0.10340	0.10494	0.10430	0.10284
Roading Rate – Cents per \$		0.06789	0.06372	0.06738	0.06979	0.07412	0.07873	0.08610	0.09221	0.09355	0.10098	0.10493
UAGC		\$604	\$663	\$700	\$740	\$776	\$818	\$862	\$896	\$926	\$949	\$965
TARGETED RATES**												
Water Targeted Rate		\$624	\$661	\$690	\$713	\$730	\$759	\$794	\$828	\$863	\$874	\$897
Wastewater Targeted Rate		\$679	\$759	\$834	\$897	\$960	\$1,006	\$1,047	\$1,093	\$1,139	\$1,173	\$1,185
Kerbside Collection Rate		\$265	\$219	\$219	\$219	\$230	\$230	\$230	\$230	\$242	\$253	\$259
Water meter only charge <= 32mm		\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Water meter and backflow charge <= 32mm		\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260
Water meter only <= 40mm		\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175	\$175
Water meter and backflow charge <= 40mm		\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325
Water meter and backflow charge <= 50mm		\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460	\$460
Water meter and backflow charge >50mm		\$630	\$630	\$630	\$630	\$630	\$630	\$630	\$630	\$630	\$630	\$630
WATER BY METER RATES PER CUBIC METRE												
Town		\$2.62	\$2.75	\$2.86	\$2.94	\$3.05	\$3.16	\$3.29	\$3.43	\$3.57	\$3.61	\$3.68
Urban Water High User		\$2.62	\$2.75	\$2.86	\$2.94	\$3.05	\$3.16	\$3.29	\$3.43	\$3.57	\$3.61	\$3.68
Urban Water Extra High User		\$2.84	\$2.97	\$3.06	\$3.11	\$3.13	\$3.16	\$3.29	\$3.43	\$3.57	\$3.61	\$3.68
Waimate West / Inaha Water		\$1.08	\$1.10	\$1.13	\$1.16	\$1.22	\$1.28	\$1.33	\$1.40	\$1.46	\$1.48	\$1.51

* The district rate includes the UAGC, general rate and roading rate. The general and roading rates are calculated on the capital value of the property, so each property pays a different amount.

** Targeted rates are uniform charges (every property pays the same amount) with the exception of the water by meter charges which are volumetric (you pay for what you use)

Rautaki Pūtea

Financial Strategy

Hei Tauira Reiti - me te GST / Rating Examples – Including GST

Below are six property examples to show the impact of the rates increases for the next ten years.

Urban \$320,000 capital value property

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
General	\$281.07	\$295.20	\$302.06	\$320.13	\$331.48	\$341.64	\$343.68	330.88	335.79	333.76	329.10
Roading	\$217.26	\$203.90	\$215.61	\$223.34	\$237.20	\$251.95	\$275.51	295.09	299.35	323.14	335.78
UAGC	\$604.00	\$663.16	\$700.34	\$739.57	\$775.64	\$817.74	\$862.09	896.39	926.10	949.15	965.21
Water	\$624.45	\$661.25	\$690.00	\$713.00	\$730.25	\$759.00	\$793.50	828.00	862.50	874.00	897.00
Wastewater	\$678.50	\$759.00	\$833.75	\$897.00	\$960.25	\$1,006.25	\$1,046.50	1,092.50	1,138.50	1,173.00	1,184.50
Kerbside	\$264.50	\$218.50	\$218.50	\$218.50	\$230.00	\$230.00	\$230.00	230.00	241.50	253.00	258.75
Total Rates	\$2,669.78	\$2,801.01	\$2,960.26	\$3,111.53	\$3,264.82	\$3,406.58	\$3,551.28	3,672.86	3,803.74	3,906.05	3,970.34
Increase each year		\$131.23	\$159.25	\$151.27	\$153.28	\$141.76	\$144.70	121.58	130.88	102.31	64.28
Percentage increase		4.92%	5.69%	5.11%	4.93%	4.34%	4.25%	3.42%	3.56%	2.69%	1.65%



Urban \$480,000 capital value property

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
General	\$421.60	\$442.80	\$453.09	\$480.19	\$497.21	\$512.45	\$515.52	\$496.32	\$503.69	\$500.64	\$493.65
Roading	\$325.89	\$305.85	\$323.42	\$335.02	\$355.80	\$377.92	\$413.27	\$442.63	\$449.03	\$484.71	\$503.67
UAGC	\$604.00	\$663.16	\$700.34	\$739.57	\$775.64	\$817.74	\$862.09	\$896.39	\$926.10	\$949.15	\$965.21
Water	\$624.45	\$661.25	\$690.00	\$713.00	\$730.25	\$759.00	\$793.50	\$828.00	\$862.50	\$874.00	\$897.00
Wastewater	\$678.50	\$759.00	\$833.75	\$897.00	\$960.25	\$1,006.25	\$1,046.50	\$1,092.50	\$1,138.50	\$1,173.00	\$1,184.50
Kerbside	\$264.50	\$218.50	\$218.50	\$218.50	\$230.00	\$230.00	\$230.00	\$230.00	\$241.50	\$253.00	\$258.75
Total Rates	\$2,918.94	\$3,050.56	\$3,219.10	\$3,383.27	\$3,549.15	\$3,703.37	\$3,860.87	\$3,985.85	\$4,121.31	\$4,234.50	\$4,302.78
Increase each year		\$131.62	\$168.54	\$164.17	\$165.89	\$154.21	\$157.51	\$124.97	\$135.47	\$113.19	\$68.27
Percentage increase		4.51%	5.52%	5.10%	4.90%	4.35%	4.25%	3.24%	3.40%	2.75%	1.61%

URBAN

Rautaki Pūtea

Financial Strategy

Hei Tauira Reiti - me te GST / Rating Examples – Including GST

Urban \$600,000 capital value property



URBAN

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
General	\$527.00	\$553.50	\$566.36	\$600.24	\$621.52	\$640.57	\$644.40	\$620.40	\$629.61	\$625.80	\$617.06
Roading	\$407.36	\$382.31	\$404.27	\$418.77	\$444.75	\$472.40	\$516.59	\$553.29	\$561.29	\$605.88	\$629.59
UAGC	\$604.00	\$663.16	\$700.34	\$739.57	\$775.64	\$817.74	\$862.09	\$896.39	\$926.10	\$949.15	\$965.21
Water	\$624.45	\$661.25	\$690.00	\$713.00	\$730.25	\$759.00	\$793.50	\$828.00	\$862.50	\$874.00	\$897.00
Wastewater	\$678.50	\$759.00	\$833.75	\$897.00	\$960.25	\$1,006.25	\$1,046.50	\$1,092.50	\$1,138.50	\$1,173.00	\$1,184.50
Kerbside	\$264.50	\$218.50	\$218.50	\$218.50	\$230.00	\$230.00	\$230.00	\$230.00	\$241.50	\$253.00	\$258.75
Total Rates	\$3,105.81	\$3,237.72	\$3,413.23	\$3,587.07	\$3,762.41	\$3,925.96	\$4,093.07	\$4,220.58	\$4,359.49	\$4,480.84	\$4,552.11
Increase each year		\$131.91	\$175.50	\$173.84	\$175.34	\$163.55	\$167.11	\$127.51	\$138.91	\$121.35	\$71.27
Percentage increase		4.25%	5.42%	5.09%	4.89%	4.35%	4.26%	3.12%	3.29%	2.78%	1.59%

Hāwera commercial/industrial \$600,000 capital value property



**HĀWERA
COMMERCIAL**

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
General	\$527.00	\$553.50	\$566.36	\$600.24	\$621.52	\$640.57	\$644.40	\$620.40	\$629.61	\$625.80	\$617.06
Roading	\$407.36	\$382.31	\$404.27	\$418.77	\$444.75	\$472.40	\$516.59	\$553.29	\$561.29	\$605.88	\$629.59
UAGC	\$604.00	\$663.16	\$700.34	\$739.57	\$775.64	\$817.74	\$862.09	\$896.39	\$926.10	\$949.15	\$965.21
Water	\$624.45	\$661.25	\$690.00	\$713.00	\$730.25	\$759.00	\$793.50	\$828.00	\$862.50	\$874.00	\$897.00
Wastewater	\$678.50	\$759.00	\$833.75	\$897.00	\$960.25	\$1,006.25	\$1,046.50	\$1,092.50	\$1,138.50	\$1,173.00	\$1,184.50
Hāwera Business Rate	\$538.11	\$542.04	\$551.25	\$560.62	\$569.59	\$580.42	\$592.02	\$605.05	\$618.97	\$633.20	\$647.77
Total Rates	\$3,379.42	\$3,561.26	\$3,745.98	\$3,929.19	\$4,102.00	\$4,276.38	\$4,455.10	\$4,595.63	\$4,736.96	\$4,861.04	\$4,941.12
Increase each year		\$181.84	\$184.72	\$183.21	\$172.81	\$174.38	\$178.72	\$140.54	\$141.32	\$124.08	\$80.08
Percentage increase		5.38%	5.19%	4.89%	4.40%	4.25%	4.18%	3.15%	3.08%	2.62%	1.65%

Rautaki Pūtea

Financial Strategy

Hei Tauira Reiti - me te GST / Rating Examples – Including GST

Rural \$5.3 million capital value property

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
General	\$4,655.15	\$4,889.28	\$5,002.87	\$5,302.08	\$5,490.08	\$5,658.34	\$5,692.20	\$5,480.24	\$5,561.57	\$5,527.92	\$5,450.67
Roading	\$3,598.33	\$3,377.08	\$3,571.09	\$3,699.13	\$3,928.62	\$4,172.90	\$4,563.17	\$4,887.39	\$4,958.02	\$5,351.97	\$5,561.40
UAGC	\$604.00	\$663.16	\$700.34	\$739.57	\$775.64	\$817.74	\$862.09	\$896.39	\$926.10	\$949.15	\$965.21
Total Rates	\$8,857.49	\$8,929.51	\$9,274.30	\$9,740.7	\$10,194.34	\$10,648.98	\$11,117.45	\$11,264.02	\$11,445.69	\$11,829.04	\$11,977.27
Increase each year		\$72.03	\$344.79	\$466.47	\$453.57	\$454.64	\$468.47	\$146.57	\$181.66	\$383.36	\$148.23
Percentage increase		0.81%	3.86%	5.03%	4.66%	4.46%	4.40%	1.32%	1.61%	3.35%	1.25%



Rural \$8 million capital value property

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
General	\$7,026.64	\$7,380.04	\$7,551.51	\$8,003.13	\$8,286.91	\$8,540.89	\$8,591.99	\$8,272.07	\$8,394.82	\$8,344.03	\$8,227.42
Roading	\$5,431.44	\$5,097.47	\$5,390.33	\$5,583.59	\$5,929.99	\$6,298.72	\$6,887.80	\$7,377.19	\$7,483.81	\$8,078.44	\$8,394.56
UAGC	\$604.00	\$663.16	\$700.34	\$739.57	\$775.64	\$817.74	\$862.09	\$896.39	\$926.10	\$949.15	\$965.21
Total Rates	\$13,062.09	\$13,140.67	\$13,642.17	\$14,326.29	\$14,992.54	\$15,657.35	\$16,341.88	\$16,545.65	\$16,804.72	\$17,371.63	\$17,587.20
Increase each year		\$78.58	\$501.50	\$684.12	\$666.25	\$664.81	\$684.53	\$203.77	\$259.07	\$566.90	\$215.57
Percentage increase		0.60%	3.82%	5.01%	4.65%	4.43%	4.37%	1.25%	1.57%	3.37%	1.24%

RURAL

SOUTH TARANAKI

THE MOST

LIVEABLE

DISTRICT



Te Kaunihera o Taranaki ki Te Tonga

South Taranaki
District Council

**Rautaki Hanganga-ā-roto
Infrastructure Strategy**

www.southtaranaki.com/longtermplan

Rautaki Hanganga-ā-roto

Infrastructure Strategy

What is infrastructure?

Infrastructure is the term for the pipes, treatment plants, roads and other assets that are essential for sustaining public health, getting around and doing business. Infrastructure is recognised as an enabler of economic growth in the regional economic development strategy.

Section 101B of the Local Government Act 2002 (LGA02) requires us to have an infrastructure strategy that includes:

- Water supply
- Wastewater
- Stormwater
- Flood protection and control works
- Roads and footpaths

South Taranaki has no flood protection works as most of the coastline is well above sea level and rivers drain quickly from Mount Taranaki. However, the Council owns and maintains the moles (breakwaters) at the mouth of the Pātea River, which have a significant replacement value. For this reason coastal structures have been included

in this Strategy along with:

- Solid waste
- Parks and reserves
- Community facilities

The LGA02 requires us to have a significance policy that identifies the assets we consider are strategic. The LGA02 defines strategic assets as those we have identified to achieve or promote any outcome that we consider is important for the current or future well-being of the community. Our strategic groups of assets are:

- Water – all assets except buildings;
- Wastewater – all assets except buildings;
- Stormwater – all assets except buildings;
- Roading – all assets;
- Solid waste – all assets except buildings;
- Coastal structures; and
- Housing for older people – all units.

We have ten potable water supplies, eight wastewater schemes, an extensive roading network of 1,634km and a good range of parks, reserves,

and community facilities. The assets used in the delivery of services to our communities are currently valued at \$1.068 billion.

About the Strategy

This Strategy states how the Council intends to manage its infrastructure assets over the next 30 years. It outlines:

- The key infrastructure challenges we face;
- The main options for dealing with these issues;
- The cost and service delivery implications of those options; and
- The preferred scenario for infrastructure provision.

The Strategy allows us to develop a long-term view of the sustainability of our infrastructure. We have identified five themes for the development of the 2021-2031 Long Term Plan (LTP):

- Encouraging sustainable growth;
- Managing our resources effectively;
- Keeping rates affordable;
- Effective management of debt; and

- Ensuring environmental sustainability.

These themes underlie the priorities and projects we propose to carry out over the next 30 years and form the basis of both the 2021-2031 LTP and our Financial Strategy. They reflect the balance between focusing on the basics and providing value-added services for our community at an affordable cost. The projects outlined in this Strategy have been planned to help achieve these key outcomes.

This Strategy has been developed in the context of a number of other documents and projects, including:

- Asset Management Plans – provide an outline of the asset management works required to prudently manage infrastructure and deliver essential services to the community.
- Financial Strategy – outlines the financial context in which the Council operates and the financial implications of the projects planned through this Strategy.
- 2021-31 LTP – while this Strategy has a 30-year planning horizon, the

Rautaki Hanganga-ā-roto

Infrastructure Strategy

projects planned for the first ten years are included in other sections of the LTP.

- The South Taranaki District Plan – identifies areas where new or upgraded infrastructure will be required to cater for growth in the District over the next ten years.
- The Taranaki regional economic development strategy (Tapuae Roa: Make Way for Taranaki) and Taranaki 2050 Roadmap highlight economic development issues and opportunities for the Taranaki region and sets out Taranaki's transition plan to a low-emissions economy.
- Hāwera Town Centre Strategy and Ōpunakē, Manaia, Eltham, Pātea and Waverley town centre plans – highlight actions for the redevelopment of our town centres.

Many of our infrastructure assets have a very long life. For example, water pipes have an expected life of 60-100 years, which means there is a long planning horizon for initial provision and renewal, and both can present

cost peaks that need to be planned for well in advance. This Strategy provides the long term perspective required to assess whether there are hidden investment gaps or affordability issues beyond the ten-year planning horizon provided in the 2021-31 LTP.

We need to provide the services and facilities our communities expect while keeping rates at an affordable level, from a relatively small base of ratepayers spread across a large geographic area. Spending on infrastructure accounts for around 63% of our operating budget and 84% of capital expenditure.

While we are mindful of anticipated changes to legislation and the need to upgrade infrastructure to meet new requirements, our biggest challenge is to build and deliver what we have said we will do – in the current climate of scarce resources there is strong nationwide demand for skilled people, equipment and materials. Failure to deliver on key projects and programmes is identified as a strategic risk for the organisation and has been

a focus for improvement.

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

Our Themes for the 2021-31 Long Term Plan

Encouraging Sustainable Growth

Infrastructure provision is influenced by a number of factors that are not constant across networks or activities. For example, our roading network has substantial capacity and is unlikely to be significantly affected by an increase or decrease in population, or new businesses being established. However, the water supply and wastewater

activities can be significantly affected by increasing population, new or expanded industries or growth in the agricultural sector.

We have received enquiries from businesses looking to establish commercial and industrial activities and we want to help facilitate development. Additional water and wastewater capacity has been incorporated into recent infrastructure upgrades in Hāwera. A mixed use area has been identified on Waihi Road, Hāwera (South Taranaki Business Park) to support commercial and industrial growth. In September 2020, \$3m was approved for detailed design and installation of infrastructure, including water supply, wastewater, roading and initial stormwater services to this area.

Two urban growth areas to the north and west of Hāwera have been identified in the proposed District Plan. These are known as the Hāwera West Structure Plan and the South Taranaki Business Park Structure Plan.

The area encompassed by the Hāwera West Structure Plan has received a

Rautaki Hanganga-ā-roto

Infrastructure Strategy

detailed engineering analysis, with recommendations as to the anticipated capacity of the area and the layout of serving infrastructure.

After a long period of no or negative growth we expected the modest growth of 0.7% per year experienced over the last three years to continue. Infometrics Limited (an economics consultancy) predicted in January 2020 a 0% to 0.3% increase every year from 2021 (28, 837) to 2051 (29,471), for an overall increase of 2.2%. Infometrics have advised that the Covid-19 pandemic in 2020 is likely to result in less migration to Taranaki and growth may be less than predicted for at least the first two years after the pandemic.

Anecdotally, the picture may be more positive but there are no statistics to support that. Based on recent trends, most of our rural areas are likely to experience small decreases in population during the ten-year planning period while some growth in our towns is predicted. Hāwera and its environs is the most likely area for growth, and we have planned for

a potential increase in demand for water and wastewater services for the remainder of the 30-year term of this strategy. As New Plymouth continues to grow, we expect some residual growth into South Taranaki.

We have a much improved and reliable water network. Along with this, we have made progress with the Hāwera Town Centre redevelopment, South Taranaki Business Park, town centre master plans for Ōpunakē, Manaia, Eltham, Pātea and Waverley.

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Significant Projects



TABLE 1: Key Projects Encouraging Sustainable Growth

Project	\$\$	Years
South Taranaki Business Park water supply Mains, stormwater, wastewater, roading	\$12.1m	Y1 – Y6
Waverley Town Centre Master Plan	\$2m	Y1 – Y9
Pātea Town Centre Master Plan	\$2.3m	Y2 – Y10
Eltham Town Centre Master Plan	\$2.3m	Y1 – Y10
Ōpunakē Town Centre Master Plan	\$2.2m	Y2 – Y10
Manaia Town Centre Master Plan	\$1.8m	Y1 – Y10
Hāwera Town Centre Additional Projects	\$4.6m	Y3 – Y10

Managing Our Resources Effectively

The majority of the works planned in this Strategy involves renewing existing infrastructure, maintaining current assets and core services, and improving wastewater infrastructure. Our priorities are reducing water loss (leakage) within our water networks and reducing water entering our wastewater networks (sewers), which will reduce the demand on our treatment plants and delay the need for further investment. Along with this we are also focused on data quality improvement across our asset base.

Managing our Assets

Managing and maintaining our infrastructure assets to ensure consistent and reliable service delivery to the community requires good asset management practices and a clear strategy. The maintenance, renewal, and capital expenditure programme for our core assets is based on the information in our asset management plans and asset databases. This is the best information available to us about

the assets. For some (for example, underground pipes) the information around age, type, and quantity is very reliable. However, information around condition has limitations and will be updated as new information becomes available. This could change the costs or timing of planned expenditure.

We need to improve the condition data of our assets so we can optimise our whole-of-asset-life decision-making and planning. This involves testing physical samples of water pipes (planned and following a pipe failure) and CCTV inspections of wastewater and stormwater pipes as well as visual inspections.

Capital works programme

The COVID-19 pandemic in 2020 halted our capital works programme for two months and this had a flow-on effect into our forward programme. As a result, we have reviewed and adjusted our capital works programme.

The Government’s funding of “shovel ready projects” has already begun to put pressure on contractor availability and is likely to have an impact on

supplies of materials such as aggregate for roading and building, and timber. The construction of Te Ramanui o Ruapūtahanga and the extension and upgrading of Nukumarū Station Road have been approved as “shovel ready” projects. We expect contractors will continue to be available to undertake our asset maintenance, but competition for contractors could affect our levels of service and/or increase our maintenance costs.

Capital works delivery plan

Experience shows we have been capable of delivering no more than \$20 million-worth of work per year. With a capital works programme of around \$39 million per year for years 1-3 of the LTP, we have taken a number of steps to ensure that we can deliver the capital works programme that has been set.

Our ability to complete our works programmes is affected by a number of external factors that are largely beyond our control. This includes the availability of contractors and materials, delays due to legal

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proceedings, stakeholder engagement resulting in a change in project, and of course COVID-19 lockdowns etc.

While we are mindful of anticipated changes to legislation and the need to upgrade infrastructure to meet new requirements, our biggest challenge is to build and deliver what we have said we will do. Failure to deliver on key projects and programmes is identified as a strategic risk for the organisation and has been a focus for improvement. We have reviewed our asset and project management processes over the last two years and have taken a number of steps to ensure that we can deliver the capital works programme set:

- Our Projects team is made up of a Manager, a Senior Projects Engineer, three Project Engineers and a Projects Officer. This team has been increased in the last two years (3 additional fulltime Project Engineers and 1 Engineering Cadet).
- During the COVID lockdowns our Projects Manager anticipated difficulty in resource availability

and purchased approximately \$1million of pipe. We now have that pipe available to deliver water reticulation renewals projects in years one and two of the LTP.

- This team is not solely responsible for the delivery of the entire capital works programme; they largely focus on Three Waters and Roothing projects. Other projects are mostly delivered within their own teams, ensuring the Projects team can focus on the core infrastructure projects.
 - ◇ Implementation of the Town Centre Master Plans will be managed through the Community Development team (which has had one FTE added to the team in anticipation of this work beginning).
 - ◇ We are working with a consultant for the design and planning for delivery of our Digital Transformation Strategy as well as employing an IT Service Delivery Lead to manage the cross organisational aspects of rolling out the new technology.

- ◇ In year one of the LTP construction of Te Ramanui o Ruapūtahanga will commence (total project cost is over \$8m). Plans and design work has been completed and this construction project is being managed by external project managers.
- Given the significance of the South Taranaki Business Park project, we are in the process of engaging a consultant to oversee this which includes Three Waters and Roothing infrastructure. This will allow the Projects team to focus on continuing to design and tender for other infrastructure replacement and renewal projects.

We have placed a strong focus on preparing designs for infrastructure projects ahead of the budget for construction in this LTP. Several projects are currently being designed or have already been designed and are ready to go as soon as the LTP is adopted, including watermain replacements and stormwater renewals

Risk

Non-delivery of key projects and our capital works programmes is considered a strategic risk along with the failure to manage critical and strategic assets within the District. Inability to complete our capital works programmes could expose our communities to the following risks:

Water Supply

- Watermain breaks causing service interruptions and increasing the amount of water we must take to make up for the water loss, which may exceed our water take consents.
- Continued levels of unaccounted for water that mean we must take more water to make up for these losses, which increases our treatment costs.
- Lack of resilience – insufficient storage in emergencies such as natural disasters and during flooding events when the source water is too dirty to treat.

Wastewater

- Continued levels of inflow and

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infiltration that overload our treatment plants and reduce the effectiveness of the treatment processes, so that partially treated effluent is discharged to the environment, which contravenes our consents in terms of quality and quantity.

- Overloading of the reticulation during heavy rain events, causing overflows at our pump stations and contamination of the surrounding areas.
- Loss of electricity supply to our pump stations, resulting in wastewater overflows and contamination of the surrounding areas.
- Failure to improve our networks and treatment systems to meet more stringent consent requirements.

Stormwater

- Flooding of properties and roads.
- Increased inflow to our wastewater systems, causing overloading of the wastewater reticulation and treatment plants.

Roading

- Loss of access to properties and services, reduced level of service.
- Increased number and severity of crashes.

Financial risks are explained in detail in the Financial Strategy.

Levels of Service

The service provided by each infrastructure area is defined by the levels of service that are described and measured for each activity and these are set out in the Long Term Plan.

Levels of service have a direct impact on rates and user fees and charges. They are directly related to performance measures that provide a balanced picture of the important aspects of the levels of service as well as the purpose of the activity. We are required to use a standard set of performance measures for the three waters and the roading and footpaths activities when reporting to the community. In addition to the mandatory measures, we have performance measures that show how satisfied residents are with the services

and facilities we provide. The annual residents' satisfaction survey gathers feedback about how well people think our services are being provided, whether directly by the Council or via its contractors.

Through the Long Term Plan process, we communicate with the community about the current levels of service. At times we have proposed reductions in some levels of service or discontinuing some services. In each case, the public soundly rejected the proposals, preferring to keep the model the same and therefore paying for the services they receive.

This Strategy is based on the assumption that our current levels of service will be maintained for the next 30 years, although we are aware that the three waters reforms may bring change. In order to maintain existing levels of service, infrastructure assets will need to be maintained in a condition that will support these levels. This means we will focus on the renewal of assets rather than major new projects, apart from those

projects outlined in Table 1.

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Table 2 below shows the key levels of service for our core infrastructure areas.

TABLE 2: Key Levels of Service

Category	Level of Service
Water Supply	Our water supply is managed sustainably. Consumers are satisfied with our water supply service.
Wastewater	We manage wastewater without risk to public health. Wastewater does not affect the quality of the environment. Residents are satisfied with our wastewater services overall.
Stormwater	We provide a reliable stormwater system that prevents houses from flooding. Our stormwater system is managed sustainably. We will respond promptly to reports of flooding and customer requests. Residents are satisfied with the stormwater system.
Solid Waste	We provide a reliable weekly kerbside recycling and rubbish collection service. We provide a reliable, well managed user pays fortnightly kerbside greenwaste collection service. Our transfer stations are safe and well maintained. We encourage recycling and reducing waste sent to landfill.
Roads and Footpaths	We provide roads that are safe and comfortable to drive on. Our roading network is maintained in good condition. Our footpaths are maintained in good condition and are fit for purpose. We will respond promptly to customer service requests for roads and footpaths.
Coastal Structures	We comply with the Taranaki Regional Council resource consent conditions for our coastal structures.

Three Waters Reform

New legislation, Taumata Arowai – The Water Services Regulator Act 2020 established a new Crown entity, Taumata Arowai – the Water Services Regulator from 1 July 2021. The new entity will be responsible for administering and enforcing a new drinking water regulatory system and the Act also establishes a Māori Advisory Group.

The Water Services Bill currently before Parliament will introduce major changes in service delivery. Should the Bill proceed as expected, our three waters (drinking water, wastewater, and stormwater) assets and operations will pass to a new regional or multi-regional organisation that will be responsible for managing these services.

This Strategy has been prepared on the basis that we will still own and operate our three waters services at least until the end of the three-year planning period. We remain engaged with the Government on the reform process

and continue to gather information to help us make an informed decision at some point in the future.

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Water Supply



Water is recognised as essential for the health and well-being of our population and is required

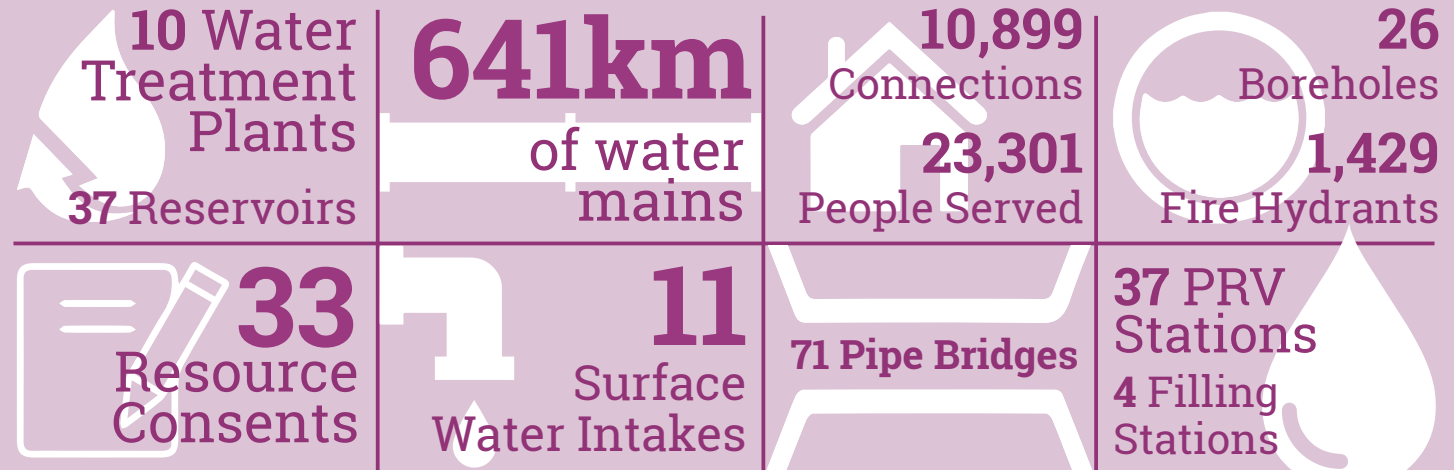
in large volumes to sustain our domestic, agricultural and industrial customers. Our community expects to be able to receive good quality drinking water and that additional water is accessible to facilitate economic development. Reducing water wastage and making sure we manage our water resource in an environmentally sustainable way is also important.

Our goals for water supply are:

- Ensuring reservoir security of supply during flooding events (dirty water).
- Compliance with our water safety plans.
- Improved water demand management.
- Security of supply for water sources.
- Ongoing asset renewals.

Our assets include water treatment facilities, reservoirs, water mains and

Water Supply



\$282.6 million
2020 Replacement cost

\$10.7m
m³ water extracted per year

\$153.7 million
2020 Fair Value

Average daily water production
29,433m³/d

Figure 1: Water Supply Assets

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service connections. Water sources are streams and bores and the supplied water meets the Drinking Water Standards of New Zealand. We also own the Nukumarū Water Supply assets, but this non-potable supply is managed by the farmers it serves.

Challenges

We are working to identify additional water sources to meet an increasing demand for water and our area of highest priority is the interconnected supply area of Waimate West, Inaha and Kāpuni. Stage one has been completed to form a link between the Kāpuni and Inaha water schemes. Investigations for additional resources are underway, with a view to commissioning in 2021/22.

Pātea has a vulnerable supply due to its full reliance on bore water and the unsuitability of the nearby river water. High residential water demand and low rates of aquifer recharge during dry summers can potentially hinder the continued supply of the bore water. These issues may result in an increase in water restrictions and/or metering for new residential connections.

We have set challenging targets for leakage and loss (unaccounted for water), which are high in some parts of the network. For example, losses are 6.1% in the Waimate West scheme and almost 33% in the Eltham supply. This will be addressed through pipe renewal projects.

The installation of remote monitoring has given us greater visibility and faster response around failure rates of meters for large users. We will improve our meter replacement programme to better reflect the established lifecycle of meters. Likewise, our meter-backflow project has demonstrated a number of users who were taking excessive amounts of water from our network and we plan to continue auditing demand for extraordinary users to ensure that they are being fairly charged for water.

In the short term, water losses are likely to affect the consents for Eltham, Kāpuni and Inaha and will drive improvements in plant efficiency and stronger demand management strategies.

Table 3: Key Water Issues and Challenges

Key Issues/ challenges	What we will do
Taste and odour issues at Eltham and Waverley and discoloured water at Ōpunakē.	<ul style="list-style-type: none"> • Ōpunakē – clean mains and pipes and consider pre-treatment processes to resolve discolouration. • Waverley clean mains and pipes. • Eltham improve treatment process.
Reducing unaccounted-for water through improved demand management to ensure there is enough water to go around.	<ul style="list-style-type: none"> • Quantifying leakage and loss in all water supply schemes and actively managing water demand. • Water conservation initiatives, leak detection and repair. • Complete metering and monitoring of extra-ordinary users. • Improvements to monitoring of treatment plant performance. • Publicity campaigns.
Building more resilience into our water supplies.	<ul style="list-style-type: none"> • Ensuring design consideration includes climate change and mitigates the effects of natural disasters. • Increasing reservoir capacity up to a minimum of one day's peak demand volume. • Improving linkage among schemes.
New growth areas, for example the South Taranaki Business Park in Hāwera and housing developments	<ul style="list-style-type: none"> • Infrastructure development structure plans. • Hāwera to Normanby water supply resilience.
Resolving water demand issues around Turuturu Road, Hāwera.	<ul style="list-style-type: none"> • Supply resilience enhancements.
Asbestos cement pipes in Waimate West and Inaha that are deteriorating faster than initially expected.	<ul style="list-style-type: none"> • Monitor condition and continue the renewal programme.

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Key Issues/ challenges	What we will do
Deferral of renewals during the 2010s, resulting in increasing frequency of pipe failures.	<ul style="list-style-type: none"> Monitor condition and continue the renewal programme.
Renewal of water extraction consents is becoming more difficult, creating issues with security of supply during dry summer months.	<ul style="list-style-type: none"> Increased demand and loss management. Increase publicity. Investigate feasibility of rainwater tanks for domestic irrigation. Water supply agreements for major users. Restrictions as required.
Improving asset performance monitoring, condition assessment and maintenance system	<ul style="list-style-type: none"> Developing systems to improve asset data quality. Ensure we better understand how our assets are performing and their condition.
Maintenance and renewal of site services assets, for example buildings, electrical and instrumentation, communication	<ul style="list-style-type: none"> Asset data needs improvement. Condition assessment and maintenance strategy to be deployed.
Developing more accurate predictions for water main renewal	<ul style="list-style-type: none"> Improved methods of pipe condition assessment.
Full compliance with the Drinking Water Standards for New Zealand (DWSNZ).	<ul style="list-style-type: none"> Upgrade potable water treatment plants to meet the drinking water standards.

Key Issues/ challenges	What we will do
New regulator, potential future increases in the Standards.	<ul style="list-style-type: none"> Include future changes in design consideration.

Renewals

We consider condition assessment data, together with performance metrics such as records of water main failures to generate the renewals programme and have developed a rolling programme of pipe renewals.

We have focussed on condition assessment of asbestos cement (AC) water mains as they deteriorate much faster than anticipated and we have revised our renewals programme for AC pipe. These premature renewals are affecting our Financial Strategy as a substantial number of water mains which will require renewal in the short term.

Figure 2 shows the detail of the reticulation and treatment plant renewals programme based on the assessment of our water assets (blue bar). The database renewals show a spike in years 2023, 2025, 2034, 2039,

2040 and 2050. In order to manage the work required to replace these assets the programmed budgets for achieving this work has been smoothed out over 30 years (green bar).

The risk of not completing our renewals programme can result in watermain breaks, exceeding our water take consents, continued levels of unaccounted for water, insufficient storage in emergencies and/or natural disasters.

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Water 30 Year Renewal Plan

Figure 2: Forecast Water Supply Renewals

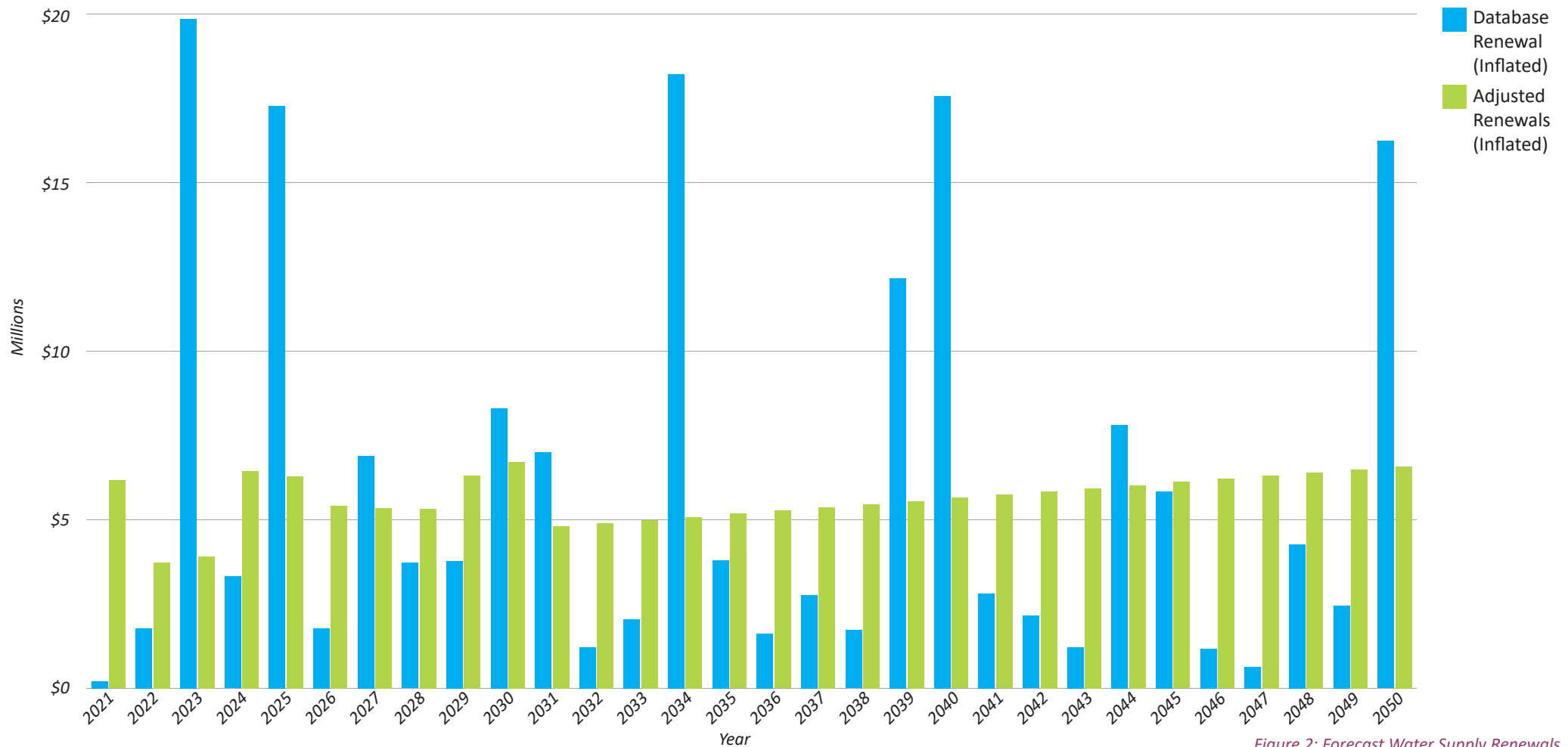


Figure 2: Forecast Water Supply Renewals

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Wastewater

Protecting public health by taking domestic, commercial, and industrial wastewater and treating it before discharge is an important issue for our community. We have eight urban wastewater schemes where wastewater is transferred to treatment plants before it is safely disposed of.

The discharges are monitored and regulated by the Taranaki Regional Council (TRC), which grants resource consents that include conditions that must be met. All but the new Waiinu Beach treatment plant consist of oxidation ponds and the treated effluent is discharged in line with the consents.

Like most wastewater networks around New Zealand, our reticulation suffers from rainwater getting into the pipes, either from the direct connection of roofs or paved areas or from ground water infiltrating into buried pipes through defects such as cracks. The impact is that the

reticulation system may exceed its capacity and overflow during high rainfall events. Ongoing management of these issues is a high priority, both to protect the health of the community and the environment and to ensure we can demonstrate our environmental compliance.

Disapproval of uncontrolled emergency discharges of untreated wastewater to the environment is increasing. As consents are renewed it is likely that increased treatment of wastewater will be required, along with identifying and implementing alternative ways of discharging from the plants.

Our goals for the wastewater activity are mostly associated with:

- Continuity of electrical power supply for pumps and treatment plants.
- Improving resilience, performance, and monitoring of wastewater pump stations.
- Reduction of infiltration and inflow of water into the sewer networks.
- Discharge quality improvements

Wastewater

188km
of wastewater
mains

2,486
Manholes

8 Wastewater
Treatment
Plants
35 Pump Stations

7,524
Connections
12,500
People served

\$4.6m
m³ wastewater treated
per year

17 Resource
Consents

Average daily
wastewater treated
12,600m³

\$119.8m 2020
Replacement cost
\$65.0m 2020 Fair Value

Figure 3: Wastewater Assets

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- resulting from consent renewals.
- Compliance with our regulatory requirements.
- CCTV condition assessments and pipe renewals.
- Improved management of trade waste.
- Ongoing asset renewals.

Assets

The majority of wastewater collection and treatment systems have sufficient capacity for the next ten years.

Future challenges include managing wastewater pond sludge and reducing the levels of inflow and infiltration into our pipe network, especially with the likely removal of consented emergency overflows in the coming years.

Table 4: Key Wastewater issues and challenges

Key Issues/ challenges	What we will do
Stormwater inflow and infiltration into the wastewater network	<ul style="list-style-type: none"> • Inflow and Infiltration reduction by repairing pipes and manholes. • Pump station monitoring. • Stormwater modelling. • Private property inspections and as necessary repair enforcement.
High discharge from wastewater treatment plants caused by high volume of trade waste loading	<ul style="list-style-type: none"> • Replacement and/or upgrade of wastewater infrastructure to meet consent compliance. • Monitor compliance of industry discharges.
Resource consent compliance	<ul style="list-style-type: none"> • Replace/upgrade wastewater infrastructure to meet consent compliance.
Expiring resource consents. Renewal is expected to result in expensive tertiary treatment of wastewater prior to discharge.	<ul style="list-style-type: none"> • Planning for tertiary treatment.
Ensuring discharge consents are not exceeded	<ul style="list-style-type: none"> • Manage and reduce inflow and infiltration.
Poor asset condition data for wastewater pipes, pump stations and manholes	<ul style="list-style-type: none"> • Undertake CCTV inspections, condition assessment and evaluation for all wastewater pipes, pump stations and manholes.

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Key Issues/ challenges	What we will do
Demand management to ensure we can cope with the wastewater demand of today	<ul style="list-style-type: none"> Invest in more treatment and flow capacity within the network and wastewater treatment plants.
Building more resilience into our wastewater network	<ul style="list-style-type: none"> Ensuring design consideration includes climate change and mitigates the effects of natural disasters.
Poor asset data for pump stations and wastewater treatment plant equipment, leading to under-investment.	<ul style="list-style-type: none"> As-building and data integrity tools. Asset data collection.
Deferral of inspections and condition assessments for manholes, laterals, and pipelines, leading to under-investment.	<ul style="list-style-type: none"> Developing systems to ensure we better understand how our assets are performing and their condition.
Developing more accurate predictions for wastewater main renewals	<ul style="list-style-type: none"> Improve methods of pipe condition assessment.

Renewals

We have established a programme of sewer CCTV, network smoke testing and private property inspections to assess the condition of sewers and

develop a prioritised schedule of pipes to be repaired, replaced, or relined, and to remove illegal stormwater diversion into the sewer system. We have engaged specialist contractors to

assist us with inspecting and evaluating the condition of our pipes.

Low levels of potentially harmful organisms (norovirus) in shellfish were periodically found after monitoring near the marine outfall in Hāwera between 2017 and 2020. This can be infectious to humans, resulting in sickness. We are working with Iwi and the Taranaki Regional Council on possible long-term solutions, including additional treatment at the ponds, an increased monitoring regime and an intensified public warning system. We have highlighted that there will be an additional cost to minimise re-occurrences of the norovirus reappearing in the medium term. Renewal of our discharge resource consents may require works to improve the treatment of wastewater to comply with new consent conditions. This is a key driver for the treatment plant upgrades.

Figure 4 shows some spikes in the renewals required (blue bar), according to renewal dates derived from the asset database, based wholly on the

installation year. As with water, in order to manage the work required to replace these assets the programmed budgets for achieving this work have been smoothed out over 30 years (orange bar).

If renewals for wastewater are unable to be completed, there is a risk that we will continue to:

- experience inflow and infiltration that overload our treatment plants;
- discharge partially treated effluent to the environment;
- experience overflows at pump stations and contamination of surrounding areas as a result of heavy rainfall events; and
- breach our consent requirements.

While the wastewater asset data accurately reflects the assets we own, improvement of metadata across all asset classes will remain a focus. The ultimate goal is to drive all asset renewals and maintenance from the asset database.

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Wastewater 30 Year Renewal Plan

Figure 4: Forecast Overall Wastewater Renewals

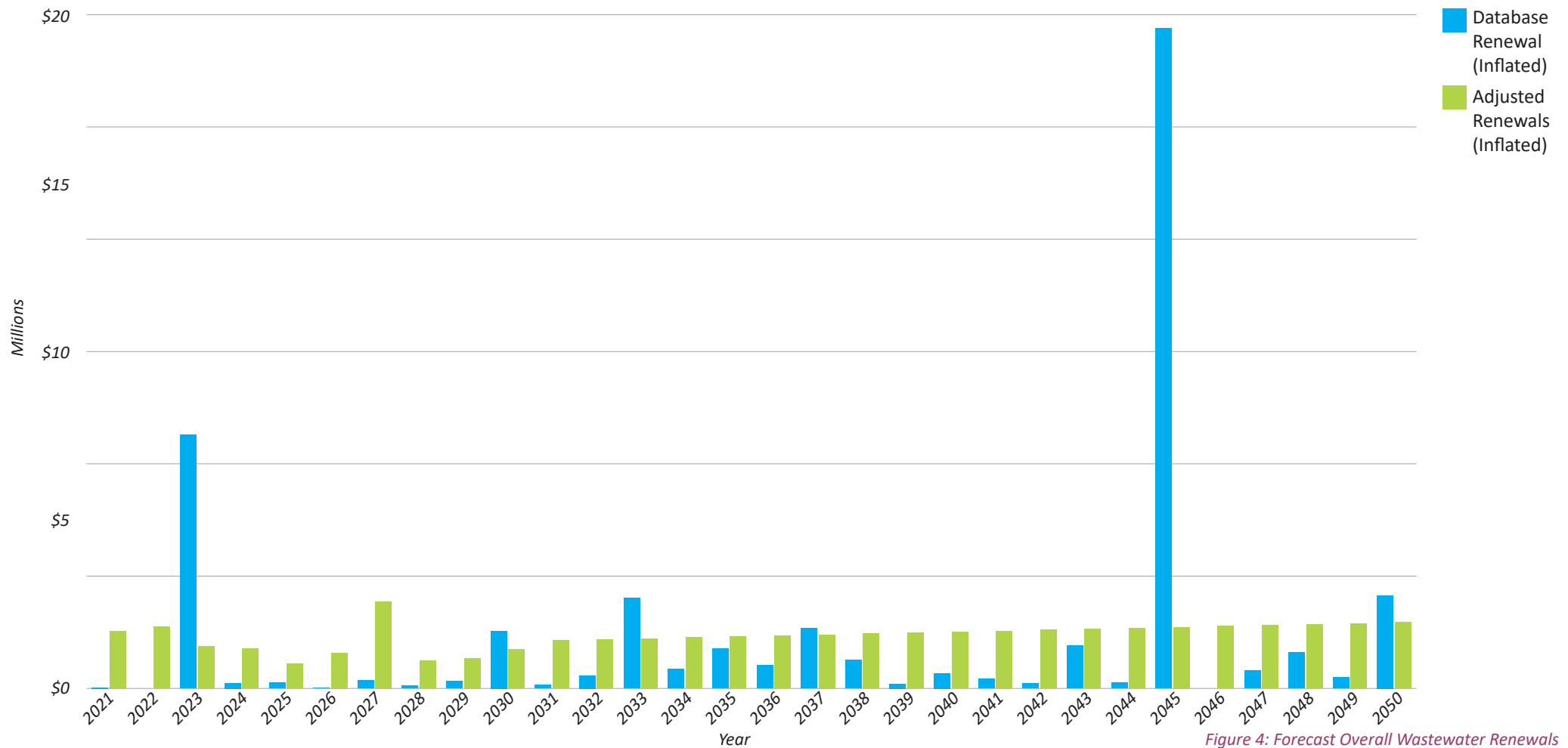


Figure 4: Forecast Overall Wastewater Renewals

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Stormwater



The community expects our stormwater reticulation to protect homes and core infrastructure such as roads

and wastewater systems and prevent these from flooding. To respond to this, we build and operate stormwater infrastructure in urban areas to help prevent the flooding of properties and reduce or eliminate water ponding on roads that could create safety hazards. In extreme rainfall events, however when the pipe network is overloaded, stormwater will take overland flow paths, often along roads.

We manage and maintain stormwater assets made up of culverts, water channels, water collectors, stormwater ponds, outfalls, and pipe reticulation networks. Stormwater from residential properties is normally disposed of on-site via soakage, not through the stormwater system.

Surface flooding of roads by stormwater is a common complaint and this can be due to blocked sumps or blocked downstream pipework.

Flooding such as that in Ōpunakē during August 2015 occurred because of the significant contribution of overland flow from farmland in the uphill catchment. The Taranaki Regional Council has responsibility for stormwater control outside urban areas, so we need to work closely with the TRC to ensure that appropriate solutions are found to flooding issues in our communities.

Stormwater infrastructure is not fully developed throughout the District. In response to climate change and expected increases in rainfall intensity, we will need to focus on developing stormwater infrastructure in at-risk areas throughout the District. We are developing stormwater network models for urban areas and the focus for our stormwater networks performance is to minimise the occurrence of flooding of houses (excluding garages and sheds). However, prevention of flooding to all properties in all circumstances is not feasible or affordable.

Our focus over this LTP will be to improve stormwater network data.

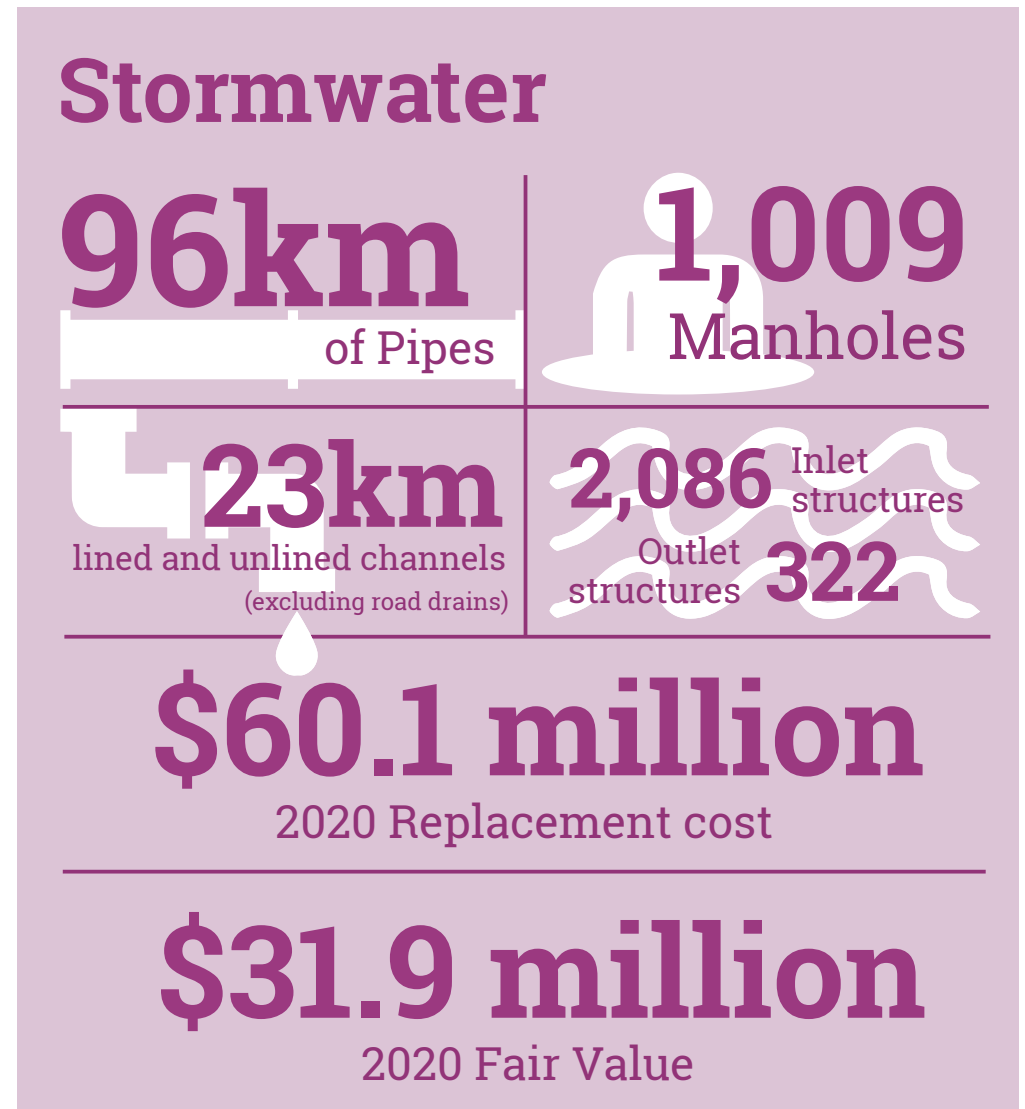


Figure 5: Stormwater Assets

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Table 5: Key Stormwater issues and challenges

Key Issues/ challenges	What we will do
Flooding	Areas of frequent flood events identified and included in long term planning.
Lack of stormwater network	Investigate feasibility of developing town stormwater reticulation networks for Waverley and Manaia.
South Taranaki Business Park, Hāwera	Structure plan for the area and surrounding vicinity has been completed. Initial rain on grid modelling completed.
Renewal of discharge consents is expected to result in treatment prior to discharge.	Plan for possible treatment of stormwater discharges to waterways, due to upcoming freshwater reforms.
Deferral of inspections and condition assessments for manholes, laterals, and pipelines, leading to underinvestment.	Inspections programme to improve asset data quality.
Improving asset performance monitoring, condition assessment and maintenance system	Developing systems to ensure we better understand how our assets are performing and their condition and forward work planning.

Renewals

Our stormwater infrastructure is not developed to the same extent as our water and wastewater networks and we are unable to properly plan developments until we have the detailed catchment information that highly accurate LiDAR (Light Detection and Ranging) data will give us. Taranaki is the last Region in New Zealand to be LiDAR surveyed and once the data is available we will be able to plan our stormwater networks development and renewals, even though some of our infrastructure is due for renewal now. However, flooding problems are obvious in some of our urban areas and we need to proceed with upgrades and/or renewals without the required catchment data.

The data we currently have available shows a spike in renewals in 2023 and 2050. The programmed budgets have been smoothed out over 30 years, however, this will continue to be reviewed as more accurate data becomes available. The risk of not completing our stormwater renewals

includes flooding of properties and roads; and increased inflow to our wastewater systems, causing overloading of the wastewater reticulation and treatment plants.

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Stormwater 30 Year Renewal Plan

Figure 6: Most Probable Forecast Stormwater Renewals

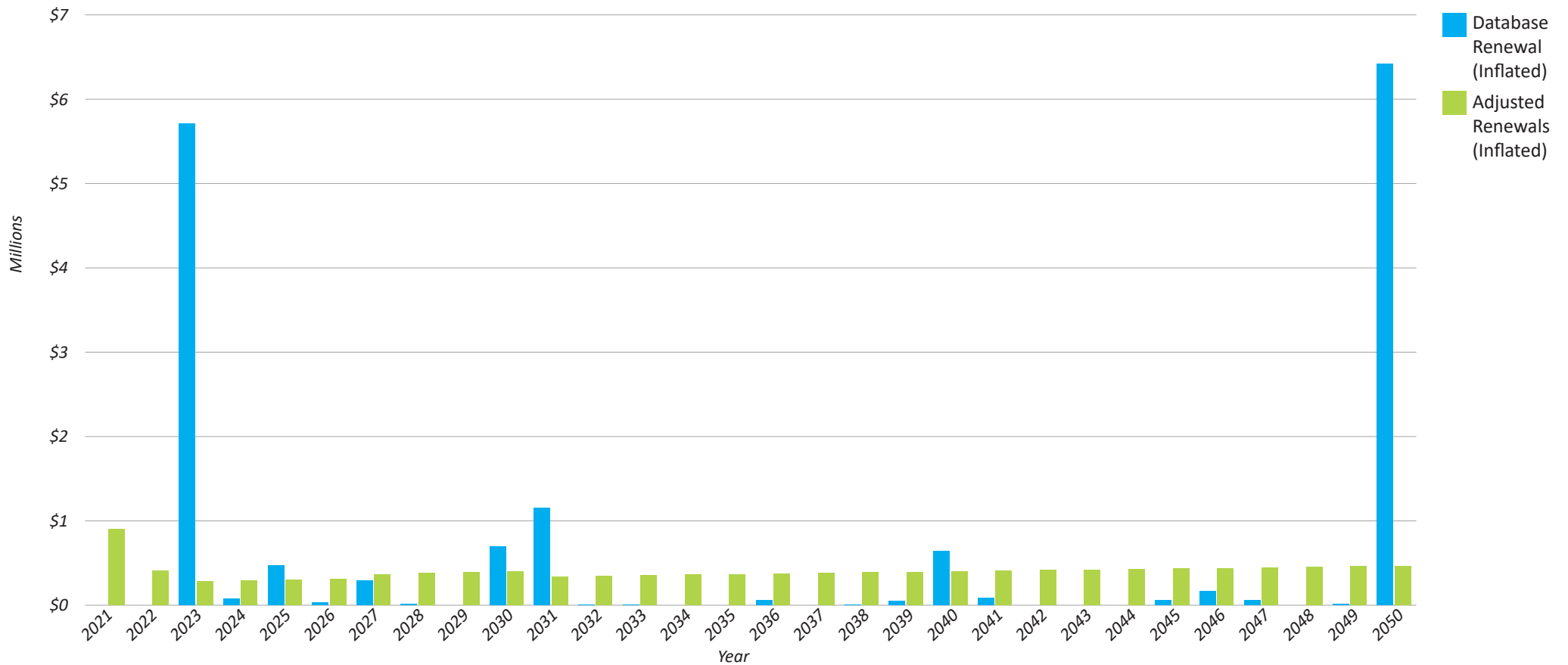


Figure 6: Most Probable Forecast Stormwater Renewals

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Roading & Footpaths

1,634km of roads that we construct and maintain
(84% sealed - 257km unsealed)



163km of footpaths

6,983
Traffic Signs

2,252
Streetlights
875 Streetlight Poles

\$596.7m
2020 Replacement cost

83 Major Culverts

299 Bridges

5,769 Minor Culverts

26
Retaining
Walls

\$395.9m
2020 Fair Value

Figure 7: Roading Assets

Roads and Footpaths



We maintain and develop a substantial roading network to meet the needs of residents and road users within the District including road carriageways, footpaths, pathways, streetlights, signs, road markings, retaining walls, bridges and culverts. Safe, reliable, and accessible roading infrastructure provides access to health and social services and an efficient distribution network for residents and businesses. Roading infrastructure is essential for both the community and economic development of the District.

The historic level of investment has seen our roading network maintained in generally good condition and investment will continue at a similar level.

In addition to these key assets there are about 1,007 km of “paper” or unformed legal roads that we do not maintain. Waka Kotahi (New Zealand Transport Authority) operates and maintains the state highway network, which interfaces with our local road network. Waka Kotahi is also our co-investment partner for funding of the local road network. Our Financial Assistance Rate (FAR) received from Waka Kotahi is 58% and we have been advised that it will increase to 63%.

Roading pavement standards, and to some degree expenditure, are moderated by Waka Kotahi at a national level. Road seals are widened for safety improvements and in response to some community requests. Seal extension on low traffic volume roads is occasionally requested by the community but is currently considered to be unaffordable.

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District Pathways Programme

In 2015 we adopted a programme to build several new pathways (walkways/cycleways) and upgrade some existing ones. The programme was strongly supported in public submissions and was a key project designed to enhance lifestyle and recreational opportunities across the District. Four of the original pathway projects have been completed. We will continue with the programme and potentially see some of our pathways integrated with others in the Region.

The pathways programme is funded from Waka Kotahi subsidies, loans, and rates.

Challenges

Rural roads servicing forestry blocks can suffer a huge increase in the numbers and weights of vehicle movements when the forests are harvested, which can effectively destroy a road's structure and require significant unplanned renewal expenditure. Additional expenditure of \$0.5 million a year for road renewal (pavement rehabilitation) is anticipated

in 2025 and 2027. This is unlikely to be met by additional funding and existing budgets.

We are developing a comprehensive renewal and replacement programme for our bridges and major culverts. Of these bridges, 27 are posted for weight limits or the maximum 50 tonnes loading ("50 Max") is not permitted, and many bridges on lowly trafficked rural roads are nearing the ends of their serviceable lives, so they will need to be replaced within the next 30 years. We are investigating high risk bridges to determine whether some can be strengthened rather than replaced, to extend their life. A recent change in Waka Kotahi criteria under the low-cost, low-risk work category will allow us to replace more bridges.

Rautaki Hanganga-ā-roto

Infrastructure Strategy

Renewal Inflated vs 30 Years Predicted Forecast

Figure 8: Roading Renewals

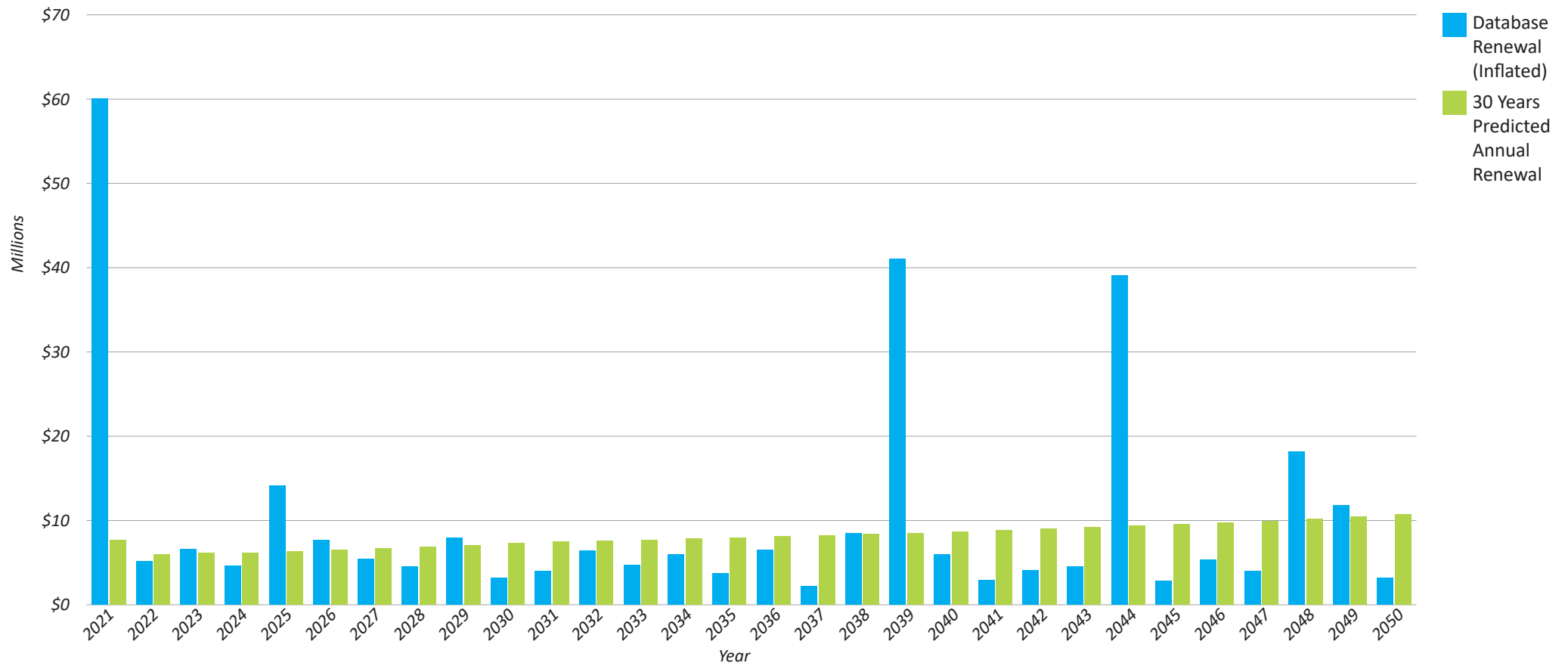


Figure 8: Roading Network Performance

Rautaki Hanganga-ā-roto

Infrastructure Strategy

Table 6: Key Rooding issues and challenges

Key Issues/ challenges	What we will do
Customer expectations – misalignment between the Council and community about the appropriate level of service, increasing customer complaints and investment demands. Rooding consistently ranks the lowest in our annual resident satisfaction surveys.	<ul style="list-style-type: none"> • Education, including targeting key audiences with messages through various media and developing relationships with key groups to build trust and credibility. • Increase programme and funding. • Timely response to complaints.
Increasing demand for the skills and resources we need resulting in the likelihood of increasing costs, time delays and quality issues	<ul style="list-style-type: none"> • Change work programme to avoid materials shortages. • Order scarce materials early to give suppliers long lead times. • Partner with other organisations to access complementary skills.
Increasing HCV movements, especially on 'low volume roads', causing damage to assets and increasing financial burden for our ratepayers	<ul style="list-style-type: none"> • Increase road renewal and bridge strengthening. • Change levels of service and pass bylaws. • Reduce demand by posting/restricting use. • Increase funding to counter damage. • Develop relationship with trucking companies to manage situation.

Key Issues/ challenges	What we will do
Increasing death and serious Injury crashes and poor driver behaviour causing increased harm and disproportionately affecting vulnerable users	<ul style="list-style-type: none"> • Increase work programme. • Develop policy for speed and demand management. • Lower the safety risk. • Increase funding. • Communications – safety messages.
Of our 229 bridges, more than 60% are older than 50 years. We expect a surge in renewals over the next 30 years. The current renewal rate of one per year is insufficient to renew the bridges within a 100-year cycle.	<ul style="list-style-type: none"> • Monitor the condition of bridges and plan upgrades as required.
Major weather and environmental events increasing in severity and frequency resulting in increased costs to withstand and recover from these events	<ul style="list-style-type: none"> • Increase the work programme and funding to improve resilience. • Increased preventative maintenance.

Rautaki Hanganga-ā-roto

Infrastructure Strategy

Solid Waste



We operate transfer stations at Eltham, Ōpunakē, Hāwera, Manaia, Pātea, Waverley and

Waitōtara. We also hold consents for the discharge of leachate and stormwater from seven closed landfills and legacy sites. These are at Kaponga, Manaia, Pātea, Ōpunakē, Hāwera, Otakeho and Eltham.

The collection and disposal of solid waste is conducted regionally, through a shared arrangement between the New Plymouth, Stratford, and South Taranaki District Councils. Household waste is collected from kerbsides by contractors and only the green waste collection bins are owned by the customer; the contractor owns the general waste and recycle bins including the glass crates. The refuse from the collections and transfer stations was transported to the Colson Road Landfill in New Plymouth, which closed in 2018. The three district councils began to develop a landfill site south of Eltham but this has

been land-banked due to favourable economic factors for using the Bonny Glen Landfill in the Rangitikei District for waste disposal.



Figure 9: Solid Waste Assets

Table 7: Key Solid Waste issues and challenges

Key Issues/ challenges	What we will do
Expected increase in waste minimisation levies resulting in higher costs of providing the service.	<ul style="list-style-type: none"> Waste reduction will be key along with behaviour change.
We are becoming aware of un-consented landfills in the District, including at least two on the coast.	<ul style="list-style-type: none"> Monitor.

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Infrastructure Strategy

Coastal Structures



There are numerous coastal structures along the South Taranaki coast, including the Pātea moles

(breakwaters) that direct river water through the sand bar. The moles were originally built for the shipping industry and now serve recreational and emergency craft, while most other coastal assets are minor, such as seawalls and accessways, paths and steps to the sea and a number of boat ramps to allow recreational craft to access water bodies.

Assets

Figure 10: Coastal Structures

We aim to manage our coastal structures to provide reliable and continuous:

- Access to beaches for pedestrians;
- Access to rivers, lakes, and the sea for boat users; and
- Protection of erosion-prone sections of coast in the vicinity of existing infrastructure and cultural sites.

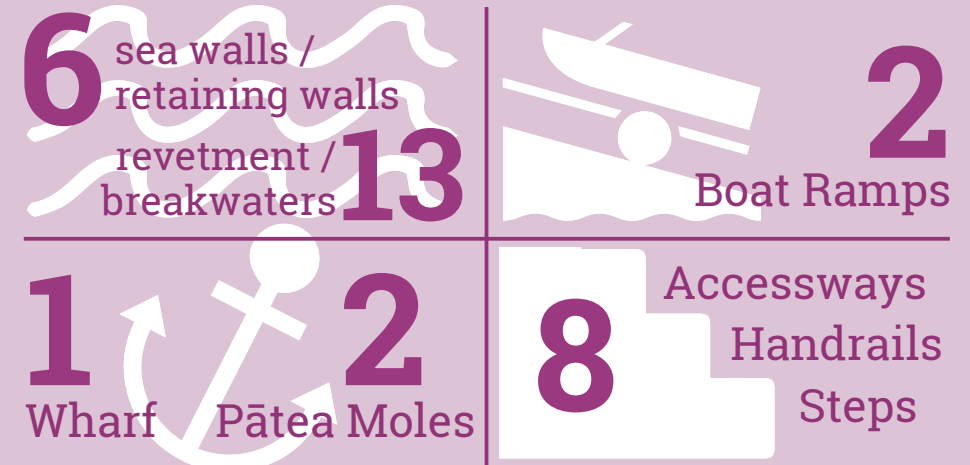
Challenge

The main challenge in managing our coastal structures is the on-going degradation of assets due to the harsh marine environment. We monitor their condition and programme works as required.

Coastal Structures Renewals

Proposed capital expenditure over the next ten years amounts to \$1.1 million. This amount includes \$520k for the Pātea moles in 2024/25.

Coastal Structures



\$25.1 million
2020 Replacement cost

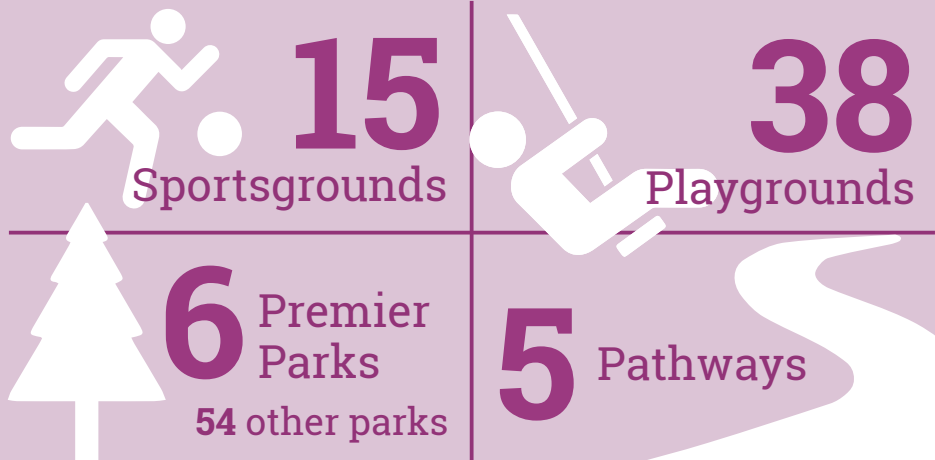
\$11.7 million
2020 Fair Value

Figure 10: Coastal Structures Assets

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Infrastructure Strategy

Parks and Reserves



\$13.7 million
2020 Replacement cost

\$4.9 million
2020 Fair Value

Parks and Reserves



We own and maintain parks and reserves across the

District, varying in type and size from neighbourhood ‘pocket parks’ and playgrounds and main street gardens to sports fields, premier parks and the 240ha Rotokare Scenic Reserve east of Eltham.

As a result of community feedback the operational budget for parks and reserves has increased from year 2 for a resource to co-ordinate, train and support volunteers and volunteer groups (\$100,000 pa). In Year 4 the parks and gardens budget will increase by a further \$224,000 pa to support the originally proposed increase in the level of service provided for the maintenance of parks and gardens across the District.

Challenges

- Changes in recreation needs as our population ages. We continue to monitor usage.
- Declining participation in structured sports and increasing demand for informal recreation facilities, particularly pathways for walking and cycling. We have a pathways development programme to address this demand.

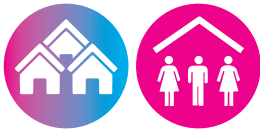
Parks and reserves renewals
Renewals for our parks and reserves includes Hāwera’s King Edward Park gates; horticultural renewals (plants, shrubs, and trees); and Eltham’s Bridger Park bridge renewal.

Figure 11: Parks and Reserves Assets

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Infrastructure Strategy

Community Facilities



Our community facilities include halls, cemeteries, public toilets,

information centre, museum, campgrounds, TSB Hub function and multi-sports complex and swimming pools.

Challenges

- Competition from other community facilities.
- Earthquake-prone building legislation.
- Changing social patterns – less interest in organised meetings and other gatherings.
- A need to make our pools more environmentally sustainable.
- Possible increases in standards for swimming pool water and lifeguard accreditation.

Community facilities renewals

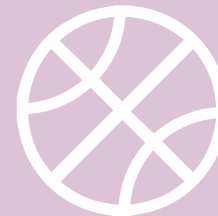
Planned renewals for community facilities include cemetery mats, Kaponga cemetery entrance, Hāwera Holiday Park furniture and chattels, Hāwera Aquatic Centre plant, rural pools plant and TSB Hub equipment and chattels.

Community Facilities

South Taranaki
i-SITE
Visitor Centre



7
Swimming Pools



TSB
Hub

9
Halls



36
Public Toilets



Hāwera
Cinemas

10
Cemeteries

7
Campgrounds



Figure 12: Community Facility Assets

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Infrastructure Strategy

Environmental Sustainability

One of our community outcomes is Sustainable Taranaki – A District that appreciates its natural environment and its physical and human resources in planning, delivery, and protection.



SUSTAINABLE
SOUTH TARANAKI

This aligns with environmental well-being, one of the four well-beings that the Government re-introduced to the LGA02, and has the following elements.

We worked with the community to develop ten community priorities and one of those is that “Our environment and most valued landscape features are protected”.

- There is sustainable use, development and protection of resources. South Taranaki’s land and soil, water, air and coast, it’s biodiversity and it’s natural features and landscapes are understood, valued, maintained and enhanced for future generations.
- South Taranaki’s historic heritage is identified, recognised and protected.
- Built environments and environmental amenities are of a high standard and contribute significantly to the well-being of people and communities.
- People are valued and their contribution to the meconomic, social, cultural and environmental well-being of the District is recognised and supported.

Freshwater reforms and a National Policy Statement on Indigenous Biodiversity are just two examples of changes that will introduce more stringent standards for activities such as taking and discharging water, with an associated need to reduce water wastage. Accounting for water consumption accurately and how much is wasted can only be achieved by universal water metering, which we anticipate will become a legislative requirement in the next ten years.

Wastewater discharges into rivers or the sea can contain bacteria and viruses and we expect we will be required by legislation to disinfect our wastewater discharges. This is already being seen in the stance of affected parties when discharge resource consents are renewed, and we have several major consents to be renewed in the next decade. It is also possible that we will be required to treat stormwater discharges to ensure that contaminants from properties and roads are not released into the environment.

Climate Change

The Ministry for the Environment predicts that, compared to 1995, the impacts of climate change on the Taranaki Region are likely to be:

- Temperatures 0.7° C to 1.1° C warmer by 2040 and 0.7° C to 3.1° C warmer by 2090.
- Seasonal changes in rainfall but little annual change and little change in the frequency of extreme rainy days.
- Small change in the frequency of storms, some increase in storm intensity, local wind extremes and thunderstorms.
- Sea level rise of 0.2m to 0.4m above the 1995 level by 2060 and 0.3m to 1.0m by 2100.

Figure 13: Sustainable South Taranaki (Water AMP)

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Environmental Expectations

Numerous environmental legislation reforms are under way at present and these are likely to affect many of our activities. These reforms aim to address key issues that are increasingly becoming areas of national and international concern:

- reducing environmental degradation and pollution;
- improving the environmental sustainability of development;
- waste minimisation – towards a ZeroWaste future;
- mitigation and adaptation for climate change impacts – towards a low emissions future, and;
- the protection and enhancement of biodiversity and natural ecosystems.

We need to factor these legislative changes into our budgeting and work programmes, given the potential significant costs and implementation implications.

Resilience to natural disasters

It is essential that communities continue to receive infrastructure services following a natural disaster,

and assets are managed according to their criticality. It is not practicable to build infrastructure systems that can withstand all possible scenarios, but resilience is built in where practicable and affordable. In the event of a disaster potential financial losses are mitigated by a combination of insurance and placing assets in the Local Authority Protection Programme (LAPP), which is specifically designed to cover losses following a major event.

Earthquake and volcanic eruption

Earthquakes pose risks to buried infrastructure networks and older masonry buildings particularly. Reticulation networks contain some pipes made of materials prone to failure during an earthquake. For example, the 450mm diameter pipe from the Kāpuni Water Treatment Plant is a critical asset made of asbestos cement. We plan to complete the duplication of this pipe with a material that has better resilience in an earthquake. Pipes considered to be earthquake risks will be progressively replaced with more resilient materials.

Volcanic eruption and ash fall are likely to contaminate surface water supplies from streams. Borehole water is not affected by ash fall, so ground water resources are being developed where feasible to increase resilience.

Lahars are possible in a volcanic event, with the potential to destroy bridges and water pipes carried by them. We mitigate these risks by maintaining critical bridges to a higher standard and improving pipe capacities and interconnections so that, where possible, a network is not totally reliant on a single pipe on a vulnerable bridge. Immediate replacement of pipes, some with substantial remaining lives, would be unaffordable. Therefore, reticulation upgrades are planned as pipes reach the ends of their lives and are scheduled for renewal.

Keeping Our Rates Affordable

The 2015-2045 Infrastructure Strategy focussed on upgrading and improving our water supply infrastructure. The upgrades were funded by borrowing

and our intention is to reduce our overall debt levels while keeping rates at an affordable level. We decided to fund our core infrastructure assets in a way that did not unfairly impact on existing ratepayers, so the capital work was funded primarily from borrowing. Using debt to fund key infrastructural projects means the costs are spread over the lifetime of that asset and future generations who will use and benefit from the asset also contribute their fair share of the loan repayments.

The ability of our ratepayers to continue funding services and the maintenance and renewal of the assets needed to provide sustainable infrastructure is an on-going issue. We will mostly concentrate on maintaining and replacing existing assets rather than creating new ones that will increase operational costs. Exceptions to that principle are:

- New assets as part of the Town Centre Master Plans;
- New assets to support the South Taranaki Business Park;
- Additional pathways (partly

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Infrastructure Strategy

externally funded and low operating costs);

- Te Ramanui o Ruapūtahanga, the new library, arts, and cultural centre under construction in the Hāwera town centre; and
- Nukumarū Station Road upgrading and extension to provide secure access to Waiinu Beach.

The latter two are mostly Government funded as post-COVID-19 pandemic 'shovel-ready' projects and the TSB Community Trust provided a grant of \$2.8 million to Te Ramanui o Ruapūtahanga.

Working towards our vision for South Taranaki to be the most liveable District includes being an affordable place to live and do business. Our plans for the District, to retain our population, maintain our current levels of service, consolidate, and reduce debt must be balanced with the need to keep rates affordable for our community. This means we need to respond to our community's needs in a manner that is sensitive to economic factors, keep costs down by focusing

on the basics, deferring, or deleting projects where appropriate and utilising various funding mechanisms and rating systems without raising our rates above 4.75%.

In the short term we will continue to deliver the three waters activities; however, given the Government's focus on three waters reform it is possible that local authorities will no longer be responsible for these activities. If the three waters activities are removed from local authorities it is possible that other Council functions and activities may require additional funding.

Effective Management of Debt

We recognise that the infrastructure we build, maintain, and operate serves the community over many generations. We use debt to fund new infrastructure, reflecting the intergenerational value of our roads, water, wastewater, and community facilities. Gross debt levels are high and are capped at \$168m in this LTP.

Managing our debt effectively and paying down debt over the term of this Plan is a priority and we are using funds from the LTIF's fluctuation reserve to pay for some key projects.

In addition to loans we use other mechanisms to fund our operational and capital expenditure. The full list is in our Revenue and Financing Policy.

Operational Expenditure

Operational expenditure is funded per activity through targeted rates, general rates, grants and subsidies, capital contributions or a mix of these.

Capital Expenditure

Capital expenditure projects are categorised as renewals, extending level of service or growth related.

Renewal projects

Renewal projects restore or replace components of an asset or the entire asset to return it to its original level of service (size, condition, or capacity). These projects will be funded from capital reserves built up from funded depreciation. If the reserve is not sufficient to meet the programmed

renewals, loans will be utilised and repaid from a contribution from the reserve that best fits intergenerational equity and/or the operational funding sources for the particular activity as per the Revenue and Financing Policy.

Extending level of service projects

These projects involve the creation of a new asset or alterations to an existing asset to deliver a higher level of service. They will be funded by loans and repaid from operational funding sources.

Growth related projects

Additional assets required to serve growth in demand for existing services due to new areas being serviced. These projects will be funded from developer's financial contributions, and a contribution from the Economic Development Fund towards the asset creation will be considered on a case-by-case basis after considering specific criteria.

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Infrastructure Strategy

Our Plan for the Future – the Most Likely Scenario

This Strategy provides an overview of the most likely scenario for managing our infrastructure. In general, we plan to maintain our current levels of service while focusing on the five themes listed at the start of this Strategy – sustainable growth, managing resources, operating in ways that are environmentally sustainable, keeping our rates affordable and managing debt.

We have included our preferred options for significant capital expenditure in our Long Term Plan budgets. The forecasts for the first three years are the most detailed, while those in years four to ten are a reasonable outline of the most likely scenario. The forecasts beyond year ten are indicative estimates and will be developed further as more information becomes available.

Lifecycle management

The management of the lifecycle of assets is the key to delivering cost

effective services. Table 8 shows the approach taken to lifecycle management for the various asset categories.

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Infrastructure Strategy

Table 8: Lifecycle Management Approach

Asset Categories	Main Issues	Maintenance Strategy	Lifecycle Approach
Water Treatment	Water treatment plant upgrades have been completed over recent years. Treatment of all groundwater per Havelock North Inquiry recommendations is planned. Improved planned maintenance system is needed to ensure optimal asset performance is achieved.	Maintenance is undertaken based on plant performance, criticality and known plant issues. Improvements are needed to meet the equipment manufacturer's maintenance recommendations.	Use AssetFinda to record maintenance regimes and asset performance. Use information gathered to refine and optimise the maintenance programme, renewal strategies and plant optimisation.
Water Reticulation	Unaccounted for water needs reducing to better demonstrate good resource stewardship. Detailed three-year renewals programme from improved asset condition assessments. Review assets within ten years of renewal.	Proactive management of the minimum night flows (MNF). Ongoing pipe flushing, valve and hydrant exercising, backflow preventer testing. Periodic town-by-town reticulation cleaning to be introduced.	Improve data set and test physical samples (planned and following a water main burst) to better establish remaining lives. Verify based on actual asset performance before committing to renewal. Extend remaining life if asset is still serviceable.
Wastewater Treatment	No major issues where there is no trade waste as treatment ponds allow time to rectify issues before compliance is compromised. Additional aeration capacity, sludge management and trade waste management is needed where trade waste loads are high, to mitigate risk.	Scheduled maintenance carried out, electrical annually and mechanical six-monthly. Better capturing of maintenance and performance data will improve decision making.	Utilise better performance and condition data capture to improve whole of life decision making.
Wastewater Reticulation	Inflow and infiltration (I&I) of water into the pipe network reduces hydraulic performance and may result in the failure to meet volumetric resource consents.	Routine CCTV inspection of the sewer network to identify faults and target rehabilitation efforts. Flush problematic sewer lines and inspect manholes. House inspections and smoke testing to identify wrongly connected stormwater.	Manage levels of I&I by rectifying defects to ensure network overflows don't occur from hydraulic overloading. Repair or renewal selected based on number and types of defects. Consider independent stormwater systems.
Stormwater Reticulation	Lack of information about condition of pipe assets.	Sump and open channel clearing and manhole inspections.	Gather CCTV condition data to refine the renewals programme.

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Asset Categories	Main Issues	Maintenance Strategy	Lifecycle Approach
Roading Pavements	No significant issues, generally performance indicators show good condition with slight declining trend predicted due to increasing heavy vehicle usage.	Maintenance treatment chosen based on condition rating and required level of service of the pavement. Methods employed are patching, reseal or rehabilitation. Reduce volume of reactive maintenance in preference for preventative maintenance.	RAMM roading asset information system is used to select appropriate treatment based on Waka Kotahi criteria.
Roading Bridges	There is an upcoming peak of renewals over the next 30 years. Some bridges may not qualify for Waka Kotahi funding under current criteria unless the replacement cost is less than \$2 million.	Visual inspection every two years with detailed examination every six years on some critical structures to prioritise maintenance and renewal. Raise individual business cases for bridge replacements >\$2m.	Manage renewals to give smoothed cash flow to ensure funding from Waka Kotahi is available.

Capital expenditure decisions

Our decisions on how much to spend on infrastructure have three main drivers:

1. When should existing infrastructure be replaced?
2. When should we invest to improve the existing service?
3. What investment is needed to cater for growth and development?

Some capital development is determined by regulation:

- Ministry of Health standards for drinking water quality.
- Regional Council consent conditions that determine the amount of fresh

water that can be taken from a river or the ground and the quantity and quality of discharges back to rivers from water and wastewater treatment plants and stormwater runoff.

Community expectations in these areas tend to align with the regulators' requirements.

Substantial expenditure will be required in the first three years of the Long Term Plan to install infrastructure for the South Taranaki Business Park at Hāwera.

Replacing infrastructure

An asset needs to be replaced when it

can no longer provide a level of service and there are several reasons why an asset could be renewed. For example, a water main may be renewed if it is bursting too frequently, has too much water leaking from it, or its internal condition causes dirty water.

Our renewal programmes are based on established criteria for the lives of assets. This information is recorded in asset management systems and details are provided in our Asset Management Plans (AMPs). Most wastewater plants and nearly all water supply treatment facilities have been upgraded over the last nine years to meet the required standards, which means there are few

imminent high value asset renewals in these areas. The pipe assets for water supply, wastewater and stormwater would typically be expected to last between 80 to 100 years and many have reached that age range.

These networks have a value in excess of \$135 million and a significant quantity of renewals is scheduled over the next 30 years.

The accuracy of our reticulation renewal programmes improves as we improve the quality of the information we have about the assets and their condition. Condition assessments will continue to be a priority, to improve

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our knowledge across our reticulation networks. The focus for condition assessments will be those assets with the shortest theoretical remaining lives and those that serve the highest numbers of customers.

Our financial projections for renewals assume that technology will not advance substantially, so the cost of renewal will not reduce with time. Where appropriate we use the range of 'no-dig' and relining technologies available for rehabilitating sewers, as these are less expensive than replacing the pipes with new ones.

Improving the existing service

We may increase the level of service we provide for a number of reasons and that usually increases the cost of the service. Examples are:

- An increase in legislative requirements.
- Higher environmental expectations.
- Climate change impacts.
- Providing improved resilience to earthquake and volcanic eruption.

Given the extent of our borrowing

(debt), it is important that we prioritise our capital investment, which we have done against the four criteria above.

Legislative changes

We improve parts of our infrastructure when there is a legislative requirement to do so, including upgrades to our water treatment plants to comply with the New Zealand Drinking Water Standards 2005. The Havelock North water supply enquiry made numerous sweeping recommendations in relation to ground water sources, many of which we had already decided to implement. These will see all ground-sourced drinking water supplies fully treated to meet the bacteriological standards.

Through consenting, the Taranaki Regional Council determines the amount of fresh water that can be taken from a river or the ground and the quantities and quality of discharges back to rivers from water treatment plants, wastewater treatment plants or stormwater runoff.

We expect water treatment standards will increase and an allowance has

been made for this.

Demand management

Minimal predicted population growth means that maintaining our infrastructure to meet levels of service will be the primary strategy, particularly for the water supply and wastewater activities, where reducing water loss and water entering sewers can significantly delay the need for further investment. These areas are the key strategic focuses over the next five years, as they yield other benefits too.

Rather than growth planning, a managed retreat may be required in some areas, where capacities might be reduced when assets are renewed.

The likely impacts of growth on our core infrastructure are summarised in Table 9 below.

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Infrastructure Strategy

Table 9: Growth Impact

Category	Impact	Management Strategy
Water Supply	Population changes and increases for demand in water are anticipated in Hāwera's new residential area (Hāwera Western Structure Plan). A small and continuing increase in demand is expected from dairy farming. Demand for commercial and industrial sections is expected to be focused around the Hāwera and Normanby areas.	The primary response to growth has been the Hāwera Western Structure Plan to encourage growth where demand for water can be managed affordably. We are consulting on Stages Two and Three of the South Taranaki Business Park in relation to further development. Capital budgets have been proposed for additional water, wastewater, and stormwater infrastructure for the South Taranaki Business Park. We are also ensuring water leaks are repaired and process losses at treatment plants are minimised.
Wastewater	Population changes will have a small impact on wastewater systems. New industries will be considered as trade waste customers with possible on site treatment if existing Council facilities have insufficient treatment capacity.	Maintain the existing wastewater treatment plants. Inflow and infiltration of water into the wastewater network is a key strategic issue and will be managed to ensure unconsented overflows don't occur. The primary response to growth has been the Hāwera Western Structure Plan to encourage growth where infrastructure can be provided and accessed affordably. We are consulting on Stages Two and Three of the South Taranaki Business Park in relation to further development. Capital budgets have been proposed for additional water, wastewater, and stormwater infrastructure for the South Taranaki Business Park.
Stormwater	Predicted growth is not expected to have a significant impact on stormwater infrastructure.	Continue to monitor system performance. The primary response to growth has been the Hāwera Western Structure Plan to encourage growth where demand for stormwater management can be achieved affordably.
Roads and Footpaths	Population or business growth is not predicted to have a significant impact on roading infrastructure.	The emphasis is on maintaining the existing network. No significant upgrades are anticipated as a result of growth with the exception of the proposed budgets for the South Taranaki Business Park.

When will it happen?

The timeline in Figure 14 shows the most likely scenario for our infrastructure investment. This provides a view about our planned expenditure over the next 30 years.

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Infrastructure Strategy

Most likely scenario - major projects timeline

2021/22	Te Ramanui o Ruapūtanga \$0.92m	South Taranaki Business Park \$12.2m	Tertiary treatment of wastewater discharges \$36.9m																				
2022/23	Pātea public art \$0.13m																						
2023/24	Pātea Moles renewals \$0.5m																						
2024/25	Opunakē beach connection Havelock St \$0.51m																						
2025/26	Pātea main street safety and amenity \$0.43m																						
2026/27	Normanby resilience \$2.7m																						
2027/28	De-sludge Hāwera WWTP lagoon \$1.9m																						
2028/29	Replace Rāhotu treatment building \$0.52m																						
2029/30	Hāwera town centre development \$1.54m																						
2030/31	Pātea main street safety and amenity \$0.06m																						
2031/32																							
2032/33																							
2033/34	District Wastewater network renewals \$4.5m																						
2034/35																							
2035/36																							
																				Roading Renewals \$277m over 30 years	Water Supply Renewals \$134m over 30 years	Wastewater Renewals \$57m over 30 years	Stormwater Renewals \$111m over 30 years

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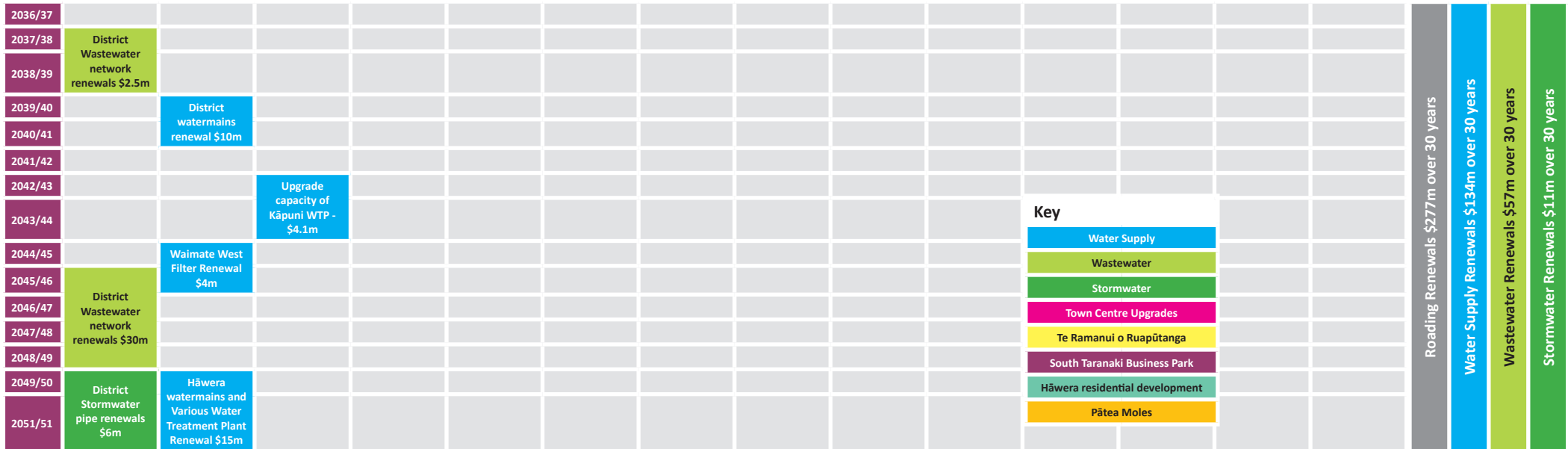
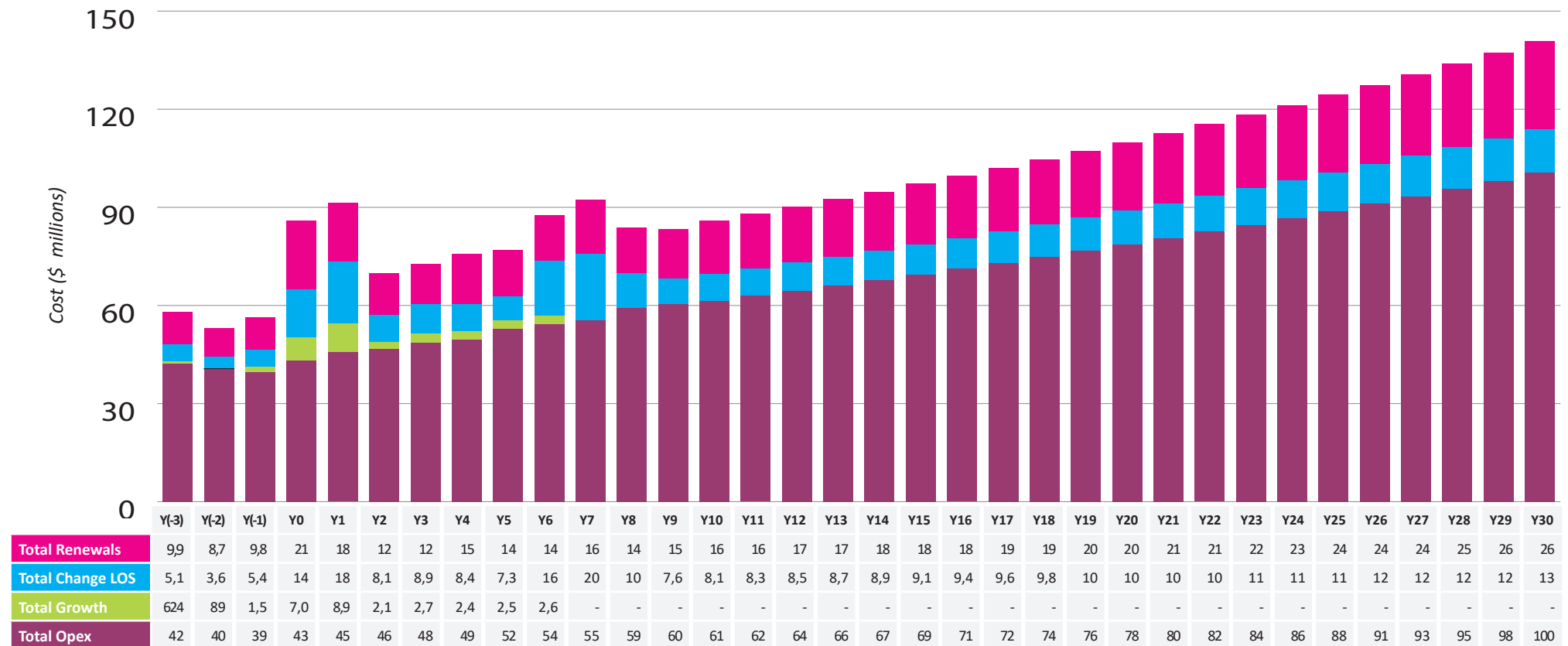


Figure 14

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Infrastructure Strategy

Financial Forecast by Cost Type



The above financial forecasts by activity is based on various assumptions (for example, condition of assets, inflation, interest rates etc). The funding of the operational expenditure and capital expenditure is based on the Revenue and Financing Policy.

Figure 15

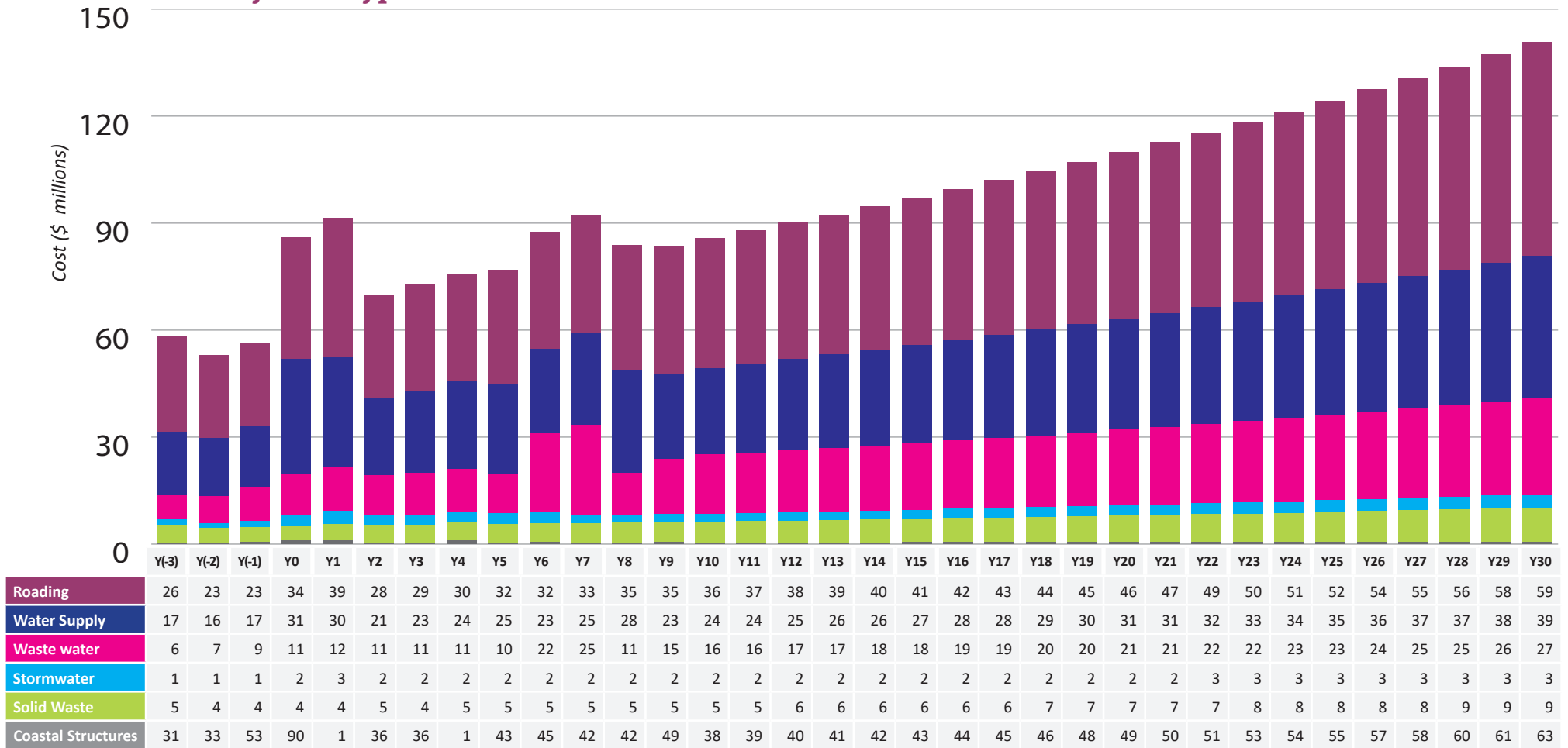
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What will it cost

The following graphs show the annual capital and operating costs of the most likely scenario. These are split by activity and funding sources.

Financial Forecast by Cost Type



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Infrastructure Strategy

The forecasts are based on the assumptions listed in the Risk analysis section and elsewhere in the LTP. The funding of operational expenditure and capital expenditure is set out in the Revenue and Financing Policy.

Our Financial Strategy gives an overall direction in terms of debt, investments, benchmarks and rates cap. We have an obligation to meet various ratios within the Financial Strategy. The rates cap of 4.75% pa is based on the Local Government Cost Index plus 2% for increases in levels of service and growth in demand. The rating impacts of the above forecasts are within the rates cap. The Financial Strategy explains in detail how these projections affect various ratios and what impact they will have on the

overall District. The financial risks recognised in this Strategy are also explained in detail in the Financial Strategy.

Additional detail on the most likely scenario and costs implications is given in Appendix 1.

Risk analysis

Our planning requires us to make certain assumptions about what is likely to happen in the future, and many of these assumptions relate to infrastructure. The risk around the principal assumptions is shown in Table 10 below with risk graded on a scale of 1 to 3, 1 being the highest risk.

Assumption	Uncertainty	Risk Management
Depreciation	2 If depreciation calculations are significantly different from the amount budgeted, rates will need to be increased.	While information around condition has some limitations, we are continually working to improve what we know about our assets, including their condition, how well they're performing and their expected remaining life.

Assumption	Uncertainty	Risk Management
Major capital projects "do ability"	1 Given the additional funding provided through the Provincial Growth Fund and funding for three waters, we are already experiencing some issues with contractor and resource availability. We anticipate that major capital projects may be delayed as a result of contractor and resource availability.	We have taken a number of steps to ensure that we can deliver our capital works programme including; increasing the capacity of the Projects Team; pre-purchasing materials; engaged external project managers for larger projects; placed a strong focus on preparing designs ahead of budgets.
Life-cycle of significant assets	3 Our significant assets have been assessed against the IIMM framework, however there is a risk that the assessment may not match the actual condition of our strategic assets. Failure of strategic infrastructure would result in the need to undertake unbudgeted replacement or maintenance.	For most assets the information around age, type, and quantity is reliable. While information around condition has some limitations, we are continuously working to improve what we know about our assets, including their condition, how well they're performing and their expected remaining life. We have less confidence in the information we have available about our stormwater pipes. However our ongoing stormwater inspection and condition assessment programmes will continue to improve our knowledge.

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Assumption	Uncertainty	Risk Management
Funding replacement of significant assets	3 If we decide to change our Revenue and Financing Policy on how to fund assets, it will have an impact on rates.	It is unlikely that we would make this decision without a thorough review of the full Revenue and Financing Policy and the impacts on our rate payers and residents.
Revaluation of non-current (fixed) assets	3 If there is a large difference between how much we forecast the assets to be worth and the actual value of the assets there will be an impact on our budgets and rates.	While information around condition has some limitations, we are continually working to improve what we know about our assets, including their condition, how well they're performing and their expected remaining life.
Three waters reform	1 With the Government's focus on the three waters reform it is possible in the long term that local authorities will no longer be responsible for the three waters. If this happens other Council activities may become unaffordable.	This Long Term Plan continues to focus on projects and maintenance for three waters and in the short term we will continue to deliver these activities.
Population growth for South Taranaki is predicted to be 0.3% pa across the District	2 There is evidence of growth in residential areas, based on the number of building and planning consent applications we have received. Therefore there is a risk that the population will increase more than projected.	Small increases or decreases in population have a relatively small impact on established infrastructure. An increase in population and growth will require growth-related projects and work programmes to be reviewed or brought forward.

Assumption	Uncertainty	Risk Management
Waka Kotahi funding will continue at current levels over 30 years	3 Government reduces the funding assistance rate (FAR).	This seems unlikely given the historical national approach to funding to maintain roads across the country. Reduced funding would result in either a reduced level of service or increase in the general rate.
Environmental standards will increase as predicted	1 Standards don't increase as predicted.	This would result in the deferral of the projects that are scheduled to proceed following a change in standards.
Water quality standards will increase as predicted	1 Standards don't increase as predicted.	This would result in the deferral of these projects that are scheduled to proceed following a change in standards.
Demand management practices will manage water demand as predicted	3 Demand grows more quickly than predicted, requiring investment to increase supply.	Leak detection and mains renewal will reduce losses. If increasing the capacity of water supplies is necessary, it would have an impact on targeted water rates.
Expenditure to reduce I&I will maintain sewer flows to the required levels	3 Level of expenditure is insufficient.	Current performance indicates that the level of expenditure is sufficient. Should further reduction in I&I be needed there would be a financial impact on the wastewater rate.
Renewals forecasts don't meet the predictions	2 The smoothing of renewals as predicted is unachievable.	This would result in some peaks of expenditure as shown in Figures 2, 4 and 6.

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Project	Issue	Most Likely Scenario	Principal Alternatives	Probable year	Low Cost	Likely Cost	High Cost
Growth							
South Taranaki Business Park	A feasibility study confirmed the strategic need for developing additional suitable land for industrial purposes in the District.	Continue with the development (Stages 2 and 3) of the South Taranaki Business Park.	Not completing the project is likely to deter potential commercial and industrial businesses from establishing in South Taranaki.	2021-2027		\$12.2m	
Town centre masterplans	Implementation of masterplans for five of our town centres: Ōpunakē, Manaia, Pātea, Waverley and Eltham.	The masterplans have been designed in consultation with the community and will be consulted on again as part of this Plan.	Doing nothing would see these town centres continue to lack vibrancy and not attract residents and visitors.	2021-2031	\$5m	\$10.6m	\$21m
Town Centre Strategy Hāwera – additional projects	We have initiated a Hāwera town centre strategy to restore the town centre to a vibrant and successful place for business and people. A key project, Te Ramanui o Ruapūtahanga, our new civic centre, is underway and will be funded from a mixture of sources, including the Government's 'shovel ready' projects. Additional projects have been planned to continue to improve the District's main town centre.	Continue with revitalising Hāwera's town centre.	Doing nothing would slow down the progress of restoring the town centre to a vibrant and successful place and disappoint residents who anticipate continued progress.	2023/24 to 20230/31		\$4.6m	
Water Supply							
Eltham Water Taste and Odour	Historical complaints throughout Eltham in relation to the taste and odour of the drinking water.	Undertake investigations for water source (bore) in 2021/22 and commission in 2022/23. Further flushing enhancements if required in 2025/26.	Continue with current programme by providing residents with water filter jugs.	2021/22, 2022/23, 2025/26	\$30k pa	\$1.8m	\$2.65m

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Project	Issue	Most Likely Scenario	Principal Alternatives	Probable year	Low Cost	Likely Cost	High Cost
Pātea low water pressure	Water pressure in the elevated parts of Pātea is low, at approximately 200 kPa.	Pressure zoning in the Pātea water supply.	Continue monitoring pressure and managing complaints.	2021/22 2022/23	\$400k	\$540k	\$650k
Ōpunakē water discolouration	Historical complaints throughout Ōpunakē about discoloured (brown) water. It is suspected to be caused by high levels of iron and manganese in the water source.	Continue with planned de-ionisation plant in 2027/28.	Continue with flushing regimes and managing complaints.	2027/28	\$500k	\$760k	\$1m
Urban firefighting improvements - Normanby second supply line	Modelling has shown locations where water supplies don't meet the New Zealand Fire Service Fire-fighting Water Supplies Code of Practice (COP). This non-mandatory standard represents best practice. Hundreds of improvements have been identified. The Fire and Emergency New Zealand (FENZ) Act 2017 requires a new COP to be produced, consulted on, and published, but no timeframe has been set.	Making network improvements to meet the current COP for schools, hospitals, and places of assembly. Other improvements will be made when pipes are renewed. Improve the water supply to Normanby, which also has benefits of serving the South Taranaki Business Park.	Doing nothing exposes the Council and the community to risk; however, due to the lack of funding available we plan to review the capacity of the reticulation networks again when FENZ publishes the new mandatory COP. A revised programme of work will then be developed.	2027/28, 2028/29	\$1.7m	\$2.7m	\$2.7m
Turuturu Road water supply demand management	Growth and demand for water in and around the Turuturu Road area has led to a shortage of water supply and low pressure.	Investigating potential solutions and finalising best practicable option in 2021/22 with construction to be undertaken in 2022/23 and 2023/2024.	Doing nothing would not address the water shortages that residents in this area are currently experiencing.	2021/22, 2022/23, 2023/24	\$732K	\$732k	\$1.3m

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Project	Issue	Most Likely Scenario	Principal Alternatives	Probable year	Low Cost	Likely Cost	High Cost
Pātea Water Treatment Plant enhancement	Pātea has a vulnerable supply due to its full reliance on bore water. To ensure the Pātea water supply complies with the Drinking Water Standards the treatment plant requires enhancement.	Installation of a full water treatment plant.	Continue with the current water treatment plant and risk breaching the Drinking Water Standards.	2021/22, 2022/23	\$2m	\$2.6m	\$3m
Waimate West trunk main duplication	The Waimate West supply is a vital network, particularly to the large numbers of agricultural operations that rely on this source. An additional trunk main will enhance resilience.	Construction of an additional trunk main running parallel to the current Waimate West trunk main.	If we continue to rely on the single trunk main, we run the risk of not being able to deliver water to the entire network. This would put significant pressure on the agricultural operations and health and well-being of people and livestock.	2024/25, 2025/26	\$1.5m	\$2.4m	\$2.4m
Waimate West replace reservoir 1	Waimate West's reservoir 1 holds 9 million litres of water and is coming to the end of its life.	Replace Waimate West reservoir 1.	Continue to rely on Waimate West reservoir 1 to deliver water to the network.	2026/27, 2027/28, 2028/29	\$9m	\$9m	\$12m
Kāpuni demand management	The demand for water continues to rise slowly. In 2016 we constructed a borehole at Waimate West that did not provide the anticipated resource. Further water resource is needed to manage our risk of failure to supply and enhance our emergency response capability.	Constructing an additional borehole within the area of the three water supplies.	If additional water could be taken from the Kāpuni stream, that is likely to be a lower cost option. However, given the proposed legislation changes it is likely that consents to take water from the Kāpuni stream will become more stringent. Doing nothing would require significant gains from demand management.	2023/24, 2024/25		\$2.4m	

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Project	Issue	Most Likely Scenario	Principal Alternatives	Probable year	Low Cost	Likely Cost	High Cost
Waverley replacement bore	A replacement bore is required in the Waverley township to ensure enough future supply.	Investigate water source and commission replacement bore.	We can continue with the current bore, however, it will begin to decline and we will struggle to supply water to the Waverley township.	2025/26		\$1.4m	
Kāpuni Water Treatment Plant capacity upgrade	Increase capacity of the Kāpuni Water Treatment Plant - treatment upgrade from 13 mega litres per day to 19 mega litres per day.	With some growth predicted in Hāwera and Normanby there will be a need to increase the capacity of the Kāpuni treatment plant at some time in the next 25 years. Managing demand for water might see this project delayed or higher than expected growth may bring it forward.	The likely changes to the Drinking Water Standards will see all water requiring treatment, including any new bore source. If we were to do nothing and the increasing demand for water was not met the result would be an adverse impact on all customers and an inability to meet our levels of service.	2043/44		\$2.2m	
Enhanced water treatment for viruses	We expect the Drinking Water Standards will be enhanced by requiring a greater level of water treatment that destroys viruses.	UV treatment would need to be added to all surface water plants to kill viruses. Secure ground water will not require further treatment.	There are no alternatives as it is anticipated that this would be enacted through legislation.	2034/35		\$2.5m	
Demand Management and Efficiency Enhancement	As a result of the freshwater reform local authorities must account for water consumption accurately. Monitoring how much is lost can be achieved by universal water metering, which we anticipate will become a legislative requirement in the next ten years.	Introduce universal water metering, unless other technologies are developed before legislation changes are enforced.	It is anticipated that this would be enacted through legislation. At this stage universal water metering would be the most efficient method of monitoring water losses and leakages.	2032 – 2034		\$6m	

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Project	Issue	Most Likely Scenario	Principal Alternatives	Probable year	Low Cost	Likely Cost	High Cost
Wastewater							
Inflow and infiltration (I&I)	The amount of water entering the wastewater networks in a number of our towns causes problems with treatment and compliance with resource consents. This comes from direct connection of stormwater to the system (Inflow) and ground water entering the pipes through cracks and other defects (Infiltration).	A five-year programme of defect identification, inspections and remedial works should manage the performance of the pipe networks to the required level.	Doing nothing or doing insufficient work will result in failure to perform at the standards defined in our resource consents.	2022 - 2028	\$1.05m pa	\$1.08m (approx) pa	\$2m pa
Disinfection of wastewater discharges – tertiary treatment	As water quality standards for watercourses increase, based on the National Policy Statement for Freshwater Management and other environmental pressures, disinfection of wastewater treatment discharges will be required.	This could be resolved by installing an additional treatment process stage such as ultraviolet light disinfection of the discharge from wastewater treatment plants.	There are no alternatives as it is anticipated that this will be enacted through legislation.	2025 - 2031	\$36.9m	\$36.9m	\$50.5m
Desludging Hāwera Anaerobic Lagoon	Hāwera’s anaerobic lagoon was installed in 1985. Due to the industrial waste that has been diverted into the lagoon since then it is now reaching its capacity. To ensure efficiency and continued capacity of the lagoon it requires desludging.	A portion of Hāwera’s anaerobic lagoon has been desludged and we will continue with this programme.	As the anaerobic lagoon reaches its capacity, effluent transferred to the stabilisation ponds damages the chemistry and the capacity of the ponds.	2022/23, 2027/28		\$2.7m	

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Project	Issue	Most Likely Scenario	Principal Alternatives	Probable year	Low Cost	Likely Cost	High Cost
Stormwater							
Network developments	Develop and improve stormwater networks across South Taranaki including Hāwera, Normanby and Eltham.	Stormwater modelling will need to be undertaken initially followed by design and construction.	Continue to rely on the current stormwater network, which will increase the risk of damage and flooding to properties.	2021 - 2031		\$9.8m	
Roads and Footpaths							
Roading renewals	Continue to maintain and renew roading assets as identified.	The programmed works for this Plan include: <ul style="list-style-type: none"> • Road resurfacing - \$27m • Drainage renewals - \$7.6m • Road renewals (pavement rehabilitation) - \$28m • Minor improvements - \$22m 	The inability to, or decision not to, deliver this programme of works will result in the deterioration of our roading assets.	2021-45		\$100m	

