

Supplementary items to the following meeting:

Meeting	Kaipara District Council
Date	Wednesday 28 February 2018
Time	9.00am
Venue	Northern Wairoa War Memorial Hall (Dargaville Town Hall), 37 Hokianga Road, Dargaville

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Linda Osborne
Administration Manager

Membership

Chair: Mayor Jason Smith

Members: Deputy Mayor Peter Wethey
Councillor Anna Curnow
Councillor Victoria del la Varis-Woodcock
Councillor Julie Geange
Councillor Libby Jones
Councillor Karen Joyce-Paki
Councillor Jonathan Larsen
Councillor Andrew Wade

5.1 Significance and Engagement Policy – Draft

Policy Analyst **2304.09**

Recommended

That Kaipara District Council:

- 1 *Receives the Policy Analyst’s report ‘Significance and Engagement Policy - Draft’ dated 13 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Adopts the Significance and Engagement Policy, circulated as Attachment 2 to the above-mentioned report.*

File number: 2304.09

Approved for agenda

Report to: Council

Meeting date: 28 February 2018

Subject: Significance and Engagement Policy - Draft

Date of report: 13 February 2018

From: Natalie Robinson, Policy Analyst

Report purpose **Decision** **Information**

Assessment of significance **Significant** **Non-significant**

Summary

Council is required to have a Significance and Engagement Policy under Section 76AA of the Local Government Act 2002 (LGA). The current Policy was adopted in 2014 by the Commissioners, and was reviewed in 2017 as part of the Long Term Plan (LTP) review of policies.

The draft Policy was adopted by Council for consultation and feedback at Council's meeting on 11 December 2017. Council sought submissions on the draft Policy from Friday 15 December 2017 to Wednesday 31 January 2018. The Policy was available on Council's website, an email was sent to key LTP stakeholders, and public notices were placed in newspapers and on Facebook seeking submissions.

Council received one submission, on behalf of Te Uri O Hau (TUOH) (**Attachment 1**). The submission was received 10 days after the close of the consultation period, and is in the form of three comments on the draft Policy (p.5, Attachment 1).

Recommendation

That Kaipara District Council:

- 1 *Receives the Policy Analyst's report 'Significance and Engagement Policy - Draft' dated 13 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Adopts the Significance and Engagement Policy, circulated as Attachment 2 with the above-mentioned report.*

Reason for the recommendation

Council has consulted on the amendments to the draft Significance and Engagement Policy, and it is now appropriate for Council to adopt the draft Policy.

Reason for the report

To seek adoption of the Significance and Engagement Policy 2017 following a consultation period.

Background

The 2014 amendments to the LGA introduced Section 76AA, which required local authorities to adopt Significance and Engagement Policies by 01 December 2014. Kaipara District Council adopted the current Policy in October 2014.

Council resolved in December 2017 to amend the Policy and adopted the draft Policy for consultation. This consultation period has now ended. Council received one submission from TUOH (**Attachment 1**). This submission was received 10 days after the close of the consultation period

Issues

The draft Policy aimed to introduce more clarity around the role of engagement with iwi in the district, while remaining in line with existing agreements Council has with iwi.

The draft Policy also proposed assessing significance against four areas; the number of individuals or groups impacted; the extent and length of the impact; the financial impact and the levels of public interest.

Te Uri O Hau Submission

The submission received from Te Uri O Hau has made three submission points. Council officers do not believe the draft Policy requires any amendments as a result of this submission. This is because the draft Policy is intended to be used in conjunction with the Memorandum of Understanding Council has entered into with TUOH (2016). The MOU requires, amongst other things:

- That TUOH and Council will engage in direct consultation when preparing policies or plan changes that may affect the other party (Clause 8.2, MOU); and
- That Council will involve TUOH in the decision-making process from the beginning for the development of Long Term Plans and Annual Plans (Clause 8.3, MOU).

It is considered by Council officers that the submission points raised by TUOH are best addressed by ongoing fulfilment of the mutual obligations under the MOU, and requirements under other statutes referred to in the draft Policy.

Community views

The community was able to give feedback on the draft Policy.

Policy implications

Council is required by statute (s76AA LGA 2002) to have a Significance and Engagement Policy.

Legal/delegation implications

Section 76AA requires all local authorities to adopt a Policy.

Options

Option A: Adopt the draft Policy.

Option B: Do not adopt the draft Policy.

Assessment of options

Option A reflects the fact that the Policy has been tested with the community, and allows Council to adopt a Policy which has been shaped by their governance. This allows Council to comply with s76AA of the LGA 2002.

Option B will mean the 2014 Policy will remain in place. The requirements of the LGA 2002 will be met, but the Commissioner-adopted 2014 Policy will govern engagement until the next review of the Policy is undertaken.

Recommended option

The recommended option is **Option A**.

Next step

The adopted Policy will be published on the website, and circulated to Council officers. All reports to Council will be assessed against the new Policy.

Attachments

- Te Uri O Hau Submission
- Significance and Engagement Policy draft



Significance and Engagement Policy
December 2017



Document Control			
Version	Date	Author(s)	Comments
1.0	25/09/2014	S Mahoney	Periodic review, minor editing
1.1	November 2017	S Mahoney	Long Term Plan Briefing

1 Purpose

Kaipara District Council engages with its communities in a number of ways. Sometimes this is set in legislation, and the steps we follow need to be clear and transparent. Council's Significance and Engagement Policy is required under the Local Government Act 2002 S76AA.

This policy details:

- how Council determines the significance of its proposals in relation to issues, assets and other matters;
- any criteria or procedures used to assess the effects and extent of significance; and
- how community views on engagement are responded to and how we engage with communities.

Where Council considers there to be doubt over the significance of a proposal or decisions, then it should err on the side of caution and offer to engage with the community of interest .

2 Determining Significance

Significance is defined in the Local Government Act 2002 (part 1 Schedule 5) as '*the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for –*

- *the district or region;*
- *any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter;*
- *the capacity of the local authority to perform its role, and the financial and other cost of doing so.'*

In determining the degree of significance, Council should consider whether an issue, proposal, decision or matter will:

- 1) impact negatively on Council's capability or capacity to carry out its role;
- 2) reduce Council's level of service in a major or irreparable way;
- 3) impact on Council's approved financial performance as agreed in the Long Term Plan and subsequent Annual Plans; or
- 4) impact on a community or area within the district in a way that may be considered major for that identified community of interest.
- 5) Impact on the cultural values of the district's Maori community and their relationship to land and water.

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3 Assessing Significance

Assessments of significance are always considered in context rather than in isolation. Significance is assessed on a continuum rather than as a binary. Issues may have low, medium or high significance for some communities and be different for others. Assessments of significance should reflect this rather than just a simple significant/non-significant answer. Council will consider an issue to require special consultation where it is considered of 'high' significance. In addition, the impact of high significance must trigger more than one of the determining factors above.

Assessments of significance should consider:

- the number of individuals or groups impacted by the proposal or decision;
- the extent and timeframe of the impact of the proposal or decision on those individuals or groups;
- the financial impact (see below); and
- the levels of public interest.

4 Financial Impact

While the financial impact of a proposal or decision is not the only consideration of significance, it is one which can be easily quantified.

Council uses a guide to these financial thresholds for measuring the impact on an annualised basis as:

- Involving \$3,000,000 per annum or more budgeted expenditure;
- Involving \$300,000 per annum or more unbudgeted expenditure;
- Increasing annual rates or specific targeted rates by 10% or more;

Or

- Involving a transfer of ownership or control of one of Council's strategic assets.

5 Strategic Assets

In accordance with section 76AA(3) of the Local Government Act 2002, Council must list the assets it considers strategic assets. Strategic asset, *'in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes:*

- (a) *any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and*
- (b) *any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and*
- (c) *any equity securities held by the local authority in—*
 - (i) *a port company within the meaning of the Port Companies Act 1988:*

(ii) an airport company within the meaning of the Airport Authorities Act 1966. Kaipara District Council considers, for the purposes of the Act, the following classes of asset to be strategic assets:

- the roading network;
- water supply schemes;
- wastewater schemes;
- reserves;
- cemeteries
- stormwater schemes; and
- Pensioner housing.

Council will consider these assets as classes of assets, rather than individual assets within each class, when considering significance.

6 Procedure

Council officers are responsible in the first instance to assess whether engagement is required and, if so, the level of engagement necessary. The first test will be legislative requirements, and the second will be the significance of the matter.

Council reporting on proposals and decisions will contain a clear statement of that assessment and a recommendation if appropriate. The statement needs to contain a clear explanation of why significance has been triggered (if it has) and its implications. It should also consider any previous engagement on this matter and the potential costs and benefits of engagement.

7 Engagement

Engagement provides an opportunity for the public to express its views on the decision or proposal being considered by Council. The community views expressed through an engagement process will be considered and taken into account, along with other information such as costs and benefits, legislative requirements and technical advice. Engagement should allow all relevant views and options to be identified and then considered before a decision is made.

Community engagement can allow for an exchange of information, points of view and options for decisions between affected and interested people and decision-makers before a decision is made.

Engagement does not mean that the decision will be delegated to those involved in the engagement process. It means that the decision made will have been informed and improved by the public's involvement.

7.1 Engaging with Maori

Council is committed to maintaining strong relationships with Maori communities in the Kaipara. When engaging with Māori, Council will reflect the agreements in place, such as the Memorandum of Understanding (MoU) with Te Uri o Hau Settlement Trust, as starting points. Council recognises the importance of its relationships with Te Uri o Hau and Te Iwi O Te Roroa. We recognise there

are wider Māori groups within the district and will also seek to engage with them where this is needed. This will result in better quality decision-making and clearer processes.

Council also has an Iwi relationship plan and hosts a Tangata Whenua forum for engaging with the wider Maori community 2 or 3 times a year.

7.2 When Council will engage

- a) When legislation requires that consultation be undertaken:

Council will consult when it has a legislative requirement to consult (for example, as set out by the Local Government Act 2002, Resource Management Act 1991, Reserves Act 1977, Land Transport Management Act 2003). Council will undertake these consultation processes in accordance with the legislative requirements guiding them as the minimum. Council may choose to consult further depending on the level of significance of the matter being considered and notwithstanding the legislative requirements.

- b) When a significant proposal or decision is being considered:

Subject to consideration of factors under section 7.2 of this Policy, Council will look to undertake what it considers to be an appropriate form of engagement whenever a 'significant decision' needs to be made.

A significant decision is one which has been identified as such under this Policy.

Note: a 'significant' decision will not automatically trigger application of the Special Consultative Procedure (SCP). For more information about the SCP, refer to the Local Government Act 2002 sections 83, 86, 87 and 93A.

- c) For some matters that are not considered significant:

In general, where a matter is not considered significant under this Policy, consultation will not be undertaken. This is consistent with clauses 7.2 (a) and 7.2 (h) of this Policy.

7.3 When Council may not engage

Information is always necessary for the decision-making process. However, there are times when it is not necessary, appropriate or possible to engage the community on a matter or decision. Council may also choose not to consult on a matter and, if so, will make this determination in accordance with the criteria below and notwithstanding any legislative requirements.

Council will not engage when:

- a) the matter is not of a nature or significance that requires consultation (s82(4)(c), LGA 2002);
- b) Council already has a sound understanding of the views and preferences of the persons likely to be affected by or interested in the matter (s82(4)(b), LGA 2002);
- c) there is a need for confidentiality or commercial sensitivity (s82(4)(d), LGA 2002);
- d) the costs of consultation outweigh the benefits of it (s82(4)(e), LGA 2002);
- e) the matter has already been addressed by Council's policies or plans, which have previously been consulted on;
- f) an immediate or quick response or decision is needed or it is not reasonably practicable to engage;

Commented [TL1]: Preferably we will be engage directly in any planning documents of Council as identified by Resource Legislation Amendment Act 2017.

Commented [TL2]: ... and in particular Council annual plans and long term plans.

Commented [TL3]: Please Include Resource Legislation Amendment Act 2017.

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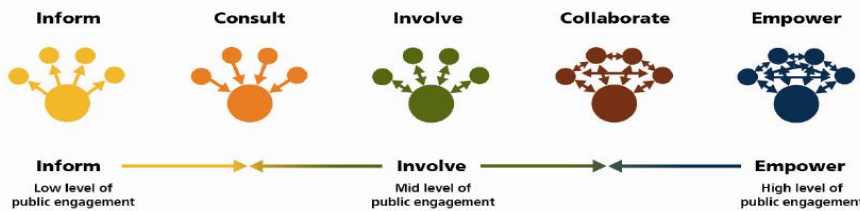
- g) works are required unexpectedly or following further investigations on projects, already approved by Council;
- h) it is business as usual - the works required are related to the operation and maintenance of a Council asset and responsible management requires the works to take place; or
- i) when Council has consulted on the issue in the last 24 months.

Where the above-listed circumstances apply and consultation is not to be undertaken, Council is still required to give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter (LGA 2002 section 78(1)). The Local Government Act 2002 requires that this consideration be in proportion to the significance of the matters affected by the decision (section 79(1)).

7.4 Methods for engagement

This Policy sets out the engagement and decision-making principles which we will follow, our statutory consultation requirements and explains how we will go about determining significance.

All of these matters guide and inform the level and type of engagement that Council will undertake for any particular issue. Council follows the International Association of Public Participation (IAP2) approach (set out below) which indicates different engagement approaches on a spectrum from providing information through to community empowerment.



Council will seek opportunities to involve or collaborate with our communities, such as through Placemaking initiatives and community-led planning. The type and nature of the decision also guides how Council will go about communicating and engaging with our communities.

This table provides an indicative guide to this:

Type or nature of decision	Examples of how we may engage
<p><u>Small and simple</u> (low significance) (e.g. re-development community halls, minor park improvements, footpath and roadworks)</p>	<p>Localised promotion, through display boards, local papers, social media coverage and website updates.</p> <p>Targeted engagement through service users. Utilise local library space, Council offices or local noticeboards.</p> <p>Surveys, open days or informal information sessions may be appropriate.</p>
<p><u>Medium</u> (e.g. walking and cycling)</p>	<p>Targeted engagement, online engagement which may include a survey and social media. Hui or public information events.</p> <p>Information boards in libraries and service centres. Promotion</p>

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portions, action plans, local area plans)	through rates newsletters (if appropriate), the local media papers.
<u>Large or complex</u> (high significance) (e.g. new roads, bridges, Long Term Plan, Community/Town Plans, Local Alcohol Policy changes)	<p>Large-scale publicity and promotion. There could be an informal engagement/discussion phase plus a formal phase of consultation.</p> <p>Likely to need consideration of different cultural styles and needs for engagement.</p> <p>Likely to include a range of events and a focus on online activities including website, social media, surveys or e-newsletters.</p>

draft

7.5 Tools for community engagement

More than a third of our ratepayers are absentee owners. This fact is actively considered when Council engages with its residents and ratepayers. Where appropriate, more than one channel of communication is used to ensure a general awareness that Council is looking to engage and seeking feedback. We acknowledge that just as we have a responsibility to provide opportunities for people to engage with us, the community in turn has a responsibility to consider whether to accept them and engage with Council. We will respect every individual's right to choose or refrain from engagement with Council.

This table covers some of those tools and how they meet the aforementioned IAP2 scale:

Inform	Consult	Involve	Collaborate	Empower
- letter	- advertise in	- iwi, hui,	- iwi, hui,	- committees
- letterbox drop	local papers	community	community	- advisory
- advertise in	- iwi, hui,	leaders	leaders	panels
local papers	community	- media	- personal	- public
- media	leaders	- social media	briefings	meetings
releases	- media	- personal	- focus	
- Council	- social media	briefings	groups	
newsletters	- open letters	- focus	- committees	
- open letters	- committees	groups	- social media	
- community		- committees		
newsletters		- public		
		meetings		

In addition to the toolbox as outlined, additional methods of consultation and engagement can be potentially included such as:

- public meetings;
- resident and ratepayer survey;
- telephone survey;
- stakeholder contact lists;
- street survey (targeting demographic);
- texting;
- posters;
- rates notice;
- electronic newsletter;
- brochures;
- displays (e.g. pastoral shows);
- community roadshows;
- radio advertising;
- targeted education (e.g. schools);

- cinema advertising;
- editorial; and
- user interface (e.g. sports groups).

Appendix

Appendix 1 – Information requirements, Council-provided feedback and length of engagement

draft

Appendix 1 – Information requirements, Council-provided feedback and length of engagement

1.1 Information requirements

At a minimum, Council will provide the following information when conducting consultation or engagement activities:

- what is being proposed;
- why it is being proposed;
- what the options and consequences are for the proposal;
- if a plan or policy or similar document is proposed to be adopted – a draft of the proposed plan, policy, or other document;
- if a plan or policy or similar document is proposed to be amended – details of the proposed changes to the plan, policy, or other document;
- what impacts (if any) may occur if the proposal goes ahead;
- how submitters and participants can provide their views;
- the timeframe for consultation and engagement; and
- how submitters and participants will be informed about the outcome.

1.2 How Council will provide feedback to the community

Council will make available to submitters clear records, or descriptions of relevant decisions, made on an issue or matter. Explanatory material relating to the decision will be included e.g. references to reports used to reach a decision. Submitters will be notified of decisions or by letter, email, Council newsletter, media statement or public notice. Decisions and reports will be made available on the Council website, or hard copies supplied upon request, unless they contain confidential matters that are not able to be made available to the public.

1.3 Length of engagement

The length of engagement can and does differ. It will be directed by:

- The level of significance or timeframes, as determined by legislative obligations;
- The decision-making requirements and the possible effects of the decision that have not been deemed highly significant;
- The extent to which Council is already aware of the issue or views of the community;
- The level of community interest in proposed Council decisions; and/or
- The structure and demands of the decision-making process.



Significance and Engagement Policy

December 2017

Document Control			
Version	Date	Author(s)	Comments
1.0	25/09/2014	S Mahoney	Periodic review, minor editing
1.1	November 2017	S Mahoney	Long Term Plan Briefing

1 Purpose

Kaipara District Council engages with its communities in a number of ways. Sometimes this is set in legislation, and the steps we follow need to be clear and transparent. Council's Significance and Engagement Policy is required under the Local Government Act 2002 S76AA.

This policy details:

- how Council determines the significance of its proposals in relation to issues, assets and other matters;
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- how community views on engagement are responded to and how we engage with communities.

Where Council considers there to be doubt over the significance of a proposal or decisions, then it should err on the side of caution and offer to engage with the community of interest .

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- *the district or region;*
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- the levels of public interest.

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While the financial impact of a proposal or decision is not the only consideration of significance, it is one which can be easily quantified.

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Or

- involving a transfer of ownership or control of one of Council's strategic assets.

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- (b) *any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and*
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 - (i) *a port company within the meaning of the Port Companies Act 1988;*
 - (ii) *an airport company within the meaning of the Airport Authorities Act 1966'.*

ipara District Council considers, for the purposes of the Act, the following classes of asset to be strategic assets:

- the roading network;
- water supply schemes;
- wastewater schemes;
- reserves;
- cemeteries

- stormwater schemes; and
- pensioner housing.

Council will consider these assets as classes of assets, rather than individual assets within each class, when considering significance.

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Council officers are responsible in the first instance to assess whether engagement is required and, if so, the level of engagement necessary. The first test will be legislative requirements, and the second will be the significance of the matter.

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7 Engagement

Engagement provides an opportunity for the public to express its views on the decision or proposal being considered by Council. The community views expressed through an engagement process will be considered and taken into account, along with other information such as costs and benefits, legislative requirements and technical advice. Engagement should allow all relevant views and options to be identified and then considered before a decision is made.

Community engagement can allow for an exchange of information, points of view and options for decisions between affected and interested people and decision-makers before a decision is made.

Engagement does not mean that the decision will be delegated to those involved in the engagement process. It means that the decision made will have been informed and improved by the public's involvement.

7.1 Engaging with Maori

Council is committed to maintaining strong relationships with Maori communities in the Kaipara. When engaging with Māori, Council will reflect the agreements in place, such as the Memorandum of Understanding (MoU) with Te Uri o Hau Settlement Trust, as starting points. Council recognises the importance of its relationships with Te Uri o Hau and Te Iwi O Te Roroa. We recognise there are wider Māori groups within the district and will also seek to engage with them where this is needed. This will result in better quality decision-making and clearer processes.

Council also has an Iwi relationship plan and hosts a Tangata Whenua forum for engaging with the wider Maori community 2 or 3 times a year.

7.2 When Council will engage

- a) When legislation requires that consultation be undertaken:

Council will consult when it has a legislative requirement to consult (for example, as set out by the Local Government Act 2002, Resource Management Act 1991, Reserves Act 1977, Land Transport Management Act 2003). Council will undertake these consultation processes in

accordance with the legislative requirements guiding them as the minimum. Council may choose to consult further depending on the level of significance of the matter being considered and notwithstanding the legislative requirements.

- b) When a significant proposal or decision is being considered:

Subject to consideration of factors under section 7.2 of this Policy, Council will look to undertake what it considers to be an appropriate form of engagement whenever a 'significant decision' needs to be made.

A significant decision is one which has been identified as such under this Policy.

Note: a 'significant' decision will not automatically trigger application of the Special Consultative Procedure (SCP). For more information about the SCP, refer to the Local Government Act 2002 sections 83, 86, 87 and 93A.

- c) For some matters that are not considered significant:

In general, where a matter is not considered significant under this Policy, consultation will not be undertaken. This is consistent with clauses 7.2 (a) and 7.2 (h) of this Policy.

7.3 When Council may not engage

Information is always necessary for the decision-making process. However, there are times when it is not necessary, appropriate or possible to engage the community on a matter or decision. Council may also choose not to consult on a matter and, if so, will make this determination in accordance with the criteria below and notwithstanding any legislative requirements.

Council will not engage when:

- a) the matter is not of a nature or significance that requires consultation (s82(4)(c), LGA 2002);
- b) Council already has a sound understanding of the views and preferences of the persons likely to be affected by or interested in the matter (s82(4)(b), LGA 2002);
- c) there is a need for confidentiality or commercial sensitivity (s82(4)(d), LGA 2002);
- d) the costs of consultation outweigh the benefits of it (s82(4)(e), LGA 2002);
- e) the matter has already been addressed by Council's policies or plans, which have previously been consulted on;
- f) an immediate or quick response or decision is needed or it is not reasonably practicable to engage;
- g) works are required unexpectedly or following further investigations on projects, already approved by Council;
- h) it is business as usual - the works required are related to the operation and maintenance of a Council asset and responsible management requires the works to take place; or
- i) when Council has consulted on the issue in the last 24 months.

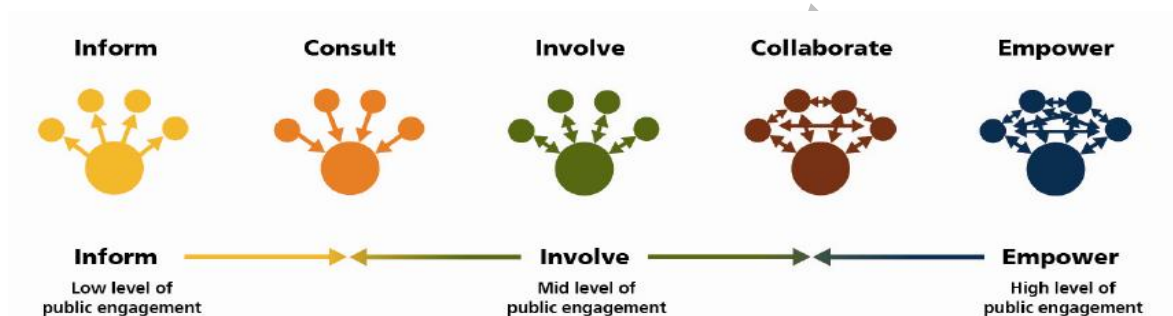
Where the above-listed circumstances apply and consultation is not to be undertaken, Council is still required to give consideration to the views and preferences of persons likely to be affected by, or to have an interest in, the matter (LGA 2002 section 78(1)). The Local Government Act 2002 requires

that this consideration be in proportion to the significance of the matters affected by the decision (section 79(1)).

7.4 Methods for engagement

This Policy sets out the engagement and decision-making principles which we will follow, our statutory consultation requirements and explains how we will go about determining significance.

All of these matters guide and inform the level and type of engagement that Council will undertake for any particular issue. Council follows the International Association of Public Participation (IAP2) approach (set out below) which indicates different engagement approaches on a spectrum from providing information through to community empowerment.



Council will seek opportunities to involve or collaborate with our communities, such as through Placemaking initiatives and community-led planning. The type and nature of the decision also guides how Council will go about communicating and engaging with our communities.

This table provides an indicative guide to this:

Type or nature of decision	Examples of how we may engage
<u>Small and simple</u> (low significance) (e.g. re-development community halls, minor park improvements, footpath and roadworks)	Localised promotion, through display boards, local papers, social media coverage and website updates. Targeted engagement through service users. Utilise local library space, Council offices or local noticeboards. Surveys, open days or informal information sessions may be appropriate.
<u>Medium</u> (e.g. walking and cycling portions, action plans, local area plans)	Targeted engagement, online engagement which may include a survey and social media. Hui or public information events. Information boards in libraries and service centres. Promotion through rates newsletters (if appropriate), the local media papers.
<u>Large or complex</u> (high significance) (e.g. new roads, bridges, Long Term Plan, Community/Town Plans, Local Alcohol Policy changes)	Large-scale publicity and promotion. There could be an informal engagement/discussion phase plus a formal phase of consultation. Likely to need consideration of different cultural styles and needs for engagement. Likely to include a range of events and a focus on online activities including website, social media, surveys or e-newsletters.

7.5 Tools for community engagement

More than a third of our ratepayers are absentee owners. This fact is actively considered when Council engages with its residents and ratepayers. Where appropriate, more than one channel of communication is used to ensure a general awareness that Council is looking to engage and seeking feedback. We acknowledge that just as we have a responsibility to provide opportunities for people to engage with us, the community in turn has a responsibility to consider whether to accept them and engage with Council. We will respect every individual's right to choose or refrain from engagement with Council.

This table covers some of those tools and how they meet the aforementioned IAP2 scale:

Inform	Consult	Involve	Collaborate	Empower
- letter	- advertise in	- iwi, hui,	- iwi, hui,	- committees
- letterbox drop	local papers	community	community	- advisory
- advertise in	- iwi, hui,	leaders	leaders	panels
local papers	community	- media	- personal	- public
- media	leaders	- social media	briefings	meetings
releases	- media	- personal	- focus groups	
- Council	- social media	briefings	- committees	
newsletters	- open letters	- focus groups	- social media	
- open letters	- committees	- committees		
- community		- public meetings		
newsletters				

In addition to the toolbox as outlined, additional methods of consultation and engagement can be potentially included such as:

- public meetings;
- resident and ratepayer survey;
- telephone survey;
- stakeholder contact lists;
- street survey (targeting demographic);
- texting;
- posters;
- rates notice;
- electronic newsletter;
- brochures;
- displays (e.g. pastoral shows);
- community roadshows;
- radio advertising;
- targeted education (e.g. schools);
- cinema advertising;

- editorial; and
- user interface (e.g. sports groups).

Appendix

Appendix 1 – Information requirements, Council-provided feedback and length of engagement

draft

Appendix 1 – Information requirements, Council-provided feedback and length of engagement

1.1 Information requirements

At a minimum, Council will provide the following information when conducting consultation or engagement activities:

- what is being proposed;
- why it is being proposed;
- what the options and consequences are for the proposal;
- if a plan or policy or similar document is proposed to be adopted – a draft of the proposed plan, policy, or other document;
- if a plan or policy or similar document is proposed to be amended – details of the proposed changes to the plan, policy, or other document;
- what impacts (if any) may occur if the proposal goes ahead;
- how submitters and participants can provide their views;
- the timeframe for consultation and engagement; and
- how submitters and participants will be informed about the outcome.

1.2 How Council will provide feedback to the community

Council will make available to submitters clear records, or descriptions of relevant decisions, made on an issue or matter. Explanatory material relating to the decision will be included e.g. references to reports used to reach a decision. Submitters will be notified of decisions or by letter, email, Council newsletter, media statement or public notice. Decisions and reports will be made available on the Council website, or hard copies supplied upon request, unless they contain confidential matters that are not able to be made available to the public.

1.3 Length of engagement

The length of engagement can and does differ. It will be directed by:

- The level of significance or timeframes, as determined by legislative obligations;
- The decision-making requirements and the possible effects of the decision that have not been deemed highly significant;
- The extent to which Council is already aware of the issue or views of the community;
- The level of community interest in proposed Council decisions; and/or
- The structure and demands of the decision-making process.

5.2 Treasury Policy – Adoption

Financial Services Manager 2304.01

Recommended

That Kaipara District Council:

- 1 *Receives the Financial Services Manager’s report ‘Treasury Policy – Adoption’ dated 15 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Adopts the Treasury Policy, circulated as Attachment 1 to the above-mentioned report.*

File number: 2304.01 **Approved for agenda**
Report to: Council
Meeting date: **28 February 2018**
Subject: **Treasury Policy - Adoption**
Date of report: 15 February 2018
From: Rick Groufsky, Financial Services Manager
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Council has a Treasury Policy incorporating liability management and investment policies required by the Local Government Act 2002. The Treasury Policy (**Attachment 1**) has been amended and updated based on a review undertaken by KPMG. PwC, Council's treasury advisor, also participated in the review and supports the changes.

The changes amend the policy settings in one area; the proportion of debt required to be at a fixed interest rate. Changes also introduce an overarching risk appetite statement, improve the wording of delegations and policy breaches, make the liquidity definition consistent with that applied by the Local Government Funding Agency (LGFA) and introduce a new interest rate benchmark.

Recommendation

That Kaipara District Council:

- 1 *Receives the Financial Services Manager's report 'Treasury Policy – Adoption' dated 15 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Adopts the Treasury Policy, circulated as Attachment 1 to the above-mentioned report.*

Reason for the recommendation

It is appropriate that Council reviews policies and adopts changes to improve Council's policy portfolio.

Reason for the report

Following a review the Treasury Policy has been updated. The updated policy document has been recommended by the Audit, Risk and Finance Committee (the Committee) to Council for adoption.

Background

The Local Government Act 2002 s102 (2) requires councils to have a liability management policy and an investment policy. Kaipara District Council combines these in one document, the Treasury Policy. The current policy was adopted as part of the Long Term Plan 2015/2025 process.

As part of the Long Term Plan 2018/2028 project all policy documents are reviewed and, where necessary, updated.

KPMG was engaged to review the current Treasury Policy and they reported to Council in May 2017. Their report stated “We found the Policy to be generally fit for purpose and well structured. The Policy is consistent with peer councils in New Zealand”¹.

KPMG made three substantive recommendations:

1. Council clearly articulates its risk appetite via a risk appetite statement.
2. Interest rate controls (fixed /floating) terminology be improved.
3. A reduction to the range of financial instruments Council is authorised to use.

They also suggested improvements to wording, particularly around delegations and reporting of breaches.

Management reviewed the KPMG recommendations with PwC, Council’s treasury advisors. In general they agreed with the KPMG recommendations except the reduction to the range of financial instruments Council is authorised to use. KPMG argued many of the authorised instruments were not being used and the list should be limited to those currently being utilised to manage the debt portfolio. The counter-argument supported by PwC and management is that the range is consistent with best practice, does not expose Council to risk outside of policy and retains flexibility for risk management. Accordingly, this recommendation has not been adopted.

When reviewing KPMG’s interest rate control recommendations it was recognised the policy settings (that between 60% and 90% is required to be fixed) is too restrictive especially when applied to Kaipara’s relatively small and falling level of debt. PwC recommended a different approach in which the range for fixed interest rates varies depending on the maturity term for the debt. The longer the maturity, the lower the proportion required to be fixed. The rationale is:

- i. the longer the term the less certainty regarding the future level of debt; and
- ii. The longer the term the less certainty around forecasting/predicting interest rates.

Adopting this approach requires a change to the benchmark used to assess management’s operational performance. The weighted composite benchmark is to be replaced by a wholesale interest rate mid-point benchmark rate. Council’s market benchmark rate will be the seven-year swap rate monthly rolling average over a seven year period.

A risk appetite statement and a Debt Interest Rate Policy Parameters table have been incorporated into section 6. The new Interest Rate Benchmark definition is incorporated in section 8.

There have been further minor amendments to the text of the Policy reflecting input from KPMG and PwC.

Management’s review of the document identified two further amendments. First, the wording of the definition of liquidity under Debt ratios and limits was not consistent with the definition applied by the LGFA. Council’s wording has been aligned with that of the LGFA. The change of wording does not

¹ KPMG Treasury Policy Review May 2014 page 3

affect the policy setting or Council's compliance. Secondly, the Statutory Objectives section has been retitled Statutory and Principal Objectives to reflect the content and reformatted. In addition a number of suggestions from the Committee at the December 2017 Audit, Risk and Finance Committee meeting have also been incorporated.

The Audit, Risk and Finance Committee meeting in February 2018 considered the redrafted Policy. The following amendments were approved to be included in the final recommendation to Council.

- Section 4.6 relating to Council Officers to undertake due diligence before entering into guarantee;
- Section 5.2.3 deleted;
- Section 5.2.4 reference to another section corrected; and
- Section 8.0 heading corrected.

All the changes to the Treasury Policy have been reviewed by Council's treasury advisors PwC and have their support.

Factors to consider

Community views

The community expects Council to have a fit for purpose liability and investment policies.

Policy implications

The recommended amendments will not require Council to change the manner in which it operates its treasury activities.

Financial implications

There are no financial implications from the adoption of these recommendation.

Legal/delegation implications

Adoption of a liability management policy and an investment policy is a legal requirement. Under the delegations a recommendation to Council to adopt the amendments is required from the Committee.

Options

Option A: Accept the report and adopt the Treasury Policy.

Option B: Accept the report and make further amendments to the Policy before adoption by Council.

Option C: Receive the report and ask for additional information or clarification.

Assessment of options

Council has taken professional advice to review and update the Treasury Policy. Council can rely on that advice and adopt the Treasury Policy.

Assessment of significance

Recommending adoption of the Treasury Policy is not significant in terms of Council's Significance and Engagement Policy.

Recommended option

The recommended option is **Option A**.

Attachments

- Attachment 1: Treasury Policy



Kaipara District Council

Treasury Policy

**Incorporating the Liability Management and Investment Policies
as required by sections 104 and 105 of the
Local Government Act 2002**

Council Approved: DD MMM 2018



Kaipara te Orangakui

**KAIPARA
DISTRICT**

Two Oceans Two Harbours

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1.0 Introduction

1.1 Policy purpose

The purpose of the Treasury Policy is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Kaipara District Council (“Council”). The formalisation of such policies and procedures will enable treasury risks within Council to be prudently managed.

As circumstances change, the policies and procedures outlined in this policy will be modified to ensure that treasury risks within Council continue to be well-managed. In addition, regular reviews will be conducted to test the existing policy against the following criteria:

- Industry “best practices” for a Council the size and type of Kaipara;
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers;
- The effectiveness and efficiency of the Treasury Policy and treasury management function to recognise, measure, control, manage and report on Council’s financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks;
- The operation of a pro-active treasury function in an environment of control and compliance;
- The robustness of the policy’s risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions; and
- Assistance to Council in achieving strategic objectives relating to ratepayers.

It is intended that the policy be distributed to all personnel involved in any aspect of Council’s financial management. In this respect, all staff must be completely familiar with their responsibilities under the policy at all times.

2.0 Scope and Objectives

2.1 Scope

This document identifies the policy and procedures of Council in respect of treasury management activities.

The policy has not been prepared to cover other aspects of Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of Council cover these matters.

2.2 Risk Appetite

Council's overriding obligation is to manage its affairs prudently and in the interests of its community and is guided by the obligations imposed by the Local Government Act 2002.

Accordingly Council's philosophy on the conduct of its treasury activities is to ensure that the risks associated are properly identified, quantified and managed to ensure it meets the obligations under the Act and that there is minimal negative impact on the Council arising from such risks. Council is a risk averse entity, and does not wish to seek risk from its treasury activities. Accordingly activity that may be construed as speculative in nature is expressly forbidden.

2.3 Objectives

The objective of this Treasury Policy is to control and manage costs and investment returns that can influence operational budgets and public equity. Specifically:-

Statutory and principal objectives

- All external borrowing, investments and incidental financial arrangements (e.g. use of interest rate hedging financial instruments) will meet requirements of all relevant legislation including but not limited to:
 - Local Government Act 2002, in particular Part 6 including sections 101,102, 104 and105, and incorporate the Liability Management Policy and Investment Policy;
 - Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4;
 - Trustee Act 1956. When acting as a trustee or investing money on behalf of others, the Trustee Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trustee Act 1956 Part II Investments.

- All projected external borrowings are to be approved by Council as part of the Annual Plan or the Long Term Planning process (LTP) or resolution of Council before the borrowing is affected;
- All legal documentation in respect to external borrowing and financial instruments will be approved by Council's solicitors prior to the transaction being executed;
- Council will not enter into any borrowings denominated in a foreign currency;
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself;
- Hire Purchase, Deferred Purchase, Trade Credit - for the purposes of sub-paragraph (c)(ii)(B) of the definition of "borrowing" in section 112 of the LGA 2002, "borrowing" does not include:
 - Debt incurred in connection with hire purchase of goods, the deferred purchase of goods or services, or the giving of credit for the purchase of goods or services, if the goods or services are obtained in the ordinary course of Council's performance of its lawful functions, on terms and conditions available generally to parties of equivalent credit-worthiness, for amounts not exceeding in aggregate \$250,000; or
 - The deferred purchase of goods or services or the giving of credit for the purchase of goods or services through the mechanism of contract retentions held for periods less than 365 days.
- Other - Instruments not specifically referred to in this policy may only be used with specific Council approval; and
- Council routinely defers payment following completion of construction or other large scale engineering contracts in accordance with standard industry practices. Although this practice may mean that these deferred payments fall within the definition of borrowing for the purposes of the Act and this policy, these contractual arrangements create very little risk for Council. There is no interest exposure on these payments; the credit-worthiness of the contracting party is not relevant; and the deferred period is sufficiently long that no impact on liquidity is anticipated, as payments can be programmed in advance through the Annual Plan process or standard cash flow procedures. Therefore, Council will enter into these contracts in accordance with its standard procurement procedures, and deferred payment conditions will not require any additional approval by Council.

General objectives

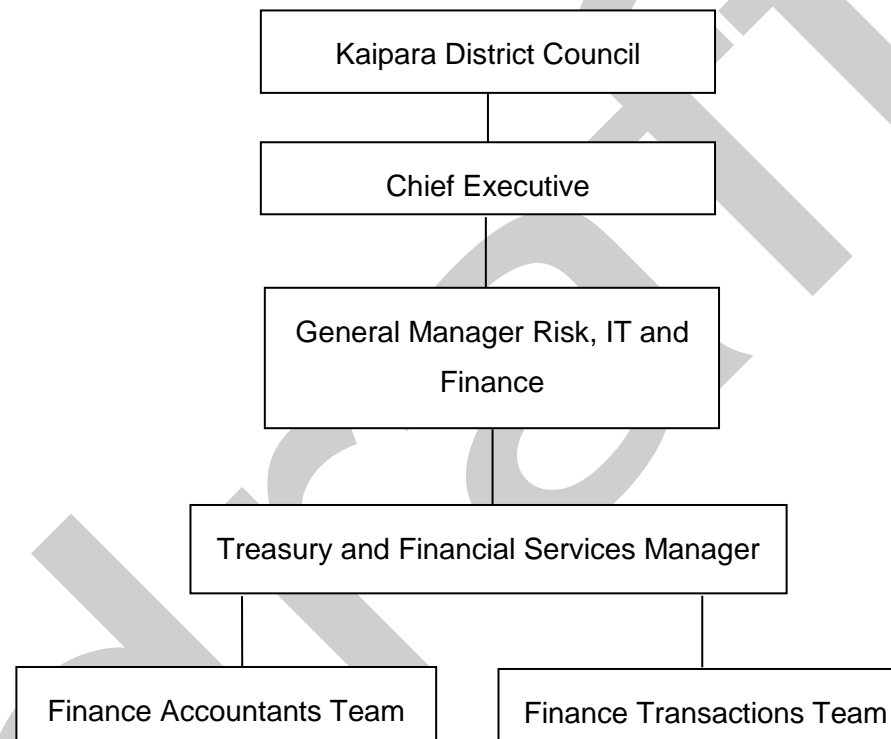
- To manage investments to optimise returns in the long term whilst balancing risk and return considerations;
- Minimise Council's costs and risks in the management of its borrowings;
- Minimise Council's exposure to adverse interest rate movements;
- Monitor, evaluate and report on treasury performance;

- Borrow funds and transact risk management instruments within an environment of control and compliance under the Council approved Treasury Policy so as to protect Council's financial assets and manage costs;
- Arrange and structure external long term funding for Council at a favourable margin and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement;
- Monitor and report on financing/borrowing covenants and ratios under the obligations of Council's lending/security arrangements;
- Comply with financial ratios and limits stated within this policy;
- Monitor Council's return on investments;
- Ensure the Council, management and relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations;
- Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements;
- To minimise exposure to credit risk by dealing with and investing in credit worthy counterparties;
- Ensure that all statutory requirements of a financial nature are adhered to;
- Ensure that financial planning will not impose an unequitable spread of costs/benefits over current and future ratepayers;
- To ensure adequate internal controls exist to protect Council's financial assets and to prevent unauthorised transactions; and
- Develop and maintain relationships with financial institutions, investors and investment counterparties.

3.0 Management Responsibilities

3.1 Overview of management structure

The following diagram illustrates those positions or functions that have treasury responsibilities.



3.2 Council

Council has ultimate responsibility for ensuring that there is an effective Policy for the management of its risks. In this respect Council decides the level and nature of risks that are acceptable, given the underlying objectives of Council.

Council is responsible for approving the Treasury Policy. While the Policy can be reviewed and changes recommended by other persons, the authority to make or change Policy cannot be delegated.

In this respect, Council has responsibility for:

- Approving the long term financial position of Council through the 10 year LTP and the adopted Annual Plan;
- Approving new debt through the adoption of the Annual Plan, specific Council resolution and approval of this policy;
- Approving the Treasury Policy incorporating the following:
 - Counterparties and credit limits;
 - Risk management methodologies and benchmarks;
 - Guidelines for the use of financial instruments; and
 - Receive a triennial review report on the policy.
- Evaluating and approving amendments to policy;
- Approving budgets and high level performance reporting;
- Approve opening and closing of bank accounts; and
- Approval for one-off transaction falling outside Policy.

Council should also ensure that:

- It receives regular information from management on risk exposure and financial instrument usage in a form, that is understood, and that enables it to make informed judgements as to the level of risk undertaken;
- Issues raised by auditors (both internal and external) in respect of any significant weaknesses in the treasury function are resolved in a timely manner; and
- Submissions are received from management requesting approval for one-off transactions falling outside policy guidelines.

3.3 Chief Executive (CE)

While Council has final responsibility for the policy governing the management of Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the Chief Executive.

4.0 Liability Management Policy

Council’s liabilities comprise borrowings and various other liabilities. Council maintains borrowings in order to:

- Fund working capital requirements and short term funding gaps;
- Raise specific debt associated with projects and capital expenditures; and
- Fund assets whose useful lives extend over several generations of ratepayers.

4.1 Debt ratios and limits

Debt will be managed within the following macro limits.

Ratio	KDC Policy Limits	LGFA Lending Covenants
Net debt as a percentage of total revenue	<170%	<175%
Net interest as a percentage of total revenue	<15%	<20%
Net interest as a percentage of annual rates income (debt secured under debenture)	<20%	<25%
Liquidity (External debt + committed loan facilities + liquid investments to existing external debt)	>110%	>110%

- Total Revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets);
- Net debt is defined as total debt less liquid investments;
- Liquidity is defined as external term debt plus committed loan facilities plus available liquid investments divided by existing external debt. Liquid investments are assets defined as being:
 - Overnight Bank cash deposits;
 - Wholesale/retail bank term deposits no greater than 30 days;
 - Bank registered certificates of deposit issued less than 181 days; and
 - Wholesale/retail bank term deposits linked to pre funding of maturing term debt exposures.

- Net Interest is defined as the amount equal to all interest and financing costs less interest income for the relevant period;
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Disaster recovery requirements are to be met through the liquidity ratio.

draft

4.2 Asset Management Plans

In approving new debt Council considers the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP.

4.3 Borrowing mechanisms

Council is able to borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, accessing the short and long term wholesale and retail capital markets directly or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the following is taken into account:

- Available terms from banks, LGFA, debt capital markets and loan stock issuance;
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time;
- Prevailing interest rates and margins relative to term for loan stock issuance, LGFA, debt capital markets and bank borrowing;
- The market's outlook on future credit margin and interest rate movements as well as its own;
- Legal documentation and financial covenants together with security and credit rating considerations;
- For internally funded projects, to ensure that finance terms for those projects are at similar terms to those from external borrowing; and
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

Council's ability to readily attract cost-effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with its investors, LGFA and financial institutions/brokers.

Council has the ability to pre-fund up to 18 months of forecast debt requirements including re-financings.

4.4 Security

Council's borrowings and interest rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed.

Under the Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Local Government Rating Act. The security offered by Council ranks equally or 'Pari Passu' with other lenders.

Council offers deemed rates as security for general borrowing programmes. From time to time, with prior Council approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance);
- Council considers a charge over physical assets to be appropriate; and
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Deed.

4.5 Debt repayment

The funds from all asset sales, operating surpluses, grants and subsidies will be applied to the reduction of debt and/or a reduction in borrowing requirements once any direct debt obligations are repaid, unless Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

4.6 Guarantees/contingent liabilities and other financial arrangements

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, local communities or Business Units, when the purposes of the loan are in line with Council's strategic objectives. Before entering into a guarantee Council officers shall conduct due diligence and be satisfied of the ability of the organisation to service the loan.

Council is not allowed to guarantee loans to Council-controlled trading organisations under Section 62 of the Local Government Act.

Financial arrangements include:

- Advances to community organisations.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed NZ\$1 million in aggregate or attached to a property.

4.7 Internal borrowing of special and general reserve funds

Given that Council may require funding for capital expenditure over the remaining life of the existing special and general reserve funds, where such funds are deemed necessary they should be used for internal borrowing purposes when external borrowing is required. Accordingly Council maintains its funds in short term maturities emphasising counterparty credit worthiness and liquidity. The interest rate yield achieved on the funds therefore is a secondary objective.

Liquid assets will not be required to be held against special funds or reserve funds unless such funds are held within a trust requiring such, instead, Council will manage these funds using available borrowing facilities.

No interest is payable unless Council so directs or there is an agreement in place.

4.8 New Zealand Local Government Funding Agency Limited investment

Despite anything earlier in this Policy, Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:-

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example, Borrower Notes;
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required;
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over Council's rates and rates revenue; and
- Subscribe for shares and uncalled capital in the LGFA.

5.0 Investment Policy and Limits

5.1 General policy

Council is currently a net borrower and is likely to remain so for the foreseeable future. Council should internally borrow from special reserve funds in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt. Investments are maintained to meet specified business reasons.

Such reasons can be:

- For strategic purposes consistent with Council's LTP;
- To reduce the current ratepayer burden;
- The retention of vested land;
- Holding short term investments for working capital and liquidity requirements;
- Holding investments that are necessary to carry out Council operations consistent with Annual Plans, to implement strategic initiatives or to support inter-generational allocations;
- Holding assets (such as property) for commercial returns;
- Provide ready cash in the event of a natural disaster. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets; and
- Invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves.

Council recognises that as a responsible public authority all investments held, should be low risk. Council also recognises that low risk investments generally mean lower returns.

5.2 Investment mix

Council may maintain investments in the following assets from time to time:-

- Equity investments, including investments held in CCO/CCTO and other shareholdings;
- Property investments incorporating land, buildings, a portfolio of ground leases and land held for development;

- Forestry investments; and
- Financial investments.

5.2.1 Equity investments

Equity investments, including investments held in CCO/CCTO and other shareholdings. Council maintains equity investments and other minor shareholdings.

Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP. Equity investment may be held where Council considers there to be strategic community value.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments.

Any purchase or disposition of equity investments requires Council approval. Council may also acquire shares that are gifted or are a result of restructuring. Any purchase or disposition of equity investments will be reported to the next meeting of Council.

Council recognises that there are risks associated with holding equity investments and to minimise these risks Council, through the relevant sub-committee as applicable, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

5.2.2 Property investments

Council's overall objective is to only own property that is necessary to achieve its strategic objectives. As a general rule, Council will not maintain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output of Council. Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. Council generally follows similar assessment criteria in relation to new property investments.

Council reviews the performance of its property investments on a regular basis.

5.2.4 Financial investments

Financial investment objectives

- Council's primary objectives when investing is the protection of its investment capital. Accordingly, Council may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.5. Council may invest in approved financial instruments as set out in section 6.2.

These investments are aligned with Council's objective of investing in high credit quality and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due.

- Council's net investment interest rate profile will be managed within the parameters outlined in section 6.0.

Special funds, sinking funds, reserve and endowment funds

Liquid assets are not required to be held against special funds and reserve funds. Instead Council will internally borrow or utilise these funds wherever possible.

Sinking Funds will no longer be maintained by Council.

No interest is payable on internal borrowing to/from reserves, unless otherwise directed by Council or in accordance with the fund agreements.

Trust funds

Where Council holds funds as a trustee or manages funds for a Trust then such funds must be invested on the terms provided within the Trust. If the Trust's investment policy is not specified then this policy should apply.

5.3 New Zealand Local Government Funding Agency Limited investment

Despite anything earlier in this Policy, Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment.

Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of these dual objectives, Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. Notwithstanding the Counterparty Credit Risk Limits (set out in Section 6.3 of this policy), Council may invest in financial instruments issued by the LGFA up to a maximum of \$5 million (i.e. borrower notes). If required in connection with the investment, Council may also subscribe for uncalled capital in the LGFA and be a Guarantor.

6.0 Risk Management

The definition and recognition of interest rate, liquidity, funding, investment, counterparty credit, market, operational and legal risk of Council will be as detailed below and applies to both the Liability Management policy and Investment policy.

6.1 Risk recognition

Interest rate risk is the risk that investment returns or funding costs (due to adverse movements in market interest rates) will materially exceed or fall short of projections included in the LTP and Annual Plan so as to adversely impact revenue projections, cost control and capital investment decisions/returns/and feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing of investment returns or funding costs. Certainty around funding costs is to be achieved through the active management of underlying interest rate exposures.

6.2 Approved financial instruments

Dealing in interest rate products must be limited to financial instruments approved by Council.

Approved financial instruments are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities (short term and long term loan facilities) Uncommitted money market facilities Loan stock/bond issuance <ul style="list-style-type: none"> • Floating Rate Note (FRN) • Fixed Rate Note (MTN) Commercial paper (CP) /Bills / Promissory notes Finance Leases
Investments	Short term bank deposits Bank registered certificates of deposit (RCDs) NZ Government, LGFA, Local Authority stock or State Owned Enterprise (SOE) bonds and FRNs (senior) Corporate bonds (senior)

Category	Instrument
	Corporate Floating Rate Notes (senior) Promissory notes/Commercial paper (senior) Corporate/SOE/Other Local Authority Bonds NZLGFA Borrower Notes Bank term deposits linked to pre funding maturing debt
Interest rate risk management	Forward rate agreements (“FRAs”) on: <ul style="list-style-type: none"> • Bank bills • Government bonds Interest rate swaps including: <ul style="list-style-type: none"> • Forward start swaps and collars (start date <24 months, unless linked to existing maturing swaps and collars) • Amortising swaps (whereby notional principal amount reduces) • Swap extensions and shortenings Interest rate options on: <ul style="list-style-type: none"> • Bank bills (purchased caps and one for one collars) • Government bonds • Interest rate swaptions (purchased swaptions and one for one collars only)

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

All investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:

- Structured debt where issuing entities are not a primary borrower/ issuer; and
- Subordinated debt, junior debt, perpetual notes and hybrid notes such as convertibles.

6.3 Interest rate risk control limits

Net debt/borrowings

Council debt/borrowings should be within the following fixed/floating interest rate risk control limit:

Debt Interest Rate Policy Parameters (calculated on a rolling monthly basis):		
Debt Period Ending	Minimum Fixed	Maximum Fixed
Less than 12 months	50%	95%
12 – 36 months	40%	90%
37 – 60 months	30%	80%
Greater than 60 months	Nil	50%

“Fixed Rate” is defined as an interest rate repricing date beyond 12 months forward on a continuous rolling basis.

“Floating Rate” is defined as an interest rate repricing within 12 months.

The percentages are calculated on the rolling projected net debt level calculated by management (signed off by the CE or equivalent). Net debt is the amount of total debt net of liquid short term financial assets/investments. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the policy minimums and maximums.

- A fixed rate maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Council;
- The above interest rate risk control limits apply when external debt exceeds \$25 million;
- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months;
- Any interest rate derivatives or interest rate fixing with a maturity beyond 16 years must be approved by Council. The exception to this will be if Council raises LGFA funding as fixed rate and this maturity is beyond 16 years;
- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”;
- Purchased borrower swaptions mature within 12 months;

- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation; and
- Forward start period on swaps and collar strategies to be no more than 24 months, unless it extends the maturity of existing interest rate fixing (via either derivatives or fixed rate borrowing).

Sinking funds, special and general reserve funds

Given that Council may require funding for capital expenditure cash shortfalls over the remaining life of the existing special and general reserve funds, where such funds are deemed necessary they should be used for internal borrowing purposes when external borrowing is required. Accordingly, Council maintains its funds in short term maturities emphasising counterparty credit worthiness and liquidity. The interest rate yield achieved on the funds therefore is a secondary objective.

This will negate counterparty credit risk and any interest rate repricing risk that occurs when Council borrows at a higher rate compared to the investment rate achieved by Special/Reserve Funds.

Liquid assets will not be required to be held against special funds or reserve funds unless such funds are held within a trust requiring such, instead, Council will manage these funds using internal borrowing facilities.

Foreign currency

Council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

Generally, all significant commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved. Both spot and forward foreign exchange contracts can be used by Council.

Council shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency.

Council does not hold investments denominated in foreign currency.

All foreign currency hedging must be approved by the GMF.

6.4 Liquidity risk/funding risk

6.4.1 Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of Council's funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local government risk is priced to a higher fee and margin level;
- Council's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons;
- A large individual lender to Council experiences financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired;
- New Zealand investment community experiences a substantial "over supply" of Council investment assets; and
- Financial market shocks from domestic or global events.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and desired maturity profile compromised due to market conditions.

6.4.2 Liquidity/funding risk control limits

- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds;
- External term loans and committed debt facilities together with available unencumbered liquid investments must be maintained at an amount exceeding 110% of existing total external debt;
- Council has the ability to pre-fund up to 18 months forecast debt requirements including re-financings. Debt re-financings that have been pre-funded, will remain included within the funding maturity profile until their maturity date;
- The CE has the discretionary authority to re-finance existing debt on more favourable terms. Such action is to be reported and ratified by the Council at the earliest opportunity;

- The maturity profile of the total committed funding in respect to all loans and committed facilities, is to be controlled by the following system and apply when external debt exceeds \$25 million:

Period	Minimum Cover	Maximum Cover
0 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	60%

- A funding maturity profile that is outside the above limits, but self corrects within 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by Council; and
- To minimise concentration risk the LGFA require that no more than the greater of NZD 100 million or 33% of a Council's borrowings from the LGFA will mature in any 12 month period.

6.5 Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where Council is a party. The credit risk to Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by Council. Treasury related transactions would only be entered into with organisations specifically approved by Council.

Counterparties and limits can only be approved on the basis of long term credit ratings (Standard & Poor's, Fitch or Moody's) being A and above or short term rating of A-1 or above.

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits.

Counterparty/Issuer	Minimum long term / short term credit rating – stated and possible	Investments maximum per counterparty (\$m)	Interest rate risk management instrument maximum per counterparty (\$m)	Total maximum per counterparty (\$m)
NZ Government	N/A	Unlimited	none	Unlimited
Local Government Funding Agency	N/A	Unlimited	none	Unlimited
NZD Registered Supranationals	AAA	10.0	none	10.0
State Owned Enterprises	A+ / A-1	5.0	none	5.0
NZ Registered Bank	A / A-1	15.0	20.0	30.0
Corporate Bonds/ CP	A+ / A-1	2.0	none	2.0
Local Government Stock/ Bonds/FRN/ CP	A+ / A-1 (if rated)	10.0	none	10.0
This summary list will be expanded on a counterparty named basis which will be authorised by the CE.				

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g. Bank Deposits) – Transaction Notional × Weighting 100%. (Unless a legal right of set-off over corresponding borrowings exist whereupon a 0% weighting may apply);
- Interest Rate Risk Management (e.g. swaps, FRAs) – Transaction Notional × Maturity (years) × 3%; and
- Foreign Exchange – Transactional principal amount x the square root of the Maturity (years) x 15%.

Investments are normally held to maturity date. Where investments are liquidated before legal maturity date, approval is obtained from the CE, who also approves guidelines for a minimum acceptable sale price. The General Manager Risk, IT and Finance (GMF) evaluates quotes based on these instructions and proceeds with the transaction.

Local Government Funding Agency

Borrower Notes. On occasion when Council borrows from the LGFA it will be required to contribute part of that borrowing back as equity in the form of “Borrower Notes”. A Borrower Note is a written, unconditional declaration by a borrower (in this instance the LGFA) to pay a sum of money to a specific party (in this instance Council) at a future date (in this instance upon the maturity of the loan). A return is paid on the Borrower Notes and can take the form of a dividend if the Borrower Notes are converted to redeemable preference shares.

Risk management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. Maturities should be well spread. The approval process must take into account the liquidity of the market the instrument is traded in and re-priced from.

6.6 Operational risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood;
- Too much reliance is often placed on the specialised skills of one or two people;
- Most treasury instruments are executed over the telephone; and
- Operational risk is minimised through the adoption of all requirements of this policy.

6.6.1 Dealing authorities and limits

Transactions will only be executed by those persons and within limits approved by Council.

6.6.2 Segregation of duties

As there are a small number of people involved in borrowing and investment activity, adequate segregation of duties among the core borrowing and investment functions of deal execution, confirmation, settling and accounting/reporting is not strictly achievable. The risk will be minimised by the following process:-

- The GMF reports directly to the CE;
- There is a documented approval process for borrowing, interest rate and investment activity;
- Any execution activities undertaken by the GMF will be checked by the Treasury and Financial Services Manager (FSM) and the FSM will report any irregularities direct to the CE. Any execution activities undertaken by the FSM and the Finance Accountants Team (FSM and Assistant Accountant (AA)) will be checked by the Finance Transactions Team (Finance Officer and Finance Administrator) and any irregularities reported to the GMF and CE; and
- In the absence of the FSM, the FSM's deal execution delegated authority moves to the Revenue Manager.

6.6.3 Procedures

All treasury instruments should be recorded and diarised within a treasury spreadsheet, with appropriate controls and checks over journal entries into the general ledger. Deal capture and reporting must be done immediately following execution/confirmation. Details of procedures including templates of deal tickets should be compiled in a treasury procedures manual separate to this policy.

Procedures should include:

- Regular management reporting;
- Regular risk assessment, including review of procedures and controls as directed by Council or appropriate sub-committee of Council; and
- Organisational, systems, procedural and reconciliation controls to ensure:
 - All borrowing, interest rate and investment activity is bona fide and properly authorised;
 - Checks are in place to ensure Council accounts and records are updated promptly, accurately and completely; and
 - All outstanding transactions are revalued regularly and independently of the execution function to ensure accurate reporting and accounting of outstanding exposures and hedging activity.

Organisational controls

- The GMF or equivalent has responsibility for establishing appropriate structures, procedures and controls to support borrowing, interest rate and investment activity; and
- All borrowing, investment, cash management and interest rate risk management activity is undertaken in accordance with approved delegations authorised by Council.

Cheque/electronic banking signatories

- Positions approved by the CE as per register;
- Dual signatures are required for all cheques and electronic transfers; and
- Cheques must be in the name of the counterparty crossed “Not Negotiable, Account Payee Only”, via Council’s bank account.

Authorised personnel

- All counterparties are provided with a list of personnel approved to undertake transactions, standard settlement instructions and details of personnel able to receive confirmations.

Recording of deals

- All deals are recorded on properly formatted deal tickets by the Finance Accountants Team and approved as required by the FSM, GMF or CE. Deal summary records for borrowing, investments, interest rate risk management and cash management transactions (on spreadsheets) are maintained and updated promptly following completion of transaction.

Confirmations

- All inward letter confirmations including registry confirmations are received and checked by the Finance Transactions Team against completed deal tickets and the treasury spread sheet records to ensure accuracy;
- All deliverable securities are held in Council's safe;
- Deals, once confirmed, are filed (deal ticket and attached confirmation) by the Finance Transactions Team in deal date/number order; and
- Any discrepancies arising during deal confirmation checks which require amendment to Council records are signed off by the FSM, GMF or CE.

Settlement

- The majority of borrowing, interest rate and investment payments are settled by direct debit authority; and
- For electronic payments, batches are set up electronically. These batches are checked by the FSM to ensure settlement details are correct. Payment details are authorised by two approved signatories as per Council registers.

Reconciliations

- Bank reconciliations are performed monthly by the Finance Transactions Team and checked and approved by the FSM. Any unresolved un-reconciled items arising during bank statement reconciliation which require amendment to Council's records are signed off by the GMF;
- A monthly reconciliation of the treasury spread sheet to the general ledger is carried out by the FSM and reviewed by the GMF; and
- Interest income from the treasury spreadsheet is reconciled to bank statements.

6.7 Legal risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may be exposed to such risks with Council unable to enforce its rights due to deficient or inaccurate documentation.

Council will seek to minimise this risk by adopting policy regarding:-

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties;
- The matching of third party confirmations and the immediate follow-up of anomalies; and
- The use of expert advice.

6.8 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council.

Council's internal/appointed legal counsel must sign off on all documentation for new loan borrowings, re-financings and investment structures.

6.9 Financial covenants and other obligations

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

6.10 Specific Council Approval

Any activity outside the limits set in section 6 will require specific Council approval.

7.0 Cash Management

The Finance Accountants Team has the responsibility to carry out the day-to-day cash and short term debt management activities. All cash inflows and outflows pass through bank accounts controlled by the finance function.

- The Finance Accountants Team will calculate and maintain comprehensive cash flow projections on a daily (two weeks forward), weekly (four weeks forward) and monthly (12 months forward) basis. The Long Term Planning process completed every three years looks forward for 10 years. These cash flow forecasts determine Council's borrowing requirements and surpluses for investment;
- On a daily basis, electronically download all Council bank account information;
- Co-ordinate Council's operating units to determine daily cash inflows and outflows with the objective of managing the cash position within approved parameters;
- Undertake short term borrowing functions as required, minimising overdraft costs;
- Ensuring efficient cash management through improvement to accurate forecasting using spreadsheet modelling;
- Minimise fees and bank/Government charges by optimising bank account/facility structures;
- Match future cash flows to smooth overall timeline;
- Provide reports detailing actual cash flows during the month compared with those budgeted;
- Maximise the return from available funds by ensuring significant payments are made within the vendor's payment terms, but no earlier than required, unless there is a financial benefit from doing so; and
- Cash is invested for a term of no more than three months and in approved instruments and counterparties.

8.0 Measuring Treasury Performance

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council on a quarterly basis. **Operational performance**

All treasury limits must be complied with including (but not limited to) counterparty credit limits, dealing limits and exposure limits.

All treasury deadlines are to be met, including reporting deadlines.

8.2 Management of debt and interest rate risk

The actual funding cost for Council (taking into consideration costs of entering into interest rate risk management transactions) should be below the budgeted interest cost.

Since senior management is granted discretion by Council to manage debt and interest rate risk within specified limits, the actual funding rate achieved must be compared against an appropriate external benchmark interest rate that assumes a risk neutral position within existing policy. **Note:** in this respect, a risk neutral position is one that is always precisely at the mid-point of the minimum and maximum percentage limits specified within the policy.

Given current fixed/floating risk control limits and fixed rate maturity profile limits as defined in Section 6.3 of the Treasury Policy, the market benchmark (composite) indicator rate will be calculated as follows:

- The wholesale interest rate is the mid-point policy benchmark rate. Council's policy mid-point represents an average term of seven-years. The market benchmark rate will be calculated every month and represent the seven-year swap rate monthly rolling average over a seven-year period.

The micro-benchmark rate used to measure performance is the aggregate of the composite benchmark indicator rate calculated above and the margin that applies to existing funding facilities.

Accordingly, the actual weighted average interest rate for the financial year to date (that incorporates all issuance margins and derivative settlements) must be compared against the micro-benchmark rate on a monthly basis, with historical comparison reported graphically over the previous 12 months.

9.0 Reporting

When budgeting forecast interest costs/returns, the actual physical position of existing loans, investments and interest rate instruments must be taken into account.

9.1 Treasury reporting

The following reports are produced:

Report Name	Frequency	Prepared By	Recipient
Daily Cash Position Treasury Spreadsheet	Daily	AA/FA	FSM
Treasury Exceptions Report	As required	FSM	GMF
Treasury Report <ul style="list-style-type: none"> • Policy limit compliance • Borrowing limits • Funding and Interest Position • Funding facility • New treasury transactions • Cost of funds vs budget • Cash flow forecast report • Liquidity risk position • Counterparty credit • Treasury performance Debt maturity profile • Treasury investments 	Monthly (ELT)/ Quarterly (Council)	AA/FA	ELT/Council
Quarterly Treasury Strategy Paper	Quarterly	GMF	Council
Statement of Public Debt	Monthly	FSM	Council
Revaluation of financial instruments	At least Annually	FSM	Council

9.2 Accounting treatment of financial instruments

Council uses financial market instruments for the primary purpose of reducing its exposure to fluctuations in interest rates. The purpose of this section is to articulate Council's accounting treatment of derivatives in a broad sense.

Under NZ IPSAS accounting standards changes in the fair value of derivatives go through the Income Statement unless derivatives are designated in an effective hedge relationship.

Council's principal objective is to actively manage Council's interest rate risks within approved limits and chooses not to hedge account. Council accepts that the mark-to-market gains and losses on the revaluation of derivatives can create potential volatility in Council's annual accounts.

The FSM is responsible for advising the GMF and CE of any changes to relevant NZ IPSAS which may result in a change to the accounting treatment of any financial derivative product.

All treasury financial instruments must be revalued (mark-to-market) at least once annually for risk management purposes. Banks can confirm valuation of financial instruments at least six monthly and during periods of significant change quarterly.

9.3 Valuation of treasury instruments

All treasury financial instruments must be revalued (mark-to-market) at least annually. This includes those instruments that are used only for hedging purposes.

Underlying rates to be used to value treasury instruments are as follows:-

- Official daily settlement prices for established markets;
- Official daily market rates for short term treasury instruments (e.g. FRA settlement rates calculated by Reuters from price maker quotations as displayed on the BKBM page);
- Relevant market mid-rates provided by the company's bankers at the end of the business day (5.00pm) for other over-the-counter treasury instruments; and
- For markets that are illiquid, or where market prices are not readily available, rates calculated in accordance with procedures approved by the GMF.

10.0 Policy Review

This Treasury Policy is to be formally reviewed on a triennial basis.

The CE has the responsibility to prepare a review report that is presented to Council or Council sub-committee. The report will include:

- Recommendation as to changes, deletions and additions to the policy;
- Overview of the treasury management function in achieving the stated treasury objectives, including performance trends in actual interest cost against budget (multi-year comparisons);
- Summary of breaches of policy and one-off approvals outside policy to highlight areas of policy tension;
- Analysis of bank and lender service provision, share of financial instrument transactions etcetera;
- Comments and recommendations from Council's external auditors on the treasury function, particularly internal controls, accounting treatment and reporting;
- An annual audit of the treasury spreadsheets and procedures should be undertaken; and
- Total net debt servicing costs and debt should not exceed limits specified in the covenants of lenders to Council.

Council receives the report, approves policy changes and/or reject recommendations for policy changes.

5.3 Mangawhai Community Plan Final: Adoption

Policy Analyst 3802.04

Recommended

That Kaipara District Council:

- 1 *Receives the Policy Analyst's report 'Mangawhai Community Plan Final: Adoption' dated 12 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Adopts the Mangawhai Community Plan (circulated as Attachment 1 to the above-mentioned report) as a source document for the consultation document for the Long Term Plan 2018/2028.*

File number: 3802.04 **Approved for agenda**
Report to: Council
Meeting date: **28 February 2018**
Subject: **Mangawhai Community Plan Final: Adoption**
Date of report: 12 February 2018
From: Natalie Robinson, Policy Analyst
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

The purpose of this report is to formally present to Council the final Mangawhai Community Plan (MCP) (**Attachment 1**) for adoption.

The draft MCP was adopted for feedback by Council on 26 September 2017. Feedback from public consultation was reviewed and considered by Council officers, a sub-committee of Council (comprised of Councillors Wethey, Curnow, Geange and Larsen), and then all of Council. The draft MCP was amended accordingly, where appropriate, and was presented to Council on 11 December 2017.

Council directed staff to undertake further financial modelling, and this has now been undertaken and incorporated into the MCP (**Attachment 1**) for adoption as the final MCP.

Recommendation

That Kaipara District Council:

- 1 *Receives the Policy Analyst's report 'Mangawhai Community Plan Final: Adoption' dated 12 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of s79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Adopts the Mangawhai Community Plan (circulated as Attachment 1 to the above-mentioned report) as a source document for the consultation document for the Long Term Plan 2018/2028.*

Reason for the recommendation

This Report will allow work to commence on implementation of the actions as planned in the MCP.

Reason for the report

The purpose of this report is to formally present to Council, for adoption, the final Mangawhai Community Plan (MCP) following amendments made as a result of the consideration of community feedback.

Background

The background to the MCP has been traversed in detail in previous reports to Council, however in summary has followed the below timetable:

- 11 July 2017: The Community Advisory Panel presents its recommendations to Council;

- 14 August 2017: Council receives draft MCP, resolves to appoint a sub-committee to consult with the Community Advisory Panel chair and report back to Council;
- August – September 2017: The sub-committee considers the draft MCP and makes subsequent amendments;
- 26 September 2017: Council receives draft MCP for approval for feedback;
- September – October 2017: Public consultation period is run, seeking community feedback;
- October – November 2017: Council officers, the aforementioned sub-committee and Council consider feedback, and amend MCP where appropriate;
- 11 December 2017: Council receives MCP for adoption. Council refers draft MCP back to staff, seeking further financial modelling; and
- 28 February 2018: Council receives the final MCP for adoption as a source document for the Long Term Plan 2018/2028.

Issues

The final MCP addresses policy and development issues which will direct the formulation of Council's Long Term Plan 2018/2028 and act as a driver for changes to the Kaipara District Plan.

Factors to consider

Financial implications

Following direction received from Council in December 2017, further work has been undertaken to refine the financial information within the MCP, and to determine the impact the MCP will have on rates. This has been incorporated into the draft MCP, and the funding options will be consulted on with the district as part of the Long Term Plan.

Options

Option A: Adopt the final MCP as a source document.

Option B: Reject the final MCP.

Assessment of options

Option A is recommended, as the final MCP has been through a robust process of Council, sub-committee and community input.

Option B is not recommended due to the significant work that has been undertaken on the MCP.

Recommended option

The recommended option is **Option A**.

Next step

Following adoption of the MCP, projects will be input into the Long Term Plan, and an analysis of the District Plan to review possible planning changes will commence. The community will have opportunity to give feedback on the Mangawhai Community Plan and its funding options as part of the Long Term Plan consultation period.

Attachment

- 1 Final Mangawhai Community Plan



MANGAWHAI COMMUNITY PLAN



The Mangawhai Community Plan (MCP) is a document to provide guidance to Kaipara District Council in the management of growth in Mangawhai.

This plan is confined to the roles of Council, these being; planning and regulation, and investment in services and infrastructure for transport, water supply, stormwater, wastewater, and parks and reserves. It does not include services provided by central government or the private sector.

In mid-2016, Council set up a panel of community representatives to make recommendations for this plan. The recommendations were received by Council in July 2017 and this draft Community Plan is consistent with these recommendations.

The draft MCP also integrates the Council's vision through each key move.

Budgets included in this plan are estimates at this point, and will be confirmed as part of the development of Council's next Long Term Plan 2018/2028. Every three years as part of the Long Term Plan process, the costs, priorities and projects will be reviewed.

Feedback on the draft plan was requested and over 100 responses were received. All feedback was given to Council for consideration and the draft Plan updated based on any Council decisions.



Mangawhai – growing well

In the years 2001 – 2016 there was an increase of 1,304 houses or an average of 87 new houses each year (1,391 to 2,429, almost double). Improvements to State Highway 1 will bring us closer to Auckland, and the growth of Auckland may create migration north in search of a better and simpler life.

Now just under a half of housing is lived in full time. The rest are holiday/weekend homes. This creates peaks of demand and demand for different housing choices.

The permanent population between the 2001 and 2013 Census grew significantly from 1,398 to 2,415. It is estimated that current population is now around 3,000. This expands considerably every weekend and moreso over summer.

By 2030, it is expected that the number of homes in Mangawhai will have increased by about 1,500 (high growth scenario) with a usually resident population of more than 4,000, assuming continued half half between permanently occupied/not occupied dwellings.



- Where will these homes go?
- How can we grow without losing what is special about Mangawhai?
- What is the impact on the environment?
- Will it still be easy to get around?



87

new houses per year

From 2001 – 2016 the increase in the number of houses

just under **1/2**

full time residents

The rest are holiday/weekend homes.



population

4,000

Residents by 2030

half-half between permanently occupied/not occupied dwellings.



1. Slow street



2. Blue-green infrastructure

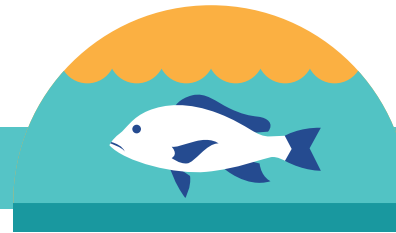


3. Improve connectivity

You told us that you are here because of the beach, the bush, the active way of life, the informality and the slower pace. You value community; lots of volunteering, looking after our environment, looking after each other. You do not want to lose these things as Mangawhai grows. We have reflected this in the following six key moves.



4. Facilitating key developments



5. Protecting coastal character



6. Housing & Lifestyle choice



This is a synthesis of information gathered from the 2015 summer survey and stakeholder interviews.



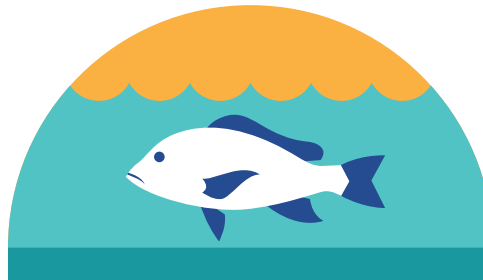
Enable a slow
pace, active
lifestyle



**We will
grow well**

Care about
nature

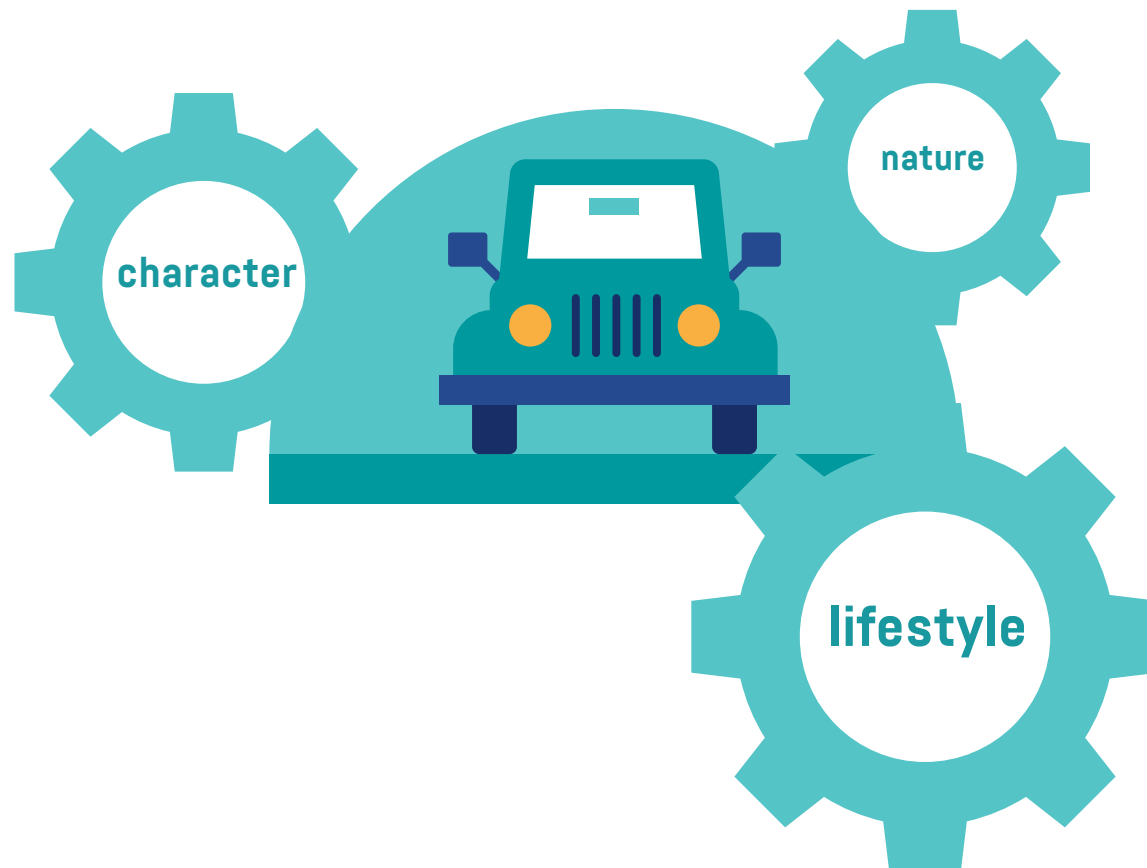
Retain
character



KEY MOVE ONE

Slow street from school to beach

Vision – Maintaining and improving infrastructure

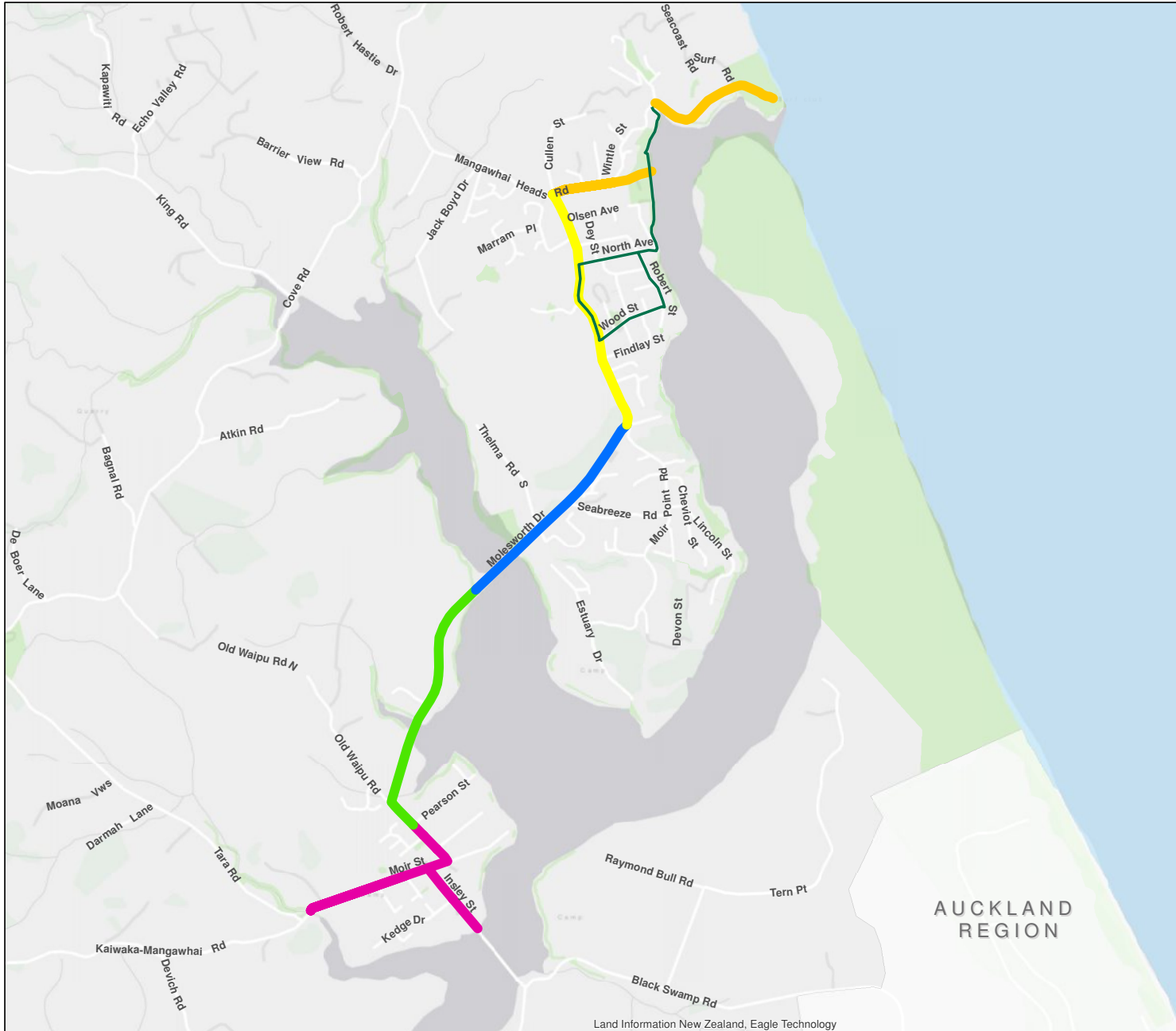


Explanation:

Once in Mangawhai, it is an active place, with a safe and slow pace. A slow street will connect the different areas of Mangawhai, from the school to the beach over time, invigorating town centres along the way.



Mangawhai Community Plan - Slow Street Map



Legend

- Stage 1
- Stage 2
- Stage 3
- Stage 4
- Stage 5
- Mangawhai Heads Loop

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KAIPARA DISTRICT
 KAIPARA HE OHANGAI • TE ŌHANGAI TŪHARANGAI

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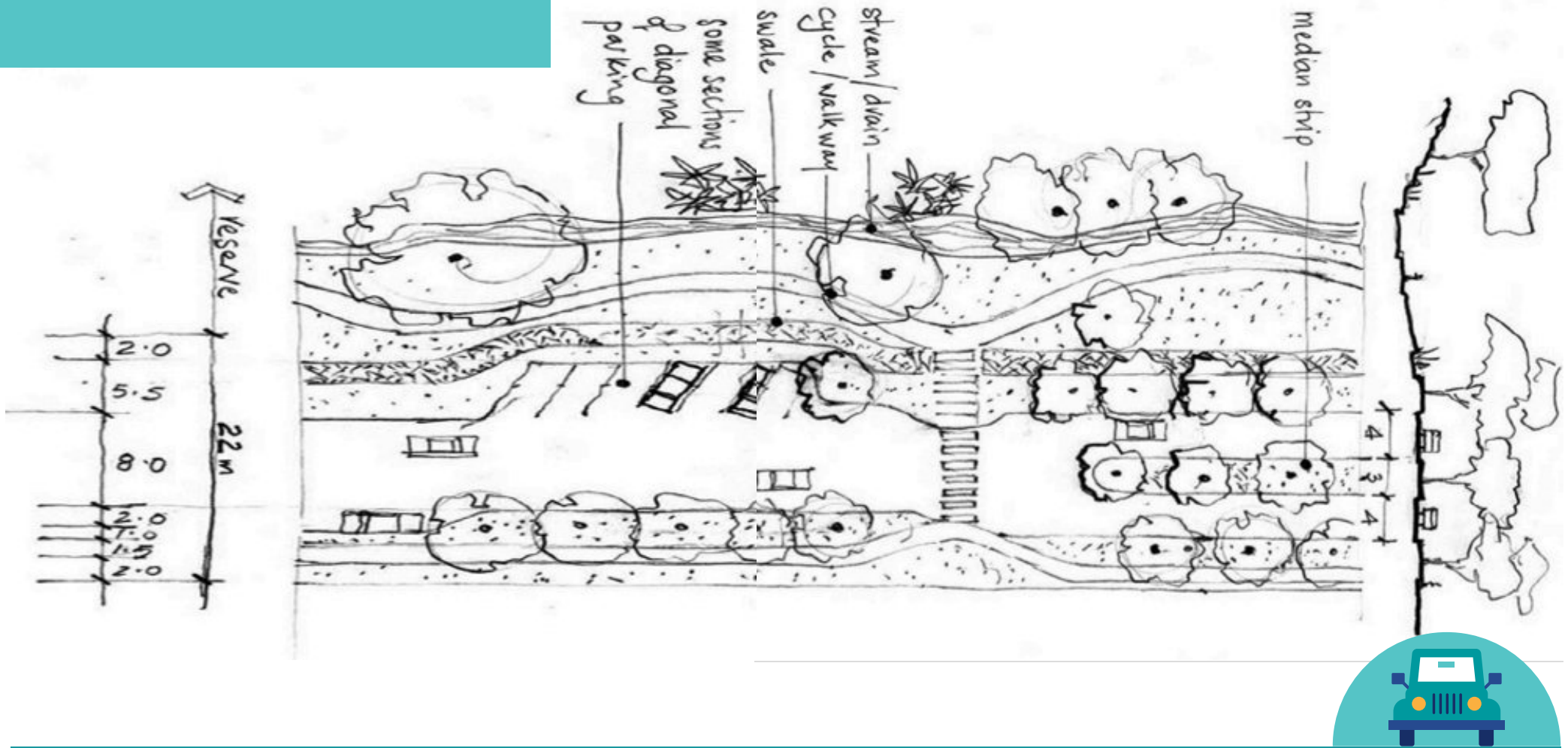
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A **shared use path** for cycling and walking would follow the road carriageway for its full length.

Intersections would be managed using **roundabouts**.

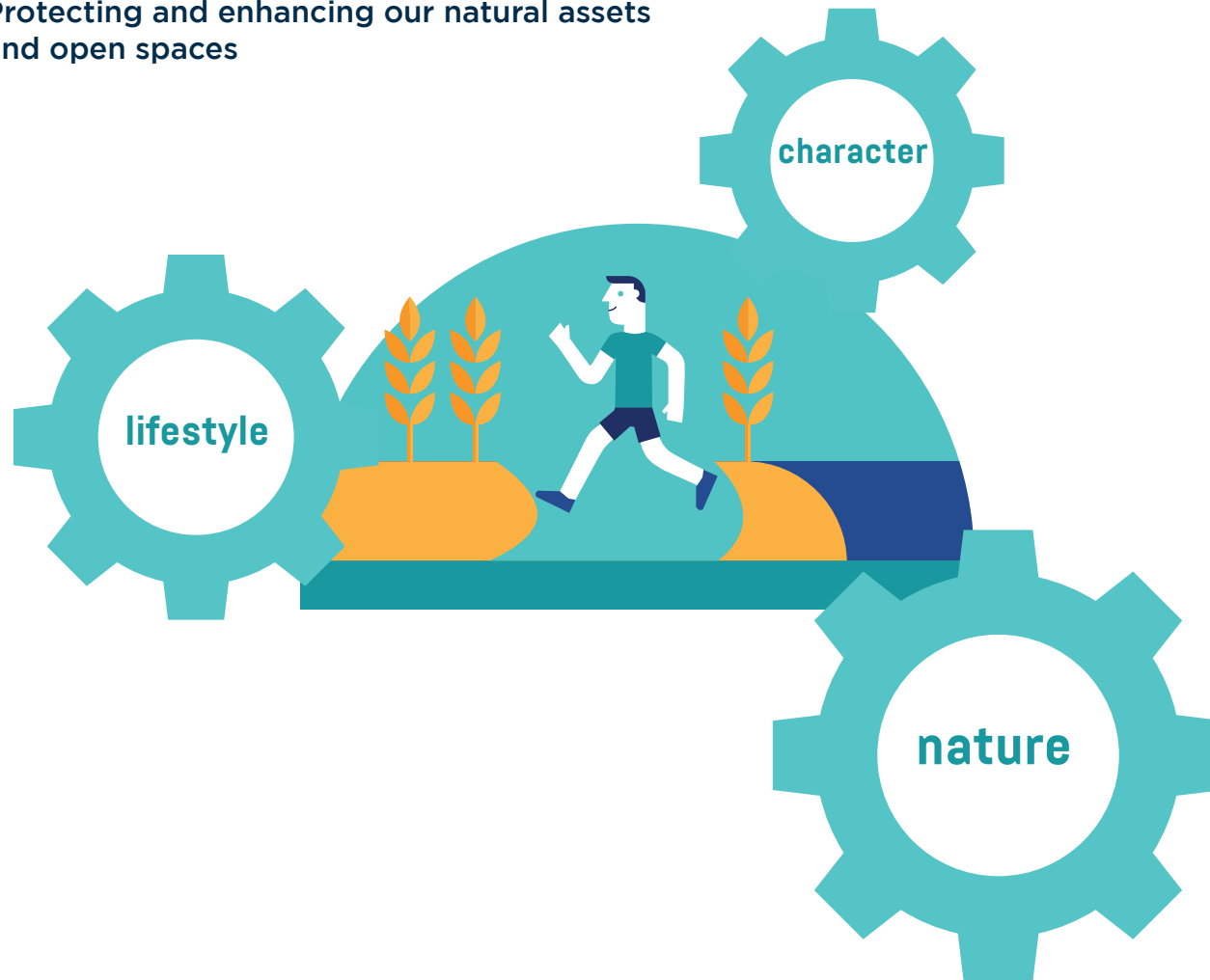
Below is a concept drawing of what a slow street might look like.



KEY MOVE TWO

Blue-green Infrastructure

Vision – Protecting and enhancing our natural assets and open spaces



Explanation:

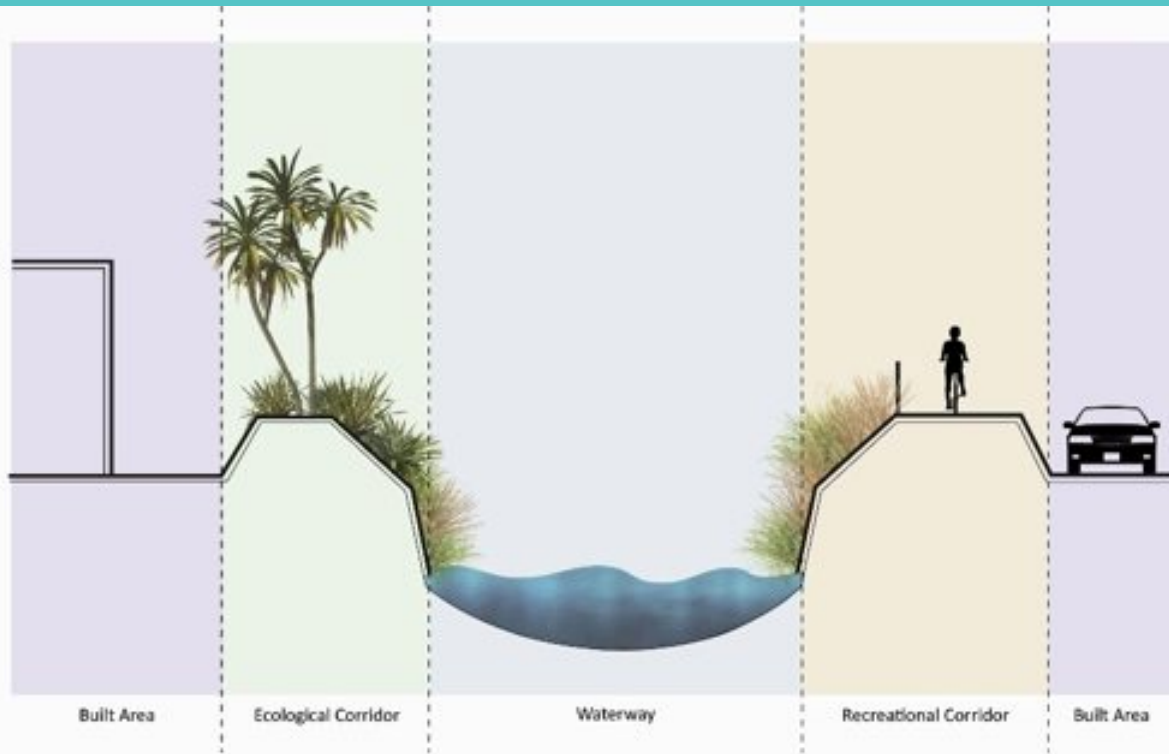
Connecting people with nature by using the coast, streams and creeks as routes for tracks, integrated with protecting bush, coastal and riparian landscaping and revegetation to sustain high water quality, eco-corridors and biodiversity.



Blue-green infrastructure using “**biofiltration**” is increasingly used to design stormwater management and manage natural waterways to lessen flood risk, and improve water quality, in the form of swales, overland flow and retention ponds/rain gardens.

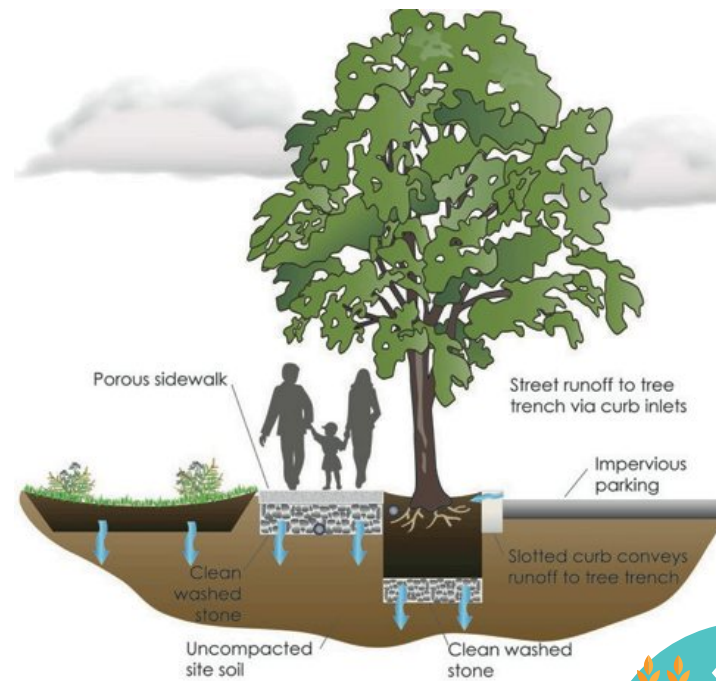
There is an associated use of landscaping to enhance **biodiversity**, create **eco-corridors** and improve **amenity**.

Wetlands could include the old wetlands in Mangawhai Community Park and the Mangawhai Golf Course.



Blue-Green Infrastructure

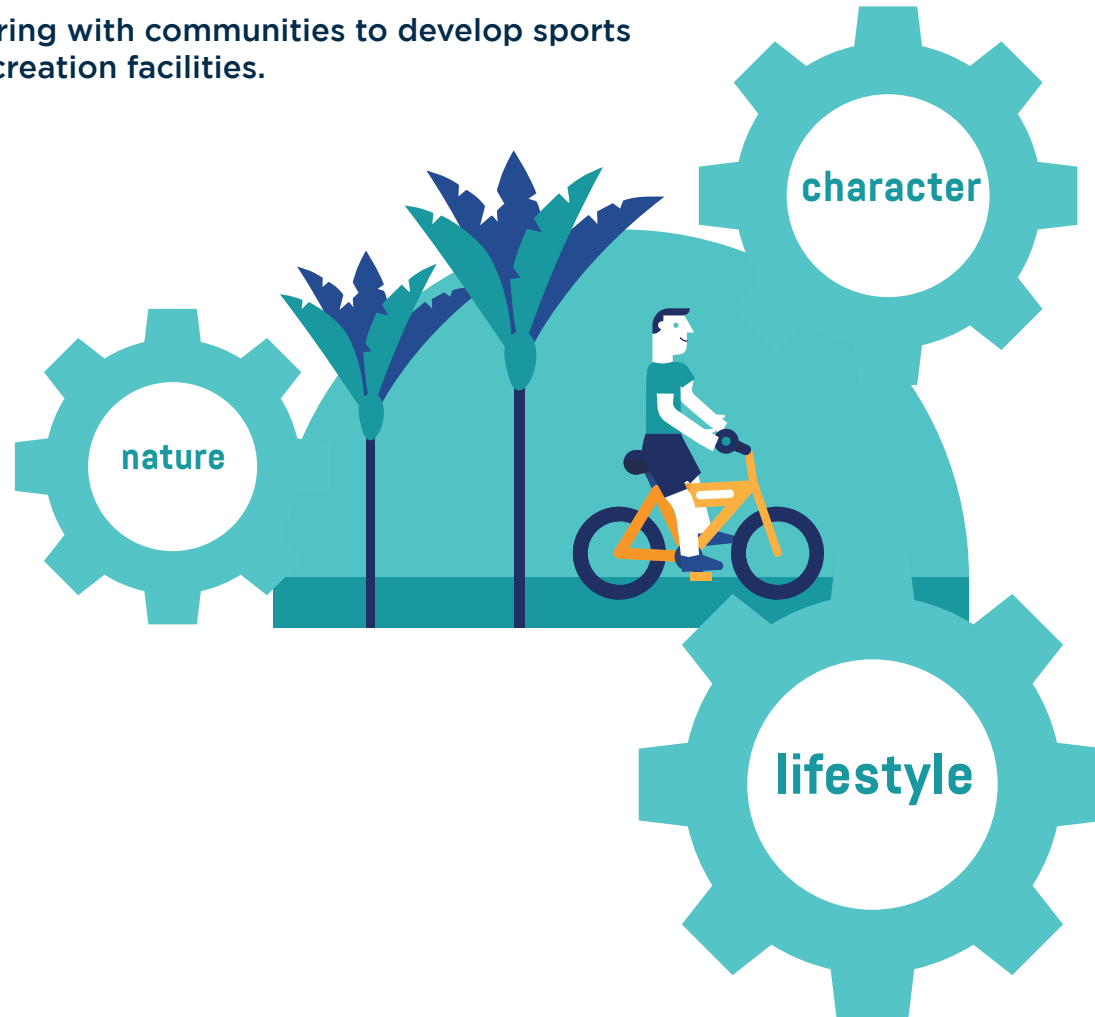
- Blue refers to rivers and water bodies, whereas green refers to greening landscapes.
- Build a drainage layout in urban areas that interweaves the natural environment with community characteristics and contemporary functions.



KEY MOVE THREE

Improve connectivity

- Vision - Assisting and supporting community involvement
- Partnering with communities to develop sports and recreation facilities.



Explanation:

Making it attractive, safer and quicker to walk, cycle or scoot to where you want to go on shared paths along main routes, and connecting no exit streets. For vehicles, connecting of alternative routes into and around Mangawhai. Council will work with all developers to maximize community benefits and to ensure walking, cycling and roading connections.



Mangawhai Community Plan - Connections Map



Legend

- ▬▬▬▬ Slow Street - Proposed shared path - walking and cycling
- ▬▬▬▬ Walking and/or cycling connections - proposed
- ▬▬▬▬ All tide coastal access - proposed
- ▬▬▬▬ All tide coastal access
- ▬▬▬▬ Possible Through Routes
- ▬▬▬▬ Community walkway - planned
- ▬▬▬▬ Community walkway - existing
- ▬▬▬▬ Kaipara District Council walkway - existing
- ▬▬▬▬ Department of Conservation Cliff Top Walk
- ▬▬▬▬ Te Araroa Trail

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KAIPARA DISTRICT
 KAIPARA KE OHANGAI - THE OCEANS THE JOYOUS

A3 Scale: 1:25,000
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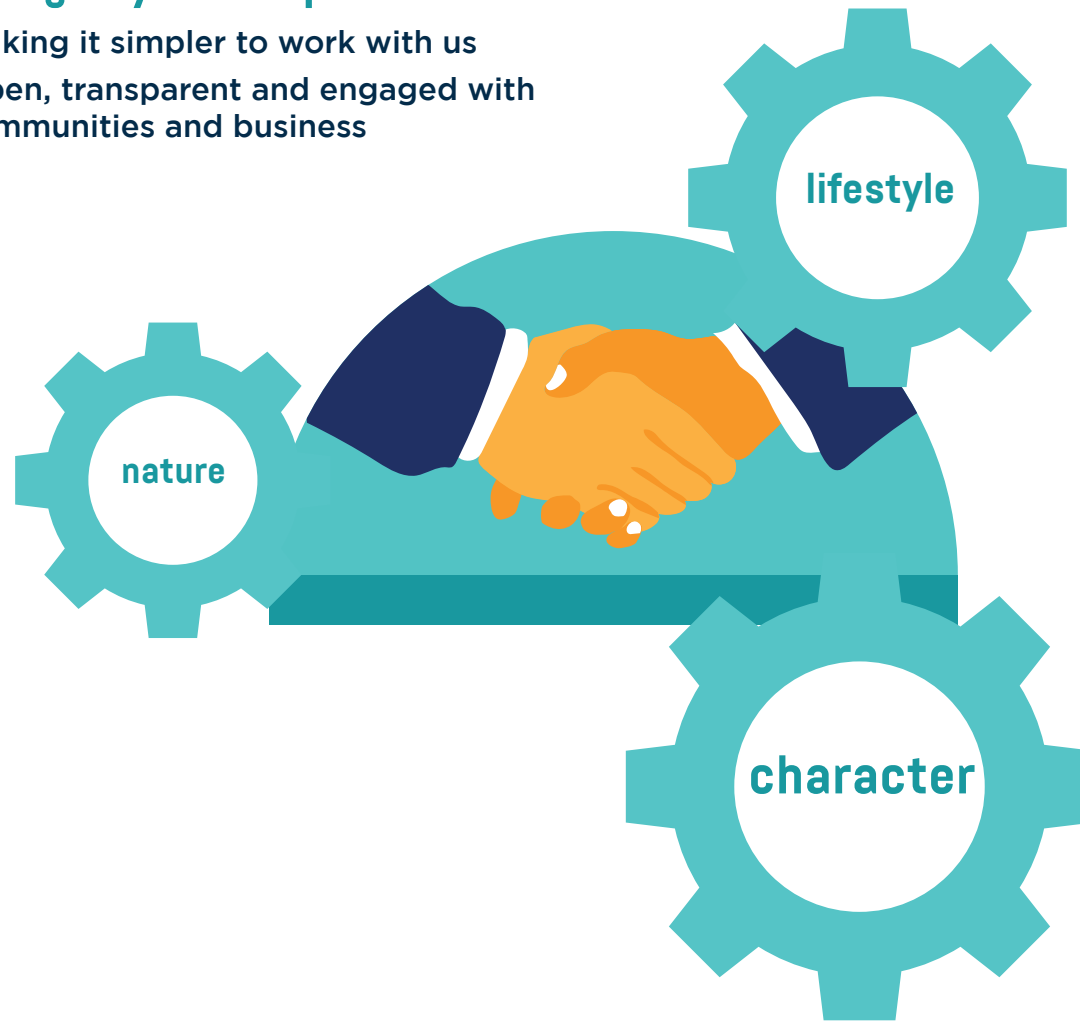
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KEY MOVE FOUR

Facilitating key developments

Vision - Making it simpler to work with us

- Open, transparent and engaged with communities and business



Explanation:

Council will work with all developers to maximise community benefits and ensure walking and cycling connections including ensuring recreational areas are planned within new developments. For example: Estuary Estates has potential for 500 residential lots providing capacity needed to meet projected residential growth over the next five years.



Green Network Plan Map



KEY

- Existing Vegetation
- Native Vegetation
- Road Network
- Road Network - Ring Road
- Parkland and Amenity - Open Space
- Parkland and Amenity - Coastal
- Parkland and Amenity - Village Green
- Stormwater Management
- Walkway Network
- Parking, Access and Amenity Landscape
- Private Parking, Access and Amenity Landscape
- Indicative Building Footprints
- Building Areas

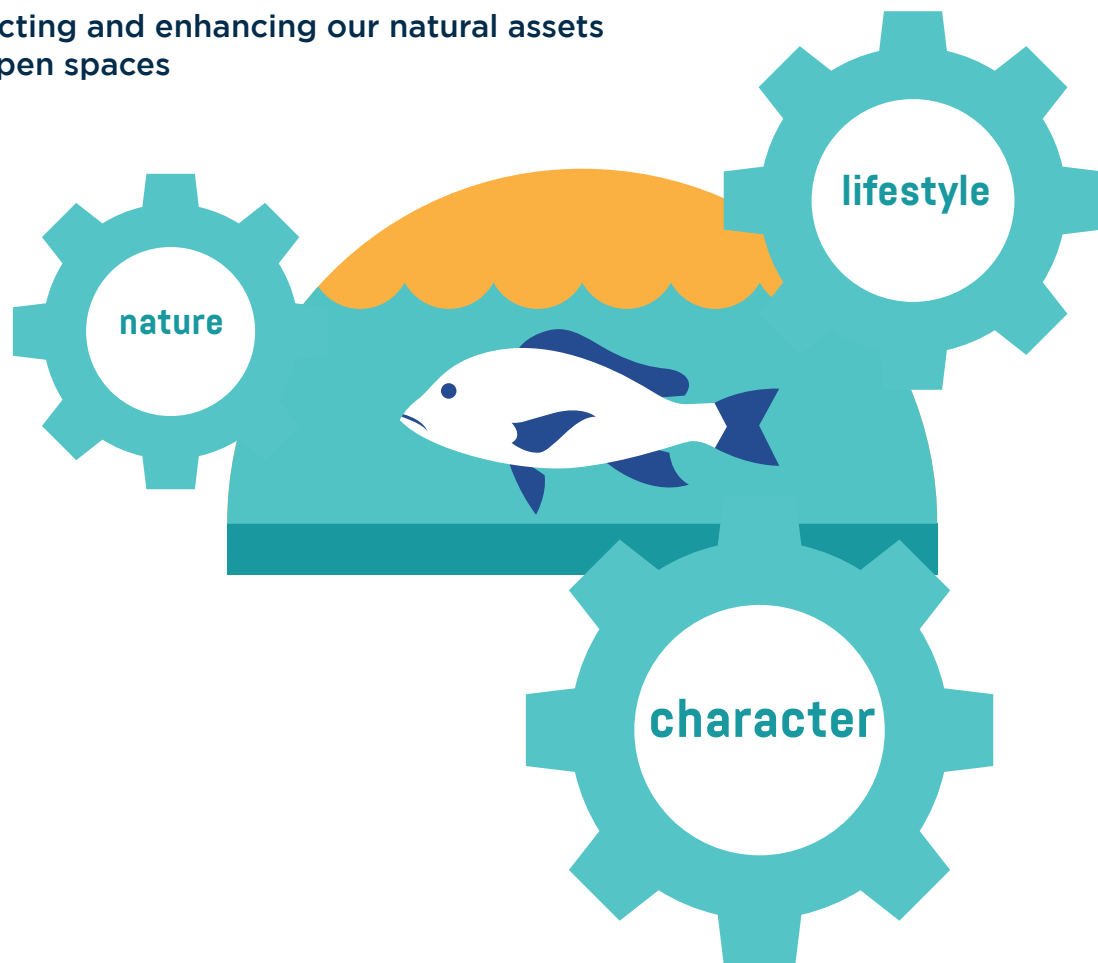
STRUCTURE PLAN MAP 2 - GREEN NETWORK PLAN

December 2007

KEY MOVE FIVE

Protecting coastal character and history

Vision - Protecting and enhancing our natural assets and open spaces



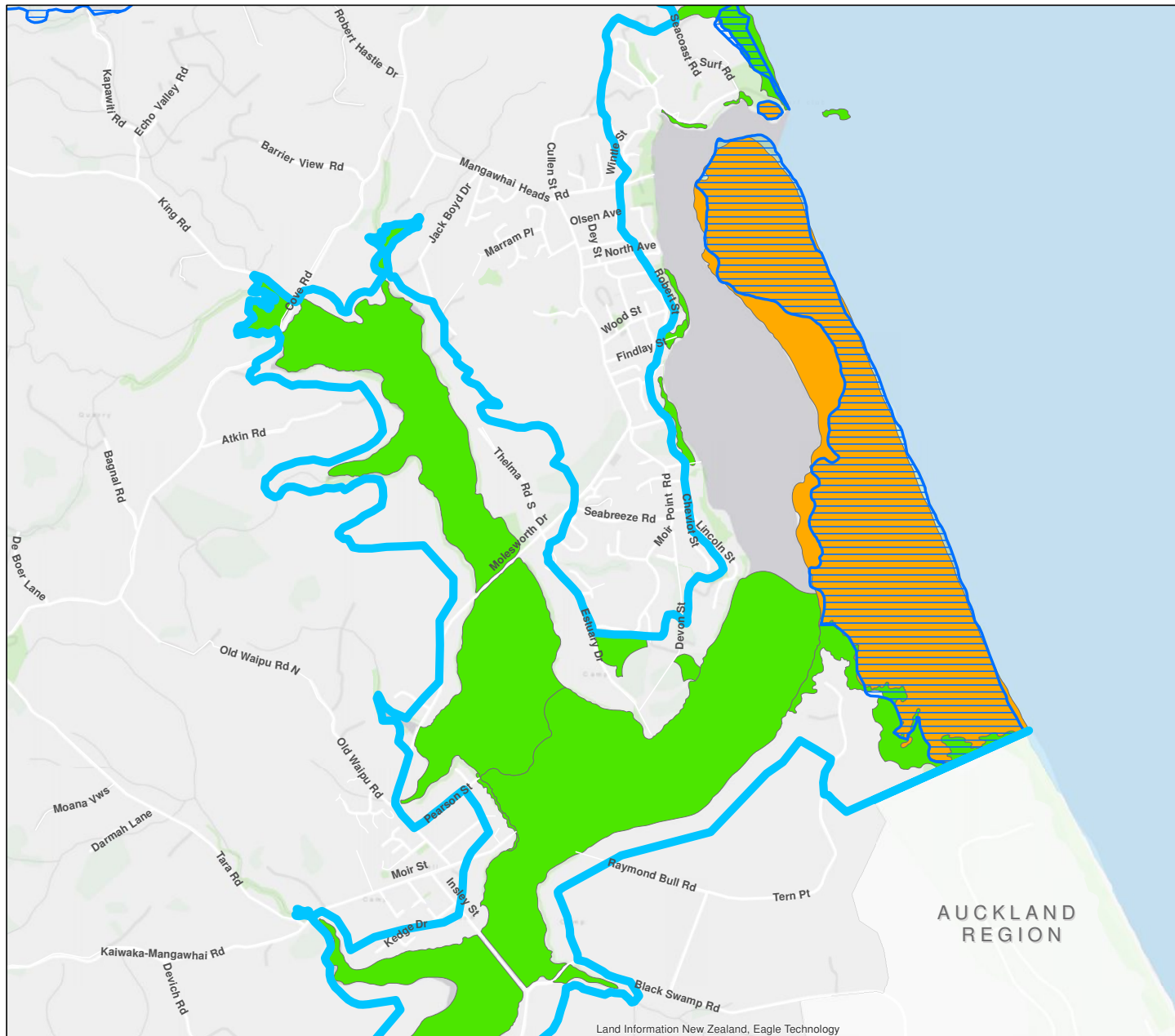
Explanation:

Looking back to the coast from the harbour, you see low rise houses on larger lots with extensive bush. In the Mangawhai coastal strip, retain coastal character with large lots, height limits and spacious setback from the road and any esplanade reserve.

Complete the network of esplanade reserves, protect archaeological sites of significance to Maori (mainly within the coastal area) and remove private uses of public reserves, together with providing more facilities on the coast.



Regional Policy Statement Map



- Legend**
- Coastal Environment Boundary
 - Outstanding Natural Landscape
 - High Natural Character
 - Outstanding Natural Character

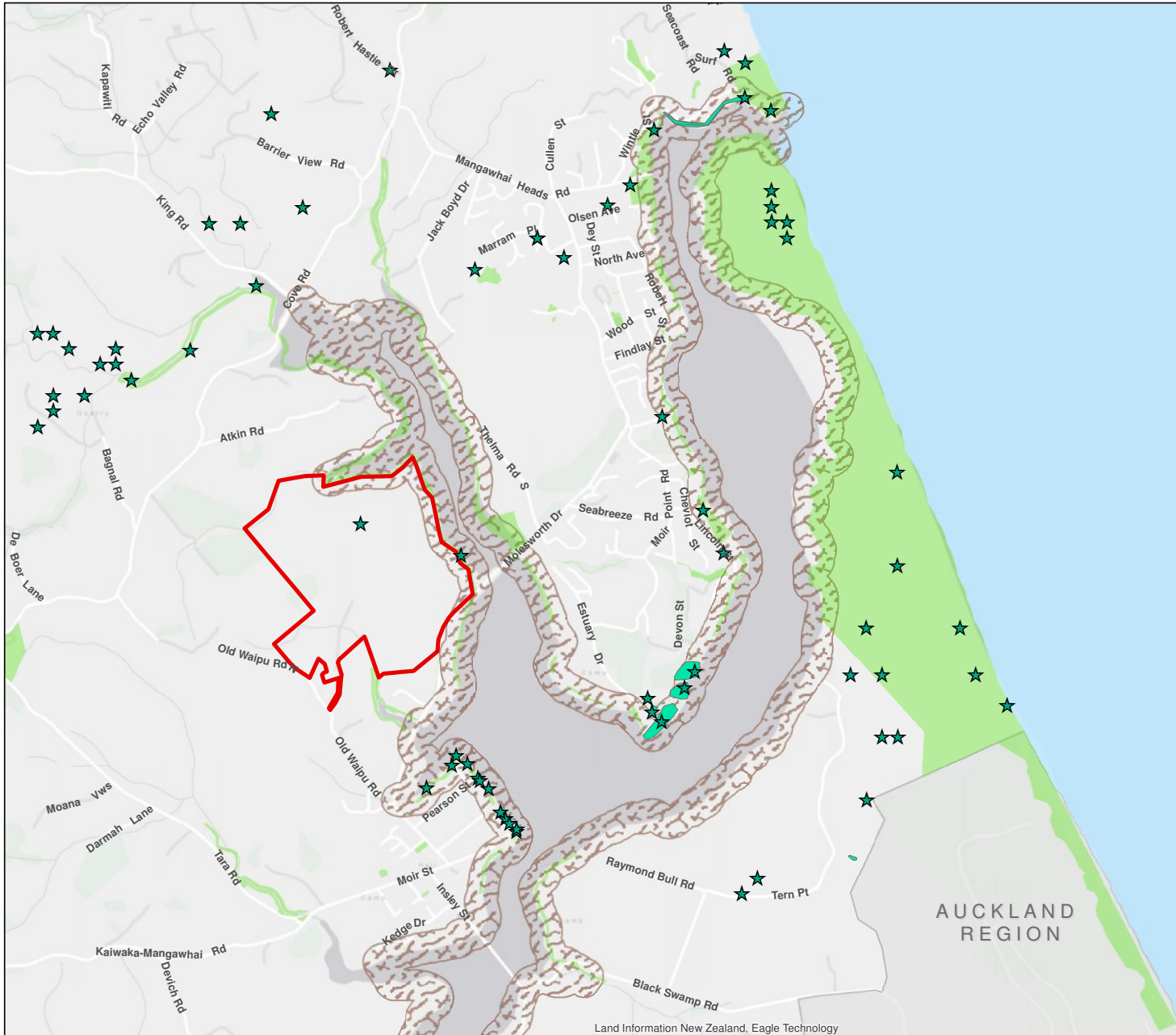
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Mangawhai Community Plan - Archaeological Sites Map



Legend

- ★ Archaeological Site
- Archaeological Area
- Estuary Estates
- Areas of Significance to Maori
- Reserves

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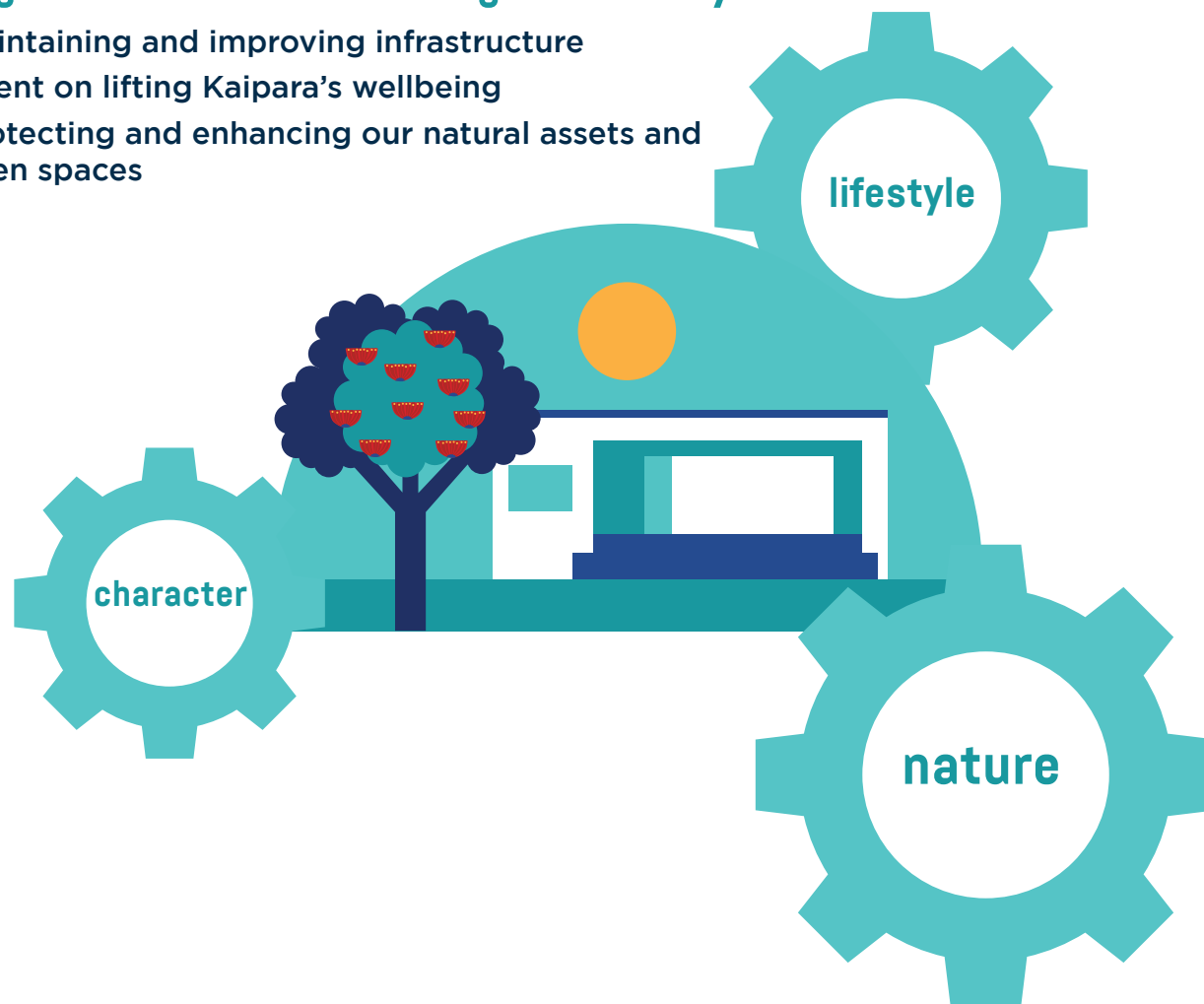


KEY MOVE SIX

Providing for a choice of housing and lifestyles

Vision - Maintaining and improving infrastructure

- Intent on lifting Kaipara's wellbeing
- Protecting and enhancing our natural assets and open spaces



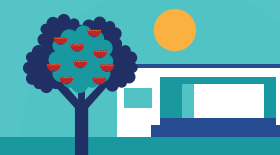
Explanation:

Providing for projected growth with **housing choice**, while retaining our valued **lifestyle** and **coastal character**.

Ideas for how to **cater for lifestyle** and housing choices other than in Mangawhai Central have produced the following suggestions to date:

- A rural-residential zone
- Larger town centres with mixed residential/business use
- New smaller lot multi lot subdivisions outside the coastal area
- Minor secondary dwelling on current lots in a way that the property is unable to be subdivided

These options will be examined through a Resource Management Act Section 32 analysis and possible plan change beginning 2018.



In Summary:



Mangawhai will **grow well**. While we grow, we shall care for **nature**, encourage a **slow pace** and **active lifestyle**, and retain the **coastal character** and **history**.



What does this mean for Transport initiatives?



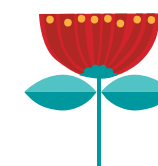
The suggested approach to transport development is to fix “pain points” in the network (notably the two intersections at the Village shops) but otherwise use cycling and walking to improve connectivity.

The intent is to slow traffic and life down generally when people are in Mangawhai. Roundabouts are the preferred mechanism for improving vehicle flow at intersections, while keeping movement at a reasonable speed that promotes the slow pace and safety for pedestrians and cyclists.



Transport

Project	Description	Priority (beginning 1 July 2018)	Cost estimate	Key	Priority	Intended Start
Stage one – slow street Mangawhai Village	Shared path and landscaping from: - Mangawhai School to Insley/Moir Streets intersection - Tara Bridge to Pearson Street (including Mangawhai Domain)	P1	\$300,000	P1	one	2018-2020
	Roundabout at Insley/Moir Streets intersection	P1	\$1,000,000	P2	two	2021-2024
	Roundabout at Moir Street/Molesworth Drive intersection.	P1	\$882,900	P3	three	2025 -2028
	Review parking provisions	P1	TBC	P4	four	2028 onwards
	Improved arrival experience from the south.	P1	Included above	Please note: NZTA funding is required and not approved for some projects.		
Stage two – slow street Mangawhai Community Park	Shared path and landscaping along Molesworth Drive from Moir Point Road to the southern end of the Causeway Bridge	P1	\$207,100			
Stage three – slow street Estuary Estate	Shared path and landscaping along Molesworth Drive from Pearson Street to the Causeway Bridge	P1	\$195,000			
	Two roundabouts at entrances to Estuary Estates off Molesworth Drive.	TBC	TBC			
Stage four – slow street Molesworth Drive Roundabout to Surf Club	Shared path and landscaping along Mangawhai Heads Road and Wintle Street from the Pearl Street Corner to Surf Club	P3	\$180,000			
Stage five – slow street Mangawhai Heads	Shared path and landscaping along Molesworth Drive from Moir Point Road to the Mangawhai Heads roundabout	P3	\$137,000			
	Wood Street/Molesworth Drive roundabout		\$800,000			
Cycling/walking on road shared paths (other than on “slow street”)	Mangawhai Heads loop shared path (Wood Street / Robert Street / North Avenue / Alamar Crescent / camping grounds / Mangawhai Heads Road including Wood Street upgrade)	P2	\$775,000			
	Mangawhai Village loop path (signage on existing esplanade) (Kainui Street / Pearson Street / coastal reserve / Moir Street)	P1	\$10,000			
Footpaths	Footpath along Alamar Crescent	P1	\$47,000			
	Pedestrian connection on Insley Street causeway and bridge	P4	\$573,750			
Future stage – cycling/ walking	Shared path to Mangawhai Central via Old Waipu Road.	P4	\$250,000			
Investigate connecting ends of Old Waipu Road as subdivision occurs	Provide an alternate route into Mangawhai and Estuary Estates from an upgraded and joined up Old Waipu Road as subdivision occurs.	P4	\$2,000,000			
Through route for through traffic	Develop an alternate route for travellers to Langs Beach and Waipu Cove to time with Warkworth to Te Hana State Highway 1 upgrade (Cove Corridor).	P4	TBC			
	Include 2m verge for cyclists refuge along Cove Rd.					
Plan for other intersection improvements as Mangawhai grows	These may include Molesworth Drive /Sail Rock Drive, Molesworth Drive /Estuary Drive / Thelma Road, Tara Road / Mangawhai-Kaiwaka Road.	P4	TBC			



What does this mean for Water Supply?



The preferred option for water supply is to continue to rely on water harvesting for household use with no extension of the public supply.

This will require new houses to be capable of collecting rainwater in sufficient quantities. Communal water storage for firefighting is supported. This water could also be sourced from MCWWS for emergencies, via connection to the Fire Station to be sited on Mangawhai Community Park.



Stormwater Management

What does this mean for Stormwater Management initiatives?



The intent is that no untreated stormwater flows directly into the harbour or sea. This is a Council activity that has seen the least investment in Mangawhai over time, with plentiful remedial work required.

While more knowledge is needed to determine the best response, the preferred approach is, where practical, low impact bio-mechanisms (biofiltration) to manage stormwater.

This is not always possible because of differing ground conditions. Where there is insufficient soakage, or workable overland flow, piped network may be necessary. Where possible, drains/overland flow paths will be naturalised into streams with biodiverse riparian planting. Roads will be the first choice for overland flow in storm events. Retention ponding/swales will be used to treat stormwater before it soaks into groundwater or flows into the harbour where this will work. Otherwise a mechanical treatment device may be necessary.



Stormwater Management

Project	Description	Priority (beginning 1 July 2018)	Cost estimate
Overland flow path/ ponding location and protection	Development a Stormwater bylaw that allows intervention in areas where legacy issues require resolution.	P1	\$15,000
	Use easements to protect existing overland flow not effected by development (or re-direct to the road corridor if possible).		\$200,000
	Formalise and protect overland flow paths within roads and incorporate overland flow function into the road corridor as part of future road upgrading works.		\$40,000
Install new systems at current pain points	Pain points exist in sections of: - Eveline Street - Quail Way	P1 P1	\$130,000 \$500,000
	Reduction of outflow pipes into the estuary from North Avenue to Mangawhai Heads Road.		
Improve knowledge and remodel performance (Catchment management plan)	Identify more clearly existing overland flow paths.	P2	\$100,000
	Gather accurate information of current infrastructure and systems.		
	Understand soakage capacity including effects of groundwater levels and soil types.		
	Complete downstream assessments.		
	Gather and log as-built information in GIS.		
Investigate and develop where appropriate wetlands/ponding to collect stormwater in the Mangawhai Heads area that would otherwise go directly into the harbour	Identify new or improvements to Stormwater system and implement them		
	Re-water the original wetlands within Mangawhai Community Park from overland flow paths.	P1	\$500,000 pa
	Look to create wetlands as public parklands on land around the Mangawhai Golf Course and Mangawhai Community Park		
Engineering standards revision	Improve outlets and operation of stormwater to Golf Course wetlands.		
	Revise engineering standards to include:	P1	\$25,000
	- Testing, design, construction, monitoring and maintenance of soakage systems (biofiltration) - Protection of overland flows from development - Protection of amenity and character.		
Harbour Outlets	Reduce the number of outlets into harbour from Wood Street – Picnic Bay		Included in other projects

Key	Priority	Intended Start
P1	one	2018-2020
P2	two	2021-2024
P3	three	2025 -2028
P4	four	2028 onwards

Please note: NZTA funding is required and not approved for some projects.



What does this mean for Wastewater Management?



The intent of the Mangawhai Community Wastewater Scheme (MCWWS) was to improve the quality of the water in the Mangawhai Harbour. This intent is still current. The future approach to connecting new properties and areas within the drainage district was agreed after recommendations from a Community Advisory Panel in 2016. Council is currently considering options. The decision on the preferred option will be made in 2018 as part of the Long Term Plan considerations. It is considered development contributions will be the main funding stream.

Project	Description	Priority (beginning 1 July 2018)	Cost estimate
Extending the wastewater scheme including the number of connections	Extend irrigation system, upgrade existing reticulation and extend reticulation, augment WWTP.	P1	\$5,72 million
	Extend reticulation.	P2	\$6,17 million
	Extend reticulation and augment WWTP.	P3	\$5,87 million
	New disposal system, extend reticulation and augment WWTP.	P4	\$17,0 million

Key	Priority	Intended Start
P1	one	2018-2020
P2	two	2021-2024
P3	three	2025 -2028
P4	four	2028 onwards

Please note: NZTA funding is required and not approved for some projects.



Open Spaces

What does this mean for Open Space and Recreation initiatives?



The intent is to complete a continuous esplanade reserve around the harbour over time. Esplanade reserves will be developed for coastal recreation including boat/kayak launching, walking and cycling where accessible. Recreational walking and cycling tracks will continue to be developed with the help of the Tracks Trust, where possible along streams and coast to connect people with nature. A model “bio filtration” system is intended for Lincoln Reserve. A multi-use park including active recreation is intended for Mangawhai Domain, where Council can assist the Domain Committee in fulfilling this purpose.



Project	Description	Priority (beginning 1 July 2018)	Cost estimate	Key	Priority	Intended Start
Lincoln Road biofiltration demonstration on stormwater management.	Create a demonstration area on Lincoln Reserve as a model for using biofiltration (rain gardens, wetlands, retention ponds and biodiverse plantings) to clean stormwater.	P1	\$90,000	P1	one	2018-2020
Non-motorised sea craft storage and launching on coast	Provide spaces for craft storage by launching places, to reduce need to drive craft to beach, at Alamar Reserve and Eveline Street	P1	\$30,000	P2	two	2021-2024
Picnic and barbecue spots along the coast	Establish barbecues at Alamar and Lincoln Reserves Provide more seats at Lincoln, Pearson, Moir, Jordan and Robert reserves.	P1	\$30,000	P3	three	2025 -2028
Improved access to and use of beaches	Review increased parking availability at Heads.	P2	\$70,000	P4	four	2028 onwards
	Increase public use of Pacific Beach through improved signage.	P1	\$5,000	Please note: NZTA funding is required and not approved for some projects.		
	Enhance overflow parking by the Police units at Alamar Crescent. This may require reconfiguration of the camp ground boundary.	P2	\$50,000			
	Improve car parking at Pearson Reserve.	P2	TBC			
	Bike stands at key locations	P1	\$6,000			
	Public toilets at Lincoln Reserve and Mangawhai Heads Road by beach.	P1	\$300,000			

Open Spaces

Project	Description	Priority (beginning 1 July 2018)	Cost estimate
Off-road walking and cycling recreation tracks	Work with the Tracks Trust or developers to extend and improve tracks, using unformed (paper) roads if possible and connecting new subdivisions. See below.	Ongoing	TBC
Connecting no exit streets with walking and cycling tracks.	Thelma Road to Thelma Road link	P3	\$95,500
	Esplanade to Jack Boyd Drive link	P1	\$36,000
	Jack Boyd Drive to Thelma Road link	P1	\$26,000
	Across estuary (Tara Creek)	P4	\$100,000
	Tracks through Estuary Estate	P4	\$64,000
Continuous Coastal walkway	Initial stage - Head Beach to Pearl Street	P1	\$300,000
	Future Stages to Mangawhai Village	P2-P4	\$1,442,366
Kaipara walking and cycling strategy	Prepare and develop a strategy to determine future walking and cycling connections, formalising the routes in this plan	P1	N/A
Wood Street	Work with business and property owners to redevelop the parking provision, and pedestrian access within the business centre	P2	\$800,000
	Provide public toilets	P3	\$200,000
Urban Forest	Develop a landscape/ planting plan and programme for public streets and parks to enhance amenity and biodiversity that also provides guidance for people wishing to plant appropriate trees on their own properties and street berms	P1	\$80,000
Complete the network of esplanade reserves along the residential coast	Create, as they become available through subdivisions, the missing links to the network.	As subdivision occurs	
	Remove private encroachment onto public esplanade reserves		
Another all tide boat ramp	Investigate a second all tide boat ramp	P3	TBC
Historic place making	Protection and celebration of sites of significance to Maori e.g. Te Whai Pa, Two Whai Pa and middens on Mangawhai Heads Reserve, Small coastal Pa and middens on Pearson Reserve, Telling the story of the history through interpretation signage on walking tracks	Ongoing	TBC

Key	Priority	Intended Start
P1	one	2018-2020
P2	two	2021-2024
P3	three	2025 -2028
P4	four	2028 onwards

Please note: NZTA funding is required and not approved for some projects.



Open Spaces

What does this mean for developing Mangawhai Community Park?



The Master Plan for Mangawhai Community Park was completed in 2013. A Friends of the Park and a Council Committee work together to maintain and develop the Park. There is an approved programme of work listed below.

Project	Description	Priority (beginning 1 July 2018)	Cost estimate
Historic Village/Museum Hub	Complete landscaping and car parking at this hub	P1	\$70,000
MAZ/St Johns Hub	Complete landscaping and car parking at this hub	P1	\$100,000
Walkways/service lanes	Establish through routes to MAZ and the Museum from the Club, with improved planting and signage	P1	\$100,000
Cultural place-making	Include stories of Iwi history through the pioneer village and Park signage in association with the Museum.	Included in other Park projects	
Community Development	Facilitate more collaboration between community groups with similar aspirations.	P1	

Key	Priority	Intended Start
P1	one	2018-2020
P2	two	2021-2024
P3	three	2025 -2028
P4	four	2028 onwards

Please note: NZTA funding is required and not approved for some projects.



What does this mean for possible new provisions in the District Plan?



There is sufficient capacity for new housing for some years in line with growth projections, within the current residential zone, especially if Estuary Estates is included in the calculation. However, this is not a good match with demand. Greater housing choice is needed if the demand is to be met in a managed rather than ad hoc way. This ranges from rural-residential sites, to town houses on smaller lots.

To address the community concern about loss of character design guides or rules may be added to the District Plan, and a new “coastal” residential zone that limits development within a defined area along the coast from the Heads beach to the Insley causeway. It is also proposed to create a new zone on the periphery of the residential area for smaller lot lifestyle blocks, with associated environmental benefit rules. The commercial zones within the town centres are also proposed to be enlarged and allow for mixed use developments of a more intense nature.



District Plan



The intention is Council will undertake a District Plan Effectiveness and Efficiency Review in 2018 as a statutory requirement under the RMA. This is a check on whether or not the outcomes in the District Plan are being met.

This may include:

- Plan changes to address issues;
- Extending town centre commercial zones including allowing for mixed use
- Including urban design rules
- Introducing a new Rural Residential zone with requirements to provide environmental benefit
- Allow smaller lot size in some areas away from the coast

Project	Description	Priority (beginning 1 July 2018)	Cost estimate	Key	Priority	Intended Start
Robust administration of current District Plan provisions	The Kaipara District Plan can be more robustly administered in the short term while any plan changes are considered over the next year or two. Guidelines/practice notes will be developed to show how the Plan will be administered.	P1	\$0 Within current budgets and fees/charges	P1	one	2018-2020
Develop Urban Design Strategy	Develop a framework for the inclusion of urban design rules in the District Plan – it should be noted that Estuary Estates has urban design guidelines that may serve this purpose.	P1	\$25,000	P2	two	2021-2024
District plan change	Proposed plan change 1 - That protects the character of the coastal area and harbour fringe streetscape urban design controls, also implementing the Northland Regional Council Regional Policy Statement for coastal areas. Proposed plan change 2 - Housing choice – Complete a section 32 evaluation considering options for extending housing choice. Propose a Plan change that implements the preferred option as identified in the Mangawhai Community Plan for the Jack Boyd Drive to Thelma Road link. Estuary Estates – Work with owners to provide more connectivity and faster development without changing land use. Review of District Plan for Mangawhai area - Efficiency and effectiveness review of the District Plan, analysis of options for future growth.	P1	\$200,000 annually	P3	three	2025 -2028
				P4	four	2028 onwards

Please note: NZTA funding is required and not approved for some projects.



Funding Options

Options for funding:

As part of the Long Term Plan consultation process, Council would like to know how you see this draft Mangawhai Community Plan funded. Below are the options proposed which we would like your feedback on:

	Option 1	Option 2	Option 3	Option 4	Option 5	
Sources of Funding	"Debt \$1,179,351"	"Debt \$1,179,351"	MELA \$2,453,000	"Debt \$1,179,351"	Nil	
Capex expenditure	\$7,898,401	\$7,898,401	\$7,898,401	\$7,898,401	Nil	
	District 100%	District 20% Mangawhai 80%				
Rate Increase						
2018/2019	0.10%	0.02%	0.10%	Nil	Rate increase under Options 1 & 2 spread beyond 2020/2021	Nil
2019/2020	0.30%	0.06%	0.40%	Nil		Nil
2020/2021	0.40%	0.09%	0.70%	Nil		Nil
Development Contributions (excluding GST)						
Roading East						
Pre MCP	570	570	570	570	570	570
MCP	308	308	308	308	308	0
With MCP	\$878	\$878	\$878	\$878	\$878	\$570
Mangawhai stormwater						
Pre MCP	359	359	359	359	359	359
MCP	79	79	79	79	79	0
With MCP	\$438	\$438	\$438	\$438	\$438	\$359



Sources of Information:

The following technical working papers have been produced to support the development of the Mangawhai Community Plan:

MANGAWHAI COMMUNITY ADVISORY PANEL

Mangawhai Programme – Input to development of the Mangawhai Community Plan

July 2017

KDC – Katrina Roos, Principal Planner

Kaipara District Plan Review – Mangawhai Town Plan

February 2016

GHD

Mangawhai Town Plan Stormwater Infrastructure Report

May 2016

KDC – Katrina Roos, Principal Planner

Land Development and Density – Mangawhai Town Plan

May 2016

ROB BATES

Mangawhai Town Plan – Growth and Development Outlook

May 2016

OPUS

Mangawhai Water and Fire Supply Options Feasibility and Cost Analysis

April 2016

OPUS

Mangawhai Town Plan – Urban Design Study Phase 1

June 2016

KDC – Annie van der Plas, Community Planner

Mangawhai Open Space Review

October 2016

OPUS

Mangawhai/Mangawhai Heads Review of Speed Limit Provisions

March 2017

MWH now part of Stantec

Mangawhai Town Plan – Transportation

March 2017

KDC – Howard Alchin, Policy Manager

Planning Technical Report, Mangawhai Town Plan Project

April 2017

MWH, now part of Stantec

Mangawhai Town Plan Stormwater Infrastructure Strategy

May 2017

TE URI O HAU – Environs Holdings Ltd

Cultural Impact Assessment Mangawhai Town Plan Development

May 2017

OPUS

Mangawhai Cycleway connections

May 2017

IMAGES

www.dsd.gov.hk, pinterest.com, thecoopradioshow.com, Google Images





5.4 Long Term Plan 2018/2028 : Approval of source documents for the preparation of the LTP

Project Manager **2302.22**

Recommended

That Kaipara District Council:

- 1 *Receives the Project Manager’s report ‘Long Term Plan 2018/2028 : Approval of source documents for the preparation of the LTP’ dated 20 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of section 79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Approves the Revenue and Financing Policy for public consultation under the Local Government Act 2002 s82; and*
- 4 *Adopts as source documents for the Long Term Plan 2018/2028 Consultation Document as required by s93 of the Local Government Act 2002 as amended by the Local Government Amendment Act 2014, the following as attached to the above-mentioned report or tabled:*
 - *Significant Forecasting Assumptions;*
 - *Nine Activity Profiles financials;*
 - *Eight Asset Management Plans for Roads and Footpaths, Wastewater, Water Supply, Solid Waste, Stormwater, Community Activity, Raupo Land Drainage and Northern Area Land Drainage;*
 - *Development Contributions Policy;*
 - *Infrastructure Strategy;*
 - *Financial Strategy;*
 - *Revenue and Financing Policy and analysis;*
 - *Funding Impact Statement (Rating Tools);*
 - *Prospective Financial Statements; and*
- 5 *Subject to Auditors’ written approval with authority delegated to the Council and Acting Chief Executive to make any changes in response to Auditors’ feedback, alongside minor amendments identified in the editing and final audit process.*

File number: 2302.22 **Approved for agenda**
Report to: Council
Meeting date: 28 February 2018
Subject: Long Term Plan 2018/2028 : Approval of source documents for the preparation of the LTP
Date of report: 20 February 2018
From: Michaela Borich Project Manager
Report purpose **Decision** **Information**
Assessment of significance **Significant** **Non-significant**

Summary

Council is working towards adopting a new Long Term Plan (LTP) in June 2018 covering the years 2018 to 2028. The legislation around the development of an LTP changed with the Local Government Amendment Act 2014. Council is required to use a Consultation Document to consult, and not a Draft LTP as previously. The Consultation Document is required to be written in plain English and provide high level information on financial and infrastructure management. The document also presents the key issues on which Council is consulting and seeking the views of residents.

Before completing the Consultation Document, Council needs to adopt the strategies, policies and plans that provide the source material for the Consultation Document. These also need to be approved by Council's auditors under Local Government Act (LGA) 2002 (as amended) s93C, and some require LGA 2002 s82 special consultation before being adopted.

The source documents are as follows. Some have already been approved by Council; some only in principle and some in full. Included is their current status.

Vision and Community Outcomes – adopted by Council 11 July 2017.

Significant Forecast Assumptions – completed and ready for Council adoption, these assumptions are based on projections on aspects of the economic, legal, demographic and social environment that may affect Council business in the future but that cannot be quantified at this time.

Financial Strategy – completed and ready for Council adoption. This Strategy includes the principles Council uses for setting the quantum and distribution of rates, how it will manage debt and fund activities.

Infrastructure Strategy – completed and ready for Council adoption. It covers the plans for the next 30 years of investment in Council roads, water supply, wastewater, stormwater and land drainage assets.

Activity Profiles – content adopted by Council 25 January 2018 with the exception of the financial sections. The financials sections are now completed and ready for Council adoption.

Asset Management Plans – completed and ready for Council adoption. These plans provide detailed programmes of work for each activity in the early years of the LTP with more general estimates for the later years. These documents were updated based on feedback received subsequent to their

consideration by Councillors on 25 January 2018.

Revenue and Financing Policy and supporting Activity Analysis – completed and now ready for approval for consultation under the LGA 2002 s 82.

Funding Impact Statement and sample properties – completed for approval, reviewed by the Auditors and ready for adoption.

Financial Contributions Policy – completed and approved for consultation under LGA 2002 s.82 by Council on 25 January 2018.

Prospective Financial Statements – completed and ready for Council adoption.

Significance and Engagement Policy – completed and consulted on with the public. Ready for Council adoption and will be adopted separately.

Development Contributions Policy – completed and ready for Council adoption, provides predictability and certainty about the funding required and development contributions payable to meet the increased demand for community facilities resulting from growth and new development.

Rating policies – adopted by Council 14 November 2017.

Treasury Policy (incorporating the Liability Management Policy and Investment Policy) – has been approved by Audit, Risk and Finance Committee and will be adopted by Council separately.

Recommendation

That Kaipara District Council:

- 1 *Receives the Project Manager's report 'Long Term Plan 2018/2028 : Approval of source documents for the preparation of the LTP' dated 20 February 2018; and*
- 2 *Believes it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with the provision of section 79 of the Act determines that it does not require further information prior to making a decision on this matter; and*
- 3 *Approves the Revenue and Financing Policy for public consultation under the Local Government Act 2002 s82; and*
- 4 *Adopts as source documents for the Long Term Plan 2018/2028 Consultation Document as required by s93 of the Local Government Act 2002 as amended by the Local Government Amendment Act 2014, the following as attached to the above-mentioned report or tabled:*
 - *Significant Forecasting Assumptions;*
 - *Nine Activity Profiles financials;*
 - *Eight Asset Management Plans for Roads and Footpaths, Wastewater, Water Supply, Solid Waste, Stormwater, Community Activity, Raupo Land Drainage and Northern Area Land Drainage;*
 - *Development Contributions Policy;*
 - *Infrastructure Strategy;*

- *Financial Strategy;*
- *Revenue and Financing Policy and analysis;*
- *Funding Impact Statement (Rating Tools);*
- *Prospective Financial Statements; and*

5 *Subject to Auditors' written approval with authority delegated to the Council and Acting Chief Executive to make any changes in response to Auditors' feedback, alongside minor amendments identified in the editing and final audit process.*

Reason for the recommendation

In order to complete the Consultation Document for the Long Term Plan 2018/2028 that needs to be adopted before the end of June 2018, a number of documents that contain source material for the LTP and Consultation Document need to be adopted by Council. This is in compliance with the new requirements under the Local Government Amendment Act 2014.

Reason for the report

Council needs to adopt the source documents prior to the adoption of the Consultation Document for the LTP.

Background

The Local Government Act was amended in 2014 to include new requirements for the LTP development. Schedule 10 of the LGA 2002 (as amended by the LGAA 2014) lists the information to be included in LTPs:

1. Community Outcomes
2. Groups of activities
3. Capital expenditure for groups of activities
4. Statement of service provision
5. Funding impact statement for groups of activities
6. Variation between territorial authority's long term plan and assessment of water and sanitary services and waste management plans
7. Council-controlled organisations
8. Development of Māori capacity to contribute to decision-making processes
9. Financial Strategy and Infrastructure Strategy
10. Revenue and Financing Policy
11. Significance and Engagement Policy
12. Forecast financial statements
13. Financial statements for previous year
14. Statement concerning balancing of budget
15. Funding impact statement
- 15A. Rating base information
16. Reserve funds
17. Significant forecasting assumptions.

In regard to the stage Council is currently at in the preparation of the LTP, there are a number of requirements included in s93 A, C and G. Other parts of s93 are not relevant to LTPs for the decisions needed from Council now.

“ ...

- **93G Information to be adopted by local authority in relation to long-term plan and consultation document**
 - *Before adopting a consultation document under section 93A, the local authority must prepare and adopt the information that—*
 - *(a) is relied on by the content of the consultation document adopted under section 93A; and*
 - *(b) is necessary to enable the Auditor-General to give the reports required by sections 93C(4) and 93D(4); and*
 - *(c) provides the basis for the preparation or amendment of the long term plan. ...”*

The sections referred to above are as follows:

“ ...

- **93A Use of special consultative procedure in relation to long term plan**
 - *(1) Where the special consultative procedure is used in relation to the adoption or amendment of a long-term plan under section 93—*
 - *(a) for the purpose of section 83(1)(a), instead of a statement of proposal and a summary of the information contained in the statement of proposal, a consultation document must be prepared and adopted in accordance with sections 93B to 93G; and*
 - *(b) section 83 applies as if references to “the statement of proposal” or “the proposal” or a “summary” were references to the consultation document.*
 - *(2) To avoid doubt, a draft long-term plan must not be used as an alternative to the consultation document. ...”*

“ ...

- **93C Content of consultation document for adoption of long-term plan**
 - *(4) The consultation document must contain a report from the Auditor-General on—*
 - *(a) whether the consultation document gives effect to the purpose set out in section 93B; and*
 - *(b) the quality of the information and assumptions underlying the information provided in the consultation document. ...”*

This report requests that Council adopts the documents containing the information that the Consultation Document and consequently the LTP 2018/2028 has been based on. Some of this information has already been adopted either in full or in principle.

A number of these documents are themselves statutory documents or are required under the LGA 2002 and the LG (Rating) Act 2002. They are not all statutory documents, however, and some are being included to improve the quality of the LTP process rather to achieve statutory compliance. .

The documents include:

- Financial Strategy
- Significant Forecasting Assumptions
- Infrastructure Strategy
- Activity Profiles
- Asset Management Plans
- Revenue and Financing Policy and Analysis
- Financial Prospective Statements
- Funding Impact Statement (Rating Tools)
- Development Contributions Policy

Factors to consider

Community views

The community will be consulted through an LTP Consultation Document to be released for feedback in early 2018. Some policies have already been through a consultation process.

Policy implications

These documents set all the major policies that will guide the Council for the next three years when the LTP is reviewed, or earlier should there be any amendment to the LTP after it is adopted in June 2018.

Financial implications

The documents include all the levels of service and their costs, together with the source of funds to pay for these services. They will be used, once inclusive of any amendments from feedback from the communities of Kaipara, to set the rates for the 2018/2019 financial year.

Legal/delegation implications

The adoption of source documents is required under the Local Government Amendment Act 2014.

Options

The majority of these documents have included options for the particular area covered in that document. Changes to the source documents may result consequentially to decisions made during the adoption of the LTP.

Assessment of significance

A number of the source documents have been required to be consulted on under s82 of the LGA 2002. The rest will be available to the public and referenced in the LTP Consultation Document which will be ready for consideration by Council in February 2018.

Recommended Option

The **recommended option** is that Council adopts all attached documents as presented.

Attachments

1. Significant Forecasting Assumptions
2. Financial Strategy

3. Infrastructure Strategy
4. Activity profiles
5. Asset Management Plans
6. Revenue and Financing Policy and supporting activity analysis
7. Funding Impact Statement and sample properties
8. Prospective Financial Statements
9. Development Contributions Policy

Significant Forecasting Assumptions 2018/2028

January 2018

Significant Forecasting Assumptions

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Population and Demographic Assumptions			
<p>Population Growth: Kaipara District Council uses the subnational population projections provided by Statistics New Zealand (SNZ) as an indication of future growth trends.</p> <p>With past growth (2006-2016) exceeding projections, the assumption is that population growth will be in line with SNZ 2013 (Census) based high series projections updated at 22 February 2017 which will see district population increases of:</p> <ul style="list-style-type: none"> • 2,900 (12.5%) from 23,100 to 26,000 between 2018 and 2028; and • 2,000 (7.7%) from 26,000 to 28,000 between 2028 and 2038. <p>Slower growth in the second decade is in line with SNZ projections that population growth will slow across all of New Zealand, between 2028 and 2038 because:</p> <ul style="list-style-type: none"> • all areas will be home to more people aged 65 years and over in 2038; and • Deaths will increase relative to births in almost all areas as the population ages. • The assumption is that between 2018 and 2028 most population growth will continue to occur in the southern part of the district, with rural Rehia-Oneriri Census Area Unit (CAU) growing by 900 people and Mangawhai growing by 1,160 people, to reach a population close to 5,000 by 2028. In combination, these areas will take 71% of district growth. 	<p>Population growth in some areas exceeds the relatively modest levels anticipated in the projections.</p> <p>Population decline in some centres results in too smaller rating bases to pay for upkeep of public assets.</p>	<p>Low/Medium</p>	<p>Population growth is calculated based on the relative rates of births and deaths in the district (natural increase) coupled with the net movement of people in and out of the district (net migration).</p> <p>Of these, net migration is particularly difficult to predict. It is typically influenced by economic conditions and social trends. For example, better economic conditions may lead to more local jobs allowing more people to be employed in the district. On the other hand, the continuing trend towards centralisation results in more industry and related jobs moving to the larger centres, with an associated migration of workers and their families. Conversely, social trends towards lifestyle blocks and retiring in the country may result in population growth in some areas. Any change in economic or social trends is therefore likely to impact on the population of the district.</p> <p>Any significant increase in population growth above projections will place greater demands on some Council services and facilities (such as libraries, solid waste and water supply services) and hence raise operating costs.</p> <p>This is anticipated to have its greatest effect in Mangawhai, Kaiwaka and other eastern areas.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>The smaller urban CAU's in the south - Ruawai, Kaiwaka and Maungaturoto will grow by a combined 150 persons (5% of district growth) although there will be considerable growth in the rural areas around them. Dargaville is expected to grow quite strongly by 310 people (over 10% of district growth) to reach a population of 5,330 by 2028.</p> <p>There will be a continued low share of district growth (just 14%) in the north and north-west, totalling 420 persons.</p>			<p>By contrast, if populations decline in northern and western areas, this may result in some communities becoming unsustainable in terms of their ability to support public infrastructure and services.</p>
<p>Population Fluctuations: The resident population in some parts of the district fluctuates during the year with a significant increase over the summer and other holiday periods.</p> <p>Assumptions are that:</p> <ul style="list-style-type: none"> • The resident district population of 23,100 persons in 2018 could increase during peak holiday periods to over 31,000; • The resident district population of 26,000 persons in 2028 could increase during peak holiday periods to over 35,000; • The resident Mangawhai population of around 3,700 in 2018 could grow to 7,700 (an increase of around 4,000 people) during peak holiday periods; and • The resident Mangawhai population of 4,890 in 2028 could grow to over 10,000 (an increase of over 5,000 people) at peak times. <p>Many visitors are in residence during the summer period and bring with them increased demands on infrastructure and services, for example roads, water supply, wastewater and solid waste disposal. They may also have higher service level expectations than the usually resident population.</p>	<p>Seasonal population fluctuations become more severe over time or the period of peak population lengthens.</p>	<p>Medium</p>	<p>Population peaks during holiday periods demand particular infrastructure and services which are largely unused for much of the year. This can place pressure on capital and operating budgets.</p> <p>It is expected that peak demands can be managed and funded for the foreseeable future.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>It is expected that population fluctuations will continue into the future.</p> <p>The population assumptions for Mangawhai, and all population forecasts are taken from best possible information, and are subject to normal forecast risks.</p> <p>Sources: SNZ – 2013 Census and Mangawhai Wastewater Treatment Plant wastewater flow data 2016/2017.</p>			
<p>Dwelling Growth: Council’s capital works programme reflects the amount of growth in the district. The district’s rating base also increases in response to dwelling growth. Therefore the amount of growth and the timing of growth are important assumptions for Council.</p> <p>The assumption is for steady to strong dwelling growth in Long Term Plan (LTP) decade 2018/2028 moderating in the 2028/2038 decade as population growth rates begin to slow with an aging population, with projections indicating:</p> <ul style="list-style-type: none"> • district dwelling units increasing by nearly 2,000 (1,912) from just under 12,500 to 13,500, and another 1,400 dwellings built between 2028 and 2038; • the largest amounts of dwelling growth in the Mangawhai CAUs with over 1,000 dwellings delivered in the LTP 2018/2028 period and another 900 dwellings by 2028; • Rehia-Oneriri CAU, covering much of the southern part of the district experiencing ongoing strong growth (450 dwellings in LTP decade 2018/2028 and over 300 more dwellings out to 2028). 	<p>Dwelling growth across the district or individual communities occurs at higher or lower rates than assumed.</p>	<p>Low/medium</p>	<p>Economic conditions and the discretionary nature of the housing market can cause variations in dwelling growth away from that projected.</p> <p>Increases in dwellings may not mimic permanent population trends as most of the growth in the district is likely to be around Mangawhai and other holiday locations where many dwellings will be built for non-permanent residents.</p> <p>Unforeseen fluctuations in economic conditions which affect the ability of people to invest in a second home/holiday home or their ability to retire to the country/seaside are therefore the main drivers of uncertainty in this area.</p> <p>The main financial effect, of growth being different than projected, can be a difference in Development Contributions from what was anticipated. Hence Council should be cautious that growth rates may fail to meet these projections.</p> <p>Council may be able to manage the impacts of such a variation by changing the proposed timing of capital works projects which are required to support growth. Where the capital works projects have already been completed there will be increased finance costs as Council would have to fund</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<ul style="list-style-type: none"> Dargaville gaining 130 dwellings over the LTP period and 70 more homes built in the following decade to meet a modest growth in population. <p>Council's broad assumption is that dwelling growth rate will be more or less consistent with its rating unit growth projections.</p> <p>Council is kept constantly aware of new housing developments through building and resource consents. This allows Council to be kept informed of any deviation from these projections.</p>			<p>these works without the Development Contributions it anticipated.</p>
<p>Age Demographics: The usual resident population in the district is anticipated to continue ageing with:</p> <ul style="list-style-type: none"> 7,600 people in the district (over 29% of the population) aged 65 years and over by 2028, up from just 5,100 (22% of the population) in 2018. 1,790 people in Mangawhai (almost 37% of the population) aged 65 years and over by 2028, up from just 1,110 (28.5% of the population) in 2018. <p>By comparison the number of working age residents (aged 15-64) is expected to remain almost constant at 13,600, 59% of the district population in 2018 but only 52% of the population in 2028.</p> <p>Despite a general ageing of population, the number of children in the district is expected to increase by around 300, from 4,500 in 2018 to 4,900 in 2028.</p> <p>Source: SNZ's 2013 base high series projections.</p>	<p>Ageing of the population is more extreme than predicted.</p>	<p>Low</p>	<p>Increasing the proportion of people aged over 65 relative to the proportion of the population that is working age will increase the dependency ratio of the district. The dependency ratio is the ratio of children and retired people (dependents) relative to the working age population. As the dependency ratio increases, the burden on the working population increases.</p> <p>Any significant variation to the assumed aging population profile may result in certain sectors of the community experiencing lower than expected levels of service. Council may have to redirect funding to particular activities to target the wants and needs of an older population. This may include increasing library services and developing more passive recreation areas. An ageing population may affect the affordability of rates.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty																											
<p>Rating Unit Growth: The assumption is that:</p> <ul style="list-style-type: none"> district rating units will increase by nearly 2,000 between 2018 and 2028 from just over 14,600 to 16,200 units, increasing by another 1,700 units to reach almost 18,000 rating units by 2038: strongest growth will be in the southern parts of the district with Mangawhai, Rehia-Oneriri, Kaiwaka and Maungaturoto accounting for nearly 1,700 of the 2,000 district rating unit increase between 2018 and 2028. rating unit growth in all other parts of the district will be small and in some cases may decline slightly in the LTP 2018/2028 period. <p>Rating units are expected to increase by the following amounts over the LTP 2018/2028 period with annual percentage changes shown:</p> <table border="1" data-bbox="125 916 696 1390"> <thead> <tr> <th>Area</th> <th>2018</th> <th>2028</th> </tr> </thead> <tbody> <tr> <td>Dargaville</td> <td>2,242</td> <td>2,289</td> </tr> <tr> <td>Kaipara North</td> <td>829</td> <td>864</td> </tr> <tr> <td>West Coast</td> <td>2,041</td> <td>2,149</td> </tr> <tr> <td>Central</td> <td>1,942</td> <td>2,022</td> </tr> <tr> <td>Maungaturoto</td> <td>2,048</td> <td>2,221</td> </tr> <tr> <td>Kaiwaka</td> <td>1,100</td> <td>1,338</td> </tr> <tr> <td>Mangawhai</td> <td>4,461</td> <td>5,681</td> </tr> <tr> <td>Totals</td> <td>14,663</td> <td>16,564</td> </tr> </tbody> </table>	Area	2018	2028	Dargaville	2,242	2,289	Kaipara North	829	864	West Coast	2,041	2,149	Central	1,942	2,022	Maungaturoto	2,048	2,221	Kaiwaka	1,100	1,338	Mangawhai	4,461	5,681	Totals	14,663	16,564	<p>Rating Unit growth occurs at higher or lower rates than assumed.</p>	<p>Low</p>	<p>Economic conditions and the discretionary nature of the housing market can cause variations in Rating Unit growth from that assumed. Lower Rating Unit growth than anticipated would have a minimal impact on existing ratepayers.</p> <p>Unforeseen fluctuations in economic conditions can affect the ability of people to invest in both business and residential development activity.</p> <p>Any significant deviation from rating unit projections will affect both rates revenue and development contribution revenue. Council should be cautious by monitoring rating unit growth and ensuring it remains close to or meets these projections.</p> <p>Council may be able to manage the impacts of any downward variation by changing the proposed timing of capital works projects which are required to support growth. Where the capital works projects have already been completed there will be increased finance costs as Council would have to fund these works without the rating revenue or development contributions revenue it anticipated.</p>
Area	2018	2028																												
Dargaville	2,242	2,289																												
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Totals	14,663	16,564																												

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty																				
<p>Development Contribution Growth - Connections to Mangawhai Wastewater Scheme:</p> <p>The assumptions that Council has made in relation to annual connections to Mangawhai Wastewater Scheme are detailed in the table below.</p> <table border="1" data-bbox="129 497 813 790"> <thead> <tr> <th>Year</th> <th>Number of Properties</th> <th>Year</th> <th>Number of Properties</th> </tr> </thead> <tbody> <tr> <td>2018/2019</td> <td>84</td> <td>2023/2024</td> <td>108</td> </tr> <tr> <td>2019/2020</td> <td>86</td> <td>2024/2025</td> <td>108</td> </tr> <tr> <td>2020/2021</td> <td>109</td> <td>2025/2026</td> <td>108</td> </tr> <tr> <td>2021/2022</td> <td>108</td> <td>2026/2027</td> <td>108</td> </tr> </tbody> </table> <p>These projections reflect that not all growth in the Mangawhai Wastewater Scheme area will attract a development contribution in the early years as they may have already paid a development contribution or have paid or are paying a capital contribution through their rates. For this reason and because the areas are quite different, these projections do not reflect the forecast growth projections for Mangawhai as a whole.</p>	Year	Number of Properties	Year	Number of Properties	2018/2019	84	2023/2024	108	2019/2020	86	2024/2025	108	2020/2021	109	2025/2026	108	2021/2022	108	2026/2027	108	<p>Rating Unit growth occurs at higher or lower rates than assumed in Mangawhai</p>	<p>Medium/High</p>	<p>Income from Development Contributions assumes these levels of growth. There will be a financial impact if significant variations occur.</p> <p>For Mangawhai, a 10% variation in the annual growth rate will result in a plus/minus variation in the level of wastewater Development Contributions collected of around \$230,000 per annum.</p> <p>Council may be able to manage the impacts of such a variation by changing the proposed timing of capital works projects going forward, particularly those which are required to support growth. Where the capital expenditure has already been incurred there will be increased finance costs which Council would expect to recover through future Development Contributions.</p>
Year	Number of Properties	Year	Number of Properties																				
2018/2019	84	2023/2024	108																				
2019/2020	86	2024/2025	108																				
2020/2021	109	2025/2026	108																				
2021/2022	108	2026/2027	108																				
<p>Absentee to Resident Ratepayers: The percentage of absentee ratepayers is anticipated to decrease slightly over the next ten years, in accordance with recent trends.</p> <p>Based on postal addresses, approximately 74% (72% 06 November 2014) of ratepayers in the Kaipara district (excluding Mangawhai) reside within the district and 26% (28% 06 November</p>	<p>The proportion of absentee ratepayers increases beyond expectations.</p>	<p>Low</p>	<p>The ability of Auckland's working age population to afford a second home will probably be the greatest driver of uncertainty around this assumption.</p> <p>A high percentage of absentee residents has implications for Council services which must be able to deal with seasonal use. Flexibility can be built into contracts to allow higher or</p>																				

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>2014) outside the district. For Mangawhai, 47% (37% 06 November 2014) reside within the district and 48% (56% 06 November 2014) in Auckland and 5% (6% 06 November 2014) elsewhere.</p> <p>The percentage of unoccupied dwellings across the district (excluding Mangawhai) has been increasing by around 0.4% per year from 15.3% in 2006 to 17.9% in 2013. By comparison, the percentage of unoccupied dwellings in Mangawhai has been decreasing by 0.3% per year since 2006 from 55.0% in 2006 to 52.7% in 2013.</p> <p>Source: SNZ. This is consistent with the resident ratepayer data which indicates that more people are moving permanently to the Mangawhai area.</p> <p>It is anticipated this trend will continue and intensify as the nation's ageing population results in more holiday home owners retiring permanently to their holiday houses in areas such as Mangawhai.</p>			<p>more frequent services to be delivered during the holiday periods.</p> <p>It is expected that the differing demands of resident and absentee communities can be managed and funded for the foreseeable future.</p>
<p>Affordability: Affordability refers to the ability of the community to pay for Council services.</p> <p>Currently, Council's rates are comparable to those of other local authorities and it is intended that future rate increases will not greatly exceed the Local Government cost Index (a measure of inflation applicable to the Local government sector).</p>	<p>Affordability issues affect the ability of the community to pay rates.</p>	<p>Low</p>	<p>A rise in unemployment or a major downturn in the district's economy may result in greater financial hardships for Kaipara's communities. This coupled with a change in the Government's rates rebate scheme could affect the ability of some ratepayers to pay their rates. Neither of these things is expected to occur in the near future. If Council is not able to levy rates on its community, it will have to respond by reducing levels of service.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Affordability remains a concern with some sections of the community earning less than others. However, the Government has in place a rates rebate scheme available to low income earners. Given this, Council is of the view that it is reasonable to assume that the community can afford to meet the levels of rating and that there will not be a significant increase in unpaid rates.</p> <p>The following table is based on BERL's estimates of the median incomes of all households (i.e. both usually resident and non-resident households) in the various Kaipara communities, and of the average rates paid by all usually resident and non-resident households in the same communities before the application of any rebate. It shows that Kaipara rates are typically 3.4% of household income.</p>			

CAU	Median household income of all ratepayers (2014)	Average annual rates for all ratepayers (2014/2015)	% of median household income spent on rates
Te Kopuru	\$41,616	\$1,345	3.2%
Kaipara Coastal	\$55,681	\$1,186	2.1%
Maungaru	\$58,659	\$929	1.6%
Dargaville	\$43,143	\$1,976	4.6%
Maungaturoto	\$53,834	\$1,650	3.1%
Ruawai	\$49,094	\$1,096	2.2%
Kaiwaka	\$56,397	\$1,503	2.7%
Rehia-Oneriri	\$56,328	\$1,083	1.9%
Mangawhai	\$65,024	\$2,639	4.1%
Mangawhai Heads	\$63,771	\$2,639	4.1%
Kaipara District	\$56,473	\$1,944	3.4%

Source: BERL, Kaipara District Council, Statistics NZ

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Staffing Assumptions			
Staff Recruitment and Retention: Adequate staffing levels are expected to be maintained and there are not expected to be any recruitment issues when replacing staff.	Kaipara District Council unable to recruit staff with appropriate skills and experience.	Medium	This may result in delays to project deadlines and impact on the level and quality of service. This risk can be mitigated by various initiatives but these bring operating cost implications.
Asset Management Assumptions			
Contracts: It is expected that there will be no changes in the availability of tenderers for Council contracts when they are tendered.	Contractors become very scarce and difficult to secure, limiting the range for selection and driving costs upward.	Medium	Planned expenditure to meet growth and renewals cannot be carried out.
Capital Works Cost: On average, costs of major capital works will not vary significantly from costs estimated at the concept stage.	Costs rise steeply above estimates.	Medium	Council has a higher level of confidence regarding capital project costs in the short term but less certainty in the longer term due to fluctuations in the economy and district growth trends. Council is proposing a conservative capital works programme over the next ten years. This reduces the level of risk that it faces in this area. A 5% variation in a \$500,000 project would add \$25,000 to the project cost. Given the long useful life associated with many of Council's capital works projects such a variation would not have a significant rating impact.

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
			<p>If Council was concerned about the increase in cost then it could look for alternative ways of completing the works and/or change the scope of the works to be completed. Should the cost be lower than estimated there would be a favourable impact on Council's budgets.</p>
<p>Property Designations/Resource Consents: Any new property designations or Resource Consents required for water, stormwater and wastewater systems, or for the significant upgrading of existing systems, will be able to be obtained, subject to conditions acceptable to Council. Any necessary land purchased, prior to the time that has been scheduled for the actual construction works.</p> <p>Council has assumed that there will be no significant changes to existing resource or discharge consent conditions that create significant additional costs.</p>	<p>The necessary designations or consents cannot be obtained, or the necessary land purchased, before the scheduled time of construction, resulting in works being delayed.</p> <p>Resource Consent standards lead to higher treatment standards which lead to higher cost.</p> <p>Conditions attached to existing Resource Consents change, or Council is unable to renew these when they expire.</p>	<p>Medium</p> <p>Medium</p> <p>Low</p>	<p>The risk can be minimised if Council always has a clear and detailed future forward work programme to which it is committed, for at least the next three years, enabling timely consent applications or timely land purchases. This will be achieved through Council's 30 year Infrastructure Strategy.</p> <p>Higher treatment standards will lead to higher capital and operating costs. While Council can anticipate some of these changes and ensure that they are reflected in budgets the final impact will not be known until the Resource Consent is granted.</p> <p>A significant change could increase compliance costs which would need to be funded from increasing user charges or rates.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Drinking Water Standards</p> <p>Council has assumed that there will be no significant changes to the New Zealand Drinking Water Standards that create significant additional costs.</p>	<p>New Drinking Water Standards lead to higher treatment standards which lead to higher cost.</p>	<p>Medium</p>	<p>Higher treatment standards will lead to higher capital and operating costs. Any impacts will not be known until revised Drinking Water Standards are published.</p>
<p>Significant Land Use Changes: There will not be any major changes to land uses in the district that have consequential impacts on Council infrastructure needs.</p>	<p>Unforeseen land use, of a type that has potential significant effects, occurs.</p>	<p>Low</p>	<p>Council will need to assess the situation but this matter is not entirely within Council's hands.</p> <p>A third party may lodge an application for a plan change or non-complying consent at any time. This can lead to higher unforeseen costs in certain areas.</p>
<p>Building Control: Council will continue to meet the requirements of being accredited by International Accreditation New Zealand in order to maintain its registration with the Department of Building and Housing as a Building Consent Authority.</p> <p>That Council will be faced with a significant leaky building claim is unlikely.</p> <p>Reference: Ministry of Business Innovation and Employment.</p>	<p>Loss of accreditation so Council could no longer grant Building Consents.</p> <p>A significant leaky building claim has the potential to affect the General Rates.</p>	<p>Low</p>	<p>Council has a continuous improvement programme to focus on ensuring standards are met. There has been investment in additional management resource to support this process as well. Council has always achieved compliance to date.</p> <p>Council has in the past had very limited exposure to leaky building claims, and the improvements to processes arising from accreditation make it even less likely for a substantial claim to arise in future.</p>
<p>District Leadership: The Local Government Act 2002 provisions relating to decision-making and the expectations which the community has on Council is assumed to remain unchanged.</p>	<p>Council is unable to meet community expectations.</p> <p>Changes to key legislation may require reviews on local governance.</p>	<p>Low</p>	<p>There may be increased costs associated with quality assurance for decision-making processes.</p> <p>There is also a loss of confidence from the community which will need to be repaired.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Local Government structure for Northland and Auckland remains the same and no significant shared service or amalgamated service structures are put in place.</p>	<p>Amalgamation as a result of legislation or otherwise is introduced.</p>	<p>Low</p>	<p>Restructure costs and the effects of uncertainty and change of delivery</p>
<p>Emergency Management: It is assumed that there will be no natural disasters requiring emergency management work that cannot be funded out of the budgetary provisions.</p> <p>No significant legislative changes are anticipated that result in policy and procedural reviews.</p>	<p>A major natural disaster occurs.</p> <p>Legislative changes result in general and specific costs for particular items such as tsunami warning systems.</p> <p>Costs of policy and procedure reviews rise well above budget provisions.</p>	<p>Low/Medium</p> <p>Low/Medium</p> <p>Low/Medium</p>	<p>Significant additional “one-off” repair costs and rating impacts may be incurred as a result of emergency events.</p> <p>It could be expected that higher operating costs will be incurred because of public demands or legislative requirements for higher levels of readiness.</p>
<p>Roading: There is sufficient provision in the LTP to cope with the effects of likely storm events.</p>	<p>Storms greater than average sized events will require a reprioritisation of expenditure in the LTP to accommodate the costs to repair the district’s roads.</p>	<p>Medium</p>	<p>Not all costs may be able to be covered by existing budget constraints.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Flood Protection: Weather patterns and rain intensity are expected to increase steadily as are tidal sea levels in the future.</p>	<p>Predictions are under or over estimated.</p>	<p>Low</p>	<p>Significant additional “one-off” repair costs and rating impacts may be incurred as a result of storm events.</p> <p>It could be expected that higher operating costs will be incurred because of public demands for higher levels of readiness.</p>
<p>Libraries: Changes in the district’s population demographics resulting in greater numbers of retirees and Maori youth, is expected to increase demand for library services. It is anticipated there will be ongoing demands for change in the range and types of services that the district’s libraries are expected to provide. Demand for electronic resources in particular is expected to increase.</p>	<p>Demand for services rise steeply or change in type and nature of services.</p>	<p>Low/Medium</p>	<p>The technology associated with reading and the role of libraries is changing. There will be additional costs associated with the new technology and services.</p>
<p>Parks and Reserves: It is assumed that expectations of reserve maintenance, the range and standard of facilities provided, safety and accessibility and compatibility will not change significantly.</p>	<p>Cost of operations and maintenance rise above expectations and start to undermine maintenance standards and community expectations.</p>	<p>Medium</p>	<p>If the increased expectation is to be met, it will increase costs.</p>
<p>Solid Waste: It is assumed that all rubbish will continue to be disposed of outside the district and that the closed landfills will continue to meet Resource Consent conditions.</p>	<p>Landfills outside the district can no longer be used. The district’s closed landfills no longer meet Resource Consent standards.</p>	<p>Low</p>	<p>If Council needed to re-commission one or more closed landfills there would be significant extra cost and contingent liability for their operation.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Stormwater: Demand for new stormwater systems or significant upgrades to stormwater systems are not expected to significantly impact on either asset requirements or operating costs.</p>	<p>That development demand exceeds forecasts and/or slows down significantly.</p> <p>That a severe weather event or more frequent events affects the integrity of a system.</p>	Medium	<p>If development increases significantly from forecasts, this may require increased expenditure to increase capacity to meet the demand.</p> <p>Storm damage or response to increased expectations for treatment and/or disposal of stormwater could increase rates within the affected catchment area.</p>
<p>Wastewater Demand: Demand increases will not exceed existing projections and projects in excess of those planned.</p>	<p>That development demand exceeds forecasts or slows down significantly.</p>	Medium	<p>The activity is confined to identified catchment areas, so financial impacts will be within the specific area.</p>
<p>Wastewater Treatment Plants: Resource Consents for major capital works are expected to be obtained without undue delays and consent compliance will therefore be achievable.</p>	<p>Resource Consents are appealed to the Environment Court resulting in significant delays.</p>	Medium	<p>There can be additional costs associated with complying with consent conditions as standards continue to increase. These additional costs will be borne by the catchment area serviced.</p>
<p>Water Supply Demand: Increase in demand over that forecasted for treated water is not expected to significantly impact on either asset requirements or operating costs.</p> <p>Severe drought, resulting in water shortages, will not occur to the extent that water supply for human consumption and sanitation is compromised.</p>	<p>Development demand exceeds forecasts.</p> <p>Water shortages may result in emergency aid being required and losses in economic opportunities.</p>	<p>Low</p> <p>Low</p>	<p>Water is charged on a volumetric basis and a change to volume used will be reflected in revenue. Northland may become dryer if climate change predictions hold true.</p> <p>Dargaville has historically experienced water shortages during droughts. Steps can be taken, however, to reduce demand and manage water resources more effectively (Drought Management Plans have been developed).</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Water Conservation: Water conservation measures are expected to be sufficient to counter the effects on demand arising from adverse drought conditions and high peak season water demand.</p>	<p>Conservation methods are not sufficient to counter the effects of a drought.</p>	<p>Medium</p>	<p>While demand can be managed by regulation, a reduced water supply would mean reduced income from those supply areas which pay by metered usage.</p>
<p>Asset Management Plan Information: Council has developed Asset Management Plans for a number of its activities. Council continues to improve its asset planning information - particularly in regards to asset condition and performance. Asset condition information is accurate</p>	<p>Asset conditions differ from the current information</p>	<p>Medium</p>	<p>Any need to increase maintenance budgets and/or renewals expenditure above planned levels would lead to increased costs (and therefore rating requirement) for Council. The extent of this risk cannot be quantified</p>
<p>Financial Assumptions</p>			
<p>Useful Lives Of Significant Assets: It is assumed that no significant assets will fail before the end of their useful lives as determined in accordance with the depreciation rates set out in the accounting policies of Council.</p>	<p>Some assets may wear out and fail sooner or later than calculated.</p>	<p>Medium</p>	<p>There is no certainty that asset components will last exactly their design or assessed lives. However, replacement is budgeted at the expected end of useful life and earlier replacement will result in a loss on disposal of any residual value. Earlier replacement may result in the deferral of other discretionary capital projects in order to remain within self-imposed debt limits as set out.</p> <p>Some assets are likely to last longer than their design lives which would help to balance the effects of any early replacement of assets.</p>
<p>Revaluation of Non-Current Assets: Revaluations are planned to be undertaken every three years. It is assumed that these will be completed on a rotational basis i.e. not all revaluations will occur in one particular year. For the purposes of this LTP, the values of non-current assets have been increased annually using the applicable BERL inflation factor for each class of infrastructure asset.</p>	<p>The actual inflation rate may vary from the BERL inflation factors,</p>	<p>Medium</p>	<p>There is no certainty as to what the actual inflation rates will be over the next ten years. External influences beyond Council control can affect these rates. If the asset class is depreciable the depreciation will differ from that in the forecast.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Depreciation Rates on Planned Asset Acquisitions: Depreciation expenses on new assets acquired within the term of this Plan have been determined at the applicable rate defined within the accounting policies.</p>	<p>That the depreciation rate applied to acquire assets is inaccurate.</p>	<p>Low</p>	<p>The depreciation expense and funding would differ from that forecast.</p>
<p>Price Level Changes: Costs of providing local government services will increase at a higher rate than inflation. Overall the Local Government Cost Index (LGCI) has risen faster than the Consumer Price Index since 1999 at an annual rate of 3.6% and 2.7% respectively. Cost structures faced by local government will continue to differ significantly from the Consumer Price Index “basket”.</p> <p>The principal assumption made for the ten year period between 2018 and 2028 is that annual inflation will occur at rates broadly in line with the average of the cost indexing estimates collected for local government use by the Society of Local Government Managers (see table below).</p> <p>Cost factors will mirror the inflation indices referred to in the above assumption.</p> <p>In general, adjustors for construction-related activities (i.e. pipelines, earthmoving, roads and water) show the greatest cumulative change over the forecast horizon (2018/2028). Much of this occurs over the early-to-middle years of this period.</p> <p>The overall the LGCI is anticipated to increase a total of 28.2% from June 2018 to 2028. This corresponds to an average increase of 2.78 % per annum.</p>	<p>The price level changes will vary from those used.</p>	<p>High</p>	<p>Provided the Reserve Bank of New Zealand is required to keep general inflation under 4% per annum, the projected changes in price levels will vary only slightly. The effect of any variation up, or down, will result in either higher or lower rate requirements. Based on a projected annual operating expenditure of \$45 million, a plus/ (minus) 1% movement in the forecast inflation rate would result in an approximate movement in operating costs of plus/ (minus) \$450,000. Similarly, with an annual capital works programme of \$15 million a plus/ (minus) 1% movement in the forecast inflation rate would result in an approximate movement in capital costs of plus/ (minus) \$150,000.</p> <p>If the impact of inflation on Council's budgets turns out to be higher than forecast and Council did not wish to generate additional revenue by increasing rates, then either additional operational efficiencies or reduction in service levels or planned capital expenditure would need to be considered.</p> <p>Should the impact of inflation turn out to be lower than forecast then there would be a favourable impact on Council's operating and capital expenditure budgets.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
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Adjustors: % Per annum change

(The white area represents figures based on actual data while the remainder are projections)

Label Year ending	Adjustors				
	Planning and regulation	Roading	Transport	Community activities	Water and Environmental
	<i>PR</i>	<i>RD</i>	<i>TR</i>	<i>CA</i>	<i>WE</i>
	<i>% change (on year earlier)</i>				
Jun 15	1.5	2.3	1.6	1.8	3.2
Jun 16	0.8	1.4	1.1	1.6	2.1
Jun 17	1.4	1.6	1.6	1.8	1.2
Jun 18	1.8	1.9	1.9	1.7	1.8
Jun 19	2.0	2.0	2.0	1.7	2.3
Jun 20	2.1	2.2	2.0	2.0	2.5
Jun 21	2.1	2.2	2.1	2.1	2.3
Jun 22	2.1	2.3	2.2	2.1	2.4
Jun 23	2.2	2.4	2.2	2.2	2.4
Jun 24	2.3	2.4	2.3	2.3	2.5
Jun 25	2.3	2.5	2.4	2.3	2.6
Jun 26	2.4	2.6	2.5	2.4	2.6
Jun 27	2.4	2.7	2.5	2.4	2.7
Jun 28	2.5	2.8	2.7	2.6	2.8

BERL

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty												
<p>NZ Transport Agency Subsidy Rate: The NZTA's financial assistance rate (FAR) for Kaipara District Council has been set at 61%. It is assumed that this FAR will remain for the life of the plan. It is also assumed that the level of subsidy will increase in proportion to increased costs.</p>	<p>There is a risk that subsidy rates will reduce within the 10 year period.</p>	<p>Medium</p>	<p>Roading activities dominate Council's expenditure. Any change in the subsidy rate has a direct impact on Council's budget, level of rating or level of service.</p>												
<p>Interest Rates on Borrowing: The forecast interest rates are the actuals for existing loans and swaps. The interest cost of the new debt or refinanced debt is assumed to be at an average of 4.39%, which is a conservative estimate, using the long term average forecasts and a margin of 0.75% - 1.0% assuming that we continue to borrow from the Local Government Funding Agency (LGFA). The combined all up of cost is assumed to be 5.27%.</p>	<p>Interest rates will increase beyond those budgeted for in the 10 year LTP period.</p>	<p>Medium</p>	<p>Interest costs on borrowing.</p> <p>A 1% variation in interest rates would give the following increases in interest costs at the following levels of debt:</p> <table border="1" data-bbox="1447 587 2130 762"> <tr> <td data-bbox="1447 587 1608 660">Total Debt</td> <td data-bbox="1608 587 1666 660"></td> <td data-bbox="1666 587 1792 660">\$60 million</td> <td data-bbox="1792 587 1917 660">\$55 million</td> <td data-bbox="1917 587 2020 660">\$50 million</td> <td data-bbox="2020 587 2130 660">\$40 million</td> </tr> <tr> <td data-bbox="1447 660 1608 762">Interest \$ Variance with Movement of:</td> <td data-bbox="1608 660 1666 762">1%</td> <td data-bbox="1666 660 1792 762">\$600,000</td> <td data-bbox="1792 660 1917 762">\$550,000</td> <td data-bbox="1917 660 2020 762">\$500,000</td> <td data-bbox="2020 660 2130 762">\$400,000</td> </tr> </table> <p>A \$500,000 increase in interest costs equates to approximately a 1.5% increase in rates for 2018/2019.</p>	Total Debt		\$60 million	\$55 million	\$50 million	\$40 million	Interest \$ Variance with Movement of:	1%	\$600,000	\$550,000	\$500,000	\$400,000
Total Debt		\$60 million	\$55 million	\$50 million	\$40 million										
Interest \$ Variance with Movement of:	1%	\$600,000	\$550,000	\$500,000	\$400,000										
<p>Refinancing Term Loans/External Funding: Currently loans are directly attributable to particular costs. Internally, loan repayments are made over five years for IT and similar short life expenditure, 10 years for the District Plan and 20 years for infrastructural assets except for the Mangawhai Wastewater Scheme which is over 30 to 40 years depending on the debt tranche.</p> <p>External loans are managed on a portfolio basis and refinanced in accordance with the parameters of the LTP, the liability management policy and on the advice of Council's Treasury Advisors. Refinancing of external loans is assumed to be readily achieved.</p> <p>Council expects to maintain a significant lead-in time within which it can seek to lock in funding at acceptable margins.</p>	<p>Refinancing of external loans is difficult.</p>	<p>Low</p>	<p>The refinancing of Term Loans/External Funding may prove difficult to secure due to conditions within financial markets. This could lead to increased borrowing costs. Council will look to manage this risk by maintaining significant lead-in time before debt is needed.</p>												

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>Internal Borrowing: Operational reserves (such as the Land Subdivision Reserve) and other reserves are utilised in the first instance to minimise external debt funding. These reserves are effectively on call.</p>	<p>That the reserves are required in short timeframes and Council's liquidity facilities are insufficient.</p>	<p>Low</p>	<p>Expenditure is planned through the Annual and LTPs. Council operates within the parameters of its Treasury Policy which incorporates the liquidity and liability management policies.</p>
<p>Lump Sum Payments: That a proportion of property owners connected to the Mangawhai Wastewater Scheme paying the Capital Contribution A – F targeted rate will pay for their share of the capital costs of building the Scheme via a lump sum rather than over the 30 year term as a targeted rate.</p> <p>Council has assumed that take up of the offer is assumed to be minimal at this stage.</p>	<p>That the number of property owners taking up the lump sum option will be higher or lower than forecast.</p>	<p>Low</p>	<p>Any lump sums collected will be used to reduce debt. Acceptance by 10% of property owners would reduce debt by approximately \$860,000.</p> <p>A property having paid the lump sum will also no longer be liable for paying a capital contribution via a targeted rate. Hence, any variance in the number of properties paying lump sums will not affect the targeted rate for capital costs payable by other properties.</p>
<p>Vested Assets: Council does expect to receive vested assets over the life of this Plan.</p>	<p>The value of vested assets is greater than predicted thereby increasing depreciation expense.</p>	<p>Medium</p>	<p>From time to time developers will seek to vest certain assets in Council in lieu of making payments for financial or Development Contributions.</p>
<p>Sources For Funds For Future Replacement of Significant Assets: It is assumed that funding for the replacement of significant assets will be obtained in accordance with Council's Revenue and Financing Policy.</p>	<p>The main risk is that budgets for some capital replacements may not have been included and sources may not meet requirements.</p>	<p>Low</p>	<p>There is little or no risk that sources of funds for replacement of significant assets will not be achieved. Funding of all asset replacements during the life of the LTP has been disclosed.</p>

Forecasting Assumption	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
Other Assumptions			
Structure of Local Government: This LTP is prepared on the assumption that the structure of local government in Northland will remain unchanged over the life of the Plan.	There may be substantial changes to the structure of local government in Northland.	Low	The Local Government Commission has confirmed there will be no further amalgamation between the Northland councils but that they will continue to support the development of co-operative practices.
Climate Change: It is assumed that there will be no significant changes in weather patterns that will impact current cost structures, beyond the estimated impacts in flood protection services.	Climate Change may accelerate the frequency of droughts and storm events and associated flooding.	Medium	In the event that climate change causes more frequent extreme weather events, the cost of managing Civil Defence Emergencies will rise. Furthermore the impact of more frequent droughts on the primary sector has the potential to affect the prosperity of the district as a whole.
Emissions Trading Scheme: Council currently holds New Zealand units for pre-1990 forests, but does not plan on surrendering or obtaining any units. With the sale of much of the woodlot these units may be available for sale.	In the event that pre-1990 forests are lost and could not be replanted or regenerated Council would need to surrender or purchase credits.	Low	As Council is not planning on deforesting any of its land, it would have the New Zealand Units available to meet any unforeseen events.
Local Government Funding Agency (LGFA)			
Guarantee Obligations: Council has become a “guaranteeing local authority” in the LGFA when it joined the Agency. This means it will have guarantee obligations. At the year end 2017 Councils exposure was \$903,000.	Council is one of 44 local authorities that guarantee LGFA’s borrowings. These could be called on if LGFA defaulted on repayments of interest or capital.	Low	Council considers the risk to be low.



Financial Strategy

January 2018

draft



Kaipara te Orahouki

**KAIPARA
DISTRICT**

Two Oceans Two Harbours

1.0 Overview

1.1 Introduction

Council works with the people of Kaipara to make it a welcoming place with strong communities and active outdoor activities. We will be open and engaged with our communities and strive to lift Kaipara's well-being.

To achieve this Council must ensure it is financially resilient and has equitable and sustainable funding. Through the services we deliver and our community leadership role, we can make a significant contribution to the future success of the District. The delivery of these services will be efficient, effective and appropriate for the circumstances now and in the future.

Council's approach to sustainable management is a simple one:

- run a balanced budget;
- treat the District equitably;
- have a sustainable Plan; and
- prudent use of debt.

1.2 Challenges

The Long Term Plan 2015/2025 made significant progress positioning Council to be operating in a sustainable manner. Operations are funded from current year rates and income with only a few exceptions. Debt has been reduced through tight fiscal management and asset sales. We are halfway through a six year programme to improve asset information.

Challenges preparing the Long Term Plan 2018/2028 and our projected positions include:

- **Policy criteria**

Many of the district's assets and infrastructure systems have been maintained on an as required basis with renewals deferred as long as possible. In contrast, our communities are demanding improved levels of service. In addition communities are actively engaged in the process of planning for their area and through this seek more and better community amenities. These drive up costs putting our affordability policy and our ability to hold rate increases to LGCI plus 2% under pressure.

- **Reducing debt**

A success of the past three years is the significant reduction of debt beyond that forecast in the Long Term Plan 2015/2025. Debt is projected to be \$54.5 million at June 2018 compared with \$70.7 million forecast in the Long Term Plan 2015/2025. Continuing to achieve debt reduction and building infrastructure requires prioritising projects and balancing residents expectations with affordability.

- **Rating structure**

The rating structure is under strain from two directions. Firstly, the rating valuations at 01 September 2017 significantly moved the incidence of rates to residential (including lifestyle blocks less than 2 ha) and away from dairy and pastoral farming ratepayers. Within residential some areas, lower valued properties in particular, saw substantial rises in value, and as a consequence a relative increase in liability for rates. Council considered options to ameliorate the impact of the revaluations on ratepayers including a cap on annual increases, remissions and adjustments to the level of the UAGC. After consideration the status quo prevailed.

Secondly, the forward projections indicate large increases to some of the Three Waters (water supply, wastewater and stormwater) targeted rates as renewal catch-ups are undertaken and infrastructure is improved. Assessing the targeted rates for defined capital costs by each scheme may well be constrained by affordability. Refer to Three Waters section.

- **Diverse growth patterns**

The disparity of growth in areas of the district accentuated over the past three years. The east, Mangawhai, has grown and is forecast to continue to do so. While some of the capital costs required to meet the growth are financed by development contributions, the ongoing operating costs apply pressure on current ratepayers. The growth in the east is not matched in central and western areas. This raises issues of equity; who should pay.

Managing the consenting processes together with monitoring and if necessary enforcing consent conditions arising from this growth has put Council services under pressure.

- **Council services**

All councils are judged by their response to customer enquiries, standard of public amenities and other easily observable issues. An outcome of the tight fiscal management and need to balance the budget has resulted in Kaipara District Council's investment in many of these frontline and back office services being neglected or held at a minimal level. There is a need for us to improve performance in many areas. To achieve this requires investment in technology, staff and amenities. Prioritising what some may view as non-essential expenditure was required, and contributed to the increase in rates.

- **Three Waters**

Operating costs of the Three Waters (Water Supply, Stormwater and Wastewater) are standardised across all schemes other than Te Kopuru. This reflects the principle that the same service is received therefore the recipients should pay the same. For historic reasons Te Kopuru is excluded and rated on a stand-alone basis. Recovery of capital costs are calculated and rated on a per scheme basis. This means as renewals and upgrades are undertaken and the capital portion of the targeted rates adjusted on a scheme by scheme basis affordability may become an issue. While this will occur beyond the term of this Plan, Council considered normalising the capex of the water and wastewater schemes to make it in line with operating costs.

They also considered a public good element funded by general rates as is done for stormwater. Council recognised the rationale for normalisation and decided to undertake further investigation and consultation before proposing the change. It also acknowledged a need to re-examine the historic separation of Te Kopuru.

- **Non-residential ratepayers**

The Mangawhai region continues to have a large proportion of non-resident property owners. While all ratepayers, resident and non-resident, contribute to local and district costs, there is a large and significant increase to population during the holiday periods, especially the summer holiday period. This periodic population boom places pressure on all infrastructure for these peaks and now consequential operating costs are funded (local and district-wide) is a challenge.

- **Visitors**

Kaipara, in common with many small local authorities in New Zealand, has within its district major natural attractions that bring in large numbers of non-ratepayer visitors. While they bring direct economic benefit to local businesses, local ratepayers fund the infrastructure and services required for a good visitor experience. As with non-resident ratepayers, the visitor influx peaks in the holiday periods, particularly summer. Funding the infrastructure and services needed for visitors from a small ratepayer base creates challenges of affordability and equity.

Risk and financial resilience

Reducing our risk and increasing our financial resilience continues as a key driver of our current Financial Strategy. Improving our position has positive flow-on effects and can help with most of the issues outlined above.

- **Debt financing**

Apart from reducing the quantum of debt, it is important for Council to be able to access the most attractive cost of funding rates. Our financial position has significantly improved over the last three years. Debt is estimated to be \$54.5 million at 30 June 2018 against a forecast of \$70.7 million in the Long Term Plan 2015/2025.

From 23 February 2016 Kaipara District Council has accessed debt funding through the Local Government Funding Agency (LGFA). Our debt ratios are set at or below those required by the LGFA and are comfortably achieved through the term of this Plan.

- **Interest capitalised**

Council is limited to setting development contributions based on growth anticipated over the next 10 years. The benefits of the Mangawhai Community Waste Water Scheme extend to properties that will be created after June 2028, the future community. The cost of development and debt attributed to these properties is \$20.2 million. Council's policy provides for 50% of the interest on this debt to be capitalised to be recovered from the future community development contributions. The remaining 50% is a charge to the general rate.

- **Debt management**

Implicit in the use of debt financing is the prudent management of debt levels, maturities and cost of finance. To ensure Council has access to funds we have committed facilities with registered banks in addition to the LGFA facility. Funding debt at the lowest possible cost is important. At current debt levels a 1% margin adds around \$543,000 to costs each year. Council manages these obligations after seeking external expert advice on a regular basis.

Options to manage the challenges

Options considered to manage these challenges were to:

- increase rates and/or add new targeted rates;
- manage infrastructure investment requirements by deferring expenditure;
- exit services where possible and/or provide more economical options;
- review the approach to district-wide funding for the Three Waters and/or transitioning arrangements;
- slow the rate of debt reduction down provided that the level remains prudent and affordable; and
- optimise use of development contributions to fund investment required to meet growth.

1.3 Summary

The challenges outlined in the section above, have been worked through, consulted on with the community and the preferred position is set out in the Long Term Plan 2018/2028. The issues are specifically set out in this Financial Strategy and in the Infrastructure Strategy.

The Financial Strategy for 2018/2028 is largely consistent with that set in the Long Term Plan 2015/2025 and remains a simple one. We will run a balanced budget. We will treat the District equitably. We will have a sustainable Plan.

Key points of the Financial Strategy are:

- a balanced budget is maintained¹;
- operating expenditure is projected to be \$523 million and capital expenditure is \$219 million for the 10 years to 2028. Funding of this expenditure is primarily through rates, user charges and NZTA subsidies, development and financial contributions;
- general rates will increase around 5.45%;
- rates increases averaging approximately 4.13% per annum over the life of the Plan together with fees and subsidies will generate sufficient income to manage ongoing renewals, continue progress on catch-up renewals and to fund reserves;
- capital costs (reflecting the costs of capital works and remaining debt) for each scheme will be combined with the operational costs, which are being allocated uniformly across all schemes, to calculate the targeted rate payable in each community for water supply, stormwater and wastewater². Te Kopuru is an exception and funded on a stand-alone basis;
- capital contributions, collected as targeted rates, to fund the capital cost of the Mangawhai Community Wastewater Scheme (MCWWS) and reduce debt continue as does the district-wide funding of a portion of the debt as part of the general rate; projected income from Development Contributions has been spread over a longer timeframe;
- other capital costs are funded by NZTA funding³ (for roading); Financial Contributions (for reserves) and Development Contributions (for some wastewater and stormwater schemes and roading) fund capital costs of growth; and
- debt requirements⁴ are projected to trend downwards and reduce to approximately \$46 million by 2027/2028 at the end of the 10 years covered by the Plan. At all times during the duration of the Plan, debt requirements fit within Council's preferred debt ratio parameters.

¹ i.e. Operational revenue funds operational expenses (before depreciation) except for a portion of interest attributable to future development. In addition, desludging costs for cleaning out wastewater ponds are loan funded rather than rates funded to avoid spikes in rates unless new technology can provide a more economical alternative in future.

² The annual network charge.

³ NZ Transport Agency funding also funds operational expenditure on roads.

⁴ Projected debt plus increasing capacity to fund reserve expenditure.

Three points to note in the Financial Strategy are set out in more detail below.

- **Introducing additional funding phased over time for renewal expenditure on water supply, stormwater and wastewater infrastructure assets**

While further information about asset condition is available for the Long Term Plan 2018/2028, there is still a high level of uncertainty about expenditure needs and relative priorities. As discussed in the Infrastructure Strategy, further work is scheduled over the next 3 years to inform the Long Term Plan 2021/2031. In the meantime, the level of renewal expenditure has been increased on an incremental basis as affordability permits. The adequacy of this provision will be reassessed with the Long Term Plan 2021/2031.

- **Introducing additional funding for roads for six years from 2015/2016 to 2020/2021 inclusive**

In order to maintain a level close to current standards for roads, the targeted rate for exotic forestry has been extended for the period of this plan. In addition the level of the targeted rate currently \$390,000 (exclusive of GST) will be increased annually by the appropriate LGCI index.

- **Growth and Development Contributions**

Population and rating base projections indicate that there will be some growth within the Kaipara District over the term of the Long Term Plan 2018/2028 and the 30 years of the Infrastructure Strategy. Growth is expected largely in Mangawhai and its surrounding district. Other areas are expected to have only slight increases (central Kaipara) or no increases (west and north Kaipara). This puts the quantum of the Development Contributions collected for areas other than Mangawhai in question.

2.0 Financial Strategy

Background

Local authorities need a sustainable funding base to continue delivering services to their communities in the future. This involves a balancing act of delivering services while keeping the income required affordable, ensuring equity between current and future generations, along with fairly sharing service delivery costs between different users.

The Local Government Act 2002 (LGA) requires Council to take account of a number of principles when determining how it wishes to fund its different activities. These include:

- the contribution that each activity makes to Community Outcomes;
- the distribution of benefits between different sections of the community;
- the period over which benefits are expected to occur;
- the extent to which the actions (or inactions) of a particular group contribute to the need to undertake the activity;
- the costs and benefits of funding an activity distinct from other activities; and
- the overall impact of its policy decisions on the community.

In addition to the requirements of the LGA, Council has a set of policy criteria to guide decisions on the Financial Strategy and other financial matters. They are:

- simplicity - Council's plans and policies should be clear and easy to understand. Overly complex plans and policies detract from this and have an unnecessary cost;
- community support - The revised plans and policies should be acceptable to the community;
- equity - Plans and policies should be fair and treat like with like both now and in the future. Further, those who contribute to the need for the activity should pay more;
- stability/durability - The plans and policies should be stable and have longevity and so give some certainty to people over time;
- affordability - The levels of services and costs of the activities need to produce rates, fees and charges that are affordable for people; and
- fair distribution - Use the Uniform Annual General Charges (UAGC) to ensure a fair distribution of costs across all ratepayers given the marked difference in land values across the District.

The financial statements included in this Financial Strategy use the actual results reflected in the Annual Report 2016/2017.

Population, Land Use and Rating Base Growth

The 2013 Statistics New Zealand census data indicates that the Kaipara District as a whole is expected to have little or no growth in the long term. Within that there are area differences with the east growing faster than the west and north, where growth is predicted to be flat or, in some areas, declining. To some extent actual data from rating base figures supports the census data. However, even in times when growth was slow there was steady upward movement in other areas.

Using the statistics and rating base data, we are predicting the levels of growth set out in the table below.

Figure 1a: Annual Rating Unit Growth Forecasts 2018/2028

Area	Years 1 – 5	Years 6 – 10
	2018/2019 – 2022/2023	2023/2024 – 2027/2028
Ruawai, Te Kopuru, North and Kaipara Coastal	0.4%	0.4%
Kaiwaka	2.0%	2.0%
Mangawhai	2.4%	2.5%
Maungaturoto	0.2%	0.2%
Dargaville	0.2%	0.2%
Rest of District (including all other areas)	1.2%	1.3%
Kaipara District (all)	1.0%	1.0%

Mangawhai Development Contributions⁵ has a different growth profile, as set out below.

Figure 1b: Annual Development Contributions Growth Forecasts 2018/2028 - Mangawhai

Area	Year 1 2018/2019	Year 2 2019/2020	Year 3 2020/2021	Year 4 2021/2022	Year 5 2022/2023	Year 6 2023/2024	Year 7 2024/2025	Year 8 2025/2026	Year 9 2026/2027	Year 10 2027/2028
Mangawhai	4.3%	4.2%	5.1%	4.9%	4.6%	4.4%	4.2%	4.1%	3.9%	3.5%

⁵ The Mangawhai development contributions growth profile is different from the growth projection for Mangawhai as a whole because (1) it is a much smaller area, and (2) much of the growth in the Mangawhai wastewater area will not attract a Development Contribution as they have either paid already or are paying a capital contribution through rates.

Land use is expected to remain largely the same over the 10 year period.

A particular characteristic of the Kaipara is that approximately 74% of the ratepayers reside within the District and 26% outside the area. For Mangawhai these figures are 47% within the District and 53% outside the area⁶. The percentage of ratepayers residing outside of the district has reduced from the Long Term Plan 2015/2025.

In general, the forecasts assume that the additional demand for services created by the increased growth will be absorbed by the rating base growth and by more efficient delivery of services.

The key exception is the wastewater plant at Mangawhai, where the Development Contributions growth forecasts are an essential part of the forecasted revenues. This is discussed further in this Strategy and in more detail in the Revenue and Financing Policy and the Development Contributions Policy which is part of the Long Term Plan 2018/2028.

Financial Overview

To deliver our services to the community and maintain the District's assets to the level forecast over the next 10 years (2018/2028) will require an investment of \$523 million for operating expenditure and \$219 million for capital expenditure.

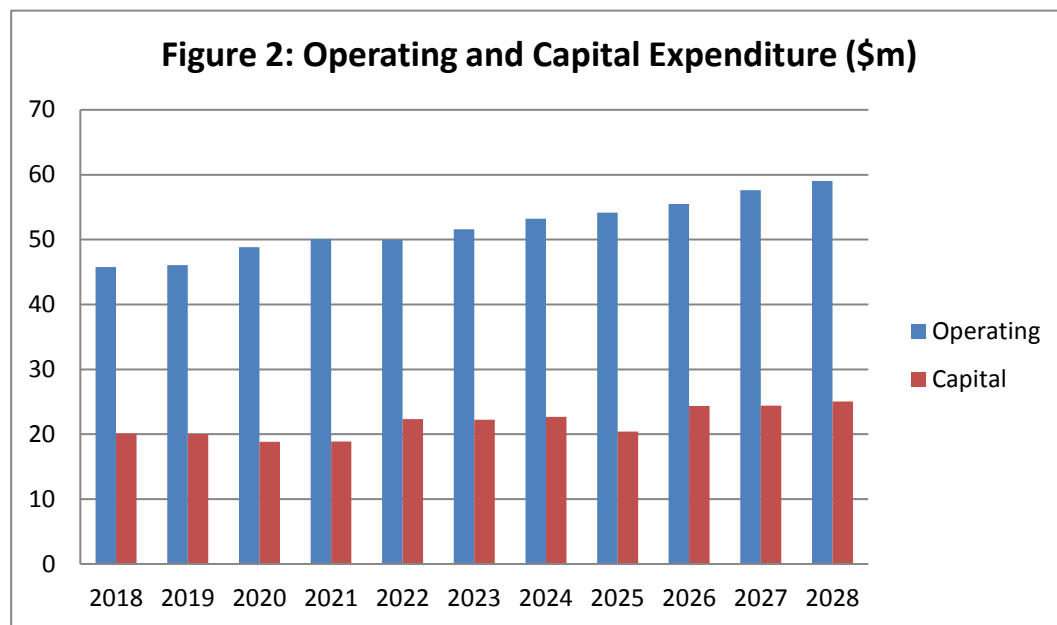
For operating expenditure this means the level of expenditure is relatively even in the earlier years, each subsequent year largely reflecting a LGCI rise.

The exception is employee benefits. Over the last two-three years increase demand on Council's services has largely been absorbed by current staff. The cumulate effect of this is:

- service levels falling below desired levels in some areas;
- Council not adequately addressing some statutory obligations; and
- internal infrastructure, particularly IT, falling below that required to support Council's customer facing activities.

The Plan incorporates an increase in staff numbers in 2018/2019 in key areas. Beyond 2018/2019 there are no budgeted increases to staff numbers. The increased staff numbers is reflected in employee benefit costs in 2018/2019.

Figure 2: Operating and Capital Expenditure (including depreciation) (\$m)



We will fund operating and capital expenditure in accordance with the Revenue and Financing Policy:

- operating expenditure will be funded primarily through rates and activity revenue (user charges and water rates), grants and NZ Transport Agency (NZTA) funding. Debt will be used to spread the cost of desludging;
- capital expenditure will be funded primarily through rates, development contributions and NZTA funding debt; and
- borrowing is used minimally over the forecast period given that it reduces over the plan period.

Overall, while not fully rate funding depreciation until 2021/2022 (with the exception of roading as it has funding from the NZTA and Mangawhai Community Wastewater Scheme (MCWWS) until 2025) and part of the interest costs related to growth in the MCWWS, the books will be balanced from the outset and for the duration of the Long Term Plan. Forecasted revenues are sufficient to cover both operating and capital expenditure over the 10 year period and to provide for net debt repayment.

The forecasted operating surplus together with total revenue and expenditure, as detailed in the Prospective Statement of Comprehensive Revenue and Expense, is summarised in the table below.

Figure 3a: Forecasted Total Revenue, Expenditure and Operating Surplus 2018/2028⁷ (\$million)

Year end June	2018 ⁸	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Revenue	54.0	54.3	57.1	60.0	62.0	62.8	66.4	66.8	69.4	70.4	72.6
Total Expenditure	45.7	45.9	48.4	49.7	49.6	51.3	52.9	53.8	55.2	57.4	58.8
Net Surplus (Deficit)⁹	8.2	8.4	8.6	10.3	12.4	11.6	13.5	13.0	14.2	13.0	13.7

Forecasts have been inflated using the LGCI produced by Business and Economic Research Ltd (BERL). The forecast interest rates are the actuals for existing loans and swaps. The interest cost of the new debt or refinanced debt is assumed to be at an average of 5.07%, which is a conservative estimate, using the long term average forecasts and a margin applicable to Council on borrowings from the Local Government Funding Agency (LGFA).

Finding the Right Balance

This Financial Strategy is based on continuing to balance our operating budget and a sustainable level of debt while recognising the need to maintain reasonable levels of service, provide for the renewal of our assets and ensure that our rates remain affordable for ratepayers. While Council debt levels are within its debt limits, we need to maintain discipline in order to remain so. If we relaxed our Policy to fund operating and renewal expenditure from increased revenue rather than borrowing we would soon be outside our debt limits. This would mean that either borrowing would become very expensive or in the worst case scenario that Council would be unable to raise the loans we needed. To ensure that Council continues to move towards a more financially sustainable position it is projecting to increase revenue, predominantly by increasing rates, and to maintain the debt reduction programme, albeit at a slightly reduced level.

Intergenerational equity means that, over time, users or people who benefit from a particular asset contribute a reasonable amount towards its cost. If an asset lasts 20 years for example, people who benefit from that asset should pay for a fair proportion during the time they have used it. It is fair and helps with affordability. Managing intergenerational equity has two different impacts depending on the type of asset and expenditure.

⁷ Refer Prospective Statement of Comprehensive Revenue and Expense.

⁸ The 2018 figures represent Forecast 1 for the 2017/2018 financial year.

⁹ Net Surplus (deficit) prior to Gain/Loss on Asset Revaluations.

If the asset is new, it is appropriate to fund it by debt which is then repaid from rates over a maximum of 20 years. If there is a growth related component it is also appropriate that Development Contributions are utilised.

The main growth related project is the MCWWS. To date it has largely been debt funded. The forecasts for the next 10 years project that the portions paid by the Mangawhai Community and the District will be repaid over the original 30 years. The projections for future users have been revised downwards to reflect that not all the new growth developments will be charged a Development Contribution. As a consequence the future users portion of the debt is now projected to be repaid over the 40 years.

For assets that already exist, renewal expenditure is required. Depreciation recognises that the value of the asset diminishes over time. By funding the depreciation, a reserve is set up that can be used to fund the renewal expenditure when it falls due. This means that those who use the asset contribute to its upkeep and replacement ensuring that there is intergenerational equity. Depreciation is fully funded for all asset classes other than water, stormwater and wastewater from year 1 of this Long Term Plan. The impact of this is that:

- asset renewals are kept to a basic but manageable level;
- over time funding capacity for additional work will become available should it be required; and
- rates can be maintained at a lower level in the short term to assist with affordability.

This effect of progressively funding depreciation can be seen in the next table.

Figure 3b: Funded depreciation (\$000's)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total depreciation	9,837	10,352	10,892	11,480	12,133	12,718	13,198	13,690	14,254	14,861
Total funded depreciation	5,093	5,681	6,253	7,006	7,596	8,129	8,560	8,870	9,240	9,641
Unfunded depreciation:										
Roads and Footpaths ¹⁰	3,795	3,901	4,017	4,149	4,305	4,465	4,637	4,820	5,014	5,220
Mangawhai Community Wastewater Scheme	549	478	408	325	231	124	-	-	-	-
Other	400	292	214	-	-	-	-	-	-	-
Total unfunded depreciation	4,744	4,671	4,638	4,474	4,537	4,589	4,637	4,820	5,014	5,220

¹⁰ Overall, between the NZTA and Council, Roads and Footpaths is 100% funded

The table shows the total level of depreciation and what is funded, together with the unfunded portions for Council. The key point to note is that funded depreciation steadily increases until unfunded depreciation is zero for everything other than Roads and Footpaths and the MCWWS by 2022 i.e. depreciation is fully funded for these activities. Roads and Footpaths project expenditure, including renewals, is partially funded by the NZTA subsidy at the time the project is undertaken which means that fully funding depreciation is not required. Fully funding the depreciation for the MCWWS is scheduled for 2025 rather than 2022 as it is with other activities to coincide with maximum term of the current operating contract.

Fully funding depreciation will allow Council to fund normal renewal levels of expenditure within projected revenues and reserves. However, we have catch-up renewals to manage as well. While the exact need and relative priority is not known at present, where possible a provision is being built up to manage this additional expenditure. Beginning in the later years of the Long Term Plan 2015/2025 catch-up renewal is expected to be prioritised and cleared over a 30 year period.

We are mindful of the impact that rates increases have on ratepayers. Not dealing with the sustainability and intergenerational issues is also not a viable alternative and in the long run the negative impact would be much greater.

Our strategy, in regards to keeping rates within affordable bounds where possible, is to:

- keep expenditure to base levels of service, no “extras”, and operate a “just in time” policy in regard to undertaking capital expenditure. This will see levels of service generally being maintained at current levels;
- smooth the impact of desludging costs by loan funding rather than rates funding in the year it occurs¹¹;
- phasing in rate increases where it is prudent to do so, for example the move to fully fund depreciation and to set up provisions for priority expenditure over and above depreciation levels to restore assets to an appropriate condition and to avoid loan funding for operating expenditure in the future; and
- moving towards allocating the costs to wider groups who benefit from the service or who cause the costs.

As part of the Infrastructure Strategy, reviews are programmed to complete the condition assessment of assets and to investigate affordable alternatives.

The increase in rating levels in 2018/2019 through to 2020/2021 means that Council results in a more sustainable funding base. This means our base level of services can be funded within current income, financial risk is reduced and financial resilience is increased as debt is steadily retired over the 10 year period and there is some, albeit limited, capacity to make investments for our communities in outer years.

We believe that the respective trade-offs are workable. While there is a risk that assets may fail before they are renewed we are comfortable that this is manageable and overall the combination of measures present a good balance among the different factors that we have had to consider.

¹¹ Unless new technology provides an economical alternative and loan funding of rate spikes is not required.

Investing In Our Communities

Making the Kaipara a district with welcoming and strong communities is a key goal for Council. Council works with the people of Kaipara to support community involvement, improve infrastructure and to support achievement. Through the range of services that we deliver and our community leadership role we make a significant contribution to the future success of the District. The delivery of these services will be efficient, effective and appropriate for the circumstances, both now and in the future.

Council's contribution needs to be balanced with the need to keep rates at an affordable level and for the organisation to operate in a financially prudent manner. We recognise that there are limits to the level of rating that the community can afford to pay. In this regard Council has compared its levels of rating with the threshold for an affordable level of rating against the median household income as suggested by the Rates Inquiry¹². We also need to strike a fair balance between what today's ratepayers pay for, the assets and services they consume versus those who will come in the future, and ensure we are to be able to deal with the unexpected when it happens.

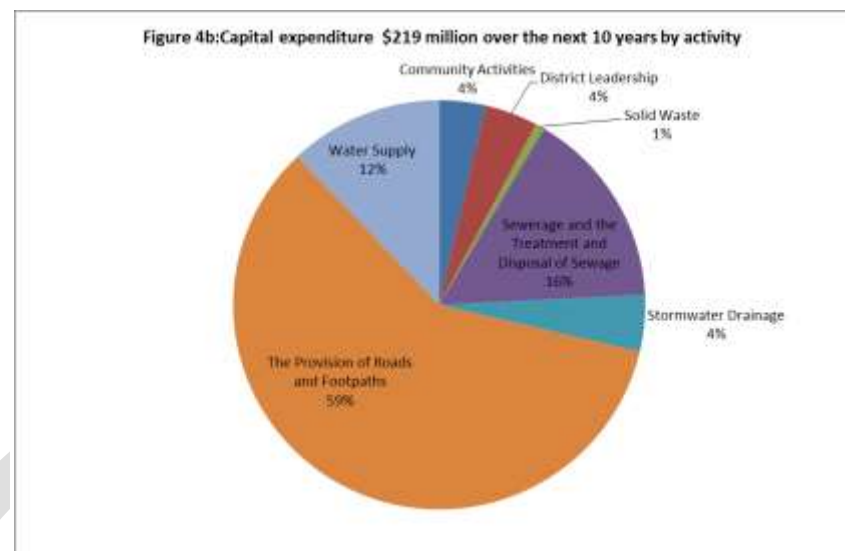
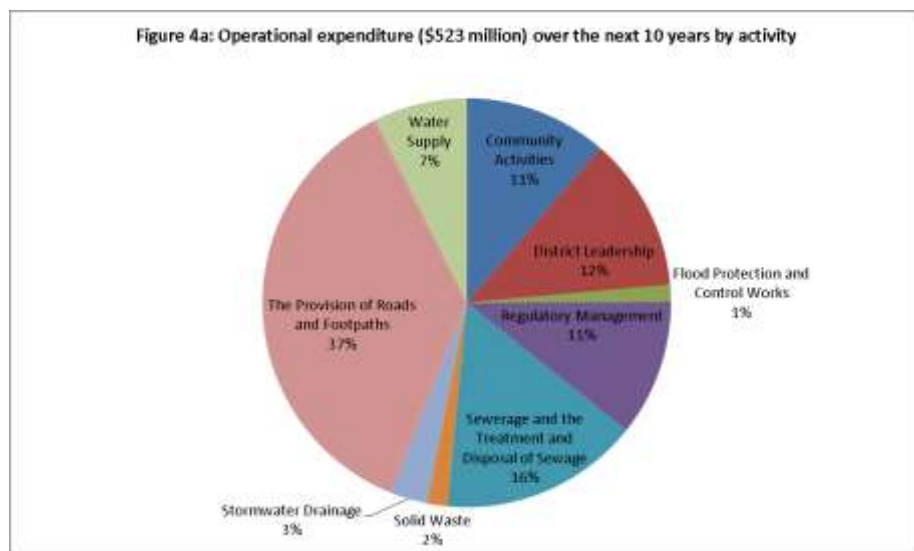
Operating in a financially sustainable way is a delicate balancing act. The Long Term Plan 2015/2025 moved towards achieving a more appropriate balance over time by reducing our levels of debt and increasing our rating base so that today's ratepayers are paying for the services that they receive. This Long Term Plan continues these principles.

Council believes that we need to support our communities by providing for renewals, being mindful of our level of debt and preserving a more conservative financial position in order to reduce risk and increase flexibility and resilience for the future.

Making this happen will require \$523 million in operating expenditure and \$219 million of capital expenditure over the 10 years of the Plan. A significant driver of this expenditure is the need to operate and maintain Council's assets. Of the total operational spend, around 63% is directly related to the delivery of core infrastructural asset services (roading, water supply, stormwater and wastewater services). Core infrastructural assets account for around 92% of Council's capital expenditure.

The pie charts below show the allocation of expenditure to the different activities. It is important to recognise that roads and footpaths are the single biggest expenditure item, representing 37% of operating expenditure and 59% of capital expenditure. Most of this expenditure relates to roading. The next biggest activity is Sewerage and the Treatment and Disposal of Sewage at 16% and 16% for operating and capital expenditure respectively. The MCWWS alone represents approximately 66% of the total operating expenditure for the sewerage activity.

¹² The Local Government Rates Inquiry report indicated that rates are affordable if they equate to 5% of gross household income.



Council’s assets at the beginning of the period, 30 June 2018, are forecast to be \$627 million and at the end of the 10 years, 30 June 2028, are forecast to be \$907 million.

Funding the investment

Council will fund our forecasted expenditure primarily through rates, user charges, NZTA funding, and Development Contributions. We are also funding past expenditure through borrowings. This section describes our general strategy around how we intend to use these sources of funding and indicates some of the key risks. It also outlines our limits in these areas.

The specific funding mechanisms for each activity (and hence how the funding raised will be used) are set out in the Revenue and Financing Policy.

Rates

Rate funding is applied to operating expenditure after other available funding sources have been used. Rates are also collected for renewals via depreciation and servicing corporate debt (interest and principal) repayment.

Council maximises all sources of non-rate income, especially subsidies and grants. Over the three years to 2017/2018 we increased the percentage of income collected by rates. In 2017/2018 we forecast collecting 55% of income from rates. During the period covered by this plan this increases from 57% in year 1 to 60% in year 10, well within the policy limit of 76%.

Figure 5: Annual Operating Rates Revenue and Forecasted Movements 2018/2028¹³

Year End June	2018 ¹⁴	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Rates (\$m)	29.4	31.2	33.1	34.8	36.0	36.9	38.9	39.6	40.7	42.2	43.4
Total Revenue (\$m) ¹⁵	53.9	54.4	57.1	60.0	62.0	62.8	66.4	66.7	69.3	70.4	72.6
Total Rates % of Total Revenue ¹⁶	54.61%	57.37%	57.94%	57.98%	58.11%	58.71%	58.54%	59.40%	58.64%	60.02%	59.85%
Forecast Increase for Total Rates (Excluding growth)	2.65%	5.45%	5.53%	4.76%	3.02%	1.88%	4.88%	1.50%	2.06%	3.38%	2.29%
Rates Increase Policy	5.1%	4.0%	4.2%	4.2%	4.2%	4.3%	4.3%	4.4%	4.5%	4.6%	4.7%

In the Long Term Plan 2012/2022 Council established a ceiling to rate increases to guide financial planning. The limit was established at Local Government Cost Index (LGCI) plus 2%. The LGCI is prepared and published by independent economic consultants BERL. The 2% was to provide funding for new capital works required from time to time. Rate increases are measured on income after deducting penalties, water targeted rates and growth in the rating base.

The Long Term Plan 2018/2028 forecasts the ceiling to be exceeded in each of the first three years. In years 4-10 rate increases are forecast to be less than the ceiling, other than 2023/2024. Over the 10 year long term plan period cumulative increases will be less than the ceiling. In 2018/2019 the increased rate revenue is forecast at \$1.751 million or 5.95%. From this growth of 0.5% is deducted to give an increase of 5.45% against a ceiling of 4%. The forecast increases for 2019/2020 and 2020/2021 are 5.53% and 4.76% respectively compared to ceilings of 4.20% in each year.

It is important to recognise that the percentage increases outlined above are only averages. Hence, the specific rates paid by an individual ratepayer could vary widely around this number with some being higher and others being lower. In addition, the specific targeted rates (e.g. water and wastewater) applying to a particular property will also need to be considered. Tables showing the impact of the movements on a selection of individual properties are included in the Funding Impact Statement set out in the Long Term Plan 2018/2028.

In developing the above limits Council has sought to balance ratepayer affordability, the demands for services and maintenance of its assets with its need to be financially sustainable.

¹³ Excluding rate penalty income and water supply rates.

¹⁴ Annual Plan 2017/2018.

¹⁵ Excludes non-cash items.

¹⁶ Calculated on \$000's.

Rating Structure

The Revenue and Financing Policy and the Funding Impact Statement set out in the Long Term Plan 2018/2028, incorporates Council's rating structure.

The rating structure is largely unchanged from that applied structure in the Long Term Plan 2015/2025.

The key elements of the structure are:

General rate

- Calculated on Land Value with two differentials (100% for residential and lifestyle land under 2 hectares; 155% for all other land use categories)
- UAGC set at \$728.00 which is close to the maximum limit permitted under the Local Government (Rating) Act 2002;

Network infrastructure rates

- There is one rate for each scheme (except for the Te Kopuru wastewater scheme), made up of operating costs (excluding depreciation and interest) across the District divided by the number of units in the District, together with individual scheme costs for defined capital costs (including funded depreciation, interest and loan repayments) for each scheme divided by the number of scheme users. Specifically:
 - Stormwater. Targeted rates for the five networks (Baylys, Dargaville, Te Kopuru, Kaiwaka and Mangawhai) based on land value;
 - Wastewater. Targeted rates for five schemes (Dargaville, Glinks Gully, Maungaturoto, Kaiwaka and Mangawhai) for connected properties at 100%, 75% connectable properties and 50% for multiple pans beyond the second (non-residential only). The charge is per SUIP for residential purposes and per rating unit and pan for non-residential;
 - Water. Targeted rate for six networks (Dargaville (including Baylys), Glinks Gully, Ruawai, Maungaturoto (Station Village), Maungaturoto (Township) and Mangawhai) on a differential basis between metered and other properties. Volumetric charges apply for the metered properties and a fixed amount for other properties;
- Te Kopuru wastewater. For affordability reasons, Council has calculated the targeted rate based on land value for the Te Kopuru network separately on a scheme basis manner as all other schemes (as set out above). For Te Kopuru, there is one rate for the scheme made up of individual scheme costs. Specifically:
 - A targeted rate at 100% for connected properties, 75% connectable properties and 50% for multiple pans beyond the second (non-residential only). The charge is per SUIP for residential purposes and per rating unit and pan for non-residential; and

- Other targeted rates
 - Land Drainage. 29 targeted rates for the 29 committees, value based rates on undifferentiated land value for 28 schemes and differentiated land value for Raupo.
 - Mangawhai Harbour Restoration Area undifferentiated uniform charge.
 - Ruawai Tokatoka Hall area an undifferentiated uniform charge.
 - Forestry Targeted rate. A value based rate on undifferentiated land value for exotic forestry properties.
 - Mangawhai Community Wastewater Scheme (MCWWS). Four capital contributions continue to fund part of the capital cost of the MCWWS and to ensure equity amongst current and future users of the scheme.

The Funding Impact Statement, which forms part of the Long Term Plan 2018/2028, sets out the structure in more detail and illustrates this impact on sample properties.

Mangawhai Community Wastewater Scheme

The debt attributable to the MCWWS was \$58 million at June 2012. The debt was, under the original funding arrangements prior to the adoption of the Long Term Plan 2012/2022, forecast to grow significantly as interest and other operating costs were to be funded from additional borrowing until further development had occurred.

The Long Term Plan Amendment adopted with the Annual Plan 2013/2014, refined the attribution of debt and rates for the different communities' debt allocations. In summary the attribution was; existing community (connected and connectable) \$13.4 million, future communities (development contributions) \$26.2 million and district-wide community \$18.4 million to be funded from general rates.

The Long Term Plan 2018/2028 continues the strategy set out in the previous Long Term Plan. The existing community will continue debt repayments at the same rate per annum. Development contributions will be collected at the rate per unit set out in this Long Term Plan. District-wide ratepayers will continue to repay attributed debt as part of general rates.

While the existing community and future community debt repayment continues for the originally planned thirty to forty years respectively, the district-wide community will see a reduced term. Sales of surplus assets and other general surpluses have been applied to reduce the debt. It is expected the debt will be fully repaid within the next 10 years.

The operational costs of the MWWS continue to be charged to the existing community subject to any equalisation as set out in the Long Term Plan.

Roading Activity Funding

Roading costs are a dominant feature of Council's costs.

Operating costs amount to around \$191 million or 36% of the operating budget over the 10 years covered by this Plan. Capital costs also amount to \$129 million or 59% over the same period. It is important to balance the allocation of the costs associated with roading between those who benefit from the activity and those who create additional maintenance demands (i.e. exacerbators).

Roading costs in the general rate contribute to differentials on land use categories (100% for residential and lifestyle land under two hectares; 155% for all other land use categories). This reflects the view that roads are a public good where everyone benefits and can use them and that there is a difference, assessed by using land use categories, as to how much each category uses the roading network and the extent to which they contribute to the costs of the network.

A Forestry Roding Targeted Rate was introduced in 2015/2016 for the six years to 2021 in order to fund the impact of forestry and logging trucks and maintain close to current standards on Council roads. The heavy metalling funded by the targeted rate is achieving the objectives, but logging activities are continuing beyond the originally expected completion date. This plan extends the targeted rate to the year ended 30 June 2028 and increases the \$390,000 rate by the appropriate LGCI.

Further detail is set out in the Funding Impact Statement included in the Long Term Plan.

Water Supply, Stormwater and Wastewater Services

We believe that the District as a whole benefits from having healthy and vibrant urban areas. Everyone needs to go to town to visit shops and complete their day to day business. The creation of urban or residential areas can lead to the need for reticulated systems, such as for water supply and stormwater. These systems ensure that wastewater and stormwater, for example, are disposed of in environmentally acceptable ways while also protecting public health.

Given the broader public benefits associated with these services Council believes that it is appropriate that a portion of these costs should be funded via the general rate. This funding of scheme stormwater costs from the general rate remains at 10% for the life of the Plan.

The status quo also remains for the calculation of water supply, stormwater and wastewater network charges (i.e. defined operating costs averaged across the schemes with defined capital costs are charged per individual scheme), except for Te Kopuru.

Further detail is set out in the Revenue and Financing Policy and the Funding Impact Statement included in the Long Term Plan 2018/2028.

Fees and User Charges

Fees and charges are applied where there is a clear link between the user and the service. This area includes the regulatory Fees and Charges that are set out as part of this Plan and activity charges such as water rates. Activity revenue is forecasted to be \$58 million over the 10 years of the Plan. The full cost of the service is charged where possible although there is sometimes an element of public good included in the service which is funded by the general rate. Further details are set out in the Revenue and Financing Policy.

NZ Transport Agency Funding and Grants

Council is projecting to receive \$53 million in operating revenue and a further \$77 million for capital works predominantly from the NZTA for roading. This level of funding reflects the 61% funding assistance rate for the 10 years of the Long Term Plan 2018/2028 for most undertakings. This means that existing base levels of service and limited improvements can be funded. A reduction of funding of any significance would have a corresponding impact on our roading network. We have assumed that central government will continue to provide funding at 61% for the term of this plan.

Development and Financial Contributions

Income from Development Contributions has been calculated in accordance with the Development Contributions Policy which forms part of the Long Term Plan 2018/2028. It relies on the identification of the growth related portion of capital expenditure and assumptions about the rate of growth. The growth assumptions need to be continually monitored to ensure that our forecasts are on track.

Council is projecting to receive Financial and Development Contributions of \$27.6 million for growth related capital expenditure (including the MCWWS) over the 10 years of the Plan.

Figure 7: Forecasted Development and Financial Contributions 2018/2028 (\$000's)

Year end June	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total
Development Contributions	1,954	1,980	2,509	2,489	2,487	2,491	2,494	2,498	2,501	2,330	23,733
Financial Contributions	540	551	562	574	587	445	341	233	119	-	3,952
Total Contributions	2,494	2,531	3,071	3,063	3,074	2,936	2,836	2,730	2,620	2,330	27,686

Other Income

Council is projecting to receive income from other sources of \$3.5 million over the 10 years of the Plan. It is primarily made up of local authority fuel tax, fines and infringement fees.

Investments

Our Investment Policy incorporated in the Treasury Policy was adopted and is available on Council's website.¹⁷

Council is currently a net borrower and is likely to remain so for the foreseeable future. We will look to internally borrow in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt. Investments are maintained to meet specified business needs. Unless otherwise determined by way of Council resolution, internal borrowing to/from reserves will be undertaken at the weighted average external cost of borrowing, or in accordance with the fund agreements.

In our financial investment activity, our primary objective is the protection of Council's investment capital. As a result we adopt a conservative approach to the risk/return trade-off. Accordingly, only approved creditworthy counterparties are acceptable.

The LGFA is an acceptable counterparty for both investments and for borrowing. This is explicitly covered in both the Investment and Liability Management policies.

Council owns a few forestry assets. All income from forestry is included in the consolidated revenue account. Any disposal of these assets requires specific approval.

Council has an equity investment in the New Zealand Local Government Insurance Corporation Limited. This investment is held for strategic business purposes and we do not seek to make a given rate of return.

Any other potential equity investments will only be considered if they are seen as contributing to a strategic business need.

Council's overall objective is to own only property that is necessary to achieve its strategic objectives. As a general rule we will not retain a property investment where it is not essential to the delivery of relevant services, and property is only retained where it relates to a primary output. We review property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. This assessment is based on the most financially viable method of achieving the delivery of Council services. We generally follow similar assessment criteria in relation to new property investments.

All income, including rentals and ground rent from property investments is included in the consolidated revenue account.

¹⁷A copy of this report is available on the Council website (www.kaipara.govt.nz).

Our Investment Targets

- We will aim to exceed the weighted average official cash rate over the financial year from any external financial investments.

Borrowing

Council's Liability Management Policy incorporated in the Treasury Policy was adopted and is available on Council's website¹⁸. Normally we would borrow to fund new capital expenditure and repay the debt over the life of the loan to promote intergenerational equity and manage the impact of significant expenditure over time. Borrowing is also used to address timing issues and to fund short term needs.

We utilise internal reserves before borrowing externally and this internal borrowing is effectively on call. As a general rule, Council provides rates revenue as security for borrowings. In exceptional cases a charge over a particular asset could be considered.

We will source borrowings through the LGFA along with traditional sources in order to achieve the lowest possible cost of debt. Primarily we source borrowings from the LGFA but maintain relationships with traditional sources to ensure we achieve the lowest possible cost of funds.

Our biggest risk in regards to borrowing is that there is an increase in interest rates. We manage this risk by maintaining an interest rate strategy, keeping the debt profile within policy limits and by maintaining adequate liquidity facilities. Council expects to be able to refinance loans as they mature and puts in place strategies to ensure this can be achieved.

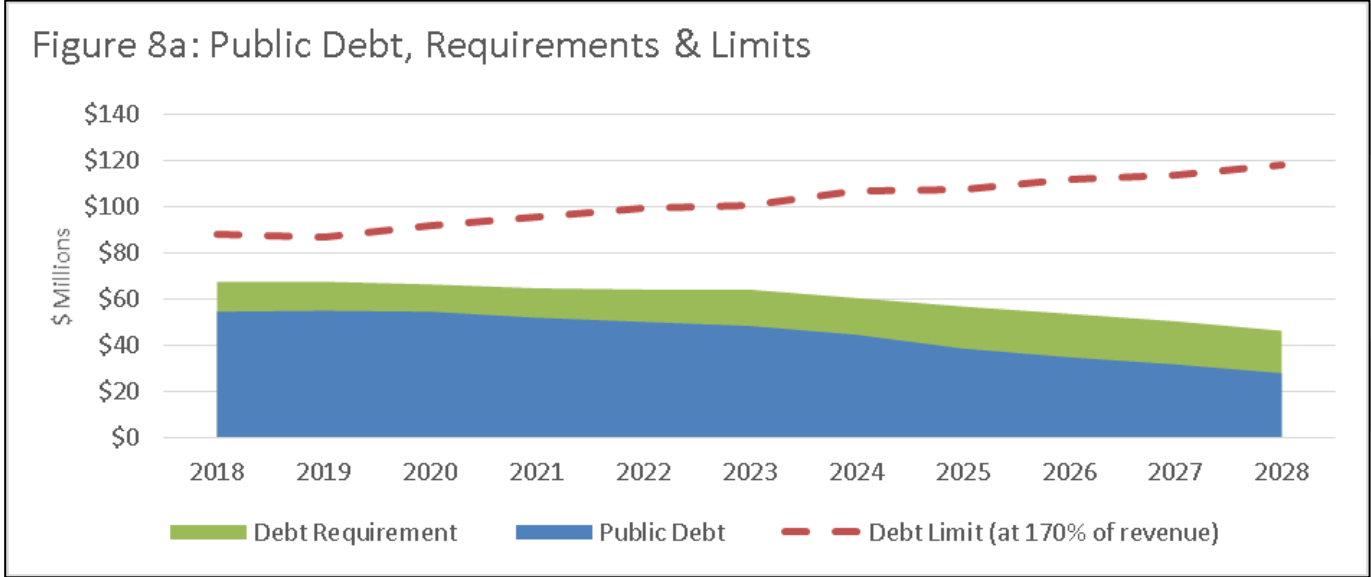
Council's external debt was \$76.3 million at 30 June 2014. Over the three years to June 2018 Council's debt has been reduced more than forecast in the Long Term Plan 2015/2025. It is anticipated debt will be \$54.5 million at June 2018 (compared with \$70.7 million forecast in the plan).

This reduction was achieved through asset sales and tight control of spending costs resulting in greater than forecast spending surpluses.

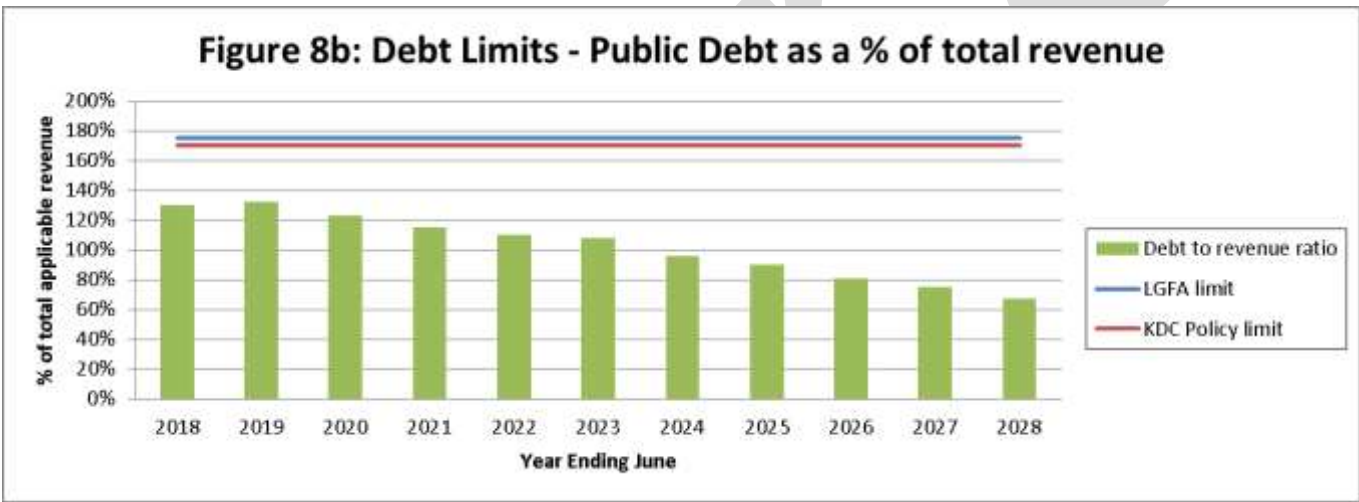
The aggressive reduction of debt has been modified in the plan returning to the more modest reduction of the 2015/2025 plan. Debt will increase from its current level to \$54.9 million at June 2019 then track down each year reaching \$27.8 million in June 2028. The increased debt in 2018/2019 is a result of a higher capital works programme.

Council has set debt limits in order to provide services, undertake its stewardship obligations while managing its debt and keeping it within fiscally responsible levels. The graphs below show the debt requirements (projected debt plus increasing capacity to fund reserve expenditure) over the 10 years and compares them with Council's maximum allowable limit and the preferred limit. It shows that the debt to revenue ratio steadily declines and that it is within Council's preferred limit at all times during the 10 years of the Long Term Plan 2018/2028.

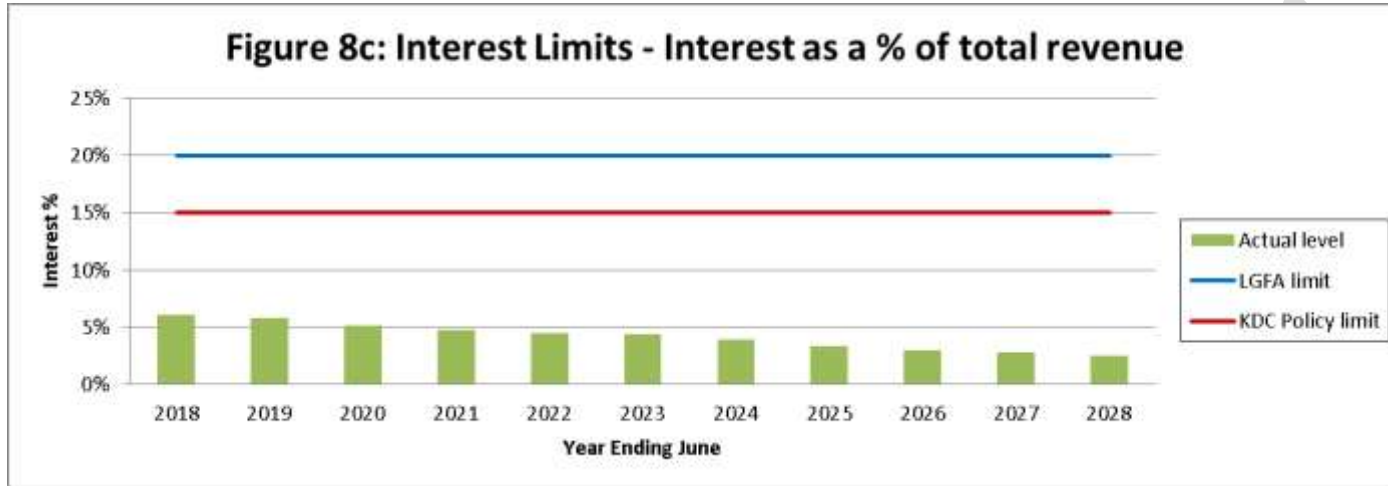
¹⁸ A copy of this report is available on the Council website (www.kaipara.govt.nz).



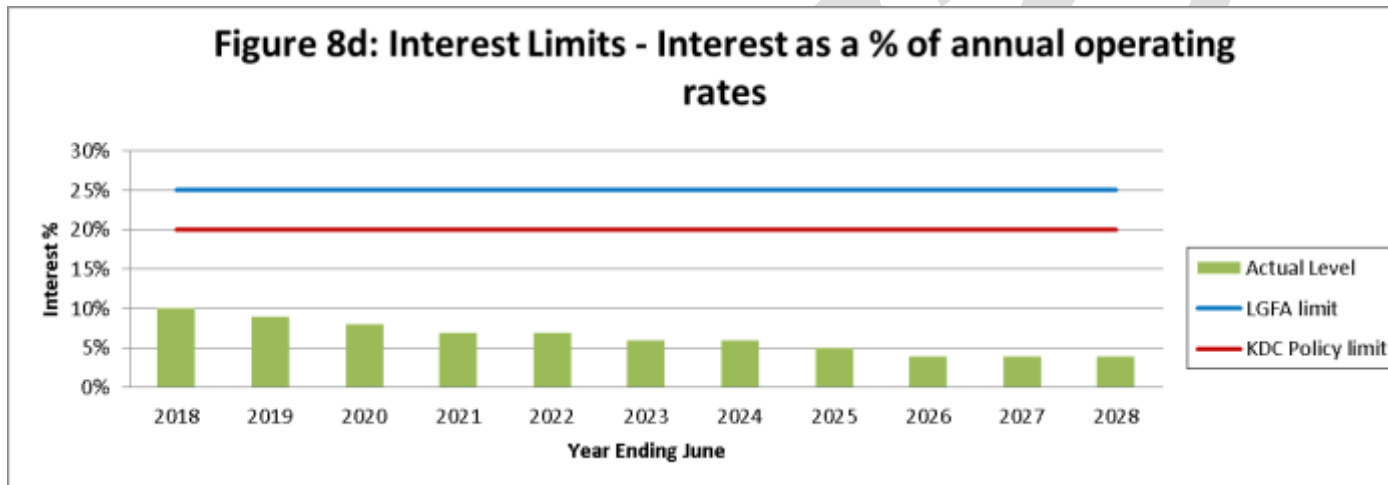
Public Debt decreases from forecast \$67.4 million at June 2018 to \$46.2 million at June 2028.



At all times the debt to revenue is within Council's Treasury Policy limit of 170%.



At all times this interest ratio is below Council's Treasury Policy limit.



At all times this interest ratio is below Council's Treasury Policy limit.

During the course of the Long Term Plan 2018/2028, debt projections are generally lower than the debt requirement because of internal borrowing¹⁹. Council may temporarily use reserve funds for a different purpose from that for which they were received. However, the debt requirement and therefore capacity is needed for the time that these funds are called on. As a result the ratios are calculated on debt requirements rather than debt projections. The difference between the two is shown in the table below.

Figure 9: Public debt projections compared to public debt requirements 2018/2028 (\$millions)

Year End June	2018 ²⁰	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Public Debt projections	54.5	54.9	54.5	51.8	50.0	48.3	44.5	38.5	34.7	31.6	27.8
Future Reserve Obligations	12.9	12.6	11.9	12.8	14.1	15.7	15.9	18.2	18.9	18.7	18.4
Debt requirement	67.4	67.5	66.3	64.6	64.1	64.0	60.4	56.7	53.6	50.3	46.2

Our Policies on Securities for Borrowing and Local Government Funding Agency Guarantee

Just as with a mortgage for a property, Council gives securities against our borrowing from external lenders. If we defaulted on our loan payments, the lender would have access to those securities. Council will continue to secure its borrowing and interest rate risk management instruments against rates and future rates revenue. We will also provide this security for our commitment under the Guarantee required to borrow from the LGFA. In unusual circumstances, security may also be offered by providing 'a charge' over one or more of our assets. Physical assets will only be charged where:

- there is a direct relationship between the debt and the purchase or construction of the asset which it funds; and
- we consider a charge over physical assets to be appropriate.

Securities are not provided for our own internal borrowing.

Financial Implications of Service Provision

The Council is required to provide a statement on our ability to provide and maintain existing levels of service and to meet additional demands for services within the rates and borrowing limits. As outlined in this Strategy for the 10 years to 2028 the expenditure incurred to maintain existing services, increase service levels and provide for additional capacity falls within the limits set in this Strategy and its associated financial policies.

¹⁹ In accordance with Council's Treasury Management Policies.

²⁰ Annual Plan 2017/2018.

Infrastructure Strategy – beyond the 10 years

Kaipara's infrastructure – its roads, water, wastewater, stormwater and flood protection – are its backbone, making it easy to live in functional and connected communities. Infrastructure is Council's biggest spend. The funds needed to provide and keep this infrastructure working mainly come from rates. There are significant issues facing Council and ratepayers because this infrastructure is getting old and is in need of costly renewal. Some communities will not be able to afford the upgrades required on their own. The Infrastructure Strategy suggests the preferred way Council can deal with these issues.

In essence preferred options for maintenance, renewal and development of infrastructure covering the different assets classes have been developed using the criteria of maintaining appropriate service levels and affordability.

To this end, Council will generally institute an affordable renewals programme that meets consent conditions and addresses the backlog of renewals required over time. For water supply, stormwater and wastewater the programme will be refined as follows:

- a. Preliminary conditions assessments completed by 2018; and
- b. Detailed assessments with preferred approach by 2021.

In addition, for some of the smaller water supply and wastewater schemes Council will investigate alternatives for funding and/or the mechanism for provision of the service.

The first 10 years of the Infrastructure Strategy is covered in this Financial Strategy. At the end of the 10 years, public debt will be \$27.8 million which is considered a prudent and sustainable level for the long term. It provides Council with financial resilience and capacity should the need arise. Equally by the end of 2028, depreciation will be fully funded and provide for normal levels of renewals. Additional funding for catch-up renewals is incorporated in the 10 years of the Long Term Plan 2018/2028, from year one for roading, from year eight for wastewater and stormwater and for years four to seven for water supply. The combination of fully funded renewals together with the modest but affordable funding for additional expenditure will see the level of theoretical backlog diminish over a 30 year timeframe. These levels of funding, given current levels of knowledge and uncertainty, together with the available debt capacity should the need arise, is expected to provide for any essential renewal expenditure over the 30 years of the Infrastructure Strategy. This position will be revisited in 2021 and 2024 as further definitive information is available.

Further information is available in the Infrastructure Strategy included in the Long Term Plan 2018/2028.

Kaipara District Council Infrastructure Strategy 2018/2048



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1 Executive summary

Kaipara's infrastructure – its roads, water, wastewater, stormwater and flood protection – are its backbone, making it easy to live in functional and connected communities, and supporting thriving communities working together.

Infrastructure is Council's biggest spend. The funds needed to provide and keep this infrastructure working mainly come from rates: the General Rate (plus NZ Transport Agency (NZTA) subsidies) for roads, some targeted rates, development and financial contributions, and mainly targeted rates for Four Waters infrastructure (water supply, stormwater, wastewater, and land drainage). The key issues facing Council and ratepayers are:

- i. the Four Waters infrastructure has had insufficient investment in it historically and it is getting old and is in need of costly renewal (with the exception of Mangawhai wastewater which is relatively new, however will require some renewals over the life of this Strategy). Historically Council has not fully funded depreciation and therefore those reserve funds have not been building up;
- ii. the heavy traffic from forestry harvesting is damaging our roads and for the foreseeable future additional maintenance and renewals are required to respond to this;
- iii. the bridges on the roading network are reaching the end of their lives and require renewal;
- iv. customer expectations are, in some areas, above the ability of Council to provide e.g. sealing of roads and/or the standard of the unsealed low volume roads, and/or managing dust from unsealed roads;
- v. significant investment is required to extend the Mangawhai Community Wastewater Scheme (MCWWS) to complete the reticulation of the township and to accommodate growth; and
- vi. upgrades and improvements to the Mangawhai urban area infrastructure, including intersection upgrades, slow street environments, shared walkways/cycleways, and stormwater improvements are proposed as per the draft Mangawhai Community Plan.

Some communities may struggle on their own to afford the upgrades and/or renewal of the existing assets required to maintain current service levels.

Our strategic intent is to play our part in supporting thriving communities working together in Kaipara by:

- managing risk appropriately;
- ensuring continuity of these services to people and businesses;
- managing expenditure;
- meeting legislative obligations; and
- ensuring environmental quality is retained.

The strategic targets are in brief:

- i. within the 30 year timeframe of this Strategy, Council will have addressed any deficits in renewals in Four Waters infrastructure;
- ii. within one year all water supplies will demonstrate compliance with the Drinking-Water Standards for New Zealand 2005 (Revised 2008);
- iii. the Four Waters renewals programme will be based on robust asset knowledge to ensure efficient and targeted investment. The first three years will have significant condition assessments;
- iv. within six years the roads will meet all service levels set by NZTA's One Network Road Classification programme;
- v. the MCWWS will be extended to complete the reticulation of the township and to accommodate growth; and
- vi. subject to Council's adoption of the Mangawhai Community Plan (MCP) and associated budget approvals, the infrastructure projects identified in the MCP will be implemented.

There are a number of factors similar in every option that is suggested and some differences. The following are included in all options:

- a) Depreciation will be fully funded by 2022, except for the NZTA portion of Roothing, and for the MCWWS which will be fully funded by 2025;
- b) Response maintenance will continue as it is currently applied;
- c) Roads will continue to be mainly funded by the general rate with a targeted rate on forestry properties to fund the strengthening of unsealed roads heavily used by logging trucks and in later years for dust suppression, and possibly targeted rates for some community-initiated seal extensions, and also development and financial contributions;
- d) The current targeted rate regime for wastewater will continue i.e. a targeted rate for each scheme, based on individualised scheme defined capital costs and defined operational costs averaged across the district, with those connected paying 100% of the rate and those able to be connected paying 75% of the rate. An exception will be made for Te Kopuru where the averaging of operating costs has a negative impact that would make being connected to the scheme unaffordable;
- e) The targeted rate regime will continue for water supply and stormwater – a targeted rate for each scheme, based on individualised scheme defined capital costs and defined operational costs averaged across the district;
- f) The current separate targeted rates for flood protection and control (including the Raupo District Drainage Scheme and 28 other defined land drainage schemes) will continue;
- g) Generally no new piping of open stormwater drains will occur except where funded by development;

- h) No extension of areas covered by each scheme have been considered with the exception of MCWWS. Capacity assessments of the schemes in possible growth areas will be undertaken over the next six years and any decision to extend a scheme will be considered on its merits and consulted with the affected communities.

Kaipara District Council (KDC) expects to spend \$853 million on new or replacement infrastructure over the next 30 years - 2018/2048. Over the same period \$951 million is expected to be spent on operational expenditure, excluding finance costs and depreciation. These figures are anticipated to be spread across the five infrastructural asset activities below:

Infrastructure Activity	Capital Expenditure (\$'000)	Operating Expenditure (\$'000)
Water Supply	122,918	96,402
Wastewater	147,109	207,991
Stormwater	52,127	44,327
Flood Protection	7,420	27,704
Roads and Footpaths	524,148	575,148
Total	\$853,722	\$951,572

1.1 Three Waters – water supply, stormwater and wastewater

The increasing renewals programme over the life of this Strategy will result in increased costs. The renewals programme will continue to be refined as and when more asset condition data becomes available over the years to defer any renewals for as long as is practical and economical.

The MCWWS will be extended to complete the reticulation of the township, and to accommodate growth. The majority of these costs will be funded via development contributions.

The option to construct a pipeline (estimated cost \$2.8 million) from the Waitua Dam (Opanake Road) to Dargaville to improve security of supply for the Dargaville and Baylys community during moderate droughts has been included in this Strategy. Variations to the existing water take resource consents will also be required to support this initiative.

Council will undertake studies to assess the effects of the predicted climate change (particularly for lower lying areas), including a 1.0 metre sea level rise and an increase in severe weather events. This is likely to require improvements to the stormwater systems to provide the present level of service for stormwater.

Subject to Council adoption of the MCP and associated budget approvals, the stormwater infrastructure projects identified in the MCP will be implemented.

1.2 Flood protection (including the Raupo District Drainage Scheme and 28 other defined Land Drainage District Schemes)

The current service levels are deemed appropriate for the full 30 years of this Strategy. The Raupo Drainage Committee will continue to set its own service levels, and Council will consequently set a targeted rate to fund the work. The service levels for the other 28 drainage areas will continue to be set in consultation with the targeted rate contributors.

These service levels may need to be reviewed over time once the studies to assess the effects of the predicted climate change, including a 1.0 metre sea level rise and an increase in severe weather events have been completed.

1.3 Roads and footpaths

Roads maintenance and renewal is already managed under direction of NZTA, through eligibility of Council to collect subsidy funding. Council's strategy for work on roads is that we generally only do work on roads where there is a subsidy available from NZTA, or funding is collected through financial and development contributions. The NZTA subsidy is currently 61%.

The bridge assets are reaching the end of their lives and will require renewal. This will result in an increase in funding required for these bridge renewals.

There are no seal extensions programmed to be undertaken in the first three years, however budgets have been provided from Year 4 to undertake seal extensions in the higher growth area of Mangawhai and surrounds.

Subject to Council adoption of the MCP and associated budget approvals, the roading infrastructure projects identified in the MCP will be implemented.

A business case to identify the preferred option to upgrade the first 10km of the unsealed portion of Pouto Road (Dargaville) that is subject to high forestry traffic volumes will be finalised to support a subsidy application to the NZTA. Otherwise the current service levels are proposed to be maintained for the 30 years.

Response to more severe weather events and the resulting damage to the network may require re-prioritising of renewal works.

The application of the One Network Road Classification system (as required by NZTA) is a relatively new initiative and may dictate some changes in the future to the way the network is operated and maintained as the initiative is refined.

2 Proposed Regional Plan for Northland

The Proposed Regional Plan for Northland was issued by Northland Regional Council (NRC) in accordance with the Resource Management Act 1991 (the RMA). It sets out new rules and policies for how people use fresh water, land, air and the coast in Northland. It is a combined regional air, land, water and coastal plan, and only contains rules and policies to guide resource consent processes. It contains very little optional content such as issues, explanations, methods (other than rules) and assessment criteria.

Submissions on the Proposed Regional Plan closed at 4.00pm on Wednesday, 15 November 2017.

The next step will be to notify the opportunity for people to make further submissions, will be early March 2018.

3 Strategic framework

3.1 Vision

The new Council Vision for Kaipara is *‘Thriving communities working together’*.

3.2 Community outcomes

The outcomes we wish to work with the community to achieve are:

A district with welcoming and strong communities

- Assisting and supporting community involvement
- Maintaining and improving infrastructure
- Recognising and supporting achievement

A trusted Council making good decisions for the future

- Making it simpler to work with us
- Open, transparent and engaged with communities and business
- Intent on lifting Kaipara’s well-being

A district with plenty of active outdoor opportunities

- Partnering with communities to develop sports and recreation facilities
- Protecting and enhancing our natural assets and open spaces

4 The Future of Kaipara: An overview of population and housing change

4.1 Population growth

The Long Term Plan 2015/2025 (LTP 2015) assumptions used a 2006 Census data as the base for the population projections with the intention of using the new 2013 Census base when this became available. Statistics New Zealand (SNZ) issued revised population *projections* on 22 February 2017, using an estimated resident population at 2013¹ as the new base.

The LTP 2015 assumptions used the high growth scenario with population projections of:

- 20,000 in 2016 - already exceeded by the 2013 base of 20,500;
- 21,400 in 2026 - a figure now expected to be exceeded three years earlier in 2023 by even the updated low growth scenario of 22,600; and
- 22,000 in 2031 - a figure now expected to be exceeded three years earlier in 2028 by even the updated low growth scenario of 22,800.

These higher projections reflect stronger than expected growth up to the 2013 Census and estimated between 2013 and 2016 with the economic recovery and strong migration. In moving to the latest 2017 projections data, a decision needs to be taken on whether to continue to use the high growth scenario or to use lower growth options. The annual average population increases under the three scenarios are:

- High - population increase of 8,300 over 30 years = 276 persons per annum;
- Medium - population increase of 4,700 over 30 years = 157 persons per annum; and
- Low - population increase of 1,200 over 30 years = 40 persons per annum.

For comparison, the SNZ subnational population estimates going back to 1996 show that despite slower growth in the 10 years up to 2006, the district grew by an average 315 persons per annum in the 10 years from 2006 to 2016. Even the recently updated SNZ *high* growth scenario of 276 persons per annum is below the average of 315 persons per annum seen from 2006 to 2016. If one assumes some moderation of the 2006/2016 highs due to the cyclic nature of economic development and growth, then use of the updated *high* growth scenario is reasonable. This is supported by the increasing influence of Auckland over time, particularly in the southern part of the district, which should see sustained population growth over time.

¹ This estimate differs from the usually resident (UR) population of the district of 18,963 published in the 2013 Census results but because the 22 February 2017 release data with 20,500 usual residents represents the latest calculations by Statistics New Zealand, it is used purposes of the LTP 2018/2028 assumptions

4.2 Population growth distribution

It is expected that most population growth will continue to occur in the southern part of the district. The SNZ revised population *projections (high series)* issued on 22 February 2017, give resident population projections down to Census Area Unit (CAU) level using the 2013 base.

The table shows shares of district growth over various time periods. With reference to the LTP timeframe 2018/2028, it shows:

- Dargaville taking 10.7% of district population growth, growing by 310 persons to reach a population of 5,330 by 2028;
- a 76.2% share of district population growth (2,210 persons) occurring in the southern half of the district with rural Rehia-Oneriri (31.0%) and the combined Mangawhai CAUs (40%) taking the bulk of that growth;
- relatively low shares of growth in the smaller urban CAUs of Ruawai (0.3%), Kaiwaka (2.8%) and Maungaturoto (2.1%) totalling just 150 persons; and
- continued low shares of district growth (14.5%) in the north and northwest, totalling 420 persons.

4.3 Population fluctuations

The LTP 2015 assumption, using occupied to unoccupied dwelling data from the Census, was that a significant proportion of unoccupied dwellings in the district become occupied during holiday periods. The data used in the LTP 2015 was from the 2006 Census. Data is now available for the 2013 Census and the assumption can be updated with the new data. At the time of the 2013 Census an average 26% of dwellings (2,764 of 10,681) were unoccupied with highs of 63% and 35% unoccupied dwellings in the two Mangawhai CAUs (an average 52.7%). Rates of unoccupied dwellings in Te Kopuru (10.6%), Maungaru (6.5%), Dargaville (7.2%), Maungaturoto (10.0%), Ruawai (11.4%) and Kaiwaka (13.3%) are lower and likely reflect normal rates of vacant dwellings, at any given time of the year; those under renovation, awaiting new owners or tenants etcetera. It is not expected that these areas will have any significant numbers of vacant holiday homes that fill and add to population in holiday periods. By contrast, Kaipara Coastal (27.3%), Rehia-Oneriri (24.8%) and Mangawhai (52.7%) have significantly higher vacancy rates and are likely to see population fluctuations as vacant homes are occupied in holiday periods. In an effort to estimate the scale of population fluctuation:

- assume occupancy of up to 100% of dwellings in Kaipara Coastal, Rehia-Oneriri and Mangawhai during holiday periods;
- for normally unoccupied dwellings in these areas, assume occupancy of 0.5 persons per dwelling above the 2013 average occupancy in Kaipara Coastal, Rehia-Oneriri and Mangawhai during holiday periods to take account of families with children and guests, which are likely to result in higher average occupancy than normally occupied dwellings; and
- assume no change in dwelling occupancy in Maungaru, Dargaville, Te Kopuru, Ruawai, Maungaturoto and Kaiwaka during holiday periods.

Using the 2013 base data, the usually resident district population of 20,600:

- could have risen during holiday peak times by over 7,000 persons (7,111) to 27,600, an increase of 35%; and
- just under half of that increase was in Mangawhai, gaining 3,400 persons at peak, an increase of 131%.

If the same percentage increases are applied to the 2018 and 2028 population assumptions:

- the resident district population of 23,100 persons in 2018 could increase by 8,013 persons during peak holiday periods to over 31,000;
- the resident district population of 26,000 persons in 2028 could increase by over 9,000 persons during peak holiday periods to over 35,000; and
- as Mangawhai grows from a usual resident population of around 3,700 in 2018 to around 4,890 in 2028 its population could fluctuate up to 8,610 in 2018 (an increase of 5,000 at peak) and 11,287 in 2028 (an increase of 7,200 at peak).

4.4 Dwelling growth

The assumption is for steady to strong dwelling growth in LTP decade 2018/2028 moderating in the 2028/2038 decade as population growth rates begin to slow with an aging population. Projections indicate:

- nearly 2,000 (1,912) additional dwellings built in the district over the LTP 2018/2028 period; and
- another 1,400 built between 2028 and 2038.

The largest amounts of dwelling growth will be in the Mangawhai CAUs with over 1,000 dwellings delivered in the 2018/2028 period and another 900 dwellings by 2028. Rehia-Oneriri CAU, covering much of the southern part of the district is expected to see ongoing strong growth (450 dwellings in the LTP decade 2018/2028 and over 300 more dwellings out to 2038). Dargaville is expected to gain 130 dwellings over the LTP period and 70 more homes built in the following decade to meet a modest growth in population.

4.5 Assumptions

The assumption is that population growth will be in line with Statistics New Zealand's 2013 base high series projections which will see population increases of:

- 2,900 (12.5%) from 23,100 to 26,000 between 2018 and 2028; and
- 2,000 (7.7%) from 26,000 to 28,000 between 2028 and 2038.

The SNZ projections show the population growth rate slowing in all regions, cities, districts of New Zealand, including Kaipara district, between 2018 and 2038 because:

- all areas will be home to more people aged 65 years and over by 2038; and
- deaths will increase relative to births in almost all areas as the population ages.

The assumption is that between 2018 and 2028, most population growth will continue to occur in the southern part of the district with rural Rehia-Oneriri CAU growing by 900 people and Mangawhai growing by 1,160 people to reach a population close to 5,000. The smaller urban CAU in the south, Ruawai, Kaiwaka and Maungaturoto, will grow by a combined 150 persons although there will be considerable growth in the rural area around them. Dargaville will grow quite strongly by 310 people to reach a population of 5,330 by 2028. There will be a continued low share of district growth (just 14.5%) in the north and northwest, totalling 420 persons.

The population of Kaipara district is known to fluctuate significantly during the year. Assumptions are that:

- the resident district population of 23,100 persons in 2018 could increase by around 5,600 persons during peak holiday periods to almost 30,000;
- the resident district population of 26,000 persons in 2028 could increase by over 7,000 persons during peak holiday periods to over 33,000; and
- as Mangawhai grows from a usual resident population of around 3,700 in 2018 to around 4,890 in 2028, its population could fluctuate to 7,700 in 2018 (an increase of around 4,000 at peak) and just over 10,000 in 2028 (an increase of over 5,000 at peak).

4.6 Most likely scenario

The following table shows shares of district growth over various time periods. With reference to the LTP timeframe 2018/2028, it shows:

- Dargaville taking 10.7% of district population growth, growing by 310 persons to reach a population of 5,330 by 2028;
- a 76.2% share of district population (2,210 persons) occurring in the southern half of the district with rural Rehia-Oneriri (31.0%) and the combined Mangawhai CAUs (40%) taking the bulk of that growth;
- relatively low shares of growth in the smaller urban CAUs of Ruawai (0.3%), Kaiwaka (2.8%) and Maungaturoto (2.1%) totalling just 150 persons; and
- continued low shares of district growth (14.5%) in the north and northwest, totalling 420 persons.

Projected population of territorial authority areas															
2013(base)-2043 update															
Territorial authority area ⁽¹⁾	Projection ⁽²⁾	Population at 30 June							Population change 2013-43	Population change 2018-28	Population change 2028-38	Percentage share of District growth 2013-43	Percentage share of District growth 2018-28	Percentage share of District growth 2028-38	
		2013 ⁽³⁾	2018	2023	2028	2033	2038	2043	Number 2013-43						
Kaipara district	High	20,500	23,100	24,600	26,000	27,100	28,000	28,800	8,300	2900	2000				
High growth projections by CAU															
504400 Te Kopuru		510	540	560	580	590	610	620	110	40	30	1.3%	1.4%	1.5%	
504501 Kaipara Coastal		3190	3370	3470	3560	3610	3610	3570	380	190	50	4.6%	6.6%	2.5%	
504502 Maungaru		1820	1950	2050	2140	2220	2280	2310	490	190	140	5.9%	6.6%	7.0%	
504600 Dargaville		4610	5020	5180	5330	5440	5500	5530	920	310	170	11.1%	10.7%	8.5%	
504700 Maungaturoto		810	920	950	980	1000	1010	1030	220	60	30	2.7%	2.1%	1.5%	
504800 Ruawai		470	490	490	500	510	530	540	70	10	30	0.8%	0.3%	1.5%	
504900 Kaiwaka		640	700	740	780	830	860	900	260	80	80	3.1%	2.8%	4.0%	
505010 Rehia-Oneriri		5840	6510	6980	7410	7770	8060	8310	2,470	900	650	29.8%	31.0%	32.5%	
505021 Mangawhai		1430	2060	2400	2710	2990	3240	3460	2,030	650	530	24.5%	22.4%	26.5%	
505022 Mangawhai Heads		1170	1670	1930	2180	2400	2580	2750	1,580	510	400	19.0%	17.6%	20.0%	
615302 Inlet-Mangawhai Harbour		0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	
Mangawhai combined CAUs		2,415	2,600	3,730	4,330	4,890	5,390	5,820	6,210	3,610	1,160	930	43.5%	40.0%	46.5%

5 Economic overview of Kaipara district

Kaipara's economic expansion continued through winter. Infometrics' provisional estimate of GDP showed growth of 2.9% over the September (2017) year. Although this growth rate was down from 4.8% a year ago, it was still above the 2.5% rate of growth experienced nationally over the past year. Traffic flows in Kaipara were up 5.2% in the September year.

Kaipara is currently experiencing rapid population growth. Population estimates from Statistics New Zealand show that Kaipara's population grew by 3.7% over June year, following 2.8% growth the previous year. By comparison, population growth nationally has been 2.1% over each of the past two years.

This increase in population has pushed up demand for housing over recent years, but there are some signs that housing market activity is moderating. House price growth has eased from 22% per annum to 15% per annum, while there were 33% fewer sales over the September year compared to the previous year. A key risk for Kaipara's housing market in 2018 will be a cooling Auckland market. Lower house prices in Auckland reduce the incentives for Aucklanders to search for housing in neighbouring districts around the fringes of the city.

However any downside risks to housing must be balanced against a buoyant business outlook. Non-residential building consents climbed 30% in the September year, while commercial vehicle registrations increased 33%.

Consumer spending is also growing strongly. Data from Marketview shows that electronic card spending on retail purchases was up 7.5% over the September year. Car registrations rose 15% to a record level.

Dairy prices have eased slightly over recent months, but remain ahead of last season. At a farmgate milk price of \$6.50/kgms, the total dairy payout in the 2017/2018 season would equate to \$212 million, up from \$200 million in the season ended May when the price was \$6.12/kgms.

Other commodity prices have also risen over recent months. Global prices for horticulture products increased 2.6% in September month. Forestry prices are still going strong, lifting 0.5% in September; their twelfth month of consecutive rises.

* Annual percentage change (latest quarter compared to a year earlier)

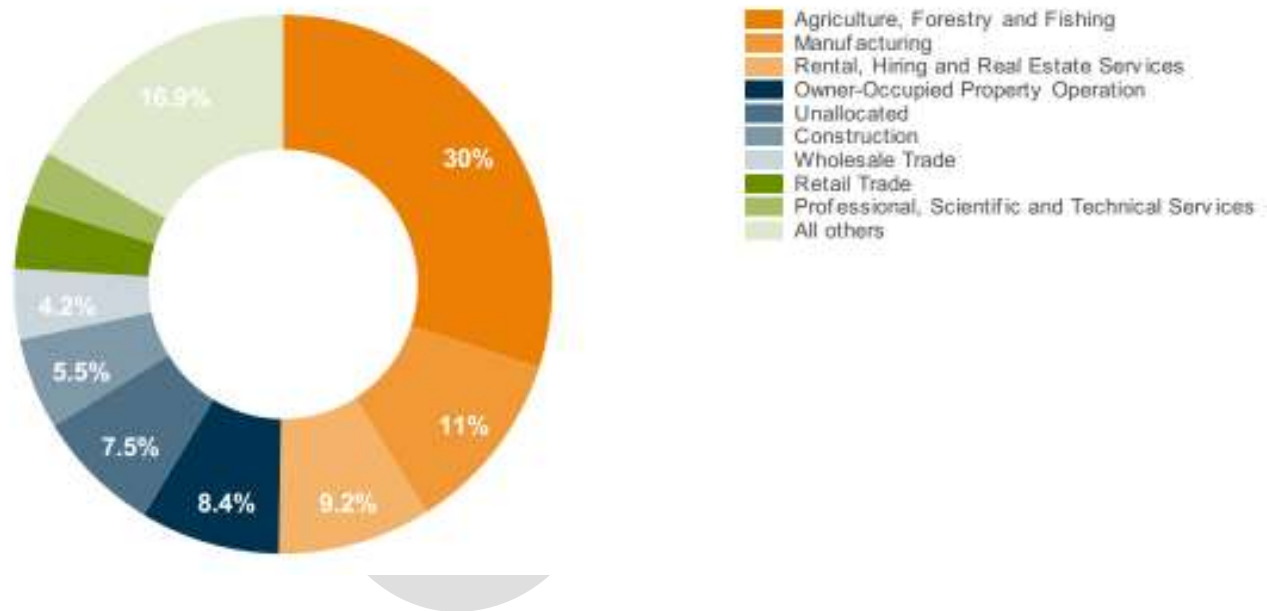
Indicator	Kaipara District	Northland Region	New Zealand
<i>Annual average % change</i>			
Gross domestic product	2.9%	3.2%	2.5%
Traffic flow	5.2%	4.8%	2.3%
Residential consents	-2.0%	15%	3.0%
Non-residential consents	30%	68%	5.9%
House prices*	15%	12%	3.1%
House sales	-33%	-19%	-17%
Guest nights	-9.9%	4.5%	2.6%
Retail trade	7.5%	6.5%	3.8%
Car registrations	15%	11%	9.4%
Commercial vehicle registrations	33%	21%	19%
Jobseeker Support recipients	0.5%	1.4%	0.6%
Tourism expenditure	12%	9.5%	6.4%
<i>Level</i>			

5.1 How fast has Kaipara district's economy grown?

This section measures economic performance in Kaipara district during the year to June 2017 and previous years. All GDP estimates are measured in constant 2010 prices.

- GDP in Kaipara district was up 2.9% for the year to September 2017 compared to a year earlier. Growth was higher than in New Zealand (2.5%) and lower than in Northland region (3.2%);
- GDP was \$738 million in Kaipara district for the year to September 2017;
- Annual GDP growth in Kaipara district peaked at 7.6% in the year to June 2015.

Figure 5: Share of total GDP (2016)



Which broad industries made the largest contribution to economic growth?

- Agriculture, forestry and fishing made the largest contribution to overall growth in Kaipara district between 2015 and 2016. The industry grew by 4.9% over the year and contributed 1.49 percentage points to the district's total growth of 5.5%;
- The next largest contributor was professional, scientific and technical services (0.72 percentage points) followed by manufacturing (0.61 percentage points); and
- The largest detractor from growth over the year was accommodation and food services which declined by 11% and contributed -0.15 percentage points to the total growth of 5.5%. Public administration and safety (-0.10 percentage points) was the next largest detractor.

In which industries does Kaipara district have a comparative advantage?

- The industries in which Kaipara district has the largest comparative advantages are dairy cattle farming (location quotient = 6.5), horticulture and fruit growing (6.3), and forestry and logging (5.4).

Which are the largest employing industries in Kaipara district?

- Among broad industries agriculture, forestry and fishing was the largest in Kaipara district in 2016 accounting for 29.3% of total;
- The second largest was manufacturing (10.9%) followed by construction (10.1%);
- Agriculture, forestry and fishing was the largest industry in Kaipara district in 2016 employing 2,527 persons and accounting for 29.3% of total employment in the district. By contrast this industry accounted for 6.2% of total employment in New Zealand; and
- The second largest employing industries were manufacturing (942) followed by construction (871).

Which industries have created the most jobs?

- Agriculture, forestry and fishing made the largest contribution to employment growth in Kaipara district between 2015 and 2016 with the industry adding 107 jobs;
- The next largest contributor was administrative and support services (92 jobs) followed by professional, scientific and technical services (78 jobs);
- The largest detractor from growth over the year was accommodation and food services in which employment declined by 36;
- Vegetable growing (outdoors) was the largest creator of jobs in Kaipara district between 2015 and 2016 generating an additional 87 positions;
- This was followed by labour supply services, which added 58 jobs over the same period;

- Cafes and restaurants were the largest detractor of jobs in Kaipara district between 2015 and 2016 losing 48 positions; and
- This was followed by nursery production (outdoors), which lost 11 jobs over the same period.

(Source: Infometrics).

5.2 Assumptions

When planning for infrastructure over the next 30 years, Council has made the assumptions that:

- Kaipara's economy will continue to remain securely founded on its primary industries supported by the manufacturing and building sectors; and
- Large-scale land use change is not anticipated in the district over the next 30 years, excepting that the east of the district is anticipated to experience an expansion in rural-residential living (lifestyle blocks).

5.3 Most likely scenario

Kaipara's economy will continue to remain securely founded on its primary industries, supported by the manufacturing and building sectors.

Large-scale land use patterns in the district are expected to remain the same over the next 30 years. An exception to this is the anticipated expansion of rural/residential, lifestyle block, living in eastern parts of the district.

The greatest current limitations on industry in Kaipara are limitations in transport networks and water supply, generation/security of electricity supply and digital infrastructure (ultra-fast broadband). Of these Council has direct responsibility for the local roading network (excludes State Highways) and water supply.

6 Summary of Financial Strategy

The Financial Strategy 2018/2028 remains a simple one. We will run a balanced budget. We will treat the district more equitably. We will have a sustainable plan.

Key points of the new Financial Strategy are set out below.

- A balanced budget is maintained²;
- An unchanged rating structure;
- Operating expenditure is projected to be \$523 million and Capital expenditure is \$219 million for the 10 years to 2028. Funding of this expenditure is primarily through rates, user charges and NZTA subsidies;
- Rates will increase around 5.45% over the rates set in 2017/2018 to ensure that we deliver a sustainable and balanced budget for 2018/2019. The rates³ will move from approximately \$29.4 million in 2017/2018 to \$31.2 million for 2018/2019;
- Rates increases averaging approximately 4.13% per annum over the life of the Plan will generate sufficient income to manage ongoing renewals, make progress on catch-up renewals and begin funding reserves;
- Capital costs (reflecting the capital works and remaining debt) for each scheme will be combined with the operational costs, which are being allocated uniformly across all schemes to calculate the targeted rate payable in each community for wastewater. Stormwater and water operating costs are averaged across the district to which capital costs from each scheme are added;
- Lump sum contributions to fund the capital cost of the MCWWS system and reduce debt continue; projected income from development contributions will fund expenditure required to meet growth;
- Debt requirements⁴ is projected to trend downwards to \$46 million by 2027/2028 at the end of the 10 years covered by the Plan.

² i.e. operational revenue funds operational expenses (before depreciation) except for a portion of interest attributable to future development. In addition, desludging costs for cleaning out wastewater ponds are loan funded rather than rates funded to avoid spikes in rates.

³ Excluding rates for water and penalties.

⁴ Projected debt plus increasing capacity to fund reserve expenditure.

7 The Provision of Roads and Footpaths

7.1 Overview

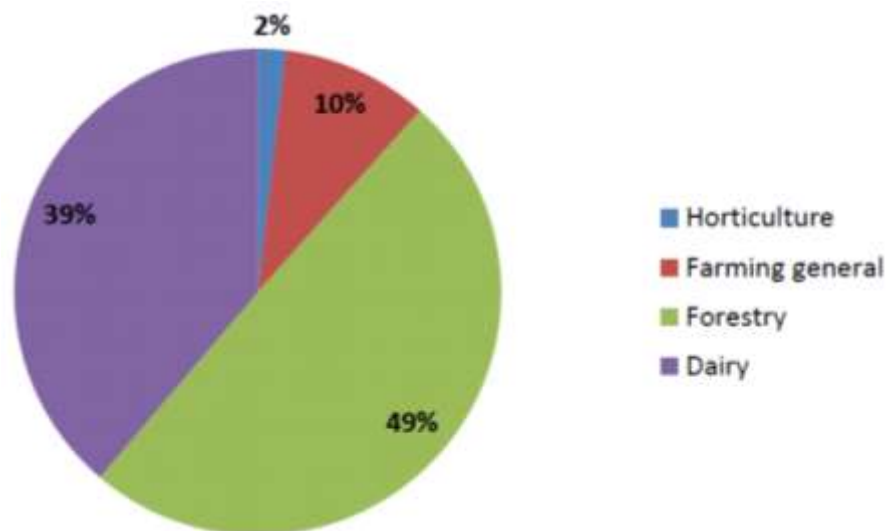
The 2018 Government Policy Statement on Land Transport (GPS) has three objectives for the country's roads: *economic growth and productivity, road safety and value for money*. The new Government is likely to change some of the priorities within the draft 2018 GPS. However, it is likely that the three strategic themes will remain. These GPS strategic priorities are at the heart of the Infrastructure Strategy as they align with Kaipara's own priorities. To align with these objectives KDC aims to manage its roading network to ensure people and goods can move safely and efficiently around the district by a variety of means. The NZTA has introduced a new one network road classification (ONRC) system that is intended to become the funding mechanism base to ensure that funding is equitably distributed across New Zealand mainly based on traffic volumes and usage.

Some of the issues facing Kaipara's roading infrastructure include:

- small population, sometimes isolated, rural nature of much of the district;
- high percentage of access and access low volume roads (79% or 1,247kms);
- difficult topography and unstable geology combined with regular high intensity rainfall events;
- scarcity and high costs of roading materials, typically aggregates; and
- locally sourced aggregates are less durable than elsewhere in the country.

The total weight of freight generated in Kaipara district is estimated at 1.04 million tonnes per annum (Source: Morrison Low Roading Differentials Report May 2012).

The following figure shows how the different industries in Kaipara contribute to this total.



(Source: Morrison Low Roading differentials report May 2012)

Road maintenance requirements are likely to increase as Northland's forestry volumes are predicted to increase. Northland has 202,286 ha (as at 2007) of exotic forest, making it the second largest forestry estate in the North Island, and 11.3% of the national total. Forecasts indicate that the availability of radiata pine from Northland forests will increase over the next 10 years (Source: Northland Forest Industry and Wood Availability Forecasts 2009; Regional Economic Activity Report). It is also expected that there will be more trucks travelling to Northport, as the port's freight handling increases. While these trends will help boost Northland's economy, growing truck movements will put additional pressure on Kaipara's roads.

Forestry harvesting volumes over the next 25 years are expected to be 75% above the 2010 planted forest areas in Northland. Most of the new plantings will not be ready for harvest until 2035 onwards, so effects on the roading network for the increased truck movements will not start to be realised until 2035. In the short term the harvest volumes are set to increase over the next three years ideally catered for by strengthening of 90kms of Kaipara's roading network (2kms of sealed and 88kms of unsealed). Any strengthening work would be in addition to Council's normally managed programme. It is expected that normal programmed renewals will be sufficient in the years 2021 to 2035 to strengthen the remaining forestry routes identified as requiring intervention (Source: MWH, Forestry Roads: Kaipara District Council Forestry Routes Submission, 2014).

7.2 Assets, their age, condition and maintenance

The Kaipara district has a large roading network spanning 1,571kms. Of this network, 28% (446.6kms) are sealed and 72% (1,124.6kms) are unsealed. This roading infrastructure includes 349 bridges, 1,136 streetlights, 88kms of footpaths and more than 6,600 road traffic signs.

- In the last seven years Council has significantly strengthened unsealed and sealed pavements – more is needed;
- Roads formed in 1960s and before are of low quality and where they now experience increases in traffic levels (especially heavy vehicles) are in need of rehabilitation and sometimes reconstruction especially in regard to pavement depth;
- Some bridge approaches would be more cost-effective if sealed rather than continued maintenance;
- Kaipara has difficult geology and climate. Rolling hills, patches of Onerahi Chaos and variable densities of clay, with heavy rainfall events and contrasting droughts, causes unpredictable subsidence and slumping;
- Changes in traffic volumes have occurred and will continue with more heavy vehicles, heavier heavy vehicle, and more commuters; and
- Forestry harvesting is expected to impact on roads in the district in the next 25 years. These roads represent both sealed and unsealed roads on the network.

The life of roads and footpaths assets varies considerably by use and component. With the exception of bridges, renewal, replacement and repair of road assets are not based on asset age but on:

- available budgets;
- traffic volumes and use;
- asset condition rating and surveys;
- treatment selection analysis and validation, including skid resistance;
- engineering and Contractor inspections and customer feedback;
- historical achievement records;
- falling weight deflectometer testing and selected test pit analysis for assessing bearing capacity; and
- NZTA standards that affect funding criteria.

For bridges, components are assessed by all the factors above plus age.

The total projected budget expenditure on roading for 2018/2048 is \$1.1 billion. Of this, \$575 million is operating (maintenance) and \$524 million is capital (renewal, improving the level of service, and growth). \$49 million is included in the budget for sealed road pavement rehabilitation between 2018 and 2048. This involves modifying the pavement to restore its life by adding new aggregate and strengthening it with lime or cement, then re-sealing it. Forestry targeted rates of \$390,000 per year are included to enable Council to deal with the impact of forestry and logging trucks on roads.

7.2.1 Unsealed roads

Kaipara has over 1,100 km of unsealed roads; 72% of the network. Council has limited ability to extend seal and therefore unsealed roads will continue to be the norm for the foreseeable future. The condition of the unsealed network is mixed. For delivering planned service levels, the age of the road is not particularly relevant. Other factors are of more importance including depth and quality of the basecourse and effectiveness of drainage facilities. The cost of maintaining unsealed roads is 10 times less than for sealed roads at \$330 per km compared to \$3,000 per km.

With the implementation of the new maintenance and renewals contract (from 01 July 2018), the maintenance of the network will be based on value for money over the whole of life of the asset. This is a change in philosophy for managing the unsealed network, in keeping with the ONRC levels and being more pro-active in priority decision-making.

The levels of service Council delivers for unsealed roads is the biggest area of complaint and concern for the people of Kaipara. The major challenges we deal with are:

- Carriageway width – 520kms or 46% of unsealed roads are under the standard for width for their traffic volumes;
- Crossfall (camber) – there is a need to provide sufficient crossfall (6%) to allow drainage of the road surface. The level of corrugations on roads, caused by loss of fine clay particles that bind the basecourse, and the flattening of the road from traffic overtime, compromise crossfall. Regular grading and heavy metalling corrects this. Currently, crossfalls are typically 4-5% i.e. substandard;
- Forestry roads – many forestry plantations are serviced by unsealed roads with narrow widths and thin pavements. During harvesting when there are high volumes of heavy vehicles, the damage caused can be so high complete reconstruction of the route is required;
- Urbanisation of rural land – with the increase of residential and lifestyle subdivisions, this is accompanied by a demand to seal associated roads because of dust nuisance. Council collects development contributions and financial contributions for this purpose. There is no NZTA subsidy or rates funding available. Over the next three to four years, it is expected that sufficient contributions from developers will be collected to extend the seal on sections of prioritised roads in Mangawhai and surrounds.

- Pavement depths – the unsealed network has varied and often marginal pavement depth. This makes them vulnerable to damage from heavy vehicles and heavy rain. In recent years, a significant length of the network has had pavement rehabilitation. This programme will continue. It will not address the forestry traffic increases expected for the next six years. Gravel loss remains higher than replenishment levels and Council is looking to implement maintenance techniques that reduce gravel loss. Once again, this will not address damage from forestry traffic.

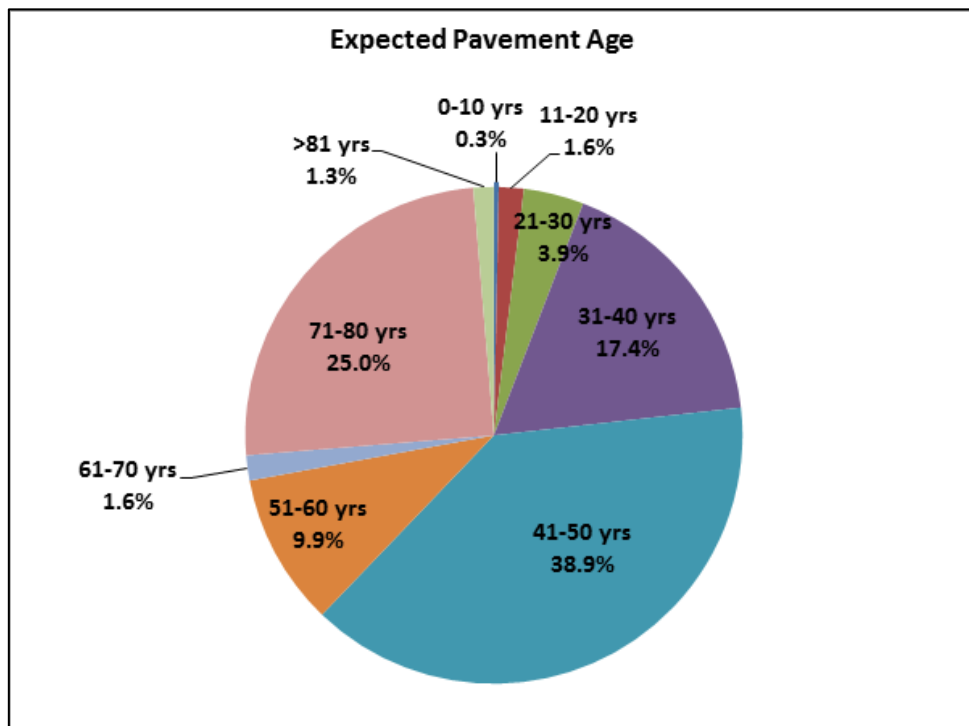
Council has an unsealed roads strategy that directs work to:

- Investigate practical ways of reducing metal loss e.g.
 - use alternate practices to stabilise and compact metal such as the use of rollers; and
 - trial alternate products;
- Work with forestry to programme harvesting during the dry season (late summer) as road damage is far less when the road is dry (although dry conditions increases dust nuisance);
- Use best performing and lowest cost soil-aggregate mixture;
- Increase knowledge of depth, make-up and strength characteristics of high volume roads throughout the network;
- Develop knowledge of the availability and characteristics of different materials from quarries within the district and maintain this in a register;
- Increase knowledge of road performance, especially *actual* metal loss prioritising forestry routes;
- Improve stormwater management:
 - maintain crossfall at 8%;
 - improve drainage facilities to contain water below road surface, and effectively drain sub-base; and
 - keep culverts clear at all times.
- Improve the management of roadside vegetation to:
 - maintain good visibility;
 - keep drainage facilities clear; and
 - prevent pavement damage from roots.
- Have a programme for managing forestry impacts:
 - collect \$390,000 per year (to be adjusted annually for escalation) funding from Forestry properties for strengthening forestry-impacted roads, and possibly dust suppression in the latter years.

7.2.2 Sealed roads

There is currently a total of 448kms of sealed network. Most of this (99%) is surfaced in chip seal with the remaining surfacing being asphaltic concrete and concrete. It consists of two components: the pavement layers and the surfacing. This asset carries the bulk of the heavy vehicle volume. It is an all-weather surface and not as sensitive to loading issues. Traffic travels at higher speeds on a sealed road so safety concerns are of increased interest. The lifecycle of seal surfaces varies from 14 years for a two-coat seal with lighter volumes, to two years for a single chip first seal coat on high volume roads, with an average across Kaipara’s network of 11 years. The programme of reseals is currently a life of 16 years with 60kms programmed to be completed each year over the next three years, and then back to 30kms per year. This doubling of the reseal programme reduces the costs for more expensive repairs. The backlog will be addressed by 2021.

Pavement age of the network



Recent analysis of pavement data after completion of the forward works programme has suggested pavements are achieving average lives of around 50 years. Adopting an average pavement age of 50 years and applying this to the KDC sealed road network requires 4kms or 0.8% of sealed roads to be renewed annually.

Three indexes are used to measure condition on an annual basis:

- smoothness by distance travelled;
- pavement integrity weaknesses from faults, rutting and shoving; and
- condition assessment of faults, cracking, ravelling, potholes and patches, flushing.

Our pavement integrity measures lower than our neighbouring authorities. Our smoothness measure is more similar to our neighbours but half the national average. The rehabilitation and reseal programme addresses these issues over time.

Road development over the next 10 years will be driven by the need to increase carriageway widths on some rural primary and secondary collector roads because of the use of these roads by heavy vehicles, roads providing detours when the State Highways are closed, and increased private development (mainly in and around Mangawhai).

Road widths – there are deficiencies compared to Kaipara’s Engineering Standards affecting 17% of sealed roads. This is partially addressed through the annual pavement rehabilitation and reseals programme and NZTA subsidies are available for the work.

Resilience – there are no additional criteria used by NZTA to provide greater road resilience of key routes. The use of Kaipara roads as detours for the State Highways causes wear and tear over and above normal use. No additional NZTA subsidies are available to strengthen these roads to stop the damage from use as detours.

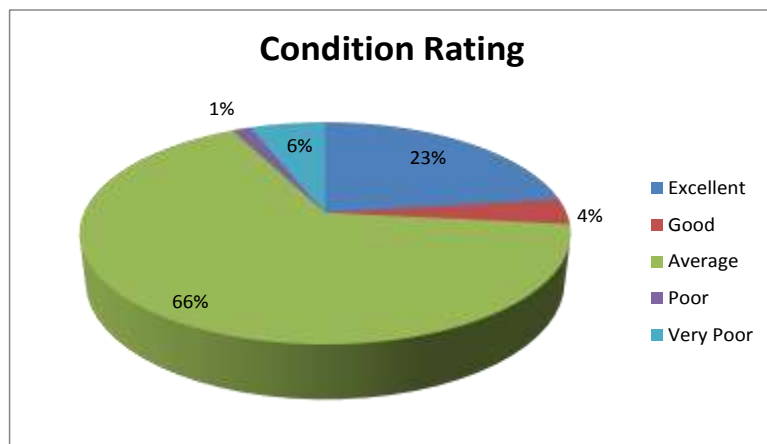
Bridges, culverts and structures

There are 351 bridges (over 3.4m of waterway) and bridge culverts (under 3.4m of waterway) in Kaipara. Most of these are short structures. Over time, many of these will be replaced by culverts, depending on water flow data. Climate change also needs to be taken into account given the long intended life of these assets (the design life is 100 years). Earlier bridges were constructed out of material that means they have shorter lives. Pre-1940 structures will be replaced over the next 10-15 years. Culverts are younger with a greater remaining useful life.

There are five bridges with weight restrictions. None of these are in high volume roads.

20% of bridges are inspected each year. The latest condition rating categorised the majority of bridges and culverts in average to good condition.

The following condition rating split has been determined for all KDC bridges inspected in the last two years.



Due to the increased pressure on drainage systems due to adverse weather events, we will progressively increase the minimum sizes of our culverts to be 450mm diameter. This will allow for easier through flow and reduce ponding and saturation of the pavement layers.

The emphasis for the next period will be on improving asset knowledge of bridges and culverts, while addressing known maintenance and renewal requirements to strengthen bridges where heavy traffic use occurs, replace older bridges built prior to 1940 with either new bridges or culverts as appropriate.

A budget of \$19.6 million is included for this bridge replacement work. This is in addition to \$7.5 million for maintenance and \$22.5 million for renewals.

7.2.3 Drainage facilities

There is a total length of 131,625m of culverts (not associated with bridges), and 1,837kms of surface water channels within the district. Drainage facilities that drain the road pavement are considered to form part of the roading asset. A recent review of the condition of drainage facilities has assessed most as performing well. However, there are some causing problems. Heavy rainfall events have also highlighted some weaknesses in road drainage, hence the gradual planned increase in minimum size of the culverts.

Drainage facilities are usually installed as part of road construction. Those constructed from concrete are very durable. There is no cause to renew these assets as they have an expected life up to 80 years. They are replaced during reconstruction of the pavement.

Maintenance is very important for drainage facilities. If they are functioning well, the road lasts longer and require less maintenance. Kerb and channel drains are cleaned twice-yearly. Sumps are cleaned annually. Culverts are cleaned as response maintenance after inspections or as assessed by the Contractor or Client Representative. The Contractor has key performance indicators (KPIs) in the contract stating service levels.

There is \$19.5 million budgeted for routine drainage maintenance and \$12.2 million for renewals.

7.2.4 Guardrails and sight rails

Guardrails are erected at the edge of some roads to protect vehicles from hazards. There are over 12,500m of such rails in Kaipara. Many are on bridges and managed as part of that programme. Sight rails generally last indefinitely and replacement tends to be only needed after accidents.

7.2.5 Streetlighting

Council owns 1,168 road-related streetlights. Streetlight fittings have a standard life of 15 years and most streetlight poles have a life of 40 years. All maintenance is response maintenance. The future initiative is to continue with the LED replacement of all of the current luminaires. This is an initiative that is supported by NZTA at a higher than normal FAR (85%) and the aim is to have this completed by the end of 2018 and then reap the benefits of less power consumption costs, as well as associated reduced streetlight maintenance costs.

7.2.6 Signs and roadmarking, raised pavement markers and edge marker posts

There are:

- 1,064 street and information signs;
- 3,889 permanent warning of hazards signs;
- 2,101 signs to communicate regulations; and
- 1,319 miscellaneous signs.

The life of signs is averaged at 15 years. However, theft, vandalism and accidents can reduce this life. Signs are replaced as they deteriorate as identified by regular inspections or as they are damaged or removed. The current sign stock is relatively new.

There are 6,687 signs on roads in Kaipara. This includes roadmarking (499kms), intersection controls (392), and parking controls (108). These markers other than roadmarking are condition assessed annually and maintained/renewed as required. The roadmarking is replaced annually.

7.2.7 Vegetation control

The vegetation standard is no lower than 4.5m above the road surface and no closer than 1.5m from the pavement edge. Weed spraying, trimming and mowing is required to meet this standard in current contracts.

7.2.8 Carparks and service lanes

There are 14 carparks (total area of 21,098m²) and 23 service lanes (7.55kms) in Kaipara. Condition assessment and renewals are planned alongside the sealed network.

7.2.9 Retaining walls

There are 188 retaining walls in Kaipara (this may not be a complete list). Condition information has only just begun to be collected. Most walls are built as emergency responses to slips and slumps and are therefore not planned works.

7.2.10 Footpaths and walkways

There are about 87kms of footpaths in the district. Most are in the township of Dargaville (44kms) with an increasing length in Mangawhai (22kms). Condition rating is done every five years. Renewals are therefore planned for five year blocks, where only those rated “poor” or “very poor” are addressed. A new condition rating is needed to confirm the next five year programme. Most new footpaths are developed as part of new subdivisions with an average length of 1.5kms a year.

NZTA subsidies are not available for footpaths. Council includes an allowance of \$2.5 million to extend footpaths and \$6.6 million for maintenance and renewals.

7.3 Issues

Our roading network was built in times of considerably lower traffic volumes and lighter commercial vehicles. Increasing repairs are needed as vehicle volumes increase and heavy vehicles get heavier. The cost of many of the materials needed to repair, maintain or improve roads, (like bitumen), have increased by 150% (*Source: NZTA Bitumen Cost Adjustment Series*) over the last 10 years; so affordability is a key issue, to maintain or increase the standard of our roads. Dust levels on unsealed roads in summer is exacerbated by intense logging truck activity. NZTA will pay 61% of the costs for road repairs and upgrades in Kaipara, through the NZTA Funding Assistance Rates (FARs) if the requests have been approved by NZTA and the development of business cases for the additional requests have been made.

The state of the national State Highway network combined with the increased incidence of intense rainfall weather systems and accidents, adversely impacts the Council roads by forcing the diversion of State Highway traffic volumes onto the Council network. As Council roads are not designed to deal with the extra traffic, the lifespan of the roads is lessened and more maintenance is needed, which has cost implications for Council.

Forestry growth in Kaipara would ideally be accompanied by those roads used by logging trucks being strengthened. Those roads are not designed to carry such heavy loads over such intensive (harvesting) periods. (Source: MWH, Forestry Roads: Kaipara District Council Forestry Routes Submission, 2014). If strengthening is not done, those roads will deteriorate faster than they are designed to. The main years of concern are 2015/2021. To respond to this Council is including \$5.5 million over the next three remaining years to strengthen the roads identified as being used by forestry harvesting. This will enable Council to maintain current service levels.

Road width data taken from RAMM (NZTA Road Assessment and Maintenance Management Manual) shows there are deficiencies where the carriageway width does not meet the desired width in Kaipara's Engineering Standards. The width deficiencies are triggered by increased traffic volumes and truck sizes.

As the population increases (mainly in the east) with people shifting to Kaipara from urban areas with higher levels of service, the demand for seal extensions and dust suppression increases. Currently, KDC cannot respond to these demands. Customer satisfaction with roads and footpaths is generally low, particularly on the unsealed network.

7.4 Implications

Roading is funded by the following; general rate, NZTA subsidies, targeted rates, and development and financial contributions (paid when land is subdivided or developed) that help pay for growth in road capacity.

The level of funding received from all these sources is only sufficient to maintain roads at current levels and only have a minimal response to the wear and tear from forestry traffic. Service levels for roads will therefore be impacted; even maintaining current standards will require increased rates, while any ratepayer funded increase in the proportion of sealed roads would require substantially greater rates increase. Affordability of infrastructure management is the biggest issue faced by this district.

The latest funding application to NZTA (for the 2018/2021 period) is requesting additional funding with the appropriate evidence, however this is only a request at this point in time and approval is still to be obtained by mid-2018.

7.5 Risk and hazard management

The biggest risk to roads is flooding events and other impacts from heavy rain. Secondly, there is the risk of asset failure typically from ground conditions (slips and slumps) and asset condition (bridges mainly). There is a dedicated budget of \$28.5 million for preventative works so that these events do not cause as much damage. However, it is often this budget that is used for dealing with the consequences of such events. For anything over and above this amount, addressing the damage from unplanned events can mean deferring other maintenance and renewal work. Addressing failures because of asset condition is being addressed by improved knowledge of our assets and surrounding conditions with better targeted maintenance and renewals.

Climate change will increase the frequency of floods and heavy rain, and flooding of low-lying roads by waterways. The impact of this is not expected to be severe in the first 10 years but may affect roads beyond that.

7.6 Options

Option 1 – status quo

To manage Kaipara's road network:

- Plan to rehabilitate roads in areas of high or increasing use and at most risk of severe deterioration as funding allows.

To manage road width deficiencies triggered by increased traffic volumes:

- Identify roads with width deficiencies and address them as sealed road rehabilitation or unsealed pavement strengthening projects as funding allows.

To manage low volume roads:

- Identify low volume roads where maintenance could be reduced or possibly stopped.

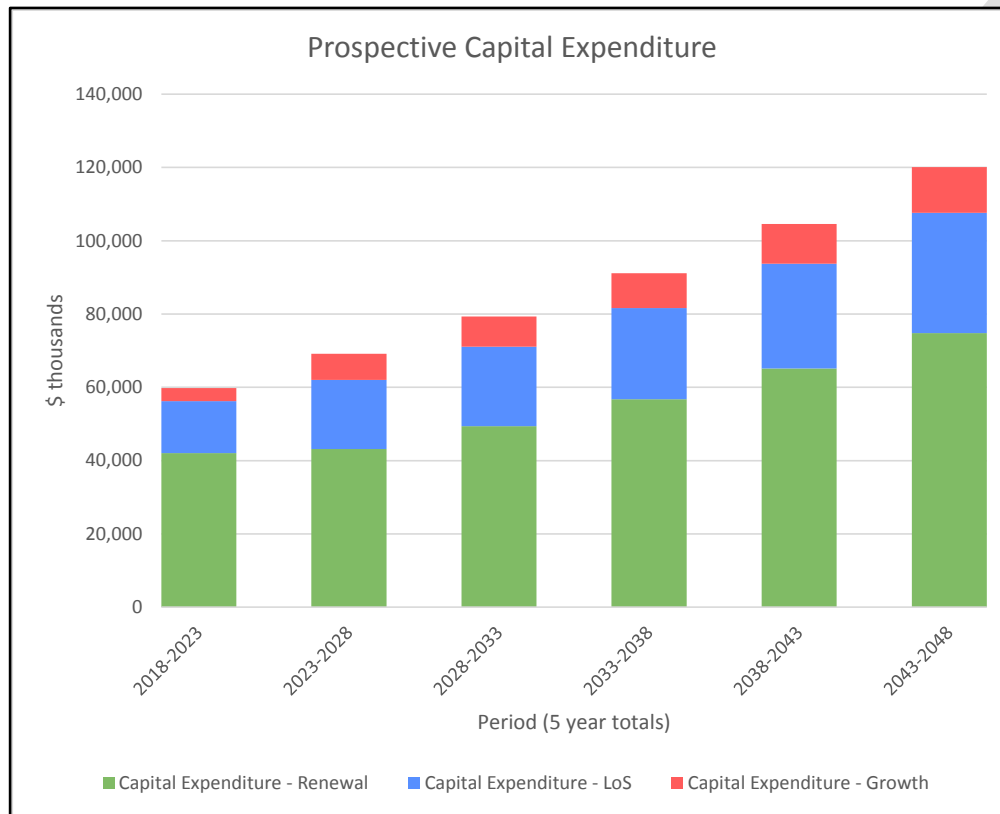
Option 2 – status quo plus strengthening roads used by a high volume of logging trucks

To manage the impact of forestry on the roading network:

- Identify routes where logging trucks will operate, and importantly when, and undertake strengthening work on a 'just in time' basis; and
- Council has submitted a request to NZTA for additional funding as part of the Asset Management Plan (AMP) submission, to help meet the cost of the additional renewals needed as a result of forestry activity (NZTA is promoting a 'one network' approach to the management of forestry routes throughout Northland).

Option 3 - increase service levels on the unsealed network towards delivering to customer feedback on

- Comfort of driving on unsealed roads (corrugation, potholes); and
- Dust reduction.



For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

The Provision of Roads and Footpaths

Operating expenditure

Total operating expenditure	12,313	12,877	13,181	13,403	13,743	65,516	14,100	14,468	14,871	15,285	15,759
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Capital expenditure

Capital Expenditure - Growth	846	57	61	1,304	1,329	3,598	1,358	1,401	1,428	1,467	1,518
Capital Expenditure - LoS	1,798	2,853	2,925	3,470	3,162	14,207	3,581	3,683	3,765	3,867	3,990
Capital Expenditure - Renewal	8,343	8,245	9,149	8,076	8,198	42,010	8,226	8,392	8,592	8,824	9,091
Total capital expenditure	10,987	11,155	12,134	12,850	12,690	59,816	13,165	13,477	13,786	14,159	14,598

Total expenditure

23,300	24,032	25,316	26,253	26,432	125,332	27,266	27,945	28,657	29,443	30,358
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

The Provision of Roads and Footpaths

Operating expenditure

Total operating expenditure	65,516	74,483	86,627	100,007	115,438	133,324	575,395
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Capital expenditure

Capital Expenditure - Growth	3,598	7,173	8,252	9,474	10,876	12,487	51,860
Capital Expenditure - LoS	14,207	18,886	21,688	24,900	28,586	32,819	141,087
Capital Expenditure - Renewal	42,010	43,127	49,417	56,734	65,134	74,778	331,200
Total capital expenditure	59,816	69,186	79,358	91,107	104,597	120,084	524,148

Total expenditure

125,332	143,669	165,984	191,115	220,035	253,408	1,099,542
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For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

The Provision of Roads and Footpaths

Operating expenditure

Total operating expenditure	12,313	12,610	12,630	12,561	12,587	62,701	12,612	12,628	12,653	12,667	12,703
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Capital expenditure

Capital Expenditure - Growth	846	56	58	1,220	1,215	3,396	1,212	1,220	1,212	1,212	1,220
Capital Expenditure - LoS	1,798	2,791	2,800	3,247	2,890	13,527	3,196	3,207	3,196	3,196	3,207
Capital Expenditure - Renewal	8,343	8,067	8,759	7,558	7,493	40,220	7,342	7,308	7,292	7,292	7,308
Total capital expenditure	10,987	10,915	11,618	12,026	11,598	57,143	11,750	11,735	11,700	11,700	11,735

Total expenditure

23,300	23,525	24,248	24,587	24,185	119,844	24,363	24,363	24,353	24,368	24,439
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

The Provision of Roads and Footpaths

Operating expenditure

Total operating expenditure	62,701	63,264	64,176	64,447	64,688	64,943	384,218
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Capital expenditure

Capital Expenditure - Growth	3,396	6,077	6,101	6,101	6,101	6,101	33,879
Capital Expenditure - LoS	13,527	16,002	16,036	16,036	16,036	16,036	93,674
Capital Expenditure - Renewal	40,220	36,543	36,539	36,539	36,539	36,539	222,918
Total capital expenditure	57,143	58,622	58,677	58,677	58,677	58,677	350,472

Total expenditure

119,844	121,885	122,852	123,123	123,365	123,620	734,690
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7.7 Most likely scenario

Option 2 is the preferred option. Roads will be maintained as affordable within the proposed budget levels plus a targeted rate on forestry properties. This will mean that Council will not respond to customer demands for increased levels of service, and those acting as detours when State Highways are closed may deteriorate. There is only minor funding available for improvements in service levels. The improvements in service levels will be driven by availability of funding from a mixture of NZTA, development and financial contributions and the general rate. No rates or NZTA funding are available for seal extensions in the medium term future.

Council will prevent the anticipated damage to roads used for forestry traffic from harvesting in the years 2018 to 2021 by rating \$1.17 million from setting a targeted rate on exotic forestry properties. Council will continue to the forestry target rate beyond 2021 to strengthen the pavements on forestry routes. Any balance of funds available after 2021 will be used for dust suppression.

Road development over the next 10 years will be driven by the need to increase carriageway widths on some rural primary and secondary collector roads. The need is based on the level of heavy commercial vehicles using these roads, roads providing alternative detour access of State Highway traffic and increase in private development especially around the Mangawhai area.

The width deficiencies will be addressed as sealed road rehabilitation or unsealed pavement strengthening projects are completed.

7.7.1 Road widening projects

It is proposed to do minor realignment and safety improvements to address sight distance deficiencies for frequently used forestry, dairy tanker, general produce and quarrying operations routes.

Sealed roads have been identified for sections of widening because they do not meet the standard width requirement causing safety concerns or potential increased traffic volume from new developments.

Road widening, in conjunction with rehabilitation projects, is planned where pavement width poses a safety concern or there is pavement support deficiency and it is economically justified. It is expected a consistent approach to that of adjacent councils will be taken to width and delineation on State Highway detour routes and primary and secondary collector routes. Key routes are: Paparua-Oakleigh Road, Kaiwaka-Mangawhai Road, Molesworth Drive, Mangawhai Heads Road, Cove Road and Pouto Road.

7.7.2 Road strengthening

There are road strengthening projects in the programme, for the sealed network it is part of the rehabilitation projects, and for the unsealed roads the strengthening will be done as part of the heavy metalling programme.

7.7.3 Seal extensions

NZTA subsidy for seal extensions are generally no longer available, however the greater Mangawhai area is identified as a growing area that has a number of roads requiring upgrading to meet demand created from development. To assist with road improvements Council will fund seal extensions through a number of funding avenues triggered by development and financial contributions attributed to a specific development. The funding of seal extensions will be done from year 4 onwards, but no seal extensions are proposed for the first three years. Also Council, where justified, will strengthen unsealed road sections in anticipation of sealing the road and may improve safety aspects using minor works subsidised allocations to meet demand.

Roading improvements are funded from subsidies received from the NZTA, development and financial contributions paid by developers and rates.

7.7.4 Bridges

In the next five years a number of bridges will be replaced, as well as bridge strengthening and new culverts being constructed. This programme will be updated as condition investigations are completed.

7.7.5 NZTA One Network Road Classification (ONRC)

The purpose of ONRC is to bring national consistency to service levels and efficient investment management of the road network across territorial boundaries. Council is yet to be fully informed or fully understand the implications of the new system. However, we do know the following:

The ONRC consists of:

- Road classification system;
- Customer levels of service (provisional); and
- Performance measures.

The new NZTA classification system will be implemented over three years. The system is intended to:

- provide a nationally consistent framework that helps to inform activity management planning, investment choices, and maintenance and operational decisions;
- over time, road users can increasingly expect to have similar experiences across the country, on roads in the same category;
- support more consistent asset management across the country; and
- make collaboration and prioritisation easier between those organisations responsible for the planning, delivery, operation and maintenance of the nation's road network, leading to a more efficient and safer network and improved value for money.

There are six functional categories. Two categories have sub-categories.

- National (two volume levels);
- Regional;
- Arterial;
- Primary connector;
- Secondary connector; and
- Access (two volume levels).

To be classified in each category, a number of criteria need to be met. Volume criteria are different for urban and rural roads:

- movement of people and goods (volume of daily traffic, HCV, buses, active modes); and
- economic and social (linking places, access to ports and airports, lifelines, tourist destinations).

For Kaipara district, no roads meet the criteria for national, regional or arterial classification (except State Highways). Most of our roads fall within the classification of secondary connector and access categories.

7.8 Customer Levels of Service

Each classification has a specific service level. They are based on the principles of national consistency, safety, fit for purpose and affordability. The information on services levels currently available is provisional.

Service levels cover four categories/outcomes:

- mobility (travel time, resilience, optimal speeds);
- safety;
- amenity; and
- accessibility.

The service levels are very general, and differ by degree between classifications. It is the performance measures that quantify these service levels.

For roads within Kaipara this means (in summary):

	Mobility – travel times	Mobility - resilience	Mobility – optimal speed	Safety	Amenity	Accessibility
Arterial	Users experience consistent travel times except during holidays, major events, weather events.	The route or a viable alternative is always available except in emergencies. Priority restoration and users advised.	Higher speeds except where risks exist e.g. intersections, schools, high volumes, shops etcetera.	Variable road standards – safety guidance provided to users.	Good level of comfort, tolerance of some roughness. Contribute to local character and land use (urban or rural).	Some land use access restrictions tolerated. Higher classified roads have priority. Good quality information available to users.
Primary collector	Generally consistent travel times except where affected by weather or other road users.	Route nearly always available except in weather events or emergencies. Alternate routes usually available. Moderate priority to clear incidents.	Travel speed depends on risk, mixed use, adjacent land use.	Variable road standards and alignments. Lower speeds and user vigilance required. Some safety guidance may be available to users.	Moderate levels of comfort, occasional areas of roughness. Roads contribute to local character and adjacent land use.	Some land use access restrictions tolerated. Higher classified roads have priority. Good quality information available to users.
Secondary Collector	Travel times may vary as a result of other road users, weather and road conditions.				Moderate level of comfort, more areas of roughness. Roads contribute to local character and adjacent land use.	Some land use access restrictions tolerated. Some condition variability. Higher classified roads have priority. Good quality information available to users.
Access	Varied travel times affected by other users, weather and road conditions.	Route may not be available at all times. Alternates may not exist. Lower priority for clearance of incidents.	Travel times depend on risk. Recognition of road use for access to schools, shops etcetera.	Variable road standards and alignment. Driver vigilance required.	Low levels of comfort, extended areas of roughness. Conditions reflect adjacent land use and function.	Access to all adjacent properties Users should expect variability. Higher classified roads have priority.

	Mobility – travel times	Mobility - resilience	Mobility – optimal speed	Safety	Amenity	Accessibility
Access (low volume)		Route may not be available in some weather. Alternatives may not exist. Lowest priority for clearance.				

The AMP will introduce a transition plan to support NZTA investment in the Kaipara district road network regarding maintenance renewal and operation decisions. Over time NZTA is aiming for national consistency for the level of service delivered by a network for the customers. The transition plan will fully implement the ONRC and apply the business case approach principles in the preparation for the 2018/2021 National Land Transport Programme (NLTP).

7.9 Impact on rates

Funding for Roads and Footpaths comes from the:

- general rate; this activity accounts for around 42% of rates revenue;
- NZTA subsidy at 61%; and
- 'Forestry Roding Rate' imposed on exotic forestry properties based on land value levies \$390,000 (to be adjusted annually for inflation) per year.

8 Flood Protection and Control Works

8.1 Overview

Flood control is a shared responsibility between KDC and NRC. Flood protection and control work consists of flood control schemes, river alignment control, and land drainage. Stopbanks and floodgates help protect against flooding, and the monitoring of tidal and stormwater levels during weather events helps to provide warning of potential flooding. Weedspraying, drain clearance, floodgate and outlet maintenance helps the land drainage network operate to full capacity. The purpose of the infrastructure is to protect people and properties (including private land and infrastructure and especially productive land) from flooding and tidal flows.

Flood protection work in Kaipara district is split into two separate categories of responsibility; rural and urban flood protection. Rural flood protection is largely concentrated in the Raupo Drainage District; the area of the Ruawai flats adjacent to the Northern Wairoa River. This very fertile area makes a substantial economic contribution, primarily dairy farming and kumara growing. The main function of this type of flood protection is “Land Drainage” and is to ensure that for the majority of the year the land is kept drained and able to be used in an efficient and effective manner for the production of dairy, kumara etcetera. The Ruawai village stormwater controls are in an ‘Urban’ setting but are managed under the Raupo Drainage District.

Urban flood protection is currently concentrated around the township of Dargaville; this includes stopbanks and floodgates. Flood protection for Dargaville is currently included in the stormwater activity and though this activity is currently centred around Dargaville, with the adoption of the NRC Coastal Hazard Maps and the finalisation of the regional policy, more investigation will be required to identify any other low-lying areas within the district that will be affected in the future and what the councils responsibilities will be in these instances.

8.2 Assets, their age, condition and maintenance

There is the Raupo District Drainage Scheme (Raupo) and 28 other defined ‘land drainage’ area schemes although Raupo currently accounts for the majority of the total expenditure. Raupo is managed by a standing committee of KDC. Construction of the flood protection infrastructure began in the early 1900s and was paid for by landowners and grants from the central government of the time that had an interest in promoting the reclaiming of arable land.

The range in size of these defined areas varies from small and what is considered non-active, such as Sunnynook with 840m of drains and stopbanks with one floodgate, to the largest, Raupo with 69kms of drains and stopbanks and 52 floodgates.

Raupo meets quarterly to discuss maintenance and any other issues within the system, whereas the smaller districts meet once or twice yearly to determine the amount of maintenance needed within their district.

Asset profile:				
Northern Area Land Drainage Assets by Asset Type as at 13 July 2016				
Asset Type	Replacement Cost (\$)	Depreciated Replacement Cost (\$)	Accumulated Depreciation (\$)	Annual Depreciation (\$)
Drains	\$4,319,879	\$4,319,879	\$0	\$0
Floodgates	\$1,797,622	\$711,075	\$1,086,546	\$31,825
Total 2016	\$6,117,500	\$5,030,954	\$1,086,546	\$31,825
Raupo Land Drainage Assets by Asset Type as at 13 July 2016				
Community	Replacement Cost (\$)	Depreciated Replacement Cost (\$)	Accumulated Depreciation (\$)	Annual Depreciation (\$)
Wharf Road buildings	\$245,220	\$85,863	\$159,356	\$2,452
Jellicoe Depot	\$36,106	\$8,665	\$27,441	\$361
Drains	\$4,346,256	\$4,346,256	\$0	\$0
Stopbanks	\$2,697,952	\$2,697,952	\$0	\$0
Rip rap	\$523,715	\$57,609	\$466,107	\$5,237
Floodgates	\$6,018,741	\$1,449,879	\$4,568,861	\$116,902
Wallace Road pump station	\$349,329	\$108,312	\$241,017	\$5,356
Boundary gates	\$35,042	\$6,308	\$28,734	\$701
Total 2016	\$14,252,361	\$8,760,845	\$5,491,516	\$131,010

8.3 Risk and hazard management

Risk and hazard management is managed by operational staff with a working knowledge of each system, and also relies heavily on the local farmers and residents within each district who maintain constant vigilance over the drainage assets and update the status of the assets to Council representatives as required. Their working knowledge includes where any pressure points are in weather events and which areas are likely to be at risk, how often and when the best time to complete planned maintenance will be, and how to most effectively complete the work.

Impairment testing is also carried out on major asset components including flood protection. The purpose of testing is to identify any significant change in the performance or condition of the assets from when they were last investigated, in some cases this may be the date of installation. Investigation of the flood protection

assets first occurred in 2014, and has been done yearly since then; to date the flood protection investigations have identified several gates which have required immediate replacement and some which need varying degrees of attention.

Ongoing investigations will need to be undertaken for all drainage districts, to update Council-held records on basic information such as condition and age, and more in depth information surrounding height in relation to sea level, and capacity. In conjunction with NRC it is provisionally agreed that there will be an impact from climate change and sea level rise which in turn will have an impact on the current flood protection measures, it is yet to be determined what the impact will be or how we will formulate an appropriate response to these measures and implement them for the future.

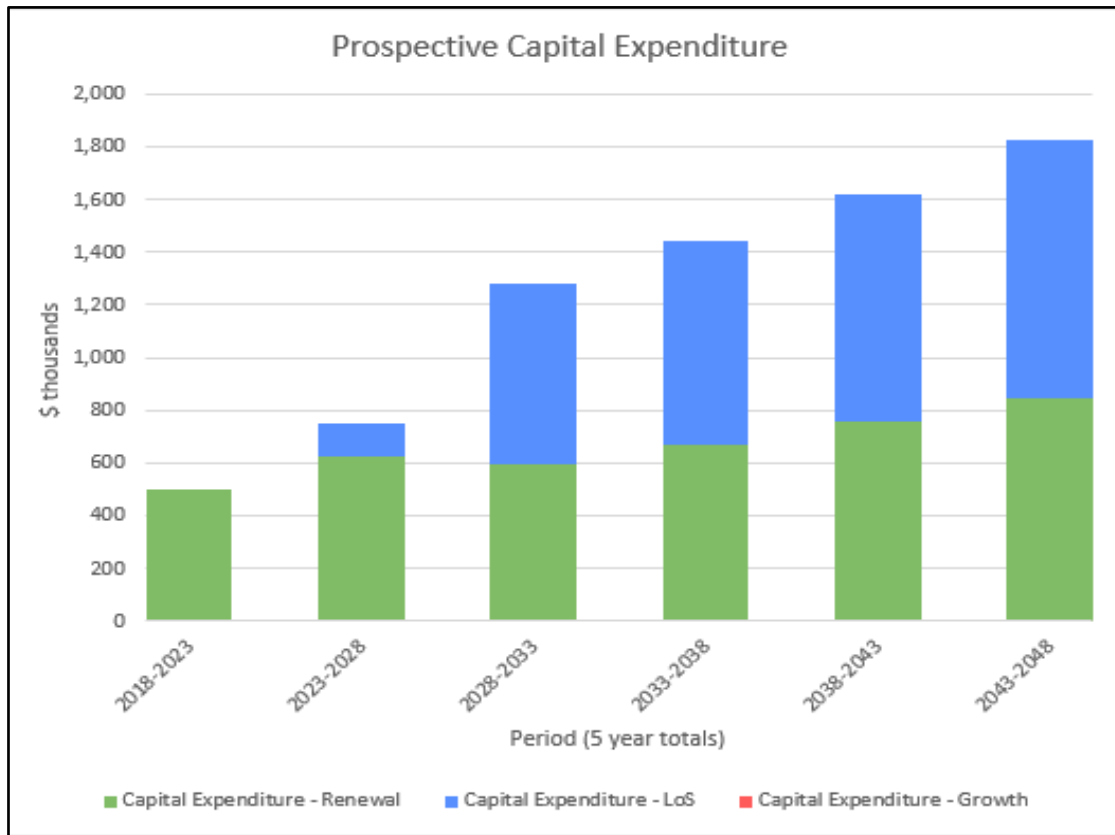
8.4 Issues, options and implications

Climate change will mean more flooding from extreme weather events and sea level rise, leading to higher water levels in rivers and other waterways. The impact of this occurrence will reinforce the importance of the renewal/improvement programme. The stopbank heights are being raised in part using the dredged material as it is removed. There are also sections being widened and strengthened in preparation for being raised, as any permanent stopbank structure needs to meet specific design and testing requirements. This is both a financially prudent way of disposal of the material and in response to the need to prepare for higher future flood levels. Council estimates of what will be spent on flood control from 2018 to 2048 can be viewed in the attached tables, showing operational (maintenance) spending, and some renewal work. As more investigations are completed on the current systems, and NRC releases their reports on expected sea level rise, this may change.

Council's budgeted spend on floodgate replacement in the next 30 years (this assumes that one floodgate will be replaced every three years; floodgates cost between \$25,000 and \$100,000 depending on size) can be viewed in the attached tables. Council's budgeted spend on stopbanks (this assumes that annual programmed work will continue at \$40,000 per year) to increase stopbank levels within the Raupo Drainage District over the next 30 years, can also be viewed below.

Flood control infrastructure is funded by a targeted rate on Dargaville and Ruawai properties, the people that can use and benefit from the service pay for it, rather than the whole district, though as the need for bigger and better flood protection measures are realised this may need to be a 'general rate' that will be spread across the entire district as the smaller areas may not be able to cover the required expenditure by themselves.

One possible alternative option is the transfer of responsibility for this activity to NRC, though this has never been formally investigated nor an actual proposal tabled for review and discussion.



For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Flood Protection and Control Works

Operating expenditure

Total operating expenditure	551	564	527	540	577	2,759	547	578	607	621	667
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Capital expenditure

Capital Expenditure - Growth	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - LoS	0	0	0	0	0	0	0	0	0	0	127
Capital Expenditure - Renewal	159	133	58	53	98	501	101	103	202	108	111
Total capital expenditure	159	133	58	53	98	501	101	103	202	108	238

Total expenditure

710	696	584	594	675	3,260	647	681	809	730	905
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Flood Protection and Control Works

Operating expenditure

Total operating expenditure	2,759	3,019	4,542	4,666	6,219	6,498	27,704
------------------------------------	--------------	--------------	--------------	--------------	--------------	--------------	---------------

Capital expenditure

Capital Expenditure - Growth	0	0	0	0	0	0	0
Capital Expenditure - LoS	0	127	684	770	867	977	3,426
Capital Expenditure - Renewal	501	625	595	670	754	849	3,994
Total capital expenditure	501	752	1,279	1,440	1,622	1,826	7,420

Total expenditure

3,260	3,771	5,821	6,106	7,841	8,324	35,123
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For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Flood Protection and Control Works

Operating expenditure

Total operating expenditure	551	549	501	501	522	2,624	482	495	506	503	523
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Capital expenditure

Capital Expenditure - Growth	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - LoS	0	0	0	0	0	0	0	0	0	0	104
Capital Expenditure - Renewal	159	130	55	50	90	484	90	90	172	90	90
Total capital expenditure	159	130	55	50	90	484	90	90	172	90	194

Total expenditure

710	679	556	551	612	3,107	572	585	678	593	717
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Flood Protection and Control Works

Operating expenditure

Total operating expenditure	2,624	2,508	3,243	2,852	3,256	2,910	17,393
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Capital expenditure

Capital Expenditure - Growth	0	0	0	0	0	0	0
Capital Expenditure - LoS	0	104	518	518	518	518	2,174
Capital Expenditure - Renewal	484	532	450	450	450	450	2,816
Total capital expenditure	484	636	968	968	968	968	4,989

Total expenditure

3,107	3,144	4,210	3,819	4,223	3,877	22,382
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8.5 Most likely scenario

Council's maintenance programme for flood control will continue to direct expenditure where and when required for the infrastructure to perform as required.

Projected operating expenditure for the years 2018 to 2048 is outlined in the above table.

The capital expenditure as identified above will continue to be directed by onsite condition assessments of the assets and as an agreed upon response to the changing environment.

NRC is undertaking a Northland catchment mapping and modelling exercise, making extensive use of LiDAR (Light Detection and Ranging - remote sensing technology used to make high resolution maps). The impending outcome of this exercise will influence Kaipara's flood protection and control works management.

8.6 Impact on rates

The impact on rates is dependent on decisions made by the drainage groups themselves. The targeted rates are based on land value and vary every year between each drainage area, depending on the works programme agreed. There is one drainage district within Kaipara under the governance of NRC, that being Kaihu Valley Drainage District. The number of properties currently funding flood protection is 505 within Raupo and 1389 within the other schemes, there are also 456 properties in Kaihu that pay to the NRC.

The targeted rates apply to all land in each of the following land drainage schemes:

Aoroa	Aratapu Village	Hoanga	Koremoa	Notorious	Tangowahine N°1	Tatarariki N°2
Arapohue N°1	Awakino Point	Horehore	Mangatara	Oruariki	Tangowahine N°2	Tatarariki N°3
Arapohue N°2	Awakino Village	Kaihu	Manganui	Otiria	Tangowahine Valley	Tikinui
Aratapu Swamp	Greenhill	Kopuru Swamp	Mititai	Owairangi	Tatarariki N°1	Whakahara

9 Stormwater

9.1 Overview

Council operates stormwater schemes for the Baylys, Dargaville, Te Kopuru, Kaiwaka and Mangawhai communities, using a mixture of open drains and underground pipes. The aim of the service is to protect people, dwellings, private property and public spaces from flooding, by managing the flow of stormwater in a manner that protects public and environmental health.

Stormwater systems are mainly funded by a targeted rate on properties in Dargaville/Baylys, Te Kopuru, Kaiwaka and Mangawhai, the Ruawai area is a targeted rate under the Raupo Land Drainage Scheme, with the remainder of Kaipara district paying 10% of the cost.

Stormwater drainage systems are incorporated into the roading network (as roadside drains), in other communities such as Glinks Gully, Kelly's Bay, Pahi, Whakapirau, Tinopai, Paparoa and Matakohe.

9.2 Assets, their age, condition and maintenance

Council has four stormwater schemes –Dargaville/Baylys, Kaiwaka, Mangawhai and Te Kopuru. These consist of piped drains, open drains, manholes, inlets/outlets and detention ponds.

Community	Pipeline Length (m)	Open Drain(m)
Baylys	3,989	10
Dargaville	35,638	34,671
Kaiwaka	1,646	262
Mangawhai	24,806	7,311
Te Kopuru	149	4,760
Grand Total	66,228	47,014

Notes

Pipelines are composed of the following pipe types: Culvert, Gravity Main, Catchpit Lead.

Open Drains are composed of the following pipe types: Drain, Open Drain, Overland Flow Path, and Swale Drain.

Various natural assets such as overland flow paths and soft assets including riparian planting are located throughout the district.

Condition and performance data relating to stormwater assets is not currently well-documented across the district. The asset register also needs improvement to remove errors and to update missing information to allow Council to more efficiently plan and programme repairs, renewals and upgrades due to under capacity. For example, 36% of pipe diameters are unknown and 52% of pipe materials are unknown. Of all pipes, 34% have no data on either diameters or materials, and there are no operations and maintenance manuals for the existing stormwater detention ponds. A programme is underway to improve knowledge of Council assets and their condition, as reflected in future budgeting.

The average life expectancy of stormwater pipes is 60-70 years. The average life expectancy of stormwater points (manholes, catch pits) is closer to 100 years. With our current knowledge, most components have some years of life left, but some are suspected to be at the end of their effective life. The condition of critical aboveground assets is better known and a maintenance and renewal programme is in place to address condition issues over time.

There is currently no budget available to increase the length of piped drains. This means that the open drains, predominantly in rural or lifestyle areas, will remain. Their maintenance is essential to retain good flow, open drains are very efficient for the cost associated with the maintenance and operations, and they carry a large amount of water and work very well within our current systems.

Many drains flow into harbours or waterways which are covered by discharge consents from NRC.

9.3 Risk and hazard management

Climate change will place additional demand on stormwater infrastructure as heavy rain events become more common and more severe. This will need to be addressed by commissioning stormwater management reports for the serviced areas which will identify any issues created by climate change and sea level rise; these documents will form a major part of any replacement programme where pipe capacity may need increasing. Open drains should manage any extra demand expected.

The District Plan requires new buildings to have all habitable floors designed with a minimum freeboard height to floor level of 500mm above the 100 year average recurrence interval flood level. This is will be able to be better applied once NRC completes their programme of catchment mapping and modelling of key catchments and the reports from these projects are finalised, LiDAR for Northland is programmed to be completed by the end of 2019.

Dargaville has a reasonably high flood risk; to protect against this it has stopbanks, floodgates and a floodwall along the Kaihu and Northern Wairoa Rivers. These have been constructed over many years to provide the current level of flood protection for Dargaville and will all need to be investigated and assessed for condition, structural integrity and height to ensure that it will meet future needs set against altered climate conditions and rising sea levels.

Environmental management issues may become more pressing given that over 100 stormwater outfalls are into harbours/watercourses which all need to be covered by discharge consents, this will be investigated when possible to try to reduce the number of floodgates into the receiving environments. 14 swimming sites are monitored by NRC over summer.

9.4 Issues, options and implications

Much of our underground assets are of unknown condition. Given the age of some pipes, it is suspected that some are at the end of their effective life, and at risk of failure. There have been no significant failures to date so the life may be more than expected. Improved condition knowledge is essential as this allows Council to base the repair and renewal strategies on known information and more efficient and cost-effective programmes for the future. We do know that there is a significant backlog of renewal work to clear especially in Dargaville. The Dargaville system has already been identified as being under capacity in earlier reports.

As a result, projected costs are indicative and actuals may vary from those projected.

There are some growth-related projects planned for Mangawhai, but no significant growth work is planned anywhere else in the district. There is no programme to pipe (enclose) open drains.

Options

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Option 2: Consider affordable alternatives

Institute a maintenance approach (without renewals) for three years that:

- maintains performance at current services levels, while we investigate alternatives for funding and/or provision of service.

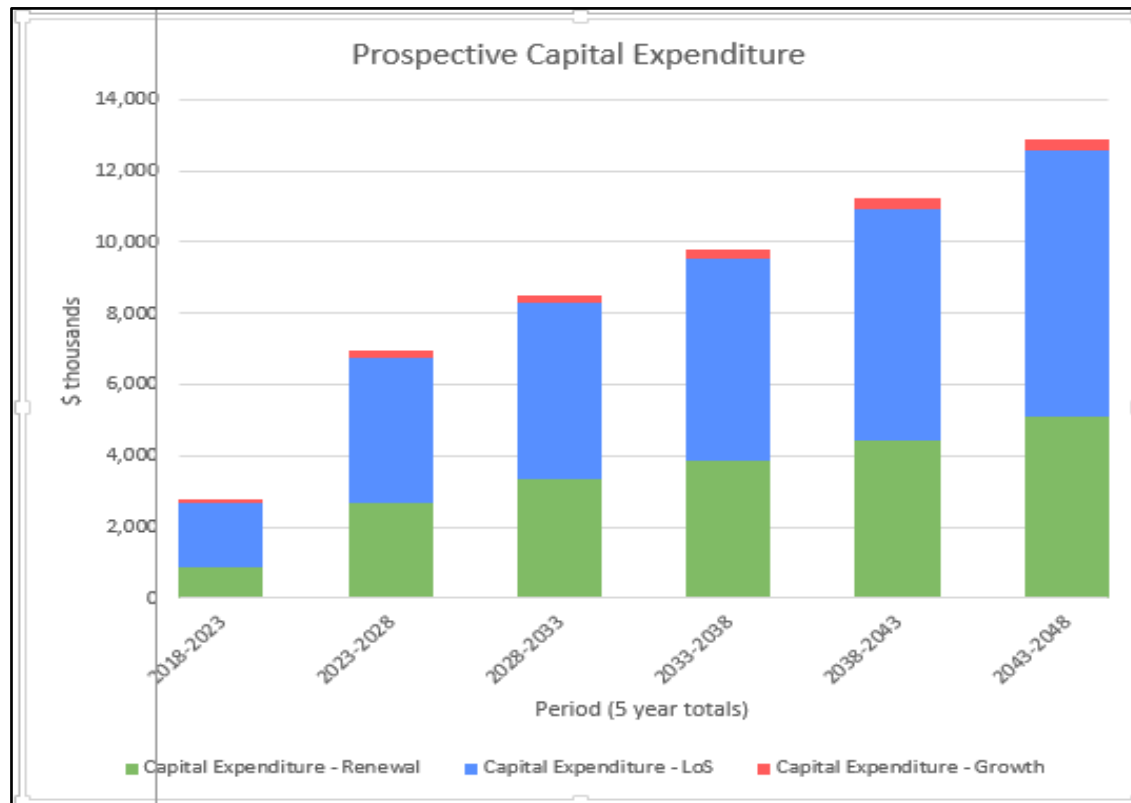
Option 3: Review service delivery model

Institute an affordable renewals programme that:

- meets consent conditions: and
- addresses the backlog of renewals required over time while we investigate alternatives for provision e.g. community management, industry management based on dominant user/s.

Projected operating expenditure for the years 2018 to 2048 is shown on the tables below.

Projected capital expenditure for this period is shown on the below tables and graphs, this outlines, renewals, level of service and growth related projects.



For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Stormwater Drainage

Operating expenditure

Total operating expenditure	1,072	1,249	1,138	917	959	5,336	998	1,054	1,078	1,176	1,249
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Capital expenditure

Capital Expenditure - Growth	1	9	9	34	40	93	41	35	36	37	38
Capital Expenditure - LoS	44	170	174	664	763	1,816	810	752	801	853	908
Capital Expenditure - Renewal	25	26	26	397	407	881	445	486	528	573	620
Total capital expenditure	70	205	210	1,095	1,209	2,789	1,296	1,272	1,364	1,462	1,566

Total expenditure

Total expenditure	1,142	1,454	1,347	2,012	2,169	8,125	2,294	2,326	2,442	2,638	2,815
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Stormwater Drainage

Operating expenditure

Total operating expenditure	5,336	5,555	7,142	7,907	8,739	9,648	44,327
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Capital expenditure

Capital Expenditure - Growth	93	185	204	235	269	309	1,295
Capital Expenditure - LoS	1,816	4,124	4,936	5,667	6,506	7,470	30,518
Capital Expenditure - Renewal	881	2,651	3,370	3,869	4,442	5,100	20,314
Total capital expenditure	2,789	6,960	8,511	9,771	11,218	12,879	52,127

Total expenditure

Total expenditure	8,125	12,515	15,653	17,678	19,957	22,526	96,454
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For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Stormwater Drainage

Operating expenditure

Total operating expenditure	1,072	1,216	1,082	852	869	5,093	881	907	903	957	987
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Capital expenditure

Capital Expenditure - Growth	1	9	9	31	36	86	36	30	30	30	30
Capital Expenditure - LoS	44	166	166	619	694	1,689	719	650	675	700	725
Capital Expenditure - Renewal	25	25	25	370	370	815	395	420	445	470	495
Total capital expenditure	70	200	200	1,020	1,100	2,590	1,150	1,100	1,150	1,200	1,250

Total expenditure

Total expenditure	1,142	1,416	1,282	1,872	1,969	7,683	2,031	2,007	2,053	2,157	2,237
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Stormwater Drainage

Operating expenditure

Total operating expenditure	5,093	4,636	5,177	4,922	4,674	4,418	28,920
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Capital expenditure

Capital Expenditure - Growth	86	156	150	150	150	150	842
Capital Expenditure - LoS	1,689	3,469	3,625	3,625	3,625	3,625	19,658
Capital Expenditure - Renewal	815	2,225	2,475	2,475	2,475	2,475	12,940
Total capital expenditure	2,590	5,850	6,250	6,250	6,250	6,250	33,440

Total expenditure

Total expenditure	7,683	10,486	11,427	11,172	10,924	10,668	62,360
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9.5 Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions: and
- addresses any backlog of renewals required, and over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

There are no current plans to pipe open drains.

9.6 Impact on rates

The proposed impact on rates will vary by scheme. The targeted rate is proposed to increase steadily as more investigation work is completed and projects required across the district are identified as per the tables below.

Council has set rates so that 10% of the stormwater network costs are funded by all ratepayers through the general rate. The remaining 90% of costs continue to be funded by the targeted rate.

Operating costs for stormwater (except interest and depreciation) are split evenly between individual networks based upon land values. The operating costs (excluding interest and depreciation) are then combined with the capital costs (including interest, funded depreciation and loan repayments) in each individual scheme to calculate the rate payable for those connected to each scheme. This reflects a move towards 'equalising' the rate payable for the service being received irrespective of location. This approach recognises the argument that the service being received by the end user is the 'same' irrespective of location and hence the costs should be similar.

9.7 Impact by scheme

9.7.1 Te Kopuru

Issues

Te Kopuru's stormwater is primarily managed through a network of 4.7kms of open drains which flow into gullies and then into the Northern Wairoa River.

There are also 149m of stormwater pipeline which is aging and will need renewal in future years, Te Kopuru will also require a Stormwater Catchment Management Plan (SWCMP) completed at some point within the next 10 years.

Implications

Te Kopuru's stormwater system is mainly funded by a targeted rate on Te Kopuru properties.

Operating expenditure for the years 2018 to 2048 is approximately \$0.903 million.

Capital expenditure for the years 2018 to 2048 is currently set at zero until more is known about Te Kopuru's system and the community's needs.

Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions: and
- addresses any backlog of renewals required, and over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the targeted rate by \$900 (5.63%) in 2018/2019. No capital works are currently identified for Te Kopuru until investigation of the state of the current assets and a SWCMP is completed for the area.

9.7.2 Dargaville/Baylys

Issues

The Dargaville urban area is serviced by an underground pipeline and open drain stormwater network; much of the pipeline infrastructure is aged and there is a significant amount of deferred work to be addressed, earlier reports have identified Dargaville as being significantly under capacity for current population levels. Baylys also has some stormwater infrastructure though this is not as significant and has been implemented in the last decade, there are some issues surrounding stormwater flows through existing gullies that are causing some scour issues, and these are bringing water from large catchment areas starting in the hills surrounding the Baylys township.

After heavy rain events, Dargaville experiences stormwater infiltrating the wastewater infrastructure, this has been known to cause some overflow into the Northern Wairoa River and surrounding areas. (Some tolerance to 'consents' is allowed for heavy weather events.)

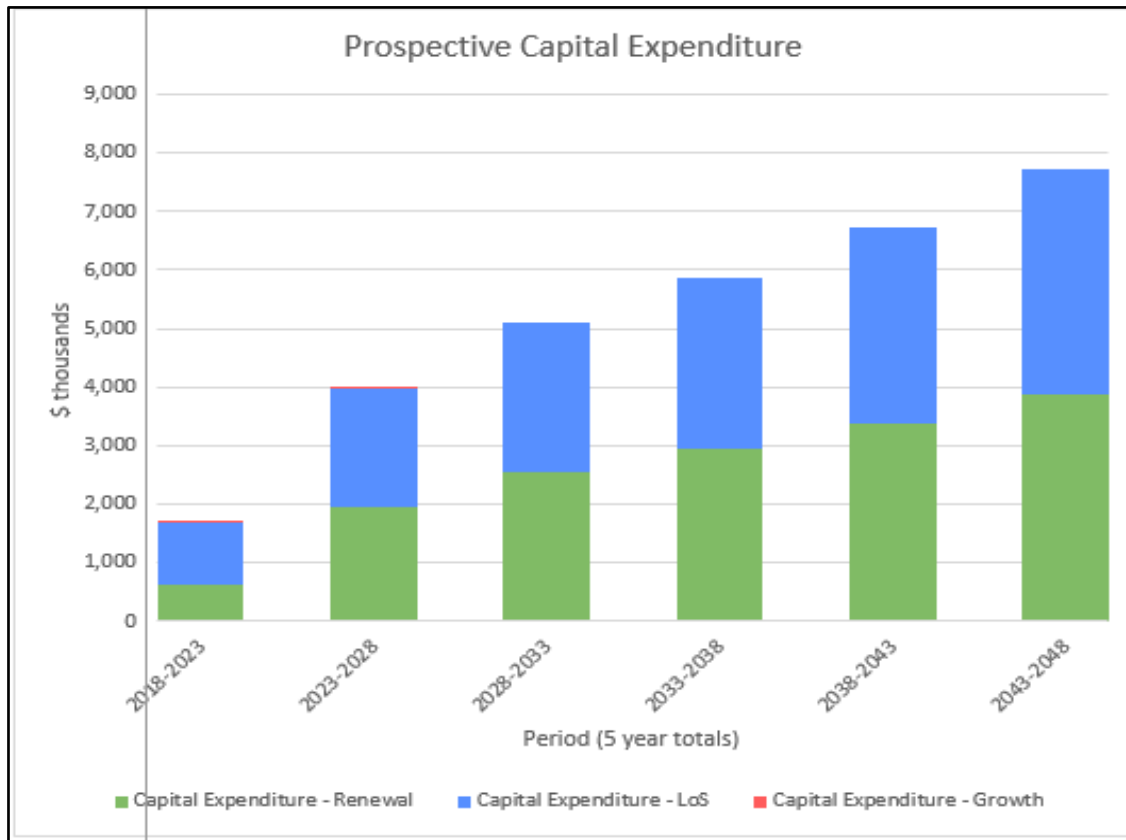
Implications

The Dargaville stormwater system is 90% funded by a targeted rate on Dargaville properties.

The changing demographic makes a full upgrade and replacement uneconomic and unaffordable under the current funding model, though this is an issue that will only get worse over time and other sources or avenues of funding may be required to complete the works required to bring Dargaville up to a standard that provides our minimum level of service.

Operating expenditure for the years 2018 to 2048 is \$26.84 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required, and over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates in 2018/2019

The proposed impact on rates for Dargaville will be a decrease of the targeted rate by \$109,000 (18.52%) in 2018/2019.

The proposed impact on rates for Baylys will be a decrease of the targeted rate by \$5,000 (8.10%) in 2018/2019.

9.7.3 Kaiwaka

Issues

The stormwater system in Kaiwaka is mainly associated with the State Highway and the roads joining it. The assets are ageing and will require substantial replacement over time, though this is still yet to be determined, knowledge of the current assets and their condition is sparse, NZTA seems to have little knowledge of this also. It is not confirmed how much network is currently in Kaiwaka as we understand there are stormwater assets that are not marked and do not appear in our current asset register.

Implications

Kaiwaka's stormwater system is 90% funded by a targeted rate on Kaiwaka properties and the remaining 10% is from the general rate, due to the lack of knowledge of our assets within Kaiwaka, and the need to produce a stormwater management plan on the back of data cleansing and investigation that will allow for any prospective growth within the Kaiwaka area, in part this will be due to the eventual extension of the motorway from Auckland.

Renewal work will keep the system working in the interim, but will have far reaching cost implications **if** growth is realised and the system is unable to meet capacity requirements.

Operating expenditure for the years 2018 to 2048 is \$1.65 million.

Capital expenditure for the years 2018 to 2048 is currently set at zero until further investigation and a SWCMP can be completed for the area, this Plan will also focus on expected growth and what will need to be completed to allow for this to happen and expand.:

Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required, and over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the targeted rate by \$5,700 (39.04%) in 2018/2019. This represents the operational cost of the Kaiwaka stormwater network. No capital investment is planned in the next 10 years.

9.7.4 Mangawhai

Issues

Mangawhai has a mixture of old and new stormwater infrastructure, currently the issues we have revolve around the lack of infrastructure within currently built up areas as information supplied by previous stormwater management reports was either ignored or deemed unpalatable to the community, there is a lot of the network that is unknown within the older areas (Mangawhai Heads) and due to a lack of accurately updating information on our asset registers in the past new infrastructure that has been installed is not recorded.

The implications are such that the true extent and capacity of the current network is unknown and makes it difficult to accurately plan a renewal strategy or prepare plans and strategies for growth. Low-lying areas need to be identified and hydraulic analysis completed to predict any negative impacts from climate change and sea level rise as NRC finalises their draft plans and maps, this may include the implementation of drainage districts including stopbanks, floodgates and diversion channels; if the cost of the implementation of a drainage district is prohibitive with consultation these areas may need to be ring-fenced and all further development stopped.

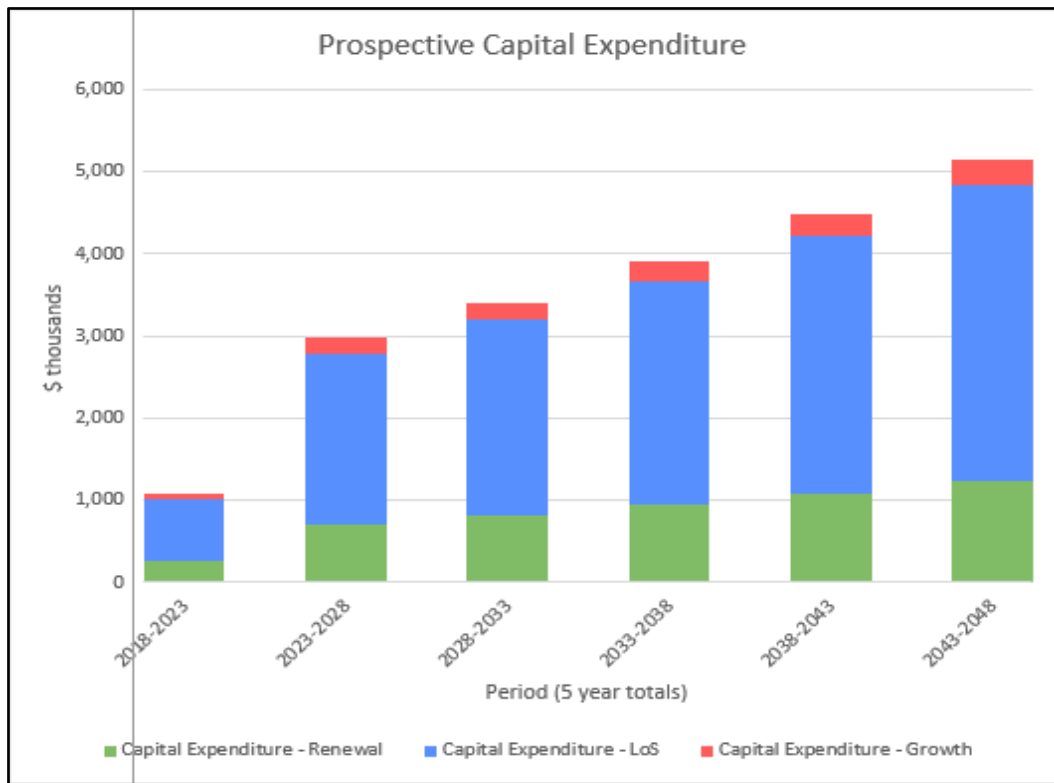
Implications

Mangawhai’s stormwater system is 90% funded by a targeted rate on Mangawhai properties and the remaining 10% is from the general rate.

The projected total cost of capital expenditure for Mangawhai stormwater for the next 30 years is shown below, however as stormwater AMPs are completed this estimate may need to be revised, though if the management plans are completed and implemented in a timely manner the largest portion of cost will be borne by future developments.

Operating expenditure for the years 2018 to 2048 is \$13.1 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required, and over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the targeted rate by \$128,700 (18.73%) in 2018/2019. The system is relatively new so renewals is not a major component. The cost increase represents extensions needed to the network to cater for growth being experienced.

10 Wastewater

10.1 Overview

Council operates wastewater schemes in the Dargaville, Te Kopuru, Glinks Gully, Maungaturoto, Kaiwaka and Mangawhai communities. The wastewater systems collect and treat wastewater and then discharge it into surrounding environments in a sustainable, environmentally friendly manner. The purpose of the service is to protect public and environmental health.

Dargaville, Kaiwaka, Maungaturoto, Te Kopuru and Glinks Gully wastewater systems are funded by a targeted rate on properties in those areas.

Mangawhai's wastewater system is currently funded by a targeted rate on Mangawhai properties, as well as being partly funded by the general rate on all Kaipara properties.

10.2 Assets, their age, condition and maintenance

The assets that form the wastewater systems include treatment plants (5), a disposal field, pump stations (32), rising mains (31kms) gravity lines (109kms), points (approximately 1,870) and connections (4,561). The condition of wastewater assets is not well documented and the current asset register contains errors. There is a programme of data cleansing and condition assessments in progress and planned to continue over the next three years. This has already begun for critical assets including those aboveground. The least known is about underground assets. It is known that there are sections of the older schemes that have old asbestos cement pipes in poor condition. The known issues are:

- Dargaville has over 10,000m of pipes aged over 60 years, which translate to about 25% of the network; and
- Maungaturoto, Te Kopuru and Kaiwaka have most of their pipes aged over 30 years.

While Dargaville has the biggest backlog, renewals will be due in other schemes in 10 plus years with the exception of Kaiwaka which has very recently begun to show signs of failure. Therefore, project costs are indicative and actuals may vary from those projected. For some small communities, and where population is in decline, funding this renewals programme may prove to be unaffordable.

10.3 Risk and hazard management

Stormwater inflow and infiltration (I/I) and vice versa places capacity challenges on network pipes and treatment plants. Dargaville has the greatest level of infiltration and also has the greatest risk of flooding which would increase I/I risks. The renewal programme will need to take these issues into account.

Unplanned discharges can occur during power failures. This creates environmental risk as overflows of raw sewage can go into waterways. There are currently no plans to install emergency power systems at plants.

Trade waste going into the Dargaville plant creates greater work for the retention ponds. This means that they require more desludging at a cost to all properties connected to the system.

10.4 Issues, options and implications

Aside from Mangawhai, much of this infrastructure is aging or aged, so the most significant expenditure over the next 30 years will be on renewal work. There is a backlog of renewal work for Dargaville and the quickly approaching renewal wave needed for all other schemes, except Mangawhai, will be a challenge of affordability for these communities.

As a result, and as noted above, project costs are indicative and actuals may vary from those projected.

Significant expenditure will be needed for Mangawhai to accommodate growth and new connections. This has been allowed for in the LTP 2018/2028. The Mangawhai system and reticulation network is fairly new; there is no more than relatively minor renewal work until the latter part of the next 10 years.

Options

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Option 2: Consider affordable alternatives

Institute a maintenance approach (without renewals) for three years that:

- maintains performance at current services levels, while we investigate alternatives for funding and/or provision of service.

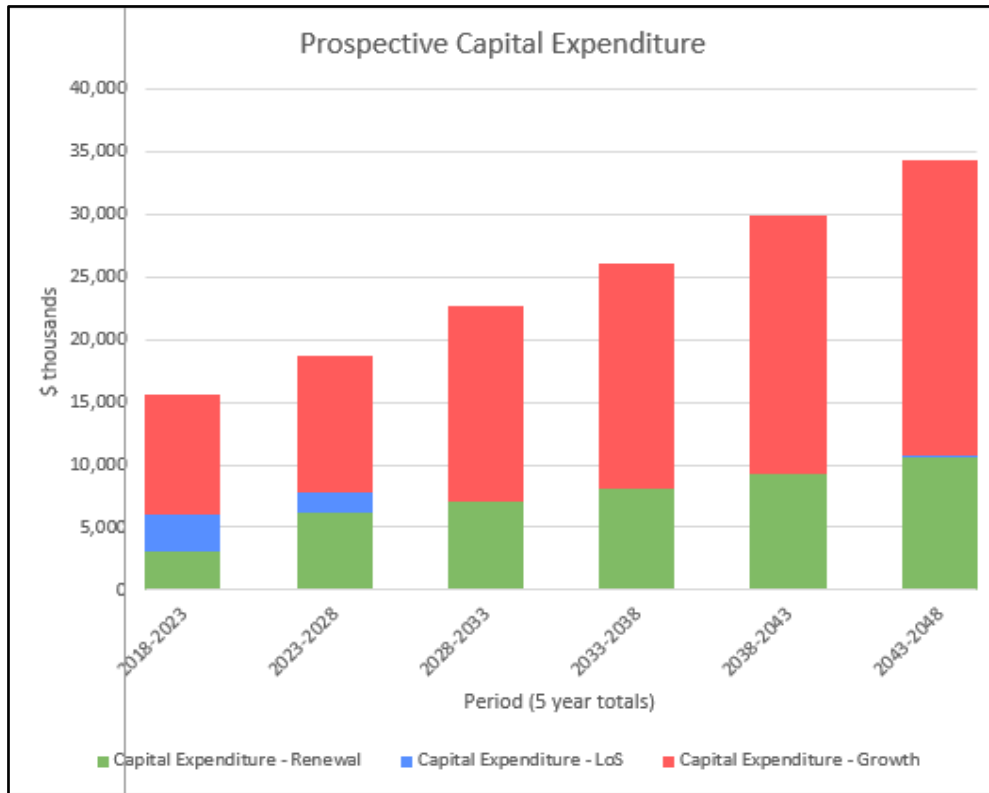
Option 3: Review service delivery model

Institute an affordable renewals programme that:

- meets consent conditions: and
- addresses the backlog of renewals required over time while we investigate alternatives for provision e.g. community management, industry management based on dominant user/s.

Operating expenditure for the years 2018 to 2048 is projected to be \$207 million (inflated).

Projected capital expenditure for this period is shown on the tables and graphs below outlining renewals, level of service and growth related projects.



For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Sewerage and the Treatment and Disposal of Sewage

Operating expenditure

Total operating expenditure	6,209	7,036	6,905	5,592	5,759	31,500	6,068	6,088	6,284	6,680	6,977
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Capital expenditure

Capital Expenditure - Growth	1,915	1,553	1,772	1,815	2,463	9,517	2,524	480	2,272	2,790	2,868
Capital Expenditure - LoS	748	895	420	554	301	2,917	59	159	756	624	16
Capital Expenditure - Renewal	1,041	634	414	489	550	3,128	1,163	1,134	1,267	1,292	1,286
Total capital expenditure	3,704	3,083	2,606	2,857	3,313	15,562	3,747	1,773	4,295	4,706	4,169

Total expenditure

Total expenditure	9,912	10,118	9,511	8,448	9,073	47,063	9,815	7,861	10,579	11,386	11,146
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Sewerage and the Treatment and Disposal of Sewage

Operating expenditure

Total operating expenditure	31,500	32,097	36,383	35,518	33,889	34,772	204,160
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Capital expenditure

Capital Expenditure - Growth	9,517	10,935	15,592	17,900	20,551	23,594	98,089
Capital Expenditure - LoS	2,917	1,615	85	98	112	129	4,955
Capital Expenditure - Renewal	3,128	6,142	6,988	8,023	9,211	10,574	44,065
Total capital expenditure	15,562	18,691	22,665	26,021	29,874	34,297	147,109

Total expenditure

Total expenditure	47,063	50,788	59,048	61,539	63,763	69,069	351,269
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For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Sewerage and the Treatment and Disposal of Sewage

Operating expenditure

Total operating expenditure	6,209	6,850	6,569	5,199	5,232	30,058	5,390	5,284	5,333	5,531	5,659
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Capital expenditure

Capital Expenditure - Growth	1,915	1,515	1,690	1,690	2,240	9,050	2,240	415	1,915	2,290	2,290
Capital Expenditure - LoS	748	874	401	516	274	2,811	53	138	638	513	13
Capital Expenditure - Renewal	1,041	619	395	455	500	3,010	1,032	981	1,068	1,060	1,026
Total capital expenditure	3,704	3,007	2,486	2,661	3,014	14,870	3,325	1,534	3,620	3,863	3,329

Total expenditure

9,912	9,858	9,054	7,859	8,246	44,929	8,715	6,818	8,953	9,393	8,987
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Sewerage and the Treatment and Disposal of Sewage

Operating expenditure

Total operating expenditure	30,058	27,196	27,284	23,857	20,404	16,917	145,717
------------------------------------	---------------	---------------	---------------	---------------	---------------	---------------	----------------

Capital expenditure

Capital Expenditure - Growth	9,050	9,150	11,450	11,450	11,450	11,450	64,000
Capital Expenditure - LoS	2,811	1,353	63	63	63	63	4,413
Capital Expenditure - Renewal	3,010	5,167	5,132	5,132	5,132	5,132	28,704
Total capital expenditure	14,870	15,670	16,644	16,644	16,644	16,644	97,117

Total expenditure

44,929	42,866	43,928	40,501	37,048	33,561	242,834
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10.5 Most likely scenario

The most likely option differs between schemes and will be discussed scheme by scheme in the following section.

There are two schemes that are situated in small communities. The schemes are old and in need of asset renewal work within the life of this Strategy. Under the current charging policy, the communities would be charged targeted rates to pay for the needed renewals and upgrade. This may result in rates far higher than is seen as affordable for these communities (Te Kopuru and Glinks Gully). This Strategy allows for the deferral of upgrades to the Te Kopuru treatment plant to assess the most cost-effective option for addressing the plant's non-complying ammonia levels. The wastewater treatment plant in Kaiwaka is non-compliant and requires further investigation which is currently involving the NRC and would culminate into an upgrade of the treatment system. An upgrade to the treatment plant will have an impact on the rates. Glinks Gully's pump stations and rising main will be renewed in the third year of the 30 year strategy.

10.6 Impact on rates

For 2018/2019, over \$1.68 million of historic costs associated with the Mangawhai Community Wastewater Scheme are included in the calculation of the general rate. The remaining costs related to wastewater are separated into defined operating and defined capital costs. Defined operating costs are operational costs excluding interest and depreciation and defined capital costs are capital costs (i.e. including loan repayments) plus interest and funded depreciation.

For the purposes of calculating each targeted rate, except the Te Kopuru network, defined operating costs are aggregated across all wastewater schemes and divided by the total number of wastewater charges (connected equivalent) for properties connected and capable of connection to the networks. The defined capital costs for each respective network are added onto the average defined operating costs.

10.7 Impact by scheme

10.7.1 Te Kopuru

Issues

Te Kopuru's wastewater treatment system and pipelines are ageing and renewal of much of the system will be required within the period of this strategy. Te Kopuru's small population makes affordability a challenge.

Implications

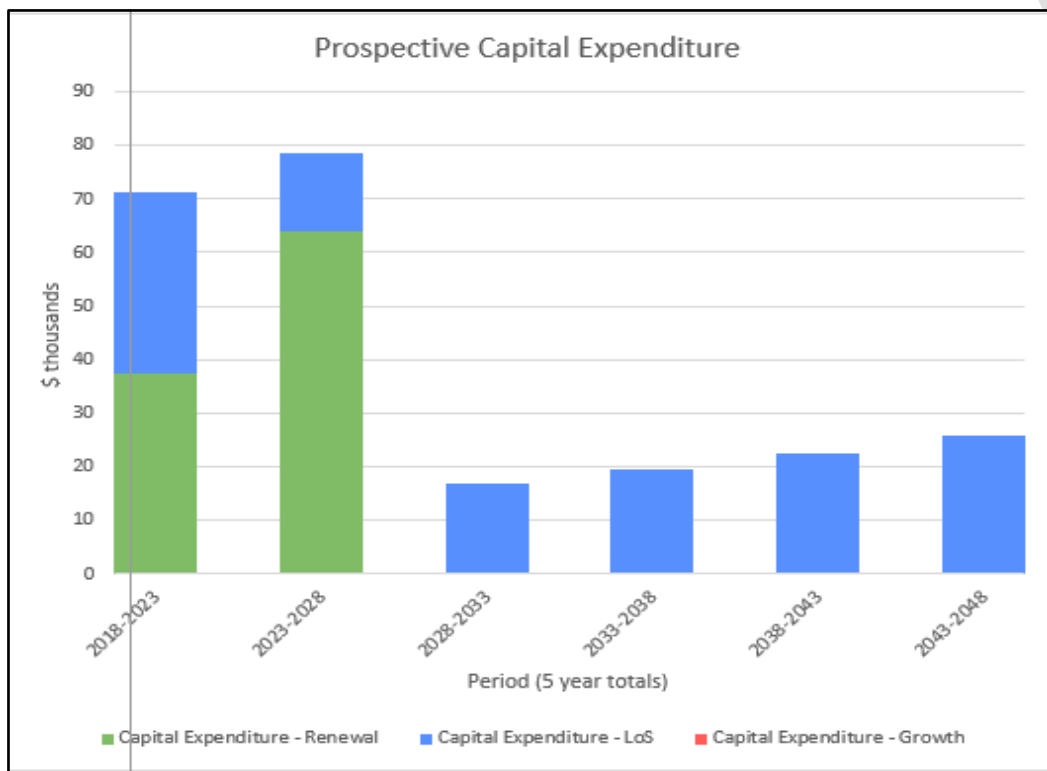
Te Kopuru's wastewater system is funded by a targeted rate on Te Kopuru properties.

The small population is likely to make any significant renewal to the treatment plant and renewal of the reticulation unaffordable under the current funding model.

This scheme has breached its environmental discharge consent with regards to ammonia discharge which is slightly above the consent limit. KDC is working with NRC to review the consent.

Operating expenditure for the years 2018 to 2048 is approximately \$4.0 million (inflated).

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Note: The 'most likely scenario' for Te Kopuru has changed from Option 2 to Option 1 since the LTP.

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the targeted rate by \$22,500 (20.36%) in 2018/2019.

The proposed impact on rates for the next three years will be negligible whilst alternatives for funding are investigated.

10.7.2 Glinks Gully

Issues

Glinks Gully's wastewater scheme is designed to service a peak population of 72, and the system connects to 18 septic tanks serving 24 houses located on private properties. The wastewater disposal field and pipelines are aging, and replacement work will be needed in the future.

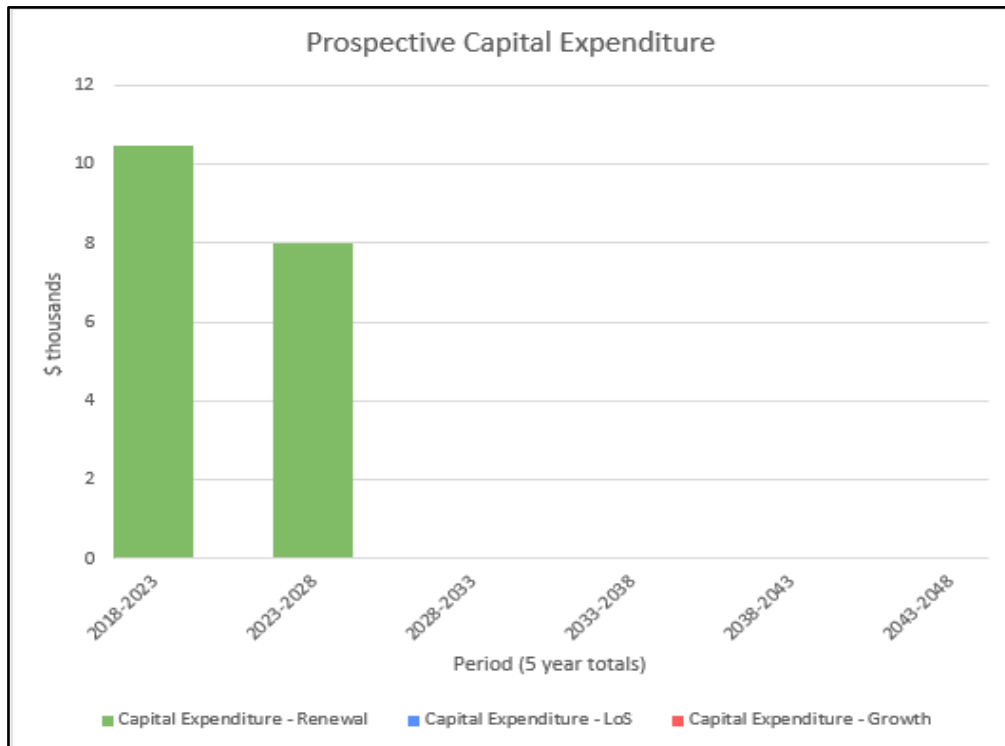
The small population and small number of properties may make a full upgrade and replacement unaffordable e.g. a \$420,000, 30 year CAPEX programme for 24 properties.

Implications

Glinks Gully's wastewater system is funded by a targeted rate on Glinks Gully properties.

Operating expenditure for the years 2018 to 2048 is approximately \$2.8 million (inflated).

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Note: The ‘most likely scenario’ for Glinks Gully has changed from Option 2 to Option 1 since the LTP 2015.

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the targeted rate by \$2,800 (11.02%) in 2018/2019.

The proposed impact on rates for the next three years will be negligible whilst alternatives for funding and/or provision of service are investigated.

The proposed impact on rates if the renewal programme was fully funded may be unaffordable to the community e.g. \$23,000 in year 2019/2020 across 26 ratepayers, any upgrades will need to be loan funded and costs spread over a greater time period.

10.7.3 Dargaville

Issues

Dargaville is serviced by a wastewater treatment plant, 40kms of wastewater pipelines, 15 pump stations and 9kms of rising main pipes that pump wastewater from pump stations to the treatment plant.

Dargaville's wastewater system and pipelines are aged and there is a significant amount of deferred renewal work to be addressed.

After heavy rain events, stormwater can infiltrate the wastewater infrastructure, leading to overflow into the Northern Wairoa River and surrounding areas. (Some tolerance to 'consents' is allowed for heavy weather events.)

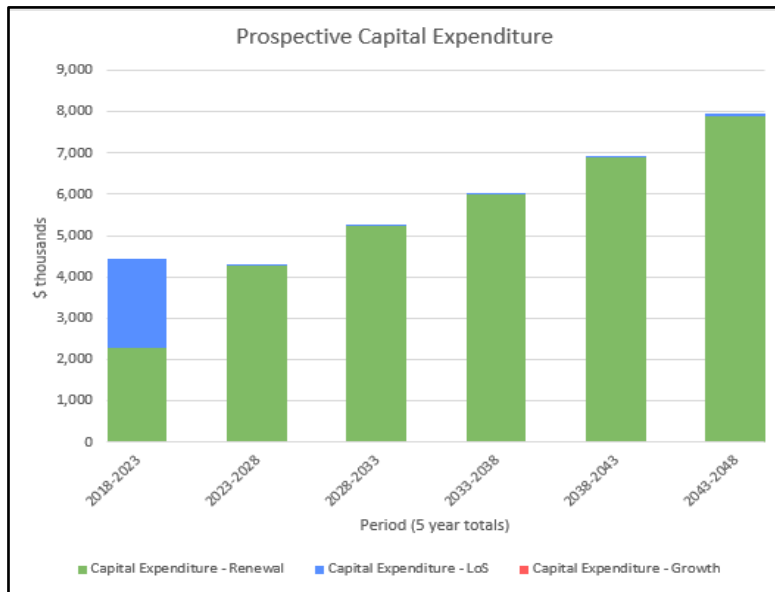
Programmed work: Undertake an assessment of the wastewater system.

Implications

Dargaville's wastewater system is funded by a targeted rate on Dargaville properties.

Operating expenditure for the years 2018 to 2048 is \$48 million (inflated).

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the targeted rate by \$192,900 (9.49%) in 2018/2019.

10.7.4 Maungaturoto

Issues

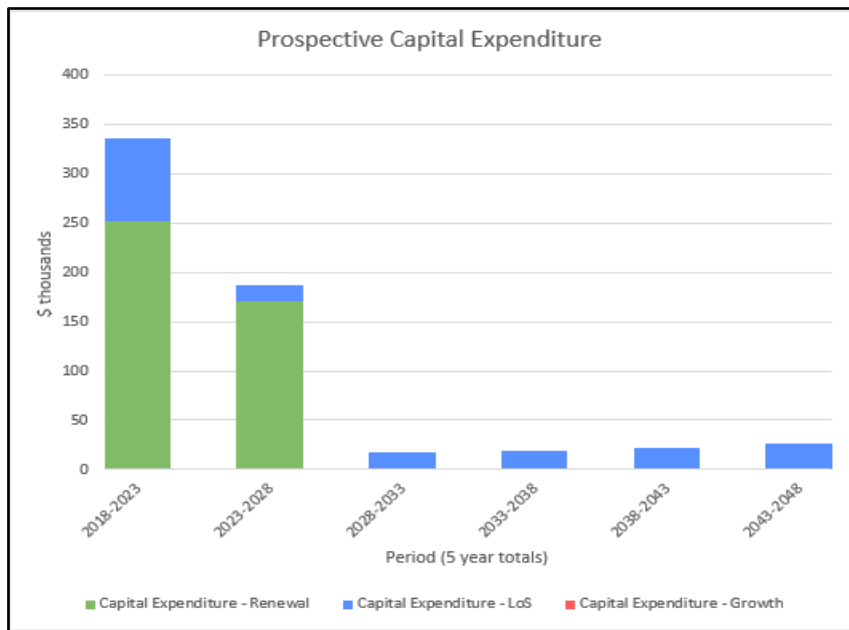
Maungaturoto is serviced by a single treatment plant constructed in 1992, comprising 11kms of wastewater pipelines, 3 pump stations and 1.2kms of rising main pipes that pump wastewater from pumping stations to the treatment plant. Maungaturoto’s wastewater system is aging and there is a significant amount of deferred renewal work to be addressed.

Implications

Maungaturoto’s wastewater system is funded by a targeted rate on Maungaturoto properties.

Operating expenditure for the years 2018 to 2048 is approximately \$12 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the targeted rate by \$62,900 (13.91%) in 2018/2019.

10.7.5 Kaiwaka

Issues

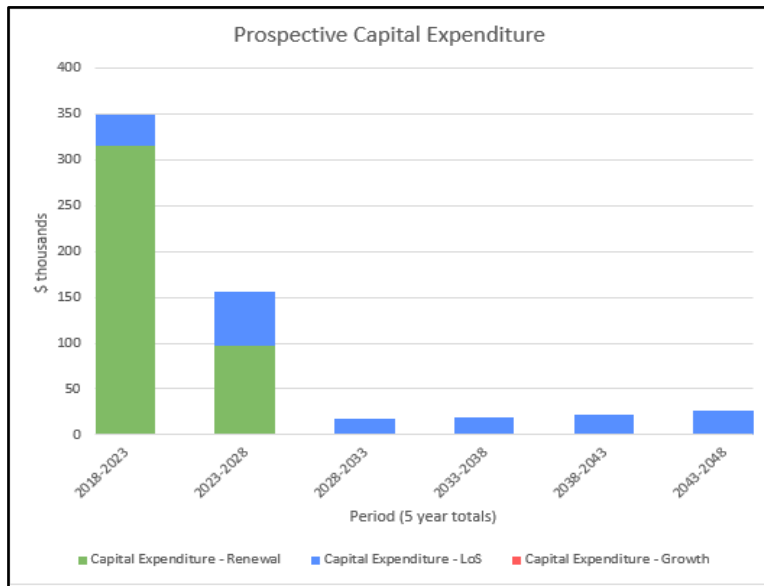
Kaiwaka wastewater system consists of 4kms of gravity pipeline, 69 manholes, 1 pumping station and a single treatment plant. Kaiwaka's wastewater system is aging, and will need replacing in the future.

Implications

Kaiwaka's wastewater system is funded by a targeted rate on Kaiwaka properties.

Operating expenditure for the years 2018 to 2048 is approximately \$8.0 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021; and
- detailed assessments with preferred approach by 2023.

Impact on rates

The proposed impact on rates will be an increase of the targeted rate by \$35,300 (20.48%) in 2018/2019.

10.7.6 Mangawhai

Issues

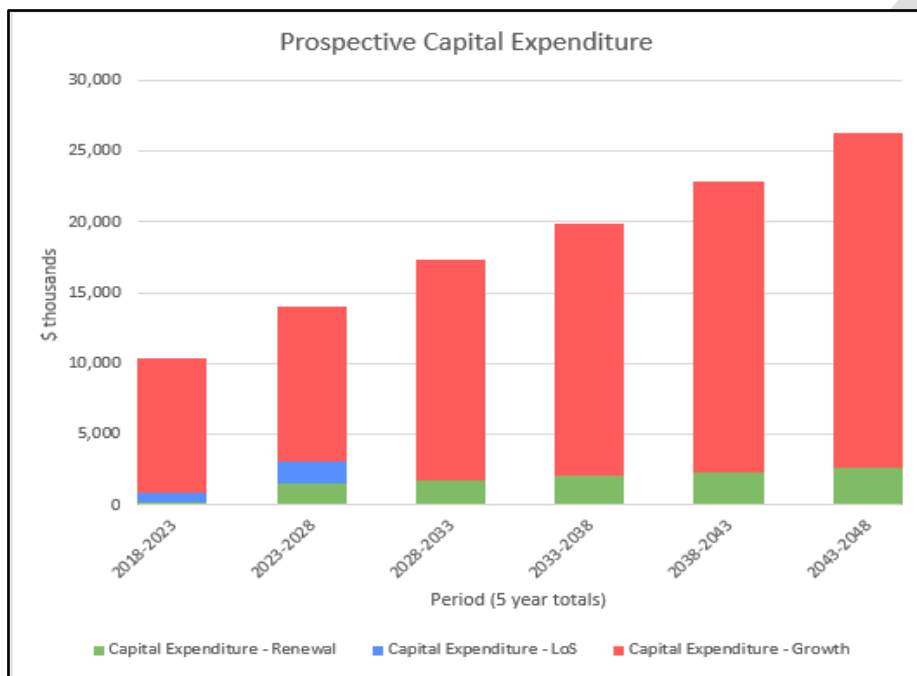
The Mangawhai Community Wastewater Scheme (MCWWS) is a ‘state of the art’ collection, treatment and reuse system.

Implications

Mangawhai’s wastewater system is partly funded by a targeted rate on Mangawhai properties as well as being funded by the general rate on all Kaipara properties (to fund a portion of the historic costs). The wastewater system and reticulation network is fairly new; there is no more than minor renewal work until the latter part of the next seven years. However, there is significant growth predicted in Mangawhai and growth related projects will continue to be implemented in 2018/2019.

Operating expenditure for the years 2018 to 2048 is approximately \$70 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Option 4 which includes significant capital expenditure to extend the scheme and augment the WWTP and disposal system.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the targeted rate by \$375,300 (15.97%) in 2018/2019.

draft

11 Water Supply

11.1 Overview

Council operates community water supply schemes in the Dargaville (including Baylys), Glinks Gully, Ruawai, Maungaturoto and Mangawhai communities, by collecting raw water, treating it and piping it to properties for use by households. The purpose of the service is to help to protect public health, by providing readily accessible potable water to communities. In Dargaville, the water service is used by the local emergency Fire Service, helping them protect the community against fire incidents.

11.2 Assets, their age, condition and maintenance

The assets associated with the five water supply schemes in Kaipara include:

- 15 water source points;
- 4 water treatment plants;
- 7 pump stations;
- 17 storage facilities;
- 160 km of reticulated piping;
- 3,583 connections; and
- 3,763 points (fire hydrants, valves, meters).

The condition of these assets is mainly unknown. It is recognised that the current level of condition and performance data is not well-documented. The current asset register has errors and data cleansing is required. The knowledge of the condition of assets is varied and more knowledge on condition is also required. Most critical assets have been condition-assessed over the last two years however the pipe network remains to be done.

- We do not know the material of 40,000m of pipes;
- We do not know the size of 30,000m of pipes;
- 20,000m of pipes in Dargaville are over 50 years old;
- 19,000m of pipes in Maungaturoto are over 40 years old;

- All other schemes have pipes as old as 40 years but not at the quantity of the others; and
- The exception is Mangawhai where the pipe network is newer.

Two of the schemes do not meet Drinking-water Standards for New Zealand 2005 (Revised 2008) currently. They are Maungaturoto and Mangawhai. Mangawhai was upgraded in December 2016 and is equipped with cartridge filtration and UV and current monitoring is yet to go through a full year cycle required for assessment for compliance with the Drinking-water Standards for New Zealand 2005 (Revised 2008). Maungaturoto is yet to be assessed for the full year for the newly installed UV lamp outage alarms.

There is a storage dam built for the Dargaville water supply however it is not connected. The cost of connecting it to the Dargaville system is approximately \$2.8 million. Although this has been included in the 2021/2022 year, an ecological study will evaluate the environmental impact of extracting water when the Kaihu River is at a lower flow than is currently consented.

11.3 Risk and hazard management

Climate change may bring with it lesser rainfall over summer, with increased rainfall at other times of the year. This may result in more severe security of supply issues in Dargaville, and perhaps for those homeowners and businesses who have their own rainwater collection systems.

Any raising of drinking water standards may be unaffordable for Kaipara. Current standards are already challenging.

The Northland District Health Board has submitted to Council that they would like to see Council increase the public water supply to more properties. Council has no plans to do this, and in fact is not increasing connections at the periphery of towns because of supply and demand issues.

Council has 111 metered connections on its Dargaville and Maungaturoto raw water mains (i.e. untreated and non-potable water). These are extraordinary supplies and are for the purpose of supplying untreated water for farming uses in the rural areas. There is a risk that this raw water is used inappropriately as a source of potable water for dwellings. Council has commenced sanitary assessments of the properties with raw water connections and insanitary building notices are issued where required, requiring the property owners to remediate the issue.

11.4 Issues, options and implications

Much of Council's water infrastructure is aging or aged, so the most significant expenditure over the next 30 years will be on renewal work to renew water systems. There is some backlog of renewal work to be done, mainly pipes, especially in Dargaville and Maungaturoto.

The level of service related to bringing all our water treatment plants up to the standard needed to comply with Drinking-water Standards for New Zealand Drinking 2005 (Revised 2008) has been completed. Compliance will be granted after the Northland District Health Board assesses the supplies over a full year cycle. Some small schemes may become unaffordable.

As a result, projected costs are indicative and actuals may vary from those projected. The tendency of the main water source at Waiparataniwha Stream which supplies Dargaville and Baylys, is to dry up in droughts, making it hard to provide security of supply to these communities.

11.4.1 Options

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021;
- detailed assessments with preferred approach by 2023; and
- the renewals programme for the schemes will increase costs over the lifetime of this Strategy, and the renewals programme will continue to be refined when more condition data becomes available over the years to defer any renewals for as long as is practical and economical.

Option 2: Consider affordable alternatives

Institute a maintenance approach (without renewals) for three years that:

- maintains performance at current services levels, while we investigate alternatives for funding and/or provision of service.

Option 3: Review service delivery model

Institute an affordable renewals programme that:

- meets consent conditions: and

- addresses the backlog of renewals required over time while we investigate alternatives for provision e.g. community management, industry management based on dominant user/s.

Option 4: Self-supply (Applies to all schemes)

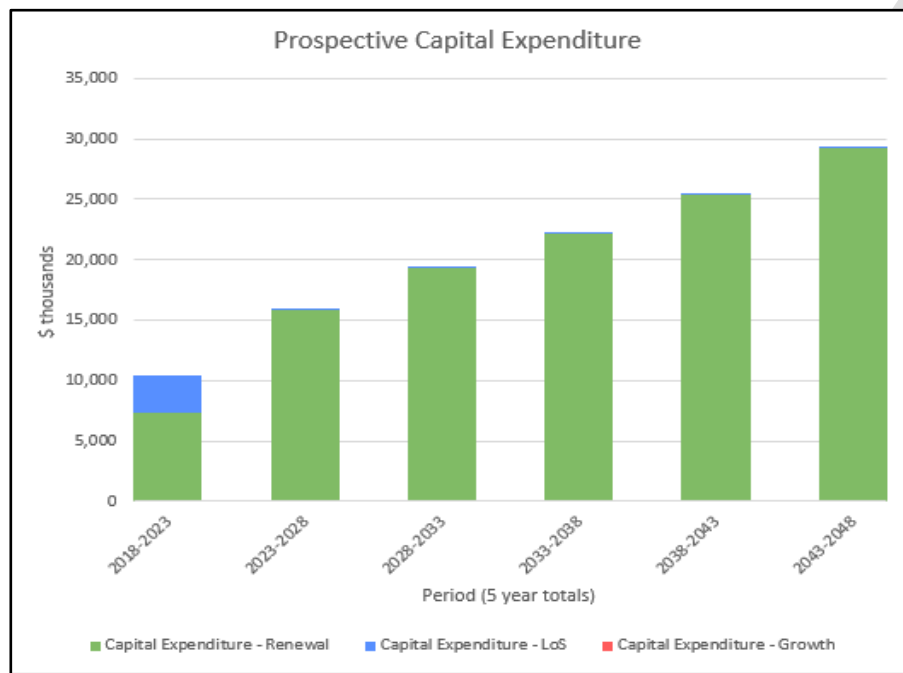
Prohibit new connections on the periphery of the water supply zone in favour of self-supply (e.g. roof tank) to preserve the existing infrastructure, increase water conservation education and use water pricing to lower usage.

Option 5: Pipeline (Dargaville only)

Construct a pipeline (estimated cost \$2.8 million) from Waitua Dam (Opanake Road) to Dargaville to improve security of supply during moderate droughts.

Operating expenditure for the years 2018 to 2048 is approximately \$53 million.

Projected capital expenditure for this period is shown on the tables and graphs below outlining renewals, level of service and growth related projects.



For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Water Supply

Operating expenditure

<i>Total operating expenditure</i>	2,317	2,365	2,412	2,376	2,510	11,980	2,642	2,674	2,721	2,768	2,821
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Capital expenditure

Capital Expenditure - Growth	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - LoS	13	13	13	1,490	1,526	3,054	14	14	15	15	16
Capital Expenditure - Renewal	1,866	1,825	1,471	1,443	762	7,366	3,407	2,793	3,802	2,333	3,551
<i>Total capital expenditure</i>	<u>1,878</u>	<u>1,838</u>	<u>1,485</u>	<u>2,932</u>	<u>2,288</u>	<u>10,420</u>	<u>3,421</u>	<u>2,808</u>	<u>3,817</u>	<u>2,348</u>	<u>3,567</u>

Total expenditure

	<u>4,195</u>	<u>4,203</u>	<u>3,896</u>	<u>5,309</u>	<u>4,797</u>	<u>22,400</u>	<u>6,063</u>	<u>5,481</u>	<u>6,538</u>	<u>5,117</u>	<u>6,388</u>
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Water Supply

Operating expenditure

<i>Total operating expenditure</i>	11,980	13,627	15,062	16,472	18,313	20,948	96,402
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Capital expenditure

Capital Expenditure - Growth	0	0	0	0	0	0	0
Capital Expenditure - LoS	3,054	74	85	98	112	129	3,552
Capital Expenditure - Renewal	7,366	15,886	19,303	22,161	25,442	29,209	119,366
<i>Total capital expenditure</i>	<u>10,420</u>	<u>15,960</u>	<u>19,388</u>	<u>22,258</u>	<u>25,554</u>	<u>29,337</u>	<u>122,918</u>

Total expenditure

	<u>22,400</u>	<u>29,587</u>	<u>34,450</u>	<u>38,730</u>	<u>43,867</u>	<u>50,285</u>	<u>219,319</u>
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For the year ended:	Budget	Budget	Budget	Budget	Budget	Total Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2018-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Water Supply

Operating expenditure

Total operating expenditure	2,317	2,305	2,296	2,209	2,277	11,405	2,337	2,303	2,281	2,257	2,233
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Capital expenditure

Capital Expenditure - Growth	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - LoS	13	13	13	1,388	1,388	2,813	13	13	13	13	13
Capital Expenditure - Renewal	1,866	1,780	1,403	1,344	693	7,086	3,023	2,416	3,205	1,915	2,835
Total capital expenditure	1,878	1,793	1,416	2,731	2,080	9,898	3,035	2,428	3,218	1,928	2,848

Total expenditure

4,195	4,097	3,712	4,940	4,358	21,303	5,372	4,731	5,499	4,184	5,080
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For the year ended:	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget	Total Budget
30 June	2018-2023	2023-2028	2028-2033	2033-2038	2038-2043	2043-2048	2018-2048
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

Prospective Infrastructure Strategy Costs Table

Water Supply

Operating expenditure

Total operating expenditure	11,405	11,411	10,906	10,272	9,827	9,673	63,494
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Capital expenditure

Capital Expenditure - Growth	0	0	0	0	0	0	0
Capital Expenditure - LoS	2,813	63	63	63	63	63	3,125
Capital Expenditure - Renewal	7,086	13,393	14,175	14,175	14,175	14,175	77,179
Total capital expenditure	9,898	13,456	14,238	14,238	14,238	14,238	80,304

Total expenditure

21,303	24,867	25,144	24,509	24,065	23,910	143,798
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11.5 Most likely scenario

The most likely option differs between schemes and will be discussed scheme by scheme in the section below.

Within Kaipara there are schemes for water supply situated in small communities with a small population. The schemes are old and in need of asset renewal work. Under the current charging policy, these communities would be charged targeted rates to pay for the needed renewals and upgrade. This may result in the rates being higher than is seen as affordable e.g. Glinks Gully or Ruawai.

There is a small water supply scheme serving a small number of private properties in Mangawhai Heads, the Wood Street shops and the Mangawhai Heads Camp Ground. The scheme is was upgraded in December 2016 so that it would meet the requirements of the Drinking-water Standard for New Zealand 2005 (Revised 2008).

11.6 Impact on rates

Water rates are not classified as property rates because they are based on volume, therefore set as an activity fee.

Operating costs (excluding interest and depreciation) for water supply are to be split evenly between individual networks based upon usage. The operating costs (excluding interest and depreciation) are then combined with the capital costs (including interest, funded depreciation and loan repayments) in each individual scheme to calculate the rate payable for those connected to each scheme. This reflects a move towards 'equalising' the rate payable for the service being received irrespective of location. This approach recognises the argument that the service being received by the end user is the 'same' irrespective of location and hence the costs should be similar.

Revenue from water rates is proposed to increase by \$403,800 (14.67%) in 2018/2019.

11.7 Impact by scheme

11.7.1 Glinks Gully

Issues

Council supplies water to 80 properties in Glinks Gully. Maintaining an aging system for a small number of users means higher costs.

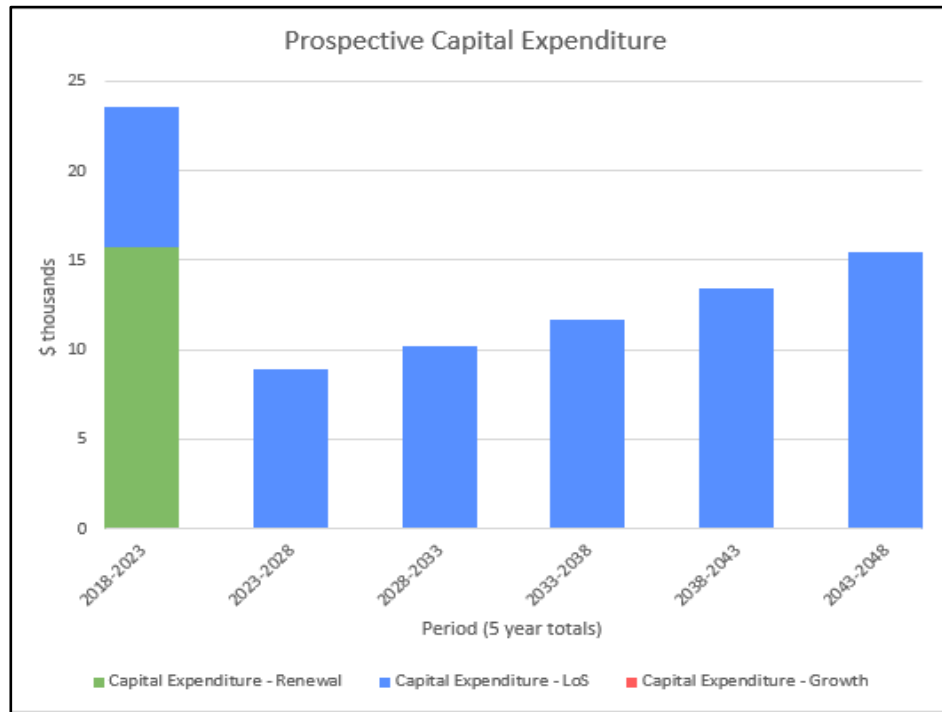
Glinks Gully's water supply complies with Drinking-water Standards for New Zealand 2005 (Revised 2008).

Implications

Glinks Gully's water system is funded by a targeted rate on Glinks Gully properties.

Operating expenditure for the years 2018 to 2048 is approximately \$2.8 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Note: The 'most likely scenario' for Glinks Gully has changed from Option 2 to Option 1 since the LTP 2015.

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021;
- detailed assessments with preferred approach by 2023; and
- the renewals programme for the schemes will increase costs over the lifetime of this Strategy, and the renewals programme will continue to be refined when more condition data becomes available over the years to defer any renewals for as long as is practical and economical.

Impact on rates in 2018/2019

The proposed impact on rates will be an increase of the revenue from water charged of \$4,400 (15.38%) in 2018/2019.

The proposed impact on rates for the next three years will be negligible whilst alternatives for funding and/or provision of service are investigated.

The proposed impact on rates if the renewal programme was fully funded would be, we believe, unaffordable to the community.

11.7.2 Dargaville

Issues

The water supply for Dargaville is used by both Dargaville and Bayllys communities. It serves about 4,683 people and there are 2,782 connections to the system (most use water treated by the system, however there are some connections to the raw water lines).

There are several issues with Dargaville's drinking water. There is a significant amount of deferred renewal work to be addressed and the tendency of the main water source at Waiparataniwha Stream to dry up in droughts make it hard to provide security of supply.

Additional Options

Option 5: Pipeline

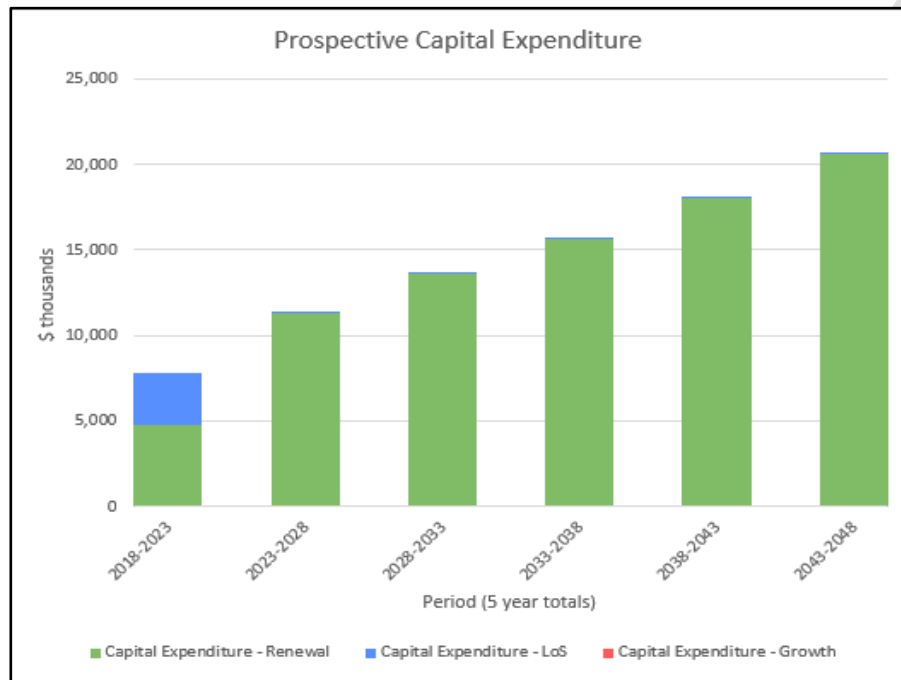
Construct a pipeline (estimated cost \$2.8 million) from Waitatua Dam (Opanake Road) to Dargaville to improve security of supply during moderate droughts.

Implications

Dargaville’s water system is funded by a targeted rate on Dargaville properties. The renewals programme for the schemes will increase costs over the lifetime of this Strategy, and the renewals programme will continue to be refined when more condition data becomes available over the years to defer any renewals for as long as is practical and economical.

Operating expenditure for the years 2018 to 2048 is approximately \$53 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary condition assessments completed by 2021;
- detailed assessments with preferred approach by 2023; and
- the renewals programme for the schemes will increase costs over the lifetime of this strategy, and the renewals programme will continue to be refined when more condition data becomes available over the years to defer any renewals for as long as is practical and economical.

Impact on rates

The proposed impact on rates will be an increase of the revenue from water charged of \$224,900 (10.27%) in 2018/2019.

One of the larger level of service projects requires the water take, pumps, telemetry and reticulation to be upgraded, a Magflow meter installed and a resource consent variation obtained for water abstraction.

11.7.3 Ruawai

Issues

The Ruawai Water Supply system has 251 connections and services approximately 500 people. Much of Ruawai's water supply infrastructure is aged and needs renewing. Ruawai's relatively small and likely declining population, will make affordability challenging.

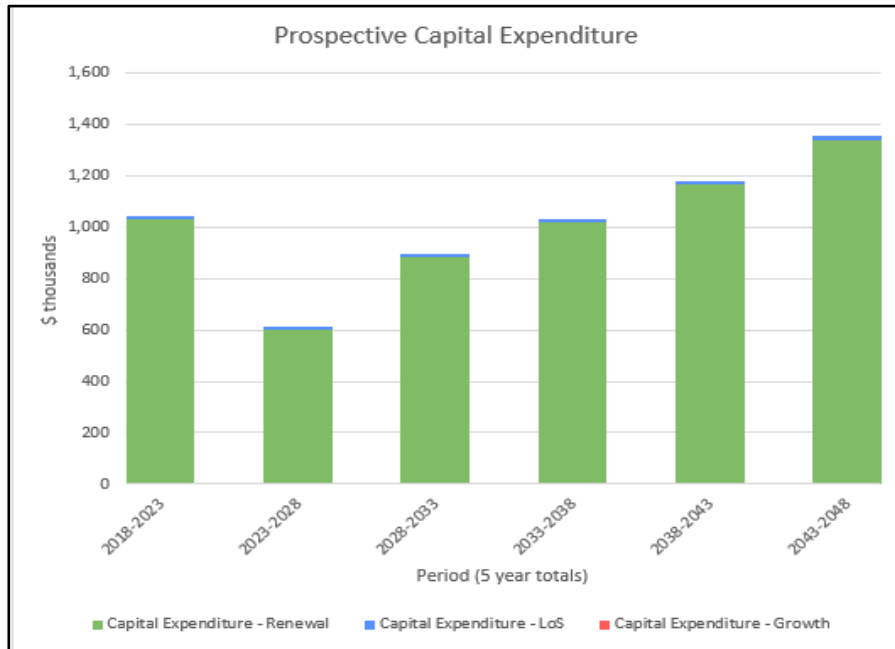
Implications

Ruawai's water system is funded by a targeted rate on Ruawai properties.

To maintain Ruawai's water supply, capital expenditure for the next 30 years is projected to be \$5.7 million of which \$5.6 million is renewal.

Operating expenditure for the years 2018 to 2048 is \$10 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021;
- detailed assessments with preferred approach by 2023; and
- the renewals programme for the schemes will increase costs over the lifetime of this Strategy, and the renewals programme will continue to be refined when more condition data becomes available over the years to defer any renewals for as long as is practical and economical.

Impact on rates

The proposed impact on rates will be an increase of the revenue from water charged of \$45,000 (36.56%) in 2018/2019.

11.7.4 Maungaturoto

Issues

The Maungaturoto water supply services approximately 895 people. There are in total 447 connections; 410 from the township and 37 from the Railway Village.

Raw water (i.e. untreated water) is also supplied to Fonterra.

The age of the infrastructure, a backlog of deferred renewals and affordability are the key issues.

Programmed work

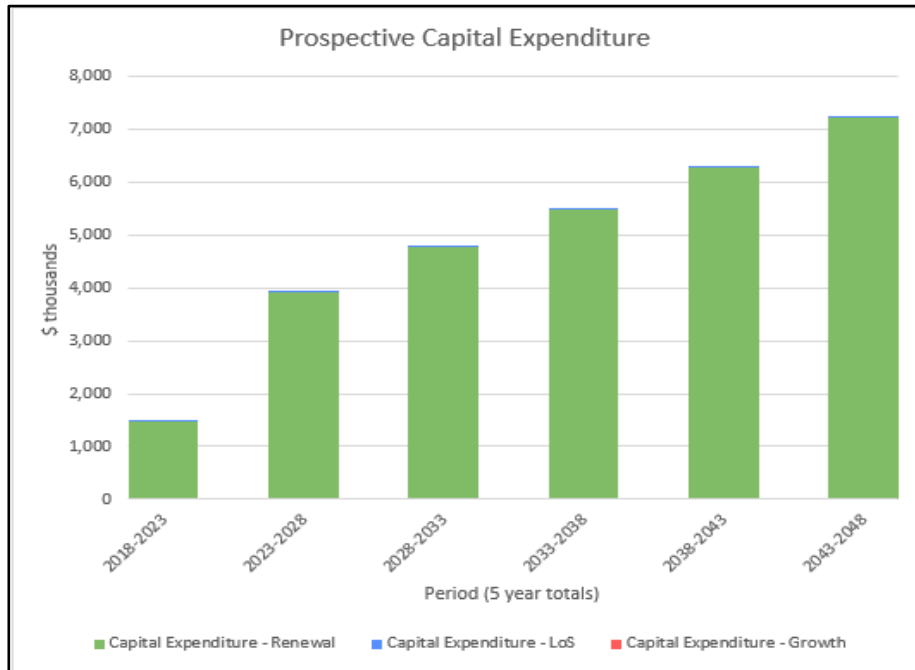
Maungaturoto's water supply does not comply with the Drinking-water Standards for New Zealand 2005 (Revised 2008) (DWSNZ), and is on course for compliance after a full year cycle monitoring of the newly installed UV lamp outage alarms i.e. whilst the water quality complies with the DWSNZ, a period of 12 months is required to demonstrate this. Operational adjustments and installation of a supervisory control and data acquisition (SCADA) system to bring the plant up to standard is complete.

Implications

Maungaturoto's water system is funded by a targeted rate and a volumetric charge on Maungaturoto properties. Fonterra uses approximately 75% of the water consumed.

Operating expenditure for the years 2018 to 2048 is approximately \$24 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Note: The *'most likely scenario'* for Maungaturoto has changed from Option 3 to Option 1 since the LTP 2015.

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021;
- detailed assessments with preferred approach by 2023; and
- the renewals programme for the schemes will increase costs over the lifetime of this Strategy, and the renewals programme will continue to be refined when more condition data becomes available over the years to defer any renewals for as long as is practical and economical.

Impact on rates

The proposed impact on rates will be an increase of the revenue from water charged of \$125,200 (31.73%) in 2018/2019.

Fonterra is charged \$485,000 (excluding GST) annually for water supplied from Maungaturoto's water scheme.

11.7.5 Mangawhai

Issues

Mangawhai has a small water scheme with only 18 connections. The scheme primarily provides potable water to the Mangawhai Heads Camp Ground, Wood Street shops and community housing. Maintaining water services for a small number of users means high costs, with relatively little benefit for the wider community.

Mangawhai's water supply is on course to comply with the Drinking-water Standards for New Zealand 2005 (Revised 2008) after the installation of a new cartridge filter and UV water treatment plant in December 2016

Programmed works

A sum of \$10,000 is provided in 2020/2021 Capital Works Programme to renew part of the reticulation in addition to the yearly \$1,500 for compliance type level of service minor works from 2018 to 2021.

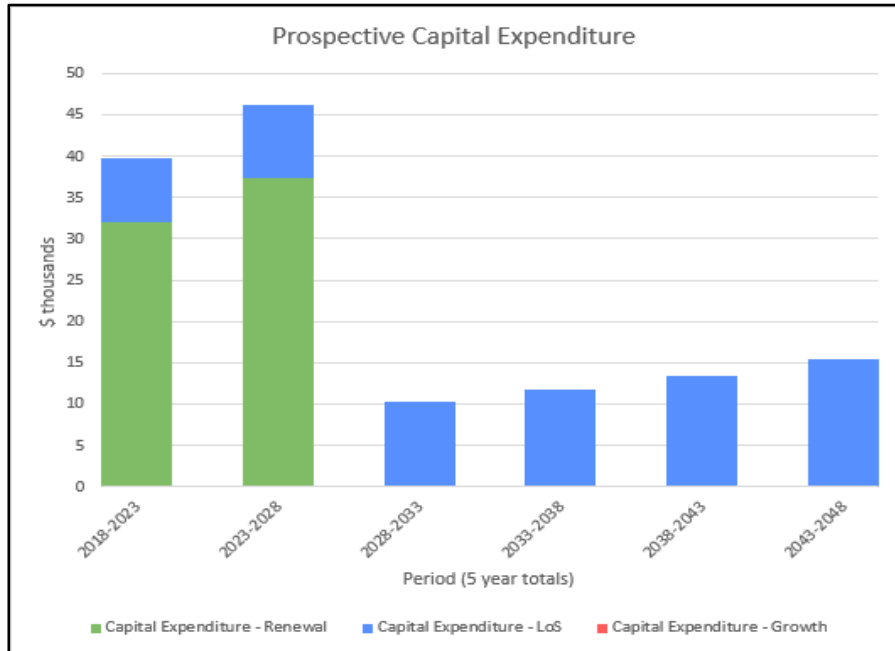
Implications

Mangawhai's water system is funded by a targeted rate on Mangawhai properties.

Maintaining and renewing the water service has cost implications, however reducing services would mean current users would need to secure alternate water sources.

Operating expenditure for the years 2018 to 2048 is approximately \$4.0 million.

Capital expenditure for the years 2018 to 2048 is as follows:



Most likely scenario

Note: The 'most likely scenario' for Mangawhai has changed from Option 2 to Option 1 since the LTP 2015.

Option 1: Enhanced status quo

Institute an affordable renewals programme that:

- meets consent conditions; and
- addresses any backlog of renewals required over time refining the renewals programme.

Once the condition of the assets is known:

- preliminary conditions assessments completed by 2021;
- detailed assessments with preferred approach by 2023; and
- the renewals programme for the schemes will increase costs over the lifetime of this Strategy, and the renewals programme will continue to be refined when more condition data becomes available over the years to defer any renewals for as long as is practical and economical.

Impact on rates

The proposed impact on rates will be an increase of the revenue from water charged of \$4,300 (27.04%) in 2018/2019.

The proposed impact on rates for the next three years will be negligible whilst alternatives for funding and/or provision of service are investigated.

The proposed impact on rates if the renewal programme if fully funded would be, we believe, unaffordable to the community e.g. \$12,000 in year 2019/2020 across 18 connections.

12 Technology and trends for infrastructure

Outlined below are some possible technological advances and trends which could affect the management of Kaipara's infrastructure over the next 30 years:

12.1 Rooding

12.1.1 Technology

- Improved construction materials;
- Real time data collection systems for roads;
- Engineering design improvements and changes;
- Technology that changes work patterns, assists in longer life of assets, and reduces renewal programmes;
- Three- and four-dimensional design systems introducing new ways of designing roads;
- Intelligent transport systems (ITS) in which information, data processing, communication, and sensor technologies are applied to transport infrastructure, vehicles and users (so they can sense each other and communicate);
- Development technology to use roadways to generate energy - for example roads acting as solar panels; and
- The usage of Unmanned Aerial Vehicles (UAV's) to carry out surveys, network screening, quality assurance, emergency response assessment, etcetera.

12.1.2 Trends

- Movement towards regional management of roading networks in New Zealand;
- Focus on Transport customers and what they need from the network, why and when, a change from managing the network to managing the activity and providing the appropriate means;
- Focus on economic benefits of roading networks;
- Focus on infrastructure resilience - particularly in dealing with natural disasters and weather events;
- New funding models including user pays systems to fund uptake of new technology and road improvements;
- Design and planning to adapt to changing conditions, including climate change;
- Public interest in the environmental impact of road use; and
- Greater use of public transport where available or integrated transport solutions e.g. road and rail.

12.2 Water

12.2.1 Technology

- Technological improvements in treating raw water;
- Improved technology in water monitoring;
- Improved technology for conserving, purifying, recycling, reclaiming and desalinating water; and
- Improved technology in stand-alone (private) systems.

12.2.2 Trends

- Higher standards for drinking water quality and monitoring (as part of national drinking water standards);
- Water conservation becoming more of a focus, and water being used more efficiently;
- Recycling and reuse of water;
- Rainwater harvesting;
- Water becoming more regulated; and
- Increased interest in stand-alone private water systems and storage.

12.3 Wastewater

12.3.1 Technology

- Improvements to membrane filtration resulting in very high quality wastewater treatment;
- Improved technology and techniques in pipeline rehabilitation;
- Low pressure wastewater systems which eliminate the need for deep pipe systems;
- Improved technology in self-contained private wastewater systems (e.g. composting toilets); and
- Control of pressure systems discharge by timed and sectional discharge.

12.3.2 Trends

- Membrane filtration and other treatment technology becoming more affordable;
- Higher environmental standards for discharge from wastewater systems into waterways; and
- Increased interest and affordability in stand-alone private wastewater systems and storage.

12.4 Stormwater

12.4.1 Technology

- Low impact design stormwater management – mimicking the natural environment and reducing the impact of stormwater run-off and discharge on the environment;
- Climate change predicted to increase the risk, magnitude and frequency of extreme weather events;
- Stream restoration and riparian planting replacing standard, lined stormwater channels; and
- Treatment train systems which use of two or more treatment methods, such as ground soakage and riparian planting, to improve discharge quality.

12.4.2 Trends

- Focus on working with the natural environment to provide effective stormwater systems, and to lessen environmental impacts;
- Rising environmental standards for discharge into waterways; and
- Increased interest in private, self-sufficient stormwater systems.

12.5 Flood protection

12.5.1 Technology

- Temporary or semi-permanent flood resilience technology that can be used in extreme conditions - including barriers, protection walls and flood products;
- Smart technology systems - in which information, data processing, communication and sensor technologies are applied to flood protection and water level monitoring;
- Changes in engineering and design of flood protection systems e.g. three- and four- dimensional design systems; and
- Flood protection systems that focus on working with the natural environment.

12.5.2 Trends

- Climate change predicted to increase the risk, magnitude and frequency of extreme weather events;
- Increasing interest in the role of flood protection to support primary industries and communities;
- Holistic approach to flood risk management - adaptable and flexible systems; and
- New approaches towards 'living with' flooding rather than 'defending from' flooding, for example by making more space for water or enhancing the resilience of buildings and environments.

Activity profile: Community activities

Why we do this

We provide community planning, libraries, a hall and community housing to contribute to our social well-being and pride, providing neutral spaces open to all and enabling our community to come together. We support community involvement in outdoor activities, creating partnerships to provide sport recreation facilities that are fit for purpose. Financial contributions from developers mean we have a healthy fund that enables us to invest in more park development.

What we do

Reserves and open spaces

- Actively maintain 100 parks and reserves throughout Kaipara district. Within our Council-owned parks and reserves, we operate five cemeteries, of which four are active. We also support community-run cemeteries;
- Provide 28 public toilets within civic areas and reserves across Kaipara district; and
- Community-run and Kai Iwi Lakes camp grounds are included in our parks and reserves portfolio.

Community planning

- Deliver the Community Assistance Policy including grants, Contract for Service (CfS), Licence to Occupy (LTO) and the Mangawhai Endowment Lands Account (MELA);
- Develop community plans, including distribution of our Community Development Fund; and
- Support local events that bring people into the district by facilitating and promoting a Kaipara district calendar.

Libraries

- One public library, situated in Dargaville, that provides traditional library lending services, music, DVDs, computers, printing, Wi-Fi, events, holiday programmes and literacy initiatives;
- All Kaipara district library members have online free access to e-books, e-audio, e-magazines, online Britannica, Generosity NZ funding search and their library account;

- Assistance to four volunteer community libraries in Paparoa, Maungaturoto, Kaiwaka and Mangawhai. This is documented under the Community Assistance Policy (CfS) in the Community Planning sub-activity; and
- All libraries share a catalogue and computer system with training and support provided by Dargaville Library and our IT team.

Community housing:

- We own three community housing villages in Dargaville, Ruawai and Mangawhai. Community housing is targeted for people over the age of 55 who meet certain criteria, including the capability of living independently. The Dargaville Community Development Board manages the Dargaville and Ruawai community housing and a contractor manages the Mangawhai community housing.

Northern Wairoa War Memorial Hall

- We own and manage one hall, the Northern Wairoa War Memorial Hall (also called the Dargaville Town Hall).

How this benefits the community

Reserves and open spaces

- Public ownership of parks and reserves protects and enhances our natural assets and open spaces;
- Protecting and enhancing access to our natural assets and open spaces e.g. car parking and boat ramps;
- Opportunities for community organisations to lease reserve land for public benefit, and develop and manage community facilities;
- Maintenance levels are set according to the type of reserve and level of use;
- Public toilets are provided in areas of high demand and/or sensitive environments e.g. boat ramps and playgrounds; and
- Public toilets that are compliant and fit for purpose.

Community planning

- Our community planning officers work with the community to encourage their involvement in developing their local place. This includes funding for volunteer groups, facilitating community projects and working with the community to develop Council parks and open spaces, and manage community facilities;
- We help recognise and support community achievements;
- Delivering the Community Assistance Policy (this activity is discretionary for Council);
- Community Development Fund distributed through Community Planning, recorded, reported and within budget; and
- Ensure community ownership and engagement through community planning, structure planning and spatial planning.

Libraries

- We provide library services across Kaipara district which are welcoming and results in strong communities;
- Our public library in Dargaville supports our four community libraries.

Community housing

- Council-owned community housing. This is a legacy from past central government funding to encourage councils to provide social housing;
- Compliance with the Housing New Zealand Memorandum of Understanding (MoU) for the management (not necessarily by Council) of Dargaville, Ruawai and Mangawhai community housing.

Northern Wairoa War Memorial Hall

- We own and manage the Northern Wairoa War Memorial Hall in Dargaville.

Risks and issues

Reserves and open spaces

- There is a perception of surplus capacity in some areas and under-supply in growth areas;
- We rely on community-owned and/or managed sports parks. The only Council-owned and managed facility is Memorial Park in Dargaville; and
- Community volunteers play a big role in the care and development of our parks and reserves. The new Health and Safety at Work Act 2015 may add additional cost to services done by volunteers and may affect the amount of work they can do.

Community planning

- There are always more grants than funds available and this results in continued rejections, including the welfare and social services areas which do not fit our criteria. The risk is community dissatisfaction over the lack of funds and rejection, resulting in lobbying Council outside the grants system to get funds. Transparency and having an equal playing field are lost, and favouritism of groups who know how to work the system returns; and
- Financial support for community planning is limited, so work is prioritised against community priorities and outcomes.

Libraries

- We have uneven service levels across Kaipara district with only one Council-provided library (in Dargaville). There is a risk of community backlash if any service levels are reduced e.g. events.

Community housing

- Inventory is aging; and
- Many councils no longer see this as core Council operations.

Northern Wairoa War Memorial Hall

- The Municipal Building, used as part of the adjacent and joined Northern Wairoa War Memorial Hall, needs earthquake strengthening.

How we fund this service

- General rates;
- Targeted rates;
- Fees and charges;
- Grants, subsidies and other funding sources;
- Financial contributions;
- Borrowing; and
- Asset sales.

Significant negative effects

Reserves and open spaces can be affected by traffic, parking congestion and noise from formal and informal activities. They are mostly seasonal or limited to short periods, and are associated with holidays, events or sporting codes. We manage them under our District Plan rules, bylaws and resource consents for development projects.

Legislation associated with this service

- Local Government Act 2002;
- Local Government Amendment Act 2012;
- Resource Management Act 1991;
- Reserves Act 1977;
- Health and Safety at Work Act 2015;

- Employment Relations Act 2000;
- Local Government Official Information and Meeting Act 1987;
- Local Authorities Members' Interests Act 1968;
- Local Electoral Act 2001; and
- Citizenship Act 1977.

draft

Improvement programme 2018/2028 – Reserves and open spaces, and community planning	
<p>Year 1 – 2018/2019</p> <p>Planned improvement / change</p>	<ul style="list-style-type: none"> • Deliver capital projects with funding consistent with the Reserve Contribution Policy; • Deliver a programme of works in partnership with Taharoa Domain, Mangawhai Community Park and Pou Tu Te Rangi Harding Park Governance Committees; • Deliver a reserves carpark/accessway renewal programme; • Ensure all wastewater systems (toilets and camp grounds) are compliant and fit for purpose; • Deliver the toilet renewal programme; • Deliver agreed projects in the Mangawhai Community Plan, Kaiwaka Improvement Plan and Dargaville Placemaking Guide; • Deliver the Walking and Cycling Strategy: <ul style="list-style-type: none"> ◦ Set up a governance structure, do detailed design and seek consents for the Dargaville-to-Donnellys-Crossing cycle trail; ◦ Improve maintenance and promotion of existing walkways; and ◦ Continue to develop the Mangawhai Heads-to-Mangawhai Village all-tide coastal walkway. • Deliver the Reserves and Open Space Asset Management Improvement Plan; • Ongoing review of service levels and consequential contract amendments; • Deliver the Community Assistance Policy consistent with our agreed focus; • Continue developing community action plans and supporting communities to implement identified projects; and • Work with the community to facilitate a calendar of events across the Kaipara district.
<p>Year 2 – 2019/2020</p> <p>Planned improvement / change</p>	<ul style="list-style-type: none"> • Deliver the capital works programme funding consistent with the Reserve Contribution Policy; • Deliver a programme of works in partnership with Taharoa Domain, Mangawhai Community Park and Pou Tu Te Rangi Harding Park Governance Committees; • Deliver a reserves carpark/accessway renewal programme; • Ensure all wastewater systems (toilets and camp grounds) are compliant and fit for purpose; • Deliver the toilet renewal programme;

Improvement programme 2018/2028 – Reserves and open spaces, and community planning

	<ul style="list-style-type: none"> • Implement the agreed projects in the Mangawhai Community Plan, Kaiwaka Improvement Plan and Dargaville Placemaking Guide; • Deliver the Walking and Cycling Strategy: <ul style="list-style-type: none"> ◦ Develop, promote and manage the Dargaville-to-Donnellys Crossing cycle trail; and ◦ Continue developing the Mangawhai Heads-to-Mangawhai Village all-tide coastal walkway. • Deliver the Reserves and Open Space Asset Management Improvement Plan; • Ongoing review of service levels and consequential contract amendments; • Deliver the Community Assistance Policy consistent with our agreed focus; and • Continue developing community action plans and supporting communities to implement identified projects.
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Deliver the capital works programme funding consistent with the Reserve Contribution Policy; • Develop a programme of works in partnership with Taharoa Domain, Mangawhai Community Park and Pou Tu Te Rangi Harding Park Governance Committees; • Implement a reserves carpark/accessway renewal programme; • Deliver the toilet renewal programme; • Implement the agreed projects in the Mangawhai Community Plan, Kaiwaka Improvement Plan and Dargaville Placemaking Guide; • Deliver the Walking and Cycling Strategy: <ul style="list-style-type: none"> ◦ Develop, promote and manage the Dargaville-to-Donnellys-Crossing cycle trail; and ◦ Continue developing the Mangawhai Heads-to-Mangawhai Village all-tide coastal walkway. • Deliver the Reserves and Open Space Asset Management Improvement Plan; • Ongoing review of service levels and consequential contract amendments; and • Implement the Community Assistance Policy.

Improvement programme 2018/2028 – Reserves and open spaces, and community planning

Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> • Deliver the capital works programme funding consistent with the Reserve Contribution Policy; • Implement agreed projects in the Mangawhai Community Plan, Kaiwaka Improvement Plan and Dargaville Placemaking Guide; • Deliver the Walking and Cycling Strategy; • Implement the Reserves and Open Space Asset Management Improvement Plan; • Deliver a programme of works in partnership with Taharoa Domain, Mangawhai Community Park and Pou Tu Te Rangi Harding Park Governance Committees; and • Implement the Community Assistance Policy.
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Improvement Programme 2018/2028 – Libraries

Year 1 – 2018/2019 Planned improvement / change	<ul style="list-style-type: none"> • Break ground or investigate new library space in Dargaville; • Support community libraries to improve and develop their services; • Offer programmes at community libraries; • Implement RFID (self-checkout) in Dargaville; • Work towards reciprocal free membership between Kaipara and Whangarei libraries; and • Investigate co-operative initiatives with other Northland libraries.
Year 2 – 2019/2020 Planned improvement / change	<ul style="list-style-type: none"> • Investigate a branch library with paid staff in southern Kaipara district; • Offer reciprocal free membership between Kaipara and Whangarei libraries; • Continue supporting community libraries to improve and develop their services; • Develop a “floating collection” between the libraries; and • Develop “one card for Kaipara” across libraries.

Improvement Programme 2018/2028 – Libraries	
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Provide new programmes and services in Dargaville to fully utilise new space; • Implement “floating collection” between participating Kaipara district libraries; • Implement “one card for Kaipara” across libraries; • Open branch library with paid staff in southern Kaipara district; and • Review libraries opening hours.
Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> • Develop a digitisation programme for local heritage; • Employ a librarian one day a week at each community library; • Keep up-to-date with new technologies and develop services to meet community needs; • Work with stakeholders and partners to develop new programmes and services; and • Investigate funding partnerships that offer services to library users

Improvement programme 2018/2028 – Community housing	
Year 1 – 2018/2019 Planned improvement / change	<ul style="list-style-type: none"> • Development/further analysis of Mangawhai community housing units’ long term options; and • Review management of community housing.
Year 2 – 2019/2020 Planned improvement / change	<ul style="list-style-type: none"> • Deliver selected long term option for Mangawhai community housing units: <ul style="list-style-type: none"> ◦ Implement a property maintenance strategy.
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Continue long term option for Mangawhai community housing units.
Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> • Complete long term option for Mangawhai community housing units.

Improvement programme 2018/2028 – Northern Wairoa War Memorial Hall	
Year 1 – 2018/2019 Planned improvement / change	<ul style="list-style-type: none"> • Northern Wairoa War Memorial Hall (Dargaville Hall): <ul style="list-style-type: none"> ◦ Making the hall weathertight, fixing affected areas; and ◦ Implement a property maintenance strategy.
Year 2 – 2019/2020 Planned improvement / change	<ul style="list-style-type: none"> • Deliver Northern Wairoa War Memorial Hall (Dargaville Hall)/Municipal Building property maintenance strategy.
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Deliver Northern Wairoa War Memorial Hall (Dargaville Hall)/Municipal Building property maintenance strategy.
Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> • Deliver Northern Wairoa War Memorial Hall (Dargaville Hall)/Municipal Building property maintenance strategy.

draft

Measuring performance				
What we measure	LTP Year 1 Target 2018/2019	LTP Year 2 Target 2019/2020	LTP Year 3 Target 2020/2021	LTP Years 4-10 Target 2021/2022
Zero net cost to ratepayers for our community housing services. <i>Measured by:</i> Council annual budget.	Zero cost			
Community housing annual occupancy rate. <i>Measured by:</i> Quarterly reporting from management agencies.	90%			
Percentage of residents who are very satisfied or satisfied with their local parks and sports fields. <i>Measured by:</i> Residents Survey.	85%	86%	87%	87%
Compliance with parks maintenance contract specifications - monthly audits.	90%			
Parks maintenance contract: a safe working environment is provided for those delivering the service, number of health and safety audits per month.	Contractor: 4 Council: 1			
The Community Development Fund is distributed. <i>Measured by:</i> Dollars distributed versus budget.	100%			
Percentage of library users who are very satisfied or satisfied with the district's library services.	85%			

Funding Impact Statement – Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	4,138	4,257	4,403	4,454	4,557	4,647	4,728	4,851	4,956	5,072
Targeted rates	282	282	282	282	282	282	282	282	282	282
Subsidies and grants - operational	43	43	43	43	43	43	43	43	43	43
User fees and charges	996	1,021	1,048	1,075	1,099	1,130	1,156	1,164	1,191	1,222
Internal recoveries	467	483	498	509	520	532	542	555	568	582
Investments and other income	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	5,926	6,086	6,274	6,364	6,501	6,634	6,752	6,894	7,041	7,202
Application of operating funding										
Contractors costs	446	456	492	502	527	540	553	566	580	595
Professional services	356	364	371	379	387	396	394	403	413	424
Repairs and maintenance	1,224	1,292	1,327	1,362	1,400	1,432	1,465	1,500	1,536	1,576
Other operating costs	1,728	1,752	1,779	1,805	1,812	1,841	1,870	1,902	1,934	1,970
Employee benefits	728	739	752	765	779	794	809	825	842	860
Internal charges	1,146	1,182	1,216	1,242	1,267	1,293	1,316	1,344	1,374	1,406
Finance costs	50	44	41	40	46	44	40	37	34	30
Total applications of operating funding	5,679	5,829	5,979	6,094	6,218	6,340	6,447	6,579	6,713	6,860
Surplus (deficit) of operating funding	247	257	295	270	283	293	304	316	328	341

Funding Impact Statement - Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	0	0	0	0	0	0	0	0	0	0
Development contributions	0	0	0	0	0	0	0	0	0	0
Financial contributions	500	510	521	532	543	445	341	233	119	0
Increase(decrease) in debt	-80	-87	-90	100	-69	-74	-80	-86	-93	-100
Sale of assets	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	420	423	431	631	474	371	261	147	27	-100
Applications of capital funding										
Capital expenditure	1,086	1,100	1,054	1,202	883	565	578	475	487	499
Increase (decrease) in reserves	-419	-419	-328	-301	-126	99	-12	-13	-132	-258
Total applications of capital funding	667	680	726	901	758	664	565	462	354	241
Surplus (deficit) of capital funding	-247	-257	-295	-270	-283	-293	-304	-316	-328	-341
Activity Funding										
Operating funding	247	257	295	270	283	293	304	316	328	341
Capital funding	-247	-257	-295	-270	-283	-293	-304	-316	-328	-341
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Capital Expenditure Programme

	2018/19	2019/20	2020/21
Community Activities	890,000	951,660	897,704
100 - Kai Iwi Lakes	180,000	204,000	156,213
Kai Iwi facilities	✓		✓
166 - District Parks & Reserves	155,000	158,100	161,420
Baylys Beach boardwalk	✓		
Community Infrastructure - District		✓	✓
Park improvements (furniture/bollards/lighting/paths)	✓	✓	✓
Parks and Reserves - hard surface renewal programme	✓	✓	✓
Playgrounds renewals	✓	✓	✓
172 - District Public Toilet Amenities	25,000	71,400	51,030
Public toilets - renewal	✓	✓	✓
183 - Libraries	66,000	67,320	68,734
Library book replacement	✓	✓	✓
186 - Elderly Housing - Mangawhai	24,000	2,040	2,083
Elderly housing - Mangawhai	✓	✓	✓
194 - Mangawhai Parks & Reserves	150,000	153,000	156,213
Mangawhai Community Park - implement Master Plan	✓	✓	✓
209 - Taharoa Domain	100,000	102,000	104,142
Implement Reserve Management Plan	✓	✓	✓
240 - Harding Park	100,000	102,000	104,142
Pou Tu Te Rangi Harding Park	✓	✓	✓
249 - Dargaville Parks & Reserves	90,000	91,800	93,728
Community Infrastructure - Dargaville	✓	✓	✓
Cycleway/walkway - implement strategy	✓	✓	✓

Activity profile: District leadership, Finance and Internal Services

Why we do this

We focus our limited resources on ensuring our governance activities help elected members make decisions. We also work with and provide services to the community relating to policies, District Plans, bylaws, annual planning and reporting together with Civil Defence Emergency Management (CDEM).

What we do

Governance, democracy and planning for growth:

- We make decisions on district strategies, policies, plans and bylaws;
- We engage with tangata whenua, district communities, public interest groups and key stakeholders to identify their priorities and preferences, with the aim of helping our communities to thrive;
- We undertake civic duties such as citizenship ceremonies;
- We enable elected members to make well-informed and appropriate decisions;
- Elected members make decisions that are in the best interest of the community as a whole which are recorded and communicated to the community and other stakeholders; and
- We support democratic processes by providing administrative support, advice and information to elected members, including managing elections and matters relating to representation.

Civil Defence Emergency Management:

- We are responsible for CDEM.
- We aim to educate and to raise residents' awareness in an emergency;
- In an emergency, we will operate an emergency operations centre wherever necessary. To ensure we have this capability, we run internal and external training sessions yearly. A Memorandum of Understanding (MoU) with Northland Regional Council (NRC) also gives us additional capability to manage CDEM;
- We have seven communities with Community Response Plans – Dargaville, Mangawhai, Matakoho, Maungaturoto, Paparoa, Pouto and Ruawai. These plans can be found on our website or at <http://www.nrc.govt.nz/civildefence/Community-Response-Plans/>.

Policy and district planning:

- We work with the community on policies and plans to make good decisions for the future of our growing district;
- We monitor, develop and review the district plan to ensure that it is legally compliant, including plan changes;
- We give effect to the regional policy statement through the District Plan provisions and implement amendments to the Resource Management Act 1991;
- We develop and review bylaws to ensure they remain fit*for*purpose;
- We develop and review reserve management plans as well as the Reserves and Open Space Strategy (ROSS);
- We make submissions on proposed regional and national initiatives e.g. such as proposed regional policy statements, national policy statements.

Note: The district leadership area also covers all internal services provided to ensure the organisation functions well e.g. human resources, finance, administration and technology.

How this benefits the community

Governance, democracy and planning for growth:

- Elected members “keep the long view” and set a direction for Council;
- Decisions are made in a transparent manner;
- Our governance function ensures:
 - compliance with legal requirements around formal meetings of Council and its committees, as stipulated in the Local Government Act 2012 and Local Government Official Information and Meetings Act 1978;
 - comprehensive reporting to Council and committee meetings using approved systems and processes to ensure elected members are provided with detailed, accurate and relevant information;
 - service levels are set for all activities Council delivers;
 - consultation with the community is carried out to provide a forum for stimulating debate on community issues;
 - elected members identify and respond to external risks to reduce or mitigate effects on the community; and
 - we have a proactive programme to develop good relationships with the community and mana whenua.

Civil Defence Emergency Planning:

- We provide leadership and support to the community in an emergency and in the recovery afterwards. We will work alongside other agencies such as police, fire and ambulance and any other organisation to offer leadership and support; and
- We will inform and update the community, including local and national media where required.

Policy and district planning:

- All plans and documents required by statute such as the District Plan, management plans and policies are produced and reviewed in accordance with legislative processes and requirements;
- We use submissions to ensure the Kaipara district voice is heard regionally and nationally;
- Policy development is visible and accountable, with key documents for consultation available on our website; and
- We research and develop local legislation, as required.

Risks and issues

- Any plans, policies or bylaws that involve slow processes may not reflect the community priorities and needs and can result in frustration of the community;
- Changes in national or regional policy may require us to change our district plan, pushing costs up in the future;
- Accelerated growth within the Kaipara district places a demand on Council operations to significantly improve both our internal capacity and capability;
- The breadth and wide variety of issues and information that Council needs to assimilate places high demand on the Mayor and Councillors; and
- Services provided are not always digitally enabled and may not meet residents expectations

How we fund this service

- General rates;
- Fees and charges;
- Grants, subsidies and other funding sources;
- Borrowing; and
- Asset sales.

Significant negative effects

Governance, democracy and planning for growth

- A portion of the relevant population is not represented adequately or does not feel adequately heard through Council processes and submissions.

Civil Defence Emergency Management

- Damage to the natural environment, such as broken vegetation and spoilt beaches, during emergency response and recovery activities. This includes providing access to at risk people, property and infrastructure; disposal of slip and flood material; and restoration of hazard protection structures and lifelines. Where possible, activities will be limited to protecting life and property.

Policy and district planning

- Effective implementation of the plan is affected by amends/updates, meaning it is not current or response. This could be affect developers;
- Planning must balance the desires of some residents with those of the wider community. This often takes the form of influencing or controlling development so the quality of life for neighbours or wider community is not diminished. In other cases, development can impose unacceptable costs on community facilities and infrastructure or the environment;
- Growth, if not carefully managed, can significantly affect our community, environment, economy and cultural well-being. Our aim is to enable growth while successfully managing its impacts.

Legislation associated with this service

- Local Government Act 2002;
- Local Government (Rating) Act 2002;
- Resource Management Act 1991;
- Reserves Act 1977;
- Health and Safety at Work Act 2015;
- Employment Relations Act 2000;
- Local Government Official Information and Meeting Act 1987;
- Local Authorities Members' Interests Act 1968;

- Local Electoral Act 2001;
- Citizenship Act 1977;
- Civil Defence Emergency Management Act 2002;
- Fire and Emergency New Zealand Act 2017;
- Mangawhai Empowering Lands Act; and
- Kaipara Validation Act.

draft

Improvement programme 2018/2028	
Year 1 – 2018/2019 Planned improvement / change	<ul style="list-style-type: none"> • Notification of plan changes required to give effect to the regional policy statement (two-year timeframes); • Notification of plan change/s associated with the Mangawhai Community Plan; • Completion of the District Plan s35 Efficiency and Effectiveness review, including the Monitoring Strategy; • Research required for plan changes resulting from the Efficiency and Effectiveness Review; • Background work for growth planning in Dargaville; • Needs assessment for Growth Planning for existing residential and commercial areas; • Investigate options for online resource consent processing and propose business case; • Notification of omnibus plan change to amend errors and anomalies; • Completion of the review of the Gambling Policy and TAB Policy; • Resolution of any appeals to Plan Change 4 – Fire Rule; • Completion of Public Places Alcohol Control Bylaw, Policy on Dogs and Dog Management Bylaw; • Investigate Trade Waste Bylaw, Stormwater Bylaw, Freedom Camping Bylaw or Policy, and Food Grading Bylaw or Policy; and • Notify plan change to incorporate engineering standards into District Plan.
Year 2 – 2019/2020 Planned improvement / change	<ul style="list-style-type: none"> • Complete the plan change required to implement and give effect to the regional policy statement (two-year timeframes); • Continue plan change/s associated with the Mangawhai Community Plan; • Notification of plan changes resulting from the Efficiency and Effectiveness Review; • Start implementing the national planning standards through a plan change; • Notify plan changes for re-zoning in Dargaville; and • Commence growth planning for other locations across the district based on prioritisation set in Needs Assessment.

Improvement programme 2018/2028	
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Complete plan change/s associated with the Mangawhai Community Plan; • Continue growth planning across the district based on prioritisation set in Needs Assessment; • Settling of appeals (if any) to the regional policy statement plan changes (two-year timeframe); and • Continue national planning standards plan change.
Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> • Continue other plan changes (no regional policy statement timeframe) required to give effect to the regional policy statement.

draft

Measuring performance				
What we measure	LTP Year 1 Target 2016/2017	LTP Year 2 Target 2017/2018	LTP Year 3 Target 2018/2019	LTP Years 4-10 Target 2018/2025
Long Term Plan, Annual Plan and Annual Reports will be adopted within timeframes set in the Local Government Act 2002.	Compliant			
Percentage of residents that are very satisfied or satisfied with how rates are spent on services and facilities provided by Council.	65%	70%	70%	70%
Conduct Civil Defence training exercises.	1 per year			
Ensure the views of Kaipara district are heard by making submissions on regional and national issues.	Achieved			
Key documents subject to community consultation are available on our website by the notified date of availability.	100% available on time.			
Bylaws are created and reviewed as required, with all bylaws reviewed in accordance with legislative processes and requirements.	Achieved			

Funding Impact Statement – Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	4,801	5,447	6,717	7,695	8,449	9,358	9,178	9,248	9,546	9,396
Targeted rates	0	0	0	0	0	0	0	0	0	0
Subsidies and grants - operational	0	0	0	0	0	0	0	0	0	0
User fees and charges	139	141	144	146	149	174	177	181	185	189
Internal recoveries	6,807	7,254	7,286	7,026	7,230	7,454	7,647	7,864	8,174	8,435
Investments and other income	335	341	348	355	362	370	378	386	396	405
Total sources of operating funding	12,082	13,183	14,494	15,222	16,190	17,355	17,380	17,680	18,301	18,426
Application of operating funding										
Contractors costs	131	134	137	139	143	146	149	153	157	160
Professional services	1,792	1,907	1,864	1,903	2,031	2,078	2,036	2,086	2,231	2,191
Repairs and maintenance	116	118	121	123	126	129	132	135	138	142
Other operating costs	2,922	3,347	4,144	4,242	4,517	5,026	5,127	5,380	5,862	6,008
Employee benefits	5,875	5,985	6,087	6,197	6,308	6,428	6,550	6,681	6,815	6,958
Internal charges	447	457	471	474	482	497	502	512	522	534
Finance costs	-190	-253	-442	-649	-853	-1,213	-1,509	-1,756	-1,895	-2,241
Total applications of operating funding	11,092	11,696	12,380	12,429	12,754	13,091	12,987	13,190	13,830	13,753
Surplus (deficit) of operating funding	990	1,488	2,114	2,793	3,436	4,265	4,393	4,489	4,471	4,673

Funding Impact Statement – Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	0	0	0	0	0	0	0	0	0	0
Development contributions	0	0	0	0	0	0	0	0	0	0
Financial contributions	0	0	0	0	0	0	0	0	0	0
Increase(decrease) in debt	-3,262	794	-1,326	-2,224	-2,656	-3,161	-5,375	-3,734	-2,895	-2,890
Sale of assets	175	179	182	186	190	194	199	204	209	214
Total sources of capital funding	-3,087	973	-1,144	-2,038	-2,466	-2,966	-5,177	-3,530	-2,686	-2,676
Applications of capital funding										
Capital expenditure	1,315	1,295	1,321	1,349	1,737	389	398	407	417	428
Increase (decrease) in reserves	-3,412	1,165	-351	-594	-768	910	-1,181	552	1,368	1,569
Total applications of capital funding	-2,097	2,460	971	755	969	1,299	-783	959	1,785	1,997
Surplus (deficit) of capital funding	-990	-1,488	-2,114	-2,793	-3,436	-4,265	-4,393	-4,489	-4,471	-4,673
Activity Funding										
Operating funding	990	1,488	2,114	2,793	3,436	4,265	4,393	4,489	4,471	4,673
Capital funding	-990	-1,488	-2,114	-2,793	-3,436	-4,265	-4,393	-4,489	-4,471	-4,673
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Capital Expenditure Programme

	2018/19	2019/20	2020/21
District Leadership	1,315,000	1,295,400	1,321,308
119 - Council Property - Other	150,000	153,000	156,060
Renewal/rectification/seismic works for Town Hall; Municipal Office Dargaville	✓	✓	✓
157 - Information Services	1,015,000	1,020,000	1,040,400
Datawarehouse and Management Reporting	✓	✓	
Digital transformation	✓	✓	✓
Digital Workplace	✓	✓	✓
Digitisation Cloud storage		✓	
EDRMS	✓		
GNET		✓	
HRIS	✓		
IAAS and SAAS	✓	✓	✓
Isovist E-Plan	✓		
New equipment	✓	✓	✓
Replacement equipment	✓	✓	✓
262 - Chief Executive	150,000	122,400	124,848
New Car for Compliance Officer	✓		
Replacement vehicles 4 per year	✓	✓	✓

Activity profile: Flood protection and control works

Why we do this

We protect people and property from flooding caused by severe weather events. Historically, this work was done through drainage boards. Only the Raupo Drainage District continues under a similar model. Responsibilities are mixed between Kaipara District Council and Northland Regional Council (NRC). We chose to continue with drainage districts in some areas in addition to Raupo and areas managed by NRC.

What we do

We are conscious that we need to keep climate change in mind as we maintain and develop our flood protection and control activities. Climate change means more flooding from extreme weather events and rises in sea levels, affecting not just coastal areas but also our rivers and other waterways. The results of heavy rains can put people, property, infrastructure and roads at risk. Our assets are designed for the long term, and climate change means we will have to consider how best to manage our needs against costs.

- Flood protection and control works covering flood control schemes, river alignment control and land drainage. We co-ordinate land drainage work in 28 drainage districts of various sizes. These include Kaihu Valley and Mangatara Drainage Districts, both of which discharge into the Kaihu River which is administered by NRC. The largest district is the Raupo Drainage District where we provide administrative and technical support;
- We have reviewed the 2017 NRC Draft Regional Policy Statement and will assess how the draft coastal flood maps will affect Kaipara district;
- We maintain the current capacity of the land drainage network with:
 - weed spraying;
 - drain clearance;
 - floodgate and outlet maintenance in all districts;
 - floodgate and stopbank maintenance in Raupo; and
 - discretionary stopbank maintenance for the remaining districts.
- Provide flood protection through various drainage system stopbanks and floodgates;
- Monitor rivers for tidal and stormwater levels during weather events and warn of potential flooding;
- Drains have the capacity so floodwater recedes within three tidal cycles, the design Average Recurrence Interval (ARI) for rural areas is 10%;

- Stopbanks are 2.6m above Mean Sea Level, leaving 0.5m above extreme high tide for Raupo;
- Raupo Drainage Committee, a formal committee of this Council, is in place to perform delegated functions;
- All flood protection activities outside Raupo are administered by informal community committees supported, where practical, by our Land Drainage Co-ordinator. Landowners are responsible for maintaining privately-owned stopbanks; and
- NRC is responsible for catchment management.

How this benefits the community

- Our flood protection and control works are designed to protect people, property and infrastructure from flooding and tidal flows;
- Protecting productive land and infrastructure are critical to our economic well-being; and
- We protect and enhance our natural assets and open spaces.

Risks and issues

- We do not know whether current Levels of Service (LOS) meet the minimum standard;
- Climate change presents multiple risks, from rising sea levels to reflecting impacts in future LOS;
- Objections from targeted ratepayers who feel they are not realising benefits;
- Dissatisfaction, as not all landowners contribute;
- Landowners hampering access to public drains on private land; and
- Some overlap and confusion on the respective roles of our Council and NRC for land drainage.

How we fund this service

- General rates;
- Targeted rates; and
- Fees and charges.

Significant negative effects

- A lack of drainage networks or maintenance on the existing network could result in increased flooding of farming and cropping communities in low-lying land near rivers, streams and canals; and
- The frequency of significant storm events and rainfall intensities are expected to increase along with sea levels in the future.

Legislation associated with this activity

- Land Drainage Act 1908;
- River Boards Act 1908;
- Soil Conservation and Rivers Control Act 1941;
- Local Government Act 1974;
- Local Government Act 2002;
- Resource Management Act 2002; and
- Local Government (Rating) Act 2002.

draft

Improvement programme 2018/2028	
Year 1 – 2018/2019 Planned improvement / change	<ul style="list-style-type: none"> • Develop a central database and Geographic Information Systems (GIS) mapping for condition assessment information and generate a renewal programme; • Replace the manual system for consents, compliance and monitoring with a central management software system; • Develop hydraulic computer models for the Raupo Drainage District to better prepare this area for climate change and sea level rise; • Continue assessments of floodgates within target areas such as Raupo and Dargaville; • Assess existing stopbanks, levels and conditions to help prepare for climate change and sea level rise; • Assess existing drainage districts and identify possible reductions or amalgamations; and • Assess the current drainage district boundaries and identify if these are still accurate, with adjustment as required.
Year 2 – 2019/2020 Planned improvement / change	<ul style="list-style-type: none"> • Continue development of a central database and Geographic Information Systems (GIS) mapping for condition assessment information and generate a renewal programme; • Continue assessing floodgates within target areas such as Raupo and Dargaville; • Continue assessing existing stopbanks, levels and conditions to help prepare for climate change and sea level rise; • Assess existing drainage districts and identify possible reductions or amalgamations; and • Where required, hydraulic analysis of specific catchments to assess future upgrades to existing flood protection systems.
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Continue assessing floodgates within target areas such as Raupo and Dargaville; • Continue assessing existing stopbanks, levels and conditions to help prepare for climate change and sea level rise; • Drainage districts identified for reduction/amalgamation to be prepared and processed for the next AMP update; • Where required, hydraulic analysis of specific catchments to assess future upgrades to existing flood protection systems; and • Identified actions from hydraulic assessments to be processed into lists and associated costs prepared for next AMP update.

Improvement programme 2018/2028

Years 4-10 – 2021/2028

Planned improvement / change

- Continue assess floodgates within target areas such as Raupo and Dargaville;
- Continue assessing existing stopbanks, levels and conditions to help prepare for climate change and sea level rise;
- Assess existing drainage districts and identify possible reductions/amalgamations;
- Where required, hydraulic analysis of specific catchments to assess future upgrades to existing flood protection systems; and
- Approve and start projects to prepare drainage districts for climate change and sea level rise, including raising stopbanks and other flood protection measures.

draft

Measuring performance				
What we measure	LTP Year 1 Target 2018/2019	LTP Year 2 Target 2019/2020	LTP Year 3 Target 2020/2021	LTP Years 4-10 Target 2021/2028
The number of flood events not contained by the drainage schemes.	0			
Service requests for additional cleaning of drains i.e. missed by the monitoring and maintenance programmes.	< 5 service requests per year			
Biannual inspection of our drainage network to ensure it can contain a 1:5-year flood.	2 inspections per year			
Targeted maintenance of the stopbank system in the Raupo Drainage District to prevent tidal flows from inundating private property during high tide and/or when the river is in flood.	Minimum yearly inspections and targeted maintenance completed.			

Funding Impact Statement - Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	48	48	82	84	86	89	91	93	96	99
Targeted rates	690	688	615	623	703	673	704	828	746	918
Subsidies and grants - operational	0	0	0	0	0	0	0	0	0	0
User fees and charges	8	8	8	9	9	9	9	10	10	10
Internal recoveries	4	4	4	5	5	5	5	5	5	5
Investments and other income	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	751	749	710	721	803	775	809	936	857	1,032
Application of operating funding										
Contractors costs	0	0	0	0	0	0	0	0	0	0
Professional services	55	57	0	0	6	0	0	0	0	0
Repairs and maintenance	393	400	422	432	458	436	462	487	499	538
Other operating costs	10	10	10	10	11	11	11	11	12	12
Employee benefits	0	0	0	0	0	0	0	0	0	0
Internal charges	94	96	93	95	100	98	102	106	109	115
Finance costs	0	2	2	2	2	2	2	2	2	2
Total applications of operating funding	551	564	527	540	577	547	578	607	621	667
Surplus (deficit) of operating funding	200	185	184	180	226	228	231	330	235	366

Funding Impact Statement - Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	0	0	0	0	0	0	0	0	0	0
Development contributions	0	0	0	0	0	0	0	0	0	0
Financial contributions	0	0	0	0	0	0	0	0	0	0
Increase(decrease) in debt	32	16	-2	-2	-2	-2	-2	-2	-2	-3
Sale of assets	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	32	16	-2	-2	-2	-2	-2	-2	-2	-3
Applications of capital funding										
Capital expenditure	159	133	58	53	98	101	103	202	108	238
Increase (decrease) in reserves	73	68	125	125	126	126	126	126	125	125
Total applications of capital funding	232	201	182	179	224	227	229	327	233	363
Surplus (deficit) of capital funding	-200	-185	-184	-180	-226	-228	-231	-330	-236	-366
Activity Funding										
Operating funding	200	185	184	180	226	228	231	330	235	366
Capital funding	-200	-185	-184	-180	-226	-228	-231	-330	-236	-366
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Capital Expenditure Programme

	2018/19	2019/20	2020/21
Flood Protection and Control Works	158,500	132,860	57,503
109 - Land Drainage – District-wide	30,000	30,660	31,365
Land Drainage Improvements			✓
Land Drainage General Sunnynook		✓	
Land Drainage General Beach Road	✓		
179 - Raupo Land Drainage Scheme	128,500	102,200	26,138
Bellamy Floodgate No.48		✓	
Double Gate Floodgate No.44		✓	
McKinley Floodgate No.29	✓		
NorthAsh Floodgate No.36	✓		
Whitcombe Road Floodgate No.13			✓

draft

Activity profile: Planning and regulatory management

Why we do this

Planning and regulatory management helps build strong, thriving communities where compliance across building, resource management and environmental health ensures safety, good processes and better health.

What we do

- Planning and regulatory management including building control, resource consent management and regulatory services;
- We assess applications for consents, licences and certificates under a variety of legislation and associated regulations within specified timeframes;
- We monitor how people comply with consents and take action on infringements; and
- We must provide specific reports to various Government departments including the Department of Statistics, Ministry of Business, Innovation and Employment, Ministry for the Environment, Ministry for Primary Industries; the Medical Officer of Health (district health board), and the Department of Internal Affairs.

How this benefits the community

The decisions we make about the planning and regulatory activities described below are essential to creating strong, thriving communities.

Building control

- Retain accreditation as a Building Consent Authority (BCA);
- Provide information on request to applicants who intend to build or develop a property;
- Meet the building consent application and Code Compliance Certificate timeframes;
- Provide certification that consented buildings people visit, work and live in comply with the NZ Building Code;
- Inspect and audit buildings in compliance with regulations and take enforcement action where necessary;
- Resource consent management;
- Provide advice on resource consent applications for subdivisions and land use;
- Meet the resource consent application processing timeframes for non-notified consents;
- Process Land Information Memoranda (LIMs) within statutory timeframes;

- Ensure compliance with resource consent conditions; and
- Provide timely approval for granting section 224(c) certificates for new land titles.

Regulatory services

- Provide advice to food premises owners on safe food practices;
- Audit food premises for compliance with legislation;
- Provide a controlled licensing service for the sale and supply of alcohol;
- Investigate potential district plan breaches/regulatory complaints and take enforcement action where necessary; and
- Respond in a timely manner to dog, stock, noise and parking complaints.

Risks and issues

- Building and resource consent applications are at record levels requiring more staff and spend on consultants;
- Qualified team members for the building and resource consent areas are in short supply;
- Increasing development pressure on Mangawhai is leading to greater interest in resource consents and concerns regarding consent decisions;
- Complaints regarding consent decisions leading to legal challenges;
- Not meeting building and resource consent application timeframes, particularly with the increased volumes;
- Errors when processing a building or resource consent application; and
- Legislative changes leading to a shifting statutory framework including compressed processing times.

How we fund this service

- General rates;
- Fees and charges;
- Borrowing; and
- Asset sales.

Significant negative effects – Regulatory management

Errors in consenting and regulatory processes could lead to problems e.g. leaky buildings, health risks at food outlets, environmental issues from poor subdivision and design, and illegal activities putting people, property, the environment, or cultural or historical treasures at risk.

Legislation associated with this service

- The Local Government Act 2002;
- Building Act 2004;
- Resource Management Act 1991;
- Resource Legislation Amendment Act 2017;
- Reserves Act 1977;
- The Health Act 1956;
- Food Act 2014;
- The Sale and Supply of Alcohol Act 2012;
- The Dog Control Act 1996;
- The Impounding Act 1955;
- Camping Ground Regulations 1985;
- Hazardous Substances and New Organisms Act 1996;
- Burial and Cremation Act 1964;
- General Bylaws 2008 (currently under review);
- The Food Hygiene Regulations 1974;
- The Food Regulations 2015;
- The Health (Registration of Premises) Act 1966;
- The Health (Hairdressers) Regulations 1980;
- The Health (Burial) Regulations 1946;
- The Housing Improvement Regulations 1947.

Improvement programme 2018/2028	
Year 1 – 2018/2019 Planned improvement / change	<ul style="list-style-type: none"> • Transition remaining food premises to food control plans; • Use the Food Act to establish a quality management system for the health team; • Establish a hazardous substances monitoring programme in line with new legislative requirements; • Start a register of earthquake-prone buildings; and • Continue collating the wastewater bylaw database register to check compliance.
Year 2 – 2019/2020 Planned improvement / change	<ul style="list-style-type: none"> • Continue collating the earthquake-prone buildings register; and • Continue collating and addressing the wastewater bylaw database register for compliance.
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Continue collating the earthquake-prone building register; and • Continue collating and addressing the wastewater bylaw database register to check for compliance.
Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> • Investigate other online self-service systems and processing modules so we become paperless.

Measuring performance				
What we measure	LTP Year 1 Target 2018/2019	LTP Year 2 Target 2019/2020	LTP Year 3 Target 2020/2021	LTP Years 4-10 Target 2021/2028
Percentage of building control customers who rate request for service responses as very satisfied or satisfied.	75%			
Percentage of Building Consent Authority (BCA) audits completed.	100%			
Percentage of building consents processed within 20 working days.	100%			
Percentage of building owners/occupiers advised of the expiry date of their Warrant of Fitness one month before the expiry date.	95%			
Percentage of illegal activity/unauthorised work complaints investigation initiated within 3 working days. <i>Measured by:</i> Core application Overdue Service Request Report.	90%	92%	94%	95%
Percentage of resource consent customers who rate request for service responses as very satisfied or satisfied.	75%	76%	77%	78%
Percentage of non-notified resource consents processed within 20 working days.	100%			
Percentage of Land Information Memorandums (LIM) processed within 10 working days.	100%			
Percentage of all new granted resource consents audited each year to ensure they comply with relevant conditions.	15%	20%	25%	25%
Percentage of s224(c) certificates for new land titles processed within 10 working days.	97%	98%	99%	100%
Percentage of customers who rate requests for service responses relating to either food or alcohol premises as very satisfied or satisfied.	70%	72%	74%	76%
Percentage of food premises inspected or audited at least once per year under the Food Hygiene Regulations or Food Act.	100%			
Percentage of alcohol premises inspected at least once per year.	100%			

Measuring performance				
What we measure	LTP Year 1 Target 2018/2019	LTP Year 2 Target 2019/2020	LTP Year 3 Target 2020/2021	LTP Years 4-10 Target 2021/2028
Percentage of complaints regarding unconsented works and non-compliance with the District Plan and resource consent investigation initiated within 5 working days.	90%	92%	94%	95%
Percentage of priority response times set in the regulatory services contract being met for dog, stock, noise and parking complaints.	90%	92%	94%	95%

draft

Funding Impact Statement - Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	1,710	1,729	1,752	1,779	1,805	1,762	1,790	1,817	1,923	1,963
Targeted rates	0	0	0	0	0	0	0	0	0	0
Subsidies and grants - operational	0	0	0	0	0	0	0	0	0	0
User fees and charges	3,481	3,554	3,629	3,705	3,786	3,874	3,963	4,058	4,155	4,259
Internal recoveries	380	387	394	402	409	412	420	429	445	455
Investments and other income	5	5	5	5	5	6	6	6	6	6
Total sources of operating funding	5,576	5,676	5,780	5,891	6,007	6,054	6,178	6,310	6,528	6,683
Application of operating funding										
Contractors costs	359	367	375	382	391	400	409	419	429	440
Professional services	550	561	573	585	598	552	564	578	656	673
Repairs and maintenance	1	1	1	1	1	1	1	1	1	1
Other operating costs	556	565	578	591	606	621	637	653	669	692
Employee benefits	2,950	3,001	3,052	3,107	3,162	3,223	3,284	3,349	3,416	3,488
Internal charges	1,146	1,166	1,188	1,210	1,234	1,242	1,267	1,294	1,340	1,372
Finance costs	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding	5,562	5,661	5,765	5,876	5,991	6,038	6,162	6,294	6,511	6,666
Surplus (deficit) of operating funding	14	15	15	15	15	16	16	17	17	17

Funding Impact Statement - Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	0	0	0	0	0	0	0	0	0	0
Development contributions	0	0	0	0	0	0	0	0	0	0
Financial contributions	0	0	0	0	0	0	0	0	0	0
Increase(decrease) in debt	0	0	0	0	0	0	0	0	0	0
Sale of assets	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	0	0	0	0	0	0	0	0	0	0
Applications of capital funding										
Capital expenditure	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in reserves	14	15	15	15	15	16	16	17	17	17
Total applications of capital funding	14	15	15	15	15	16	16	17	17	17
Surplus (deficit) of capital funding	-14	-15	-15	-15	-15	-16	-16	-17	-17	-17
Activity Funding										
Operating funding	14	15	15	15	15	16	16	17	17	17
Capital funding	-14	-15	-15	-15	-15	-16	-16	-17	-17	-17
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Capital Expenditure Programme

There is no capital expenditure for this Activity Profile.

Activity profile: Roads and footpaths

Why we do this

Kaipara district relies heavily on the road transportation network for community well-being and economic connections within and beyond our area. Safe and effective roads and footpaths are essential to delivering these benefits.

What we do

- Manage a road network of 1,574 kilometres, of which 72% (1,126 kilometres) is unsealed.
- Maintain and renew:
 - sealed and unsealed roads, plus safety, resilience and capacity improvements;
 - roadside drainage, mowing, and rubbish and vegetation control;
 - 348 bridges, accommodating increased capacity (average daily traffic) and 50 tonnes maximum total weight (50MAX) high productivity motor vehicles (HPMV);
 - Emergency work from initial response to reinstatement;
 - Footpaths, including changes to shared use to facilitate cycling and mobility scooters. We also maintain footpaths adjacent to the state highway network through townships;
 - Information and regulatory signage;
 - Road marking;
 - Streetlights;
 - Street cleaning;
 - Safety barriers, guide fences, pedestrian crossings and island separations; and
 - Walkways, shared pathways and cycleways.

- Other responsibilities include:
 - road safety promotion and education;
 - advocate for NZ Transport Agency (NZTA) and other central government funding to support key transport infrastructure projects in Kaipara district;
 - we are a member of the Northland Transportation Alliance (NTA), a shared services business unit based in Whangarei. Other members include Far North District Council (FNDC), Whangarei District Council (WDC), Northland Regional Council (NRC) and NZTA;
 - ensure all new works meet our engineering standards;
 - liaise with NZTA liaison regarding the state highway network throughout Kaipara district;
 - member of Northland Lifelines Group;
 - member of Regional Transport Committee;
 - member of Regional Freight Group; and
 - member of Regional Stock Truck Effluent Dumping working party.

How this benefits the community

Good roads and footpaths are an essential part of our infrastructure and they play a key role in lifting our well-being, from community connection through to our economy.

- Roads and footpaths will be safe and accessible;
- Every property will have access to the network (not necessarily supplied by Council);
- Maximum uptake of all available NZTA subsidies within the three-year planning programme, where we have the matching KDC Local Share;
- We will maintain at least minimum standards for sealed roads (repairing potholes and edge breaks) and unsealed roads (repairing potholes and corrugations);
- Bridges are inspected bi-annually in line with the NZTA Bridge Manual. Bridges with weight or speed restrictions are inspected annually. Work on bridges is based on the outcome of these inspections;
- The transport network is safe and passable for all heavy vehicles involved in farming, forestry or produce meeting the classification for heavyweight vehicles; and
- Expected road closure number and duration where an alternative route is available will align with the NZTA customer Level of Service (LOS) times.

Risks and issues

- A current backlog of reduced pavement depth on some unsealed roads creates less comfortable driving during winter;
- The intensity of heavy traffic loadings including dairy, aggregate and forestry harvest increases pavement deterioration on those roads used, especially low volume and access roads as these are built to a lower standard;
- Communities perceive service levels for our roads are very low, particularly the unsealed network, and regularly raise this as an issue;
- There is a lack of contractors and specialist service providers in Northland; on occasion this requires us to use those based in Auckland;
- Our ability to fund our share of the subsidised and unsubsidised road improvement budget;
- A change in the level of Government subsidy and/or a change in the types of subsidised functions; and
- The cost of delivering physical works is highly dependent on the cost of bitumen, cartage, fuel and aggregate cost which fluctuate outside our control.

How we fund this service

- General rates;
- Targeted rates;
- Grants, subsidies and other funding sources;
- Development contributions;
- Financial contributions;
- Borrowing; and
- Asset sales.

Significant negative effects

- Low levels of resilience for most of the unsealed network restricts our ability to provide a reasonable Level of Service (LOS);
- High volumes of forestry harvest traffic on low volume and access roads puts a high cost on structural maintenance;
- High growth in the east coast communities is putting pressure on that network; and
- Our changing population profile affects services required and connections to them e.g. an aging population requires mobility scooter space and more public transport, others are looking for commuter cycling opportunities, recreational walking facilities.

Legislation associated with this service

- Local Government Act 2002;
- Local Government (Rating) Act 2002;
- NZTA funding criteria.

draft

Improvement programme 2018/2028	
Year 1 – 2018/2019 Planned improvement / change	<ul style="list-style-type: none"> • Bridge management strategy: meet risk and prioritisation drivers by combining the north and south bridges and structures into one document and strategy. Consider an NTA joint bridge and structures inspection contract; and • Risk management strategy: develop an integrated risk management process aligned with our corporate risk strategy. This will include risks for our disabled and elderly population.
Year 2 – 2019/2020 Planned improvement / change	<ul style="list-style-type: none"> • New asset data acceptance standards: Review adequacy of developers (subdivision and land development) handover requirements contained within NZ Engineering Standards; and • Identify a programme to enhance acceptance standards, including asset schedules and capital cost recording for each asset created.
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Asset data for footpaths: rate the condition of all footpaths every five years to develop a robust Forward Works Programme. Include a framework to consider for disabled and elderly customers faults.
Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> • Retaining wall asset data: develop an inventory to improve our knowledge about structural assets on our roading and footpath network.

Measuring performance				
What we measure	LTP Year 1 Target 2018/2019	LTP Year 2 Target 2019/2020	LTP Year 3 Target 2020/2021	LTP Years 4-10 Target 2021/2028
Road safety There are no fatalities or serious injury crashes on the local network that are directly contributable to road condition. <i>Measured by coronial inquiry findings.</i>	0			
Road safety: The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network. <i>Measured by:</i> NZ Transport Agency (NZTA) Crash Analysis System (CAS) statistic versus the 2016/2017 number of 10.	≤10			
Condition of the sealed local road network: The average quality of ride, measured by smooth travel exposure within the following range. <i>Measured by</i> NZTA Performance Measure Reporting Tool.	≥ 90			
Condition of the sealed local road network: The percentage of the sealed local road network that is resurfaced. <i>Measured by:</i> NZTA Performance Management Reporting Tool (PMRT) and/or NZTA Annual Achievement Report.	>6.7%			
Maintenance of the sealed local road network: <i>Measured by</i> the actual spent to budget percentage for the surfacing renewal budget.	≥95% - ≤103%			

Measuring performance				
What we measure	LTP Year 1 Target 2018/2019	LTP Year 2 Target 2019/2020	LTP Year 3 Target 2020/2021	LTP Years 4-10 Target 2021/2028
Maintenance of the unsealed local road network: The length of the unsealed local network that is graded measured using the NZTA One Road Network Classification for Secondary Collector road, Access road, Access (low volume) road. Measurement data sourced from RAMM contractor.	140 km minimum			
	1,200 km minimum			
	750 km minimum			
Execution of capital works programme: Maximum uptake, within the three year planning programme, of the approved NZTA budget for Kaipara district, provided Council can also fund the local share. <i>Measured by:</i> Monthly and annual capital works programme reporting % spent to budget.	≥ 95%			
Condition of footpaths within the local road network: Percentage of residents that are fairly/very satisfied with footpaths. <i>Measured by</i> annual Resident Survey.	73%			
Response to service requests The percentage of customer service requests relating to roads and footpaths to which the Council responds within the specified timeframe. <i>Measured by</i> core application reporting tool.	90%			

Funding Impact Statement - Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	9,452	10,004	10,523	10,708	10,811	11,222	11,548	11,831	12,185	12,593
Targeted rates	390	399	407	417	427	437	448	460	472	485
Subsidies and grants - operational	4,541	4,856	4,968	5,057	5,178	5,306	5,443	5,588	5,735	5,911
User fees and charges	0	0	0	0	0	0	0	0	0	0
Internal recoveries	2,103	2,133	2,188	2,086	2,113	2,159	2,192	2,236	2,269	2,329
Investments and other income	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	16,485	17,391	18,086	18,267	18,528	19,124	19,631	20,116	20,662	21,318
Application of operating funding										
Contractors costs	5,803	6,181	6,321	6,436	6,597	6,768	6,951	7,145	7,353	7,581
Professional services	1,013	1,045	1,079	1,098	1,124	1,151	1,180	1,211	1,243	1,278
Repairs and maintenance	0	0	0	0	0	0	0	0	0	0
Other operating costs	133	136	138	141	144	148	151	155	159	163
Employee benefits	1,176	1,196	1,216	1,238	1,260	1,284	1,309	1,335	1,362	1,390
Internal charges	4,136	4,272	4,383	4,448	4,564	4,684	4,805	4,941	5,072	5,237
Finance costs	51	46	44	42	53	65	72	84	97	111
Total applications of operating funding	12,313	12,877	13,181	13,403	13,743	14,100	14,468	14,871	15,285	15,759
Surplus (deficit) of operating funding	4,173	4,514	4,904	4,864	4,785	5,024	5,162	5,245	5,377	5,559

Note: The 2017/2018 Subsidies and Grants, and Contractors are "inflated" due to a carry forward of projects into that year. The LTP years commencing 2018/2019 represent normal levels of activity.

Funding Impact Statement - Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	6,500	6,655	7,249	7,194	7,105	7,407	7,557	7,753	7,963	8,186
Development contributions	62	64	66	69	72	75	78	81	85	88
Financial contributions	40	41	42	43	44	0	0	0	0	0
Increase(decrease) in debt	-70	-76	-83	196	188	155	163	178	192	210
Sale of assets	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	6,532	6,683	7,274	7,501	7,408	7,637	7,798	8,013	8,239	8,484
Applications of capital funding										
Capital expenditure	10,987	11,155	12,134	12,850	12,690	13,165	13,477	13,786	14,159	14,598
Increase (decrease) in reserves	-282	43	44	-484	-496	-505	-516	-529	-542	-556
Total applications of capital funding	10,705	11,198	12,178	12,365	12,193	12,660	12,961	13,258	13,617	14,043
Surplus (deficit) of capital funding	-4,173	-4,514	-4,904	-4,864	-4,785	-5,024	-5,162	-5,245	-5,377	-5,559
Activity Funding										
Operating funding	4,173	4,514	4,904	4,864	4,785	5,024	5,162	5,245	5,377	5,559
Capital funding	-4,173	-4,514	-4,904	-4,864	-4,785	-5,024	-5,162	-5,245	-5,377	-5,559
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Note: The 2017/2018 Subsidies and Grants, and Contractors are "inflated" due to a carry forward of projects into that year. The LTP years commencing 2018/2019 represent normal levels of activity.

Capital Expenditure Programme

	2018/19	2019/20	2020/21
The Provision of Roads and Footpaths	10,987,132	11,154,943	12,134,341
106 - Bridges and Structures	750,000	766,500	783,363
Internal professional services	✓	✓	✓
Structures component replacements 18/19	✓		
Structures component replacements 19/20		✓	
Structures component replacements 20/21			✓
120 - Road Works - Unsealed	2,500,000	2,555,000	2,611,210
Forestry related metalling 18/19	✓		
Forestry related metalling 19/20		✓	
Forestry related metalling 20/21			✓
Heavy Metalling 18/19	✓		
Heavy metalling 19/20		✓	
Heavy metalling 20/21			✓
Internal professional services	✓	✓	✓
135 - Road Works - Minor Improvements	2,986,172	2,910,187	2,985,660
Bagnal Road	✓		
Bridge replacements 18/19	✓		
Bridge replacements 19/20		✓	
Bridge replacements 20/21			✓
Estuary Drive	✓		
FC programme		✓	✓
Garbolino Road	✓		
Grove Road	✓		
Internal professional services	✓	✓	✓
Jack Boyd Drive	✓		
King Road	✓		
Minor improvements/safety/resilience 18/19	✓		
Minor improvements/safety/resilience 19/20		✓	
Minor improvements/safety/resilience 20/21			✓
Molesworth Drive	✓		
Morrison Road	✓		
New footpath 18/19	✓		
New footpath 19/20		✓	
New footpath 20/21			✓
Oneriri Road	✓		
Tara/Kaiwaka-Mangawhai Road	✓		

	2018/19	2019/20	2020/21
164 - Emergency Works and Preventative Maintenance	200,000	204,400	208,897
Emergency works (local share only) 18/19	✓		
Emergency works (local share only) 19/20		✓	
Emergency works (local share only) 20/21			✓
Internal professional fees	✓	✓	✓
250 - Roading District-wide Operations	35,000	0	0
KDC client request projects	✓		
252 - Road Works - Drainage	800,000	817,600	835,587
Drainage renewals 18/19	✓		
Drainage renewals 19/20		✓	
Drainage renewals 20/21			✓
Internal professional fees	✓	✓	✓
272 - Road Works - Sealed Resurfacing	2,186,960	2,338,618	2,180,511
Internal professional services	✓	✓	✓
Roads to be determined 18/19	✓		
Roads to be determined 19/20		✓	
Roads to be determined 20/21			✓
275 - Road Works - Sealed	1,354,000	1,383,788	2,346,329
Internal professional services	✓	✓	
Rehabs 18/19	✓		
Rehabs 19/20		✓	
Rehabs 20/21			✓
281 - Traffic Services	175,000	178,850	182,785
Internal professional services	✓	✓	✓
Traffic services renewals 18/19	✓		
Traffic services renewals 19/20		✓	
Traffic services renewals 20/21			✓



Activity profile: Solid waste

Why we do this

We deliver refuse collection and disposal service that meets our statutory obligations and meets community needs. It is affordable, hygienic and environmentally sustainable, contributing to our well-being, and protecting and enhancing our natural assets and open spaces.

What we do

- Kerbside refuse bag collection in urban areas and at appointed collection sites in rural areas;
- Recycling collection in key urban areas;
- Provide two transfer stations for general waste and recycling disposal;
- Provide public litterbins;
- Clear illegally dumped rubbish (often referred to as 'fly tipping');
- Remove abandoned vehicles;
- Support waste minimisation initiatives; and
- Monitor, maintain and manage several closed landfills.

How this benefits the community

- The decisions we make on managing solid waste directly affect our communities and our environment. We focus on delivering a seamless, affordable and hygienic rubbish collection service balanced against environmental goals of waste minimisation and reducing waste to landfill as described in our Waste Management and Minimisation Plan 2017;
- Our refuse collection and disposal services include:
 - weekly kerbside recycling in key urban areas from Mangawhai to Dargaville litterbins;
 - transfer stations at Hakaru and Dargaville; and
 - recycling drop-offs at our two transfer stations.
- We manage leachate pollution from historic landfills to protect environmental quality; and
- Closed landfill activities comply with the legislation.

Risks and issues

- If the Government subsidy, in the form of the Waste Minimisation Levy, reduces, recycling would need to be funded from general or targeted rates;
- Leachate produced from refuse activity is an ongoing risk; and
- Our service response does not meet customer expectations.

How we fund this service

- General rates;
- Fees and charges;
- Financial contributions;
- Borrowing;
- Asset sales; and
- Lump sum contributions.

Significant negative effects

- Where solid waste activity is not done correctly it can result in odours, pests and loose refuse from uncollected rubbish;
- Leachate production at landfills is a significant negative effect which can pollute the natural environment if left unmanaged; and
- In rural areas, household rubbish is not always placed in approved collection bags (illegal dumping). Where possible, we mitigate this with bylaws and infringement notices.

Legislation associated with this activity

- Local Government Act 2002
- Waste Minimisation Act 2008
- Resource Management Act 1991
- Hazardous Substances and New Organisms Act 1996
- Litter Act 1979
- Health Act 1956
- Climate Change Response Act 2002.

Improvement programme 2018/2028	
Year 1 – 2018/2019 Planned improvement / change	<ul style="list-style-type: none"> • Determine community interest in additional/rural drop-off locations for recycling; • Investigate delivery of a district-wide rate-funded recycling collection in consultation with the community; and • Implement preferred option for leachate disposal at Hakaru Closed Landfill.
Year 2 – 2019/2020 Planned improvement / change	<ul style="list-style-type: none"> • Contract 706 expires in November 2019 when we will put a new, improved contract out to tender; and • Complete consent compliance requirements for Dargaville Closed Landfill.
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> • Investigate options for improving/upgrading transfer stations to better enable waste diversion; and • With the completion of all works related to consents, create a database for solid waste-related physical assets and their condition ratings.
Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> • Continue to promote and create waste awareness, reduction, minimisation, re-use and recycling; and • Ongoing investigations of recycling markets and ways to expand on materials currently recycled.

Measuring performance				
What we measure	LTP Year 1 Target 2018/2019	LTP Year 2 Target 2019/2020	LTP Year 3 Target 2020/2021	LTP Years 4-10 Target 2021/2028
Percentage of residents who are very satisfied or satisfied with waste management.	75%			
Total amount of recycling (diverted from landfill) as a percentage of total waste collected.	1% more than previous year.			
Closed landfill activities meet legislative compliance. No resource consent abatement notices, infringement notices, enforcement orders or convictions.	0			

draft

Funding Impact Statement - Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	1,247	1,296	1,115	1,137	1,164	1,192	1,222	1,251	1,275	1,320
Targeted rates	0	0	0	0	0	0	0	0	0	0
Subsidies and grants - operational	0	0	0	0	0	0	0	0	0	0
User fees and charges	79	81	82	84	86	89	91	93	96	98
Internal recoveries	0	0	0	0	0	0	0	0	0	0
Investments and other income	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	1,326	1,376	1,198	1,221	1,250	1,281	1,313	1,345	1,370	1,419
Application of operating funding										
Contractors costs	539	552	401	411	421	431	442	454	466	479
Professional services	87	89	91	93	96	98	101	103	106	109
Repairs and maintenance	13	13	13	14	14	14	15	15	15	16
Other operating costs	138	141	139	138	141	144	148	152	155	160
Employee benefits	88	89	91	93	94	96	98	100	102	104
Internal charges	145	152	123	126	129	132	136	139	144	151
Finance costs	21	19	18	17	16	14	12	10	8	7
Total applications of operating funding	1,031	1,056	877	891	910	930	951	973	998	1,026
Surplus (deficit) of operating funding	295	320	321	330	340	350	362	372	373	393

Funding Impact Statement - Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	0	0	0	0	0	0	0	0	0	0
Development contributions	0	0	0	0	0	0	0	0	0	0
Financial contributions	0	0	0	0	0	0	0	0	0	0
Increase(decrease) in debt	-37	-39	-33	-36	-38	-41	-45	-47	-32	-27
Sale of assets	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	-37	-39	-33	-36	-38	-41	-45	-47	-32	-27
Applications of capital funding										
Capital expenditure	800	0	0	0	0	0	0	0	731	0
Increase (decrease) in reserves	-542	281	287	294	301	309	317	325	-390	366
Total applications of capital funding	258	281	287	294	301	309	317	325	341	366
Surplus (deficit) of capital funding	-295	-320	-321	-330	-340	-350	-362	-372	-373	-393
Activity Funding										
Operating funding	295	320	321	330	340	350	362	372	373	393
Capital funding	-295	-320	-321	-330	-340	-350	-362	-372	-373	-393
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Capital Expenditure Programme

	2018/19	2019/20	2020/21
Solid Waste	800,000	0	0
227 - District Closed Landfills	800,000	0	0
Awakino capping	✓		
Hakaru leachate	✓		

draft

Activity profile: Stormwater drainage

Why we do this

Stormwater drainage protects our communities, infrastructure and public places from flooding by discharging stormwater and collecting contaminants to minimise adverse effects from rain, runoff and high tides. Stormwater drainage on state highways or floodwaters from rivers or land drainage is managed by NZ Transport Agency (NZTA).

What we do

- We run five community stormwater drainage schemes for Dargaville, Baylys, Te Kopuru, Kaiwaka and Mangawhai;
- They protect people, houses, private property and public areas from flooding by removing and discharging stormwater, and collecting contaminants in a way that protects our environment and public health; and
- Stormwater drainage systems in Glinks Gully, Kelly's Bay, Pahi, Whakapirau, Tinopai, Paparoa and Matakoho are mostly incorporated into our roads network.

How this benefits the community

Our stormwater drainage activities protect public health and contribute to our social, economic and environmental well-being by:

- protecting people, houses, private property and public areas from flooding by removing and discharging stormwater;
- collecting contaminants in a way that protects our environment;
- complying with resource consent conditions;
- draining water from normal rainfall events;
- processing a 1:5 year rain event for rural/residential areas and a 1:10 year event for industrial areas; and
- managing stormwater in urban areas to retain usability of land.

Risks and issues

- Renewal of resource consents may require higher quality discharge to the receiving environment;
- Spring tides and storm events at the same time may create flooding in Dargaville and Ruawai and low-lying areas of Mangawhai, albeit for short periods;

- Our reliance on soakage where possible and the allowable design period of 1:5 Year Annual Exceedance Probability (AEP), does not fully mitigate nuisance ponding in certain weather conditions until groundwater can soak away; and
- Affordability around replacing the piped network for our older schemes which is nearing the end of its life expectancy and changing from pipes to a lower impact design.

How we fund this service

- General rates;
- Targeted rates;
- Development contributions;
- Financial contributions;
- Borrowing; and
- Asset sales.

Significant negative effects

- The greatest significant negative effect occurs when high levels of stormwater enter the wastewater system. This can overload the system, resulting in untreated wastewater being directly discharged into the environment. We have confirmed parts of the Dargaville and Mangawhai stormwater network require repairs to reduce stormwater infiltration into the wastewater network. Repairs to both the public stormwater system and privately-owned stormwater pipes and gully traps still need to be completed;
- Significant storm events overload the stormwater networks and may flood dwellings non-habitable buildings and low-lying portions of the road network, causing temporary disruptions; and
- The quantity of gross pollutants such as bottles, plastics, rubbish and hydrocarbons discharged into the natural receiving environment from the stormwater system.

Legislation associated with this service

- Local Government Act 2002;
- Resource Management Act 1991;
- Civil Defence and Emergency Management Act 2002;

- Land Drainage Act 1908;
- New Zealand Coastal Policy Statement;
- Regional Water and Soil Plan for Northland;
- Regional Coastal Plan for Northland.

draft

Improvement Plan 2018/2028	
Year 1 2018/2019	<ul style="list-style-type: none"> • Develop a central database and Geographic Information Systems (GIS) mapping for condition assessment information and generate a renewal programme; • Replace the manual system for consents, compliance and monitoring with a central management software system; • Continue the data cleansing project to improve our knowledge of our assets, including asset life to help with renewal planning; • Develop a renewals programme based on performance and condition ratings of critical stormwater assets; • Clarify ownership of assets across the district (roading versus urban), including responsibilities of townships that are not serviced; • Review data management procedures including development of a system for recording maintenance and costs at asset component level in the asset register, to help develop failure curves based on actual asset condition; • Ongoing collection of data on asset attributes and condition as opportunity arises and as part of structured inspection programmes; • Develop an understanding of Infrastructure capacity required to support urban development in accordance with the National Policy Statement (NPS) for Urban Development Capacity; • Complete and adopt an updated Stormwater Catchment Management Plan (SWCMP) for Mangawhai; • Survey all the coastal outfalls in the five urban townships; and • Review the adequacy of developers' handover requirements contained within Engineering Standards 2011 and identify an improvement programme, include for asset schedules and capital cost recording for each asset created.
Year 2 2019/2020	<ul style="list-style-type: none"> • Continue with development of capability, asset information capture and Asset Management Information System (AMIS) population of first three items above from 2018/2019; • Complete and adopt an updated SWCMP for Kaiwaka and Maungaturoto; • Develop a template for operations and maintenance manual for ponds with key information required for developers; • Development of Soakage Design Manual including engineering design standards and Stormwater Management Plan (SMP) references; and • Review and assessment of levels of deferred maintenance.

Improvement Plan 2018/2028	
Year 3 2020/2021	<ul style="list-style-type: none"> • Continue with development of capability, asset information capture and AMIS population of items in CORE for 2018/2019; • Complete and adopt the SMP for the remaining serviced stormwater districts; • Develop an hydraulic computer model for the Dargaville SWCMP, predicting flows to confirm network capacity and manage growth; • Review steel pipes installed in Dargaville and their condition as part of the condition assessment and asset data cleansing projects; and • Review of Levels of Service (LOS) for incorporation into 2021 Asset Management Plan (AMP)
Years 4-10 2021/2028	<ul style="list-style-type: none"> • Continue with development of capability, asset information capture and AMIS population of first three items above in 2018/2019; • Review completed and adopted stormwater plans and ensure they are up-to-date, revise where required; • Continue to review and assess assets and the asset data, clean and inspect stormwater assets to keep up with maintenance and retain efficiency within the assets; • Continue to review data management procedures and systems to ensure that maintenance is recorded and costs are accurately recorded; • Update records of assets and review asset renewal and growth strategies to prepare for future AMPs and LTP updates; and • Continue to improve asset condition, data and management to provide the most efficient and effective maintenance and renewal strategies for Kaipara district and the ratepayers.

Measuring performance				
What we measure	LTP Year 1 Measure 2018/2019	LTP Year 2 Measure 2019/2020	LTP Year 3 Measure 2020/2021	LTP Years 4-10 Measure 2021/2028
System adequacy For each flooding event, using a 1:5 year for Urban (Average Recurrence Interval 20%) and 1:10 year for Rural (ARI 10%), the number of habitable floors affected. (Expressed per 1,000 properties connected to the district's stormwater system.)	3	10	10	10
Response time The median response time in a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	2 hours for urgent events	2 hours for urgent events	2 hours for urgent events	2 hours for urgent events
Customer satisfaction The number of complaints received by Council about the performance of its stormwater system, expressed per year. Expressed per 1,000 properties connected to the territorial authority's stormwater system.	18	18	18	18
Discharge compliance Abatement notices, infringement notices, enforcement orders, convictions.	0	0	0	0

Funding Impact Statement - Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	223	284	284	237	244	236	240	248	264	275
Targeted rates	1,390	1,601	1,578	1,474	1,523	1,585	1,687	1,744	1,874	1,957
Subsidies and grants - operational	0	0	0	0	0	0	0	0	0	0
User fees and charges	0	0	0	0	0	0	0	0	0	0
Internal recoveries	0	0	0	0	0	0	0	0	0	0
Investments and other income	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	1,612	1,885	1,861	1,711	1,767	1,821	1,927	1,992	2,138	2,232
Application of operating funding										
Contractors costs	33	34	34	35	36	37	37	38	39	40
Professional services	284	429	336	147	152	139	146	123	155	161
Repairs and maintenance	286	296	306	316	321	332	344	357	370	385
Other operating costs	8	8	9	9	9	9	9	10	10	10
Employee benefits	0	0	0	0	0	0	0	0	0	0
Internal charges	288	327	305	266	275	287	301	306	329	345
Finance costs	173	154	149	145	166	194	216	243	273	307
Total applications of operating funding	1,072	1,249	1,138	917	959	998	1,054	1,078	1,176	1,249
Surplus (deficit) of operating funding	540	636	724	794	808	823	873	914	962	983

Funding Impact Statement - Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	0	0	0	0	0	0	0	0	0	0
Development contributions	7	7	7	7	7	7	7	7	7	7
Financial contributions	0	0	0	0	0	0	0	0	0	0
Increase(decrease) in debt	-303	-207	-220	278	385	442	359	393	426	492
Sale of assets	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	-296	-200	-213	285	392	449	366	400	433	498
Applications of capital funding										
Capital expenditure	70	205	210	1,095	1,209	1,296	1,272	1,364	1,462	1,566
Increase (decrease) in reserves	173	231	301	-16	-10	-24	-33	-50	-67	-85
Total applications of capital funding	243	436	511	1,079	1,200	1,272	1,239	1,315	1,395	1,481
Surplus (deficit) of capital funding	-540	-636	-724	-794	-808	-823	-873	-914	-962	-983
Activity Funding										
Operating funding	540	636	724	794	808	823	873	914	962	983
Capital funding	-540	-636	-724	-794	-808	-823	-873	-914	-962	-983
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Capital Expenditure Programme

	2018/19	2019/20	2020/21
Stormwater Drainage	70,000	205,000	209,715
101 - Dargaville Stormwater Scheme	50,000	51,250	52,429
Dargaville stormwater	✓	✓	✓
131 - Baylys Stormwater Scheme	20,000	153,750	157,286
Chases Gorge		✓	✓
Chases Gorge investigation	✓		

draft

Activity Profile: Wastewater

Why we do this

For the protection of public and environmental health, through treatment of wastewater in selected areas.

What we do

- Collects, treats and disposes of wastewater through sustainable, cost-effective and environmentally friendly methods.
- Owns and operates wastewater schemes for: Glinks Gully, Te Kopuru, Dargaville, Maungaturoto, Kaiwaka and Mangawhai; and
- Undertakes asset management, planning, operation and maintenance of the wastewater schemes, capital and refurbishment programmes and consent monitoring and compliance, along with responsibility of professional and physical works undertaken on the network.

How this benefits the community

- We provide and maintain infrastructure that supports the economy of the area. We will ensure that people who are able to will be connected to Council schemes;
- We are intent on lifting Kaipara district's well-being by providing infrastructure where people live close together, which protects the health of both the community and the environment; and
- We will protect and enhance our natural assets and open spaces by ensuring we meet our compliance with the discharge consents.

Risks and issues

- Failure of a scheme due to the age of the assets, and the inaccessibility for inspections (pipes are underground so are difficult to locate and inspect adequately);
- Affordability, the cost to repair and provide service with aging pipes coupled with relatively small communities served by a scheme can push the expenses (and rates) out of reach for communities;
- If the trend toward higher environmental standards for discharge consents (treated wastewater released into harbours or rivers) continues, it may become unreasonable to expect communities to front the costs of upgrading equipment or services to meet the standards;
- The Mangawhai Community Wastewater Scheme (MCWWS) will reach capacity by 2030 if the 'minimum approach upgrade' is taken; and
- The exact capacity of the five other wastewater schemes is unknown until specific capacity analyses (modelling) are undertaken.

How the service is funded

- Targeted rates;
- Development contributions;
- User fees and charges;
- Borrowing;
- Asset sales; and
- General rate.

Note: Details of, and the rationale for, the above funding method is contained in Council's Revenue and Financing Policy.

Significant negative effects

- In case of failure or significant breakage, there could be contamination of public waterways which may have large environmental or personal health issues;
- As a number of community populations stay static, the rising cost of ongoing maintenance or pipe renewal may become economically unrealistic; and
- Failure of a wastewater treatment plant (WTP) in meeting the resource consent may result in Northland Regional Council (NRC) issuing an infringement notice.

Legislation, Policies and Bylaws associated with this service (included but not limited too)

- Local Government Act 1974;
- Local Government Act 2002;
- Resource Management Act 1991;
- Health Act 1956;
- Building Act 2004;
- Regional Policy Statement;
- Regional Water and Soil Plan;
- Regional Coastal Plan;
- New Zealand Coastal Policy Statement;
- National Policy Statement for Freshwater Management;
- Wastewater Drainage Policy and Wastewater Drainage Bylaw 2016;
- Trade Waste Bylaw 2009.

Improvement Programme 2018/2028	
Year 1 Planned improvement / change 2018/2019	<ul style="list-style-type: none"> • Develop a central database and geospatial framework for condition assessment information and generate renewal programme from the system; • Provide a central management software system for consents, compliance and monitoring to replace the manual system; • Continue the data cleansing project to improve our knowledge of our assets (including asset lives to aid renewal planning); • Wastewater Modelling (Dargaville, Maungaturoto). Scoping exercise to determine needs and level of detail required for development of hydraulic model; • Continue the MCWWS resource consent variation application; • Extend the MCWWS irrigation system; • Upgrade the MCWWS existing reticulation and pump stations; and • Upgrade the MCWWS treatment plant.
Year 2 Planned improvement / change 2019/2020	<ul style="list-style-type: none"> • Continue development of a central database and geospatial framework for condition assessment information and generate renewal programme from the system; • Complete the data cleansing project to reduce the number of unknown asset attributes (including asset lives to aid renewal planning); • Wastewater Modelling (Kaiwaka). Scoping exercise to determine needs and level of detail required for development of hydraulic model; • Wastewater Modelling (Dargaville, Maungaturoto and Kaiwaka). Develop, test and implement hydraulic model to identify capacity issues, optimisation of pumping stations, manage growth; • Commence the de-sludging of the Dargaville Wastewater Oxidation Pond; • Complete the upgrade of the MCWWS existing reticulation system and pump stations; and • Complete the upgrade of the MCWWS treatment plant.

Improvement Programme 2018/2028	
Year 3 Planned improvement / change 2020/2021	<ul style="list-style-type: none"> • Complete the central database and geospatial framework for condition assessment information and generate renewal programme from the system; • Wastewater Modelling (Kaiwaka). Development of hydraulic model to identify capacity issues, optimisation of pumping stations, manage growth; • Complete the desludging of the Dargaville Wastewater Oxidation Pond; and • Commence the extension of the MCWWS reticulation system (ME3).
Years 4-10 Planned improvement / change 2021/2028	<ul style="list-style-type: none"> • Review and refine Wastewater Models (Dargaville, Maungaturoto and Kaiwaka); and • Continue the extension of the MCWWS reticulation system.

draft

Measuring Performance				
What Council measures	LTP Year 1 Measure 2018/2019	LTP Year 2 Measure 2019/2020	LTP Year 3 Measure 2020/2021	LTP Years 4-10 Measure 2021/2028
The number of dry weather sewage overflows from Council's <i>sewerage systems</i> , expressed per 1,000 sewerage connections to that sewerage system. The resource consent provides for severe weather events and power failure exceptions.	≤1	≤1	≤1	≤1
Where Council attends to sewage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times apply: Attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site. (Department of Internal Affairs measure)	≤2 hours	≤2 hours	≤2 hours	≤2 hours
Where Council attends to sewage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times apply: Resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	≤48 hours	≤48 hours	≤48 hours	≤48 hours
The total number of complaints received by Council about sewage odour. Expressed per 1,000 sewerage connections.	≤10	≤10	≤10	≤10
The total number of complaints received by Council about sewerage system faults e.g. blockages, breaks. Expressed per 1,000 sewerage connections. (Department of Internal Affairs measure)	≤27	≤27	≤27	≤27
The number of: abatement notices, infringement notices, enforcement orders and convictions received by Council in relation to its resource consents for discharge from its sewerage systems.	0	0	0	0

Funding Impact Statement - Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	1,337	1,346	1,412	1,490	823	893	949	1,032	1,096	1,207
Targeted rates	6,150	6,369	6,332	6,362	6,744	7,244	7,548	7,762	8,333	8,680
Subsidies and grants - operational	0	0	0	0	0	0	0	0	0	0
User fees and charges	9	10	10	10	10	11	11	11	11	12
Internal recoveries	0	0	0	0	0	0	0	0	0	0
Investments and other income	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	7,497	7,725	7,754	7,862	7,577	8,147	8,508	8,806	9,441	9,899
Application of operating funding										
Contractors costs	1,158	788	649	665	682	757	778	801	887	915
Professional services	386	391	293	115	118	155	125	146	151	156
Repairs and maintenance	662	1,708	1,749	811	832	855	884	910	1,061	1,102
Other operating costs	244	251	258	265	272	280	288	299	310	322
Employee benefits	0	0	0	0	0	0	0	0	0	0
Internal charges	1,175	1,405	1,363	1,043	1,076	1,135	1,157	1,195	1,286	1,328
Finance costs	2,584	2,493	2,593	2,693	2,779	2,886	2,856	2,933	2,985	3,156
Total applications of operating funding	6,209	7,036	6,905	5,592	5,759	6,068	6,088	6,284	6,680	6,977
Surplus (deficit) of operating funding	1,288	689	849	2,271	1,817	2,079	2,420	2,522	2,760	2,922

Funding Impact Statement - Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	0	0	0	0	0	0	0	0	0	0
Development contributions	1,885	1,909	2,436	2,413	2,409	2,409	2,409	2,409	2,409	2,235
Financial contributions	0	0	0	0	0	0	0	0	0	0
Increase(decrease) in debt	-71	-1,052	-1,081	-1,210	-570	-579	-449	152	-55	-817
Sale of assets	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	1,814	857	1,354	1,204	1,840	1,831	1,961	2,561	2,355	1,418
Applications of capital funding										
Capital expenditure	3,704	3,083	2,606	2,857	3,313	3,747	1,773	4,295	4,706	4,169
Increase (decrease) in reserves	-601	-1,536	-403	618	344	163	2,607	788	409	171
Total applications of capital funding	3,102	1,546	2,203	3,474	3,657	3,910	4,380	5,083	5,115	4,340
Surplus (deficit) of capital funding	-1,288	-689	-849	-2,271	-1,817	-2,079	-2,420	-2,522	-2,760	-2,922
Activity Funding										
Operating funding	1,288	689	849	2,271	1,817	2,079	2,420	2,522	2,760	2,922
Capital funding	-1,288	-689	-849	-2,271	-1,817	-2,079	-2,420	-2,522	-2,760	-2,922
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Capital Expenditure Programme

	2018/19	2019/20	2020/21
Sewerage and the Treatment and Disposal of Sewage	3,703,500	3,017,088	2,608,781
165 - Te Kopuru Wastewater Scheme	2,500	12,813	34,112
Reticulation			✓
Environmental Compliance	✓	✓	✓
Treatment			
Treatment Plant Modifications		✓	✓
202 - Dargaville Wastewater Scheme	1,241,000	867,150	685,389
PumpStation1 & 2 upgrade	✓	✓	✓
PS1/PS2 Rising main from Pump Station 2 to Pump station 1	✓		
Pipe Renew al from Condition assessment	✓	✓	✓
Pump Stations and rising mains	✓	✓	✓
Safety Grills Pump Stations		✓	✓
Environmental Compliance	✓	✓	✓
Treatment		✓	
207 - Mangawhai Wastewater Scheme	2,235,000	1,932,125	1,821,056
Extend Irrigation System	✓		
Upgrade Existing Reticulation	✓	✓	
Extend Reticulation (8years)			✓
Upgrade WWTP	✓	✓	
Additional Capacity for Growth- Council Contribution	✓	✓	✓
Renew als	✓	✓	✓
219 - Kaiwaka Wastewater Scheme	152,500	166,563	13,120
Pipe Renew als from Condition assessment	✓	✓	
Treatment			
Pump Stations SCADA Upgrade		✓	✓
Pond Curtain			
Environmental Compliance	✓	✓	✓
Membrane Filtration WWTP, Pump station and rising Upgrade			
Pump Station Upgrade, Rising main, Holding Pond			
232 - Maungaturoto Wastewater Scheme	72,500	38,438	44,608
Reticulation		✓	
Pump Stations and Rising Mains			✓
Treatment	✓		
Pump Station Storage			
Environmental Compliance	✓	✓	✓
Safety Grills On Pump Stations		✓	
253 - Glinks Gully Wastewater Scheme	0	0	10,496
Pump stations and rising Mains			✓

Activity Profile: Water supply

Why we do this

A constant, adequate, sustainable and high-quality water supply to Kaipara district's reticulated areas is essential for communities and local economic development. Public water supplies ensure communities receive water at the cost of production. Our water supply activities also protect and enhance our natural assets and open spaces.

What we do

- Operate four community water supply schemes for Dargaville (including Baylys), Glinks Gully, Ruawai and Maungaturoto giving them a sustainable drinking water supply. There is also a small scheme in Mangawhai, mostly supplying the Mangawhai Heads Holiday Park and the Woods Street commercial precinct;
- We own and maintain the whole water supply network for the five schemes;
- Activities include collecting raw water:
 - We treat raw water to produce quality and quantities of drinking water to drinking water standards (potable); and
 - Distribute treated water to the point of supply to customers to meet specific flow, pressure and quality standards. This includes water for emergency fire-fighting services for Dargaville's urban area.
- We also operate:
 - customer services;
 - water billing;
 - asset management;
 - planning;
 - treatment plant operations and maintenance;
 - network operations and maintenance;
 - capital and refurbishment programme; and
 - consent monitoring and compliance.

How this benefits the community

Water supply is crucial to our economic and social well-being. While water supply in Kaipara district is discretionary and defined by historic circumstances specific to different communities, we also support industries such as Silverfern Farms in Dargaville and Fonterra in Maungaturoto. Except for current systems supplying urban communities, households should expect to provide their own water supply through harvesting of water.

- We will continue providing water as is currently supplied within Kaipara district;
- We will provide water to Drinking Water Standards for New Zealand 2005 (Revised 2008) (NZDWS) except for raw water connections where we will provide non-potable raw water as an extraordinary supply;
- We will not extend our reticulation areas to include new residential areas;
- Where there are proposals for new commercial and industrial areas, we will consider supporting that economic development through the water supply as part of a re-zoning proposal, on a cost-recovery basis; and
- We will comply with resource consents in respect of water takes, ensuring they do not adversely affect the environment.

Risks and issues

- Supplying raw water to customers for pastoral uses is a risk as it does not comply with the NZDWS, and if incorrectly used as drinking water without appropriate treatment, it may result in public health issues;
- Dargaville water supply has drought risks and the security of supply for Dargaville is challenging during dry years;
- The renewals programme is still based on affordability and condition assessments. Our water supply assets are generally in good shape, except pipes for the older schemes which are nearing the end of their effective lives and need renewal. Renewal costs will be high and must be done in a planned and affordable manner. Some small communities serviced by old schemes and the small Mangawhai scheme may find the renewals required unaffordable; and
- Asset knowledge (mainly pipes) is mixed and we risk unforeseen asset failure.

How we fund this service

- Targeted rates;
- Fees and charges;
- Development contributions;

- Financial contributions;
- Borrowing;
- Asset sales; and
- Lump sum contributions.

Significant negative effects

- A potential negative effect is the supply of non-compliant drinking water to the community. Non-compliance can occur at the water treatment plant (WTP) or within the water network. We have stringent monitoring and testing regimes to control and supply the community with compliant drinking water;
- Water treatment system failure could affect dialysis patients or flood properties. Our contractors have a list of dialysis patients and notify them immediately of any outages, supplying water if needed. Breaks in the lines are unpredictable and difficult to detect in wet weather. However, any rapid reservoir depletion is a trigger for network investigation. Our Water Asset Management Plan describes our water assets and the practices used to manage them which helps to reduce possible negative effects and risks; and
- We mitigate potential negative effects through a mix of asset management planning activities, including:
 - asset development work;
 - monitoring and testing;
 - demand management initiatives; and
 - public education, including water conservation programmes.

Legislation associated with this service

- Local Government Act 2002;
- The Health (Drinking Water) Amendment Act 2007;
- Drinking-water Standards for New Zealand 2000 and 2005;
- Resource Management Act 1991.

Improvement programme 2018/2028	
<p>Year 1 – 2018/2019 Planned improvement / change</p>	<ul style="list-style-type: none"> • Develop a central database and Geographic Information Systems (GIS) mapping for condition assessment information and generate a renewal programme; • Replace the manual system for consents, compliance and monitoring with a central management software system; • Continue the data cleansing project to improve our knowledge of our assets, including asset life to help with renewal planning; • An ecological study of the Kaihu River to assess the possibility of varying the water take consent; • Water loss management by ensuring the contractor adheres to reactive timeframes for leak requests, and is proactive in leak detection and effective meter reading; • Review and update water safety plans for all five water supply schemes using the latest requirements from Northland District Health Board (NDHB); • Continue with condition assessments of water supply assets in alignment with wastewater and stormwater services, and feed into the renewals programme; • Develop hydraulic computer models for Dargaville, Maungaturoto and Ruawai reticulation networks, predicting pressures and flows to confirm network capacity and manage growth; and • Review data management procedures and include development of a system for recording maintenance and costs at asset component level in our asset register.
<p>Year 2 – 2019/2020 Planned improvement / change</p>	<ul style="list-style-type: none"> • Continue developing a central database and GIS mapping for condition assessment information and generate a renewal programme; • Continue developing a central database and GIS mapping for condition assessment information and generate a renewal programme; • Review and update the water safety plans for all five water supply schemes using the latest requirements from NDHB; • Continue with the condition assessments of water supply assets in alignment with wastewater and stormwater services, and feed into the renewals programme; • Continue developing hydraulic computer models for Dargaville, Maungaturoto and Ruawai reticulation networks, predicting pressures and flows to confirm network capacity and manage growth;

Improvement programme 2018/2028	
	<ul style="list-style-type: none"> Review data management procedures and include development of system for recording maintenance and costs at asset component level in the asset register; and Water loss management by ensuring the contractor adheres to reactive timeframes for leak requests, and is proactive in leak detection and effective meter reading.
Year 3 – 2020/2021 Planned improvement / change	<ul style="list-style-type: none"> Continue developing a central database and GIS mapping for condition assessment information and generate a renewal programme; Continue developing a central database and GIS mapping for condition assessment information and generate a renewal programme; Review and update the water safety plans for all five water supply schemes using the latest requirements from NDHB; Continue with condition assessments of water supply assets in alignment with wastewater and stormwater services, and feed into the renewals programme; Continue developing hydraulic computer models for Dargaville, Maungaturoto and Ruawai reticulation networks, predicting pressures and flows to confirm network capacity and manage growth; and Water loss management by ensuring the contractor adheres to reactive timeframes for leak requests, and is proactive in leak detection and effective meter reading.
Years 4-10 – 2021/2028 Planned improvement / change	<ul style="list-style-type: none"> Review and update the water safety plans for all five water supply schemes using the latest requirements from NDHB; Continue with condition assessments of water supply assets in alignment with wastewater and stormwater services, and feed into the renewals programme; and Water loss management by ensuring the contractor adheres to reactive timeframes for leak requests, and is proactive in leak detection and effective meter reading.

Measuring performance				
What we measure	LTP Year 1 Target 2018/2019	LTP Year 2 Target 2019/2020	LTP Year 3 Target 2020/2021	LTP Years 4-10 Target 2021/2028
Compliance with Part 5 of the drinking-water standards (protozoa compliance criteria) for the five drinking water schemes.	Dargaville, Maungaturoto, Ruawai, Glinks Gully and Mangawhai			
The percentage of real water loss from our networked reticulation system (average for total network of all schemes). Real water loss is calculated by subtracting the meter readings and 'other components' from the total water supplied to the networked reticulation system.	≤30%	≤29%	≤28%	≤27%
Median response time for attendance for urgent call-outs; from the time the local authority receives notification to the time that service personnel reach the site.	≤2 hours	≤2 hours	≤2 hours	≤2 hours
Median response time for resolution of urgent call-outs; from the time the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤48 hours	≤48 hours	≤48 hours	≤48 hours
Median response time for attendance for non-urgent call-outs; from the time the local authority receives notification to the time that service personnel reach the site.	≤3 hours	≤3 hours	≤3 hours	≤3 hours
Median response time for resolution of non-urgent call-outs; from the time the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	≤3 days	≤3 days	≤3 days	≤3 days
Total number of complaints about drinking water quality e.g. clarity, odour, taste, pressure or flow and continuity of supply. Expressed per 1,000 water connections.	≤40	≤39	≤38	≤37
Water take consents: 100% compliance with Northland Regional Council water take consents. The average consumption of drinking water per day per resident within Kaipara district. Average calculated by the billed metered consumption (m3) x 1000 divided by the number of connections x 365 x 2.5 (occupancy rate).	Dargaville – 275 Maungaturoto – 340 Ruawai – 130 Glinks Gully – 52 Mangawhai – 230			

Funding Impact Statement – Operating

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating funding										
Sources of operating funding										
General rates	0	0	0	0	0	0	0	0	0	0
Targeted rates	3,157	3,315	3,403	3,493	3,760	4,005	4,093	4,208	4,325	4,407
Subsidies and grants - operational	0	0	0	0	0	0	0	0	0	0
User fees and charges	491	504	515	528	540	554	568	583	599	616
Internal recoveries	0	0	0	0	0	0	0	0	0	0
Investments and other income	0	0	0	0	0	0	0	0	0	0
Total sources of operating funding	3,648	3,819	3,919	4,021	4,301	4,559	4,661	4,791	4,924	5,023
Application of operating funding										
Contractors costs	237	243	249	255	261	268	276	283	291	300
Professional services	256	245	233	150	154	158	162	167	172	177
Repairs and maintenance	647	665	681	698	716	735	756	778	801	827
Other operating costs	167	173	177	180	184	189	193	198	203	208
Employee benefits	0	0	0	0	0	0	0	0	0	0
Internal charges	749	764	777	772	805	835	857	880	905	932
Finance costs	261	274	295	320	389	457	430	415	396	377
Total applications of operating funding	2,317	2,365	2,412	2,376	2,510	2,642	2,674	2,721	2,768	2,821
Surplus (deficit) of operating funding	1,331	1,454	1,507	1,645	1,791	1,917	1,988	2,070	2,156	2,201

Funding Impact Statement - Capital

For the year ended:	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
30 June	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital funding										
Sources of capital funding										
Subsidies and grants - capital	214	251	0	489	0	868	0	1,080	0	614
Development contributions	0	0	0	0	0	0	0	0	0	0
Financial contributions	0	0	0	0	0	0	0	0	0	0
Increase(decrease) in debt	386	224	221	1,070	1,033	-542	-577	-622	-669	-672
Sale of assets	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	600	475	221	1,559	1,033	326	-577	457	-669	-58
Applications of capital funding										
Capital expenditure	1,878	1,838	1,485	2,932	2,288	3,421	2,808	3,817	2,348	3,567
Increase (decrease) in reserves	53	91	243	271	536	-1,178	-1,397	-1,290	-861	-1,423
Total applications of capital funding	1,931	1,929	1,728	3,203	2,823	2,242	1,411	2,527	1,487	2,143
Surplus (deficit) of capital funding	-1,331	-1,454	-1,507	-1,645	-1,791	-1,917	-1,988	-2,070	-2,156	-2,201
Activity Funding										
Operating funding	1,331	1,454	1,507	1,645	1,791	1,917	1,988	2,070	2,156	2,201
Capital funding	-1,331	-1,454	-1,507	-1,645	-1,791	-1,917	-1,988	-2,070	-2,156	-2,201
Activity Funding Balance	0	0	0	0	0	0	0	0	0	0

Capital Expenditure Programme

	2018/19	2019/20	2020/21
Water Supply	1,878,000	1,837,752	1,484,568
127 - Dargaville Water Supply	1,414,500	1,123,872	1,341,610
Baylys trunk main stage 3: replace 1.5km 100mm id from Duck Creek to Colville Road	✓		
Beach road 480m watermain renewal stage 2 - upgrade to 150mm id including connecting to Baylys trunk main	✓		
Compliance with Drinking Water Standards	✓	✓	✓
Dargaville raw watermain river crossing stage 1 of 2		✓	
Dargaville raw watermain river crossings stage 2			✓
Lorne Street: replace 335m of 100mm ID water main; 215m of 50mm ID rider main loop			✓
Main under Dargaville High School : re-route and replace 850m of 250mm ID pipe	✓		
Montgomery Avenue: replace rider main with 360m of 50mm ID	✓		
Normanby Street between Hokianga intersection and Gladstone intersection 550m watermain renewal - upgrade to 150mm ID		✓	
Pirika Street: replace 515m of 100mm ID water main; 300m of 50mm ID rider main loop			✓
Racecourse State Highway 14 watermain : replace 2km 100mm ID from Awakino River bridge to racecourse gate		✓	
Victoria Street: replace 150m of 100mm ID pipe from Kapia Street to Hokianga Road and tap into the 150mm from across Hokianga Road		✓	
Water take consent compliance	✓	✓	✓
Water treatment plant		✓	✓
154 - Maungaturoto Water Supply	309,000	361,825	3,146
NZDWS compliance	✓	✓	✓
Raw watermain renewal: replace 200mm ID pipe plus 1965(install) reticulation renewals	✓		
Water take consent	✓	✓	✓
158 - Mangawhai Water Supply	1,500	1,538	12,059
Reticulation			✓
Water take consent compliance	✓	✓	✓
161 - Ruawai Water Supply	151,500	348,981	126,181
NZDWS compliance	✓	✓	✓
Replace balance (Stage 4) of 2.3km reticulation of 100 to 150mm ID to meet fire flow	✓		
Water treatment plant and reservoir		✓	✓
239 - Glinks Gully Water Supply	1,500	1,538	1,573
Water take consent compliance	✓	✓	✓